Social Justice Ireland

National Social Monitor

European Edition – Spring 2020

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.

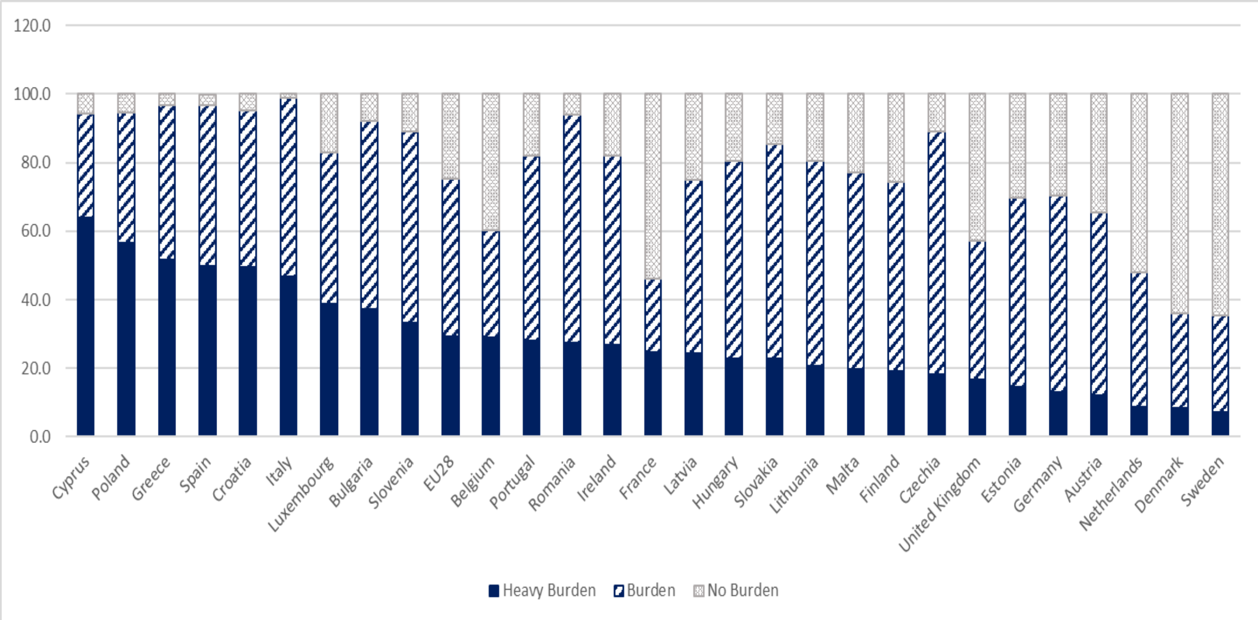
In this Spring 2020 edition of our National Social Monitor, *Social Justice Ireland* outlines the present situation on a range of policy issues, comparative to the rest of Europe, that impact on people's wellbeing and looks at whether policy is addressing the causes of problems or merely treating their symptoms. The issues presented are:

1. Housing
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 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.

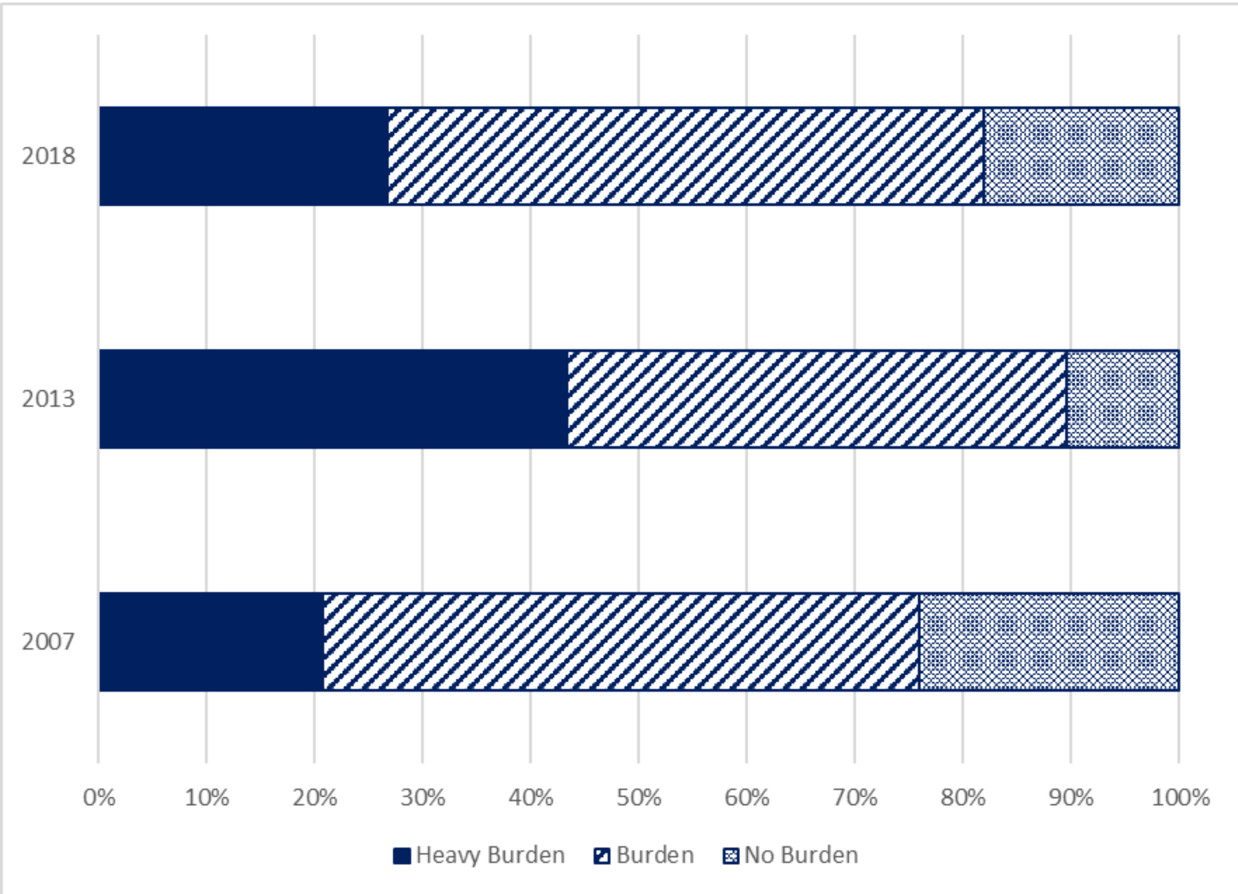
Housing

Chart 1.1: Financial Burden of the Total Housing Cost, EU-28, 2018



Source: Eurostat, [ilc_mded04]

Chart 1.2: Financial Burden of the Total Housing Cost, Ireland, 2007 to 2018



Source: Eurostat, [ilc_mded04]

Housing

Housing costs continue to dominate public discourse, despite increasing incomes and employment rates. Over two-thirds of households in Europe feel that housing costs present some (45.9 per cent) or heavy (29.3 per cent) burden. The proportion of Irish households reporting housing costs as presenting a heavy burden is lower than the EU average, at 26.7 per cent, however the proportion reporting some burden, at 55.2 per cent, is almost 10 percentage points higher (Chart 1.1).

Reducing the cost of housing must be a priority across Europe if over 75 per cent of the population is to achieve a decent standard of living. A report published by Housing Europe, *The State of Housing in the EU*[1], highlighted what it called the "alarming social divide" of which housing is a core component. EU housing welfare payments have increased from €50.7 billion in 2004, rising steadily to 2010 when it reached €57 billion, before increasing sharply to €72.1 billion by 2017. EU spending on public housing development, conversely, increased from €39.1 billion in 2004 to €48 billion in 2009, before falling to just €26.1 billion in 2017. Increasing demand-side subsidies, ultimately paid to private housing owners, is an unsustainable and costly policy. It uses public monies to artificially support unaffordable private rents while providing no return to the Exchequer of member states. For countries such as Ireland, with inadequate legislative or policy infrastructure for long-term tenancies, private rented subsidies such as the Housing Assistance Payment (HAP) and Rent Supplement do nothing to secure the long-term housing needed by low-income households in need of State supports.

Consider Ireland's housing cost burden pre-, during and post-Recession (Chart 1.2). Improvements have been made since 2013, when financial burden was at its highest rate of 89.5 per cent (with 46.2 per cent of households reporting some burden and a further 43.3 per cent reportedly experiencing a heavy burden). However, at 81.9 per cent overall in 2018, Ireland's household costs burden is still higher than it was in 2007 (75.9 per cent overall, 55.2 per cent experiencing some burden and a further 20.7 per cent experiencing a heavy burden). Over a decade since the crash, Irish households are still feeling the effect of austerity.

A radical shift is needed in how society and Governments view housing. We need to acknowledge that policies of financialisation and privatisation have deepened inequalities and have benefited the wealthy over those reliant on State aid. Models of good practice across Europe, such as cost rental and long-term tenancies in Austria, collaborative housing developments in Belgium, and Housing First to scale in Finland, could be adopted by other member states, with the European Commission providing opportunities for Governments and other key stakeholders across member states to come together and share knowledge and experiences. The European Semester package further presents an opportunity to consider barriers to social and public housing, such as the Stability and Growth Pact and restrictive State rules.

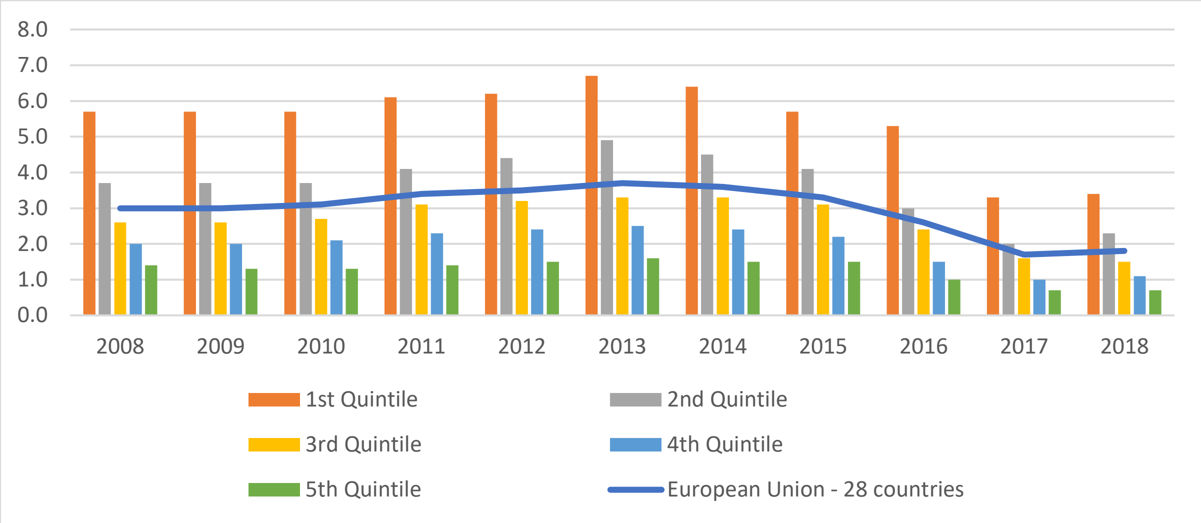
Policy Priorities

- Review the Stability and Growth Pact to allow member states to finance sufficient housing investment.
- Reduce demand-side housing subsidies and reinvest in affordable supply.
- Implement long-term tenancy rights and protections.

[1] http://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019

Healthcare

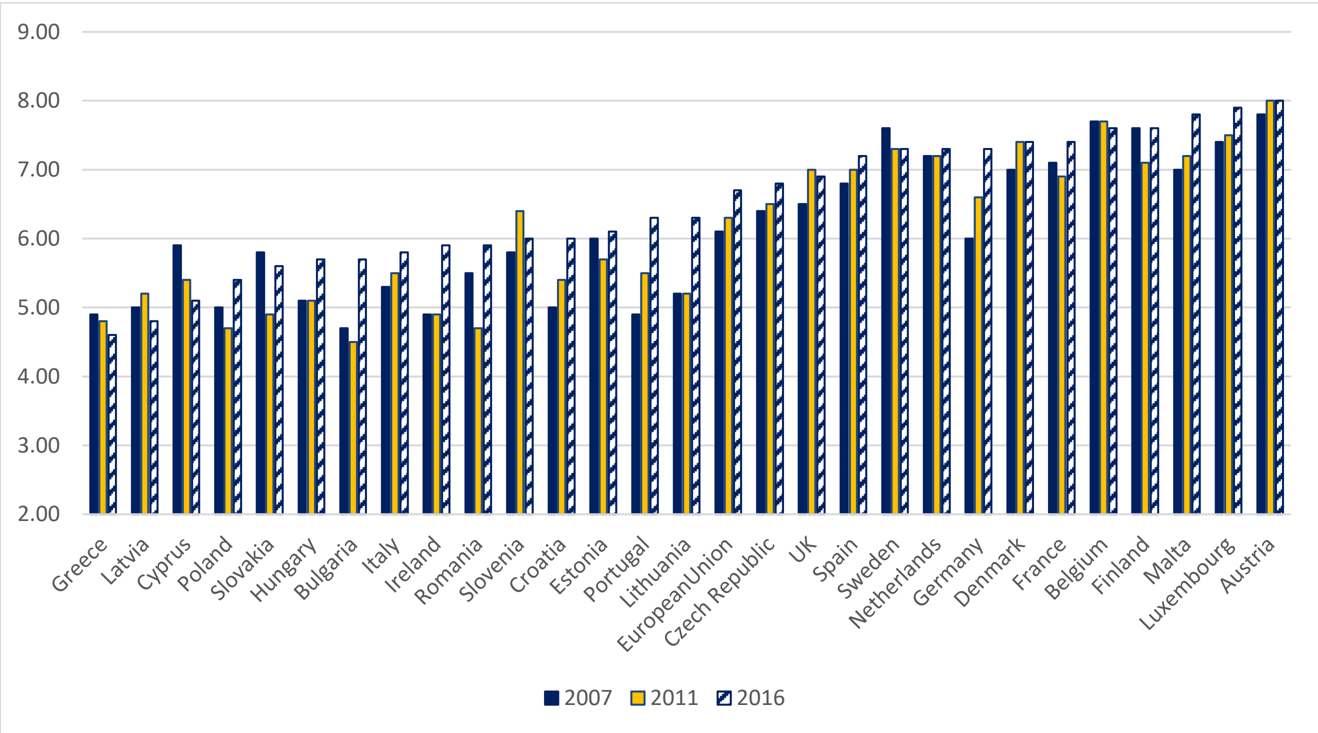
Chart 2.1: Self-Reported Unmet Need for Medical Examination or Treatment due to Problem of Access (%), EU-28. 2008-2018, by Income Quintile



Source: Eurostat, [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 EU-27.

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



Source: Eurofound (online database, EQLS, Data visualisation, year 2016)

Note: Rating on a scale 1–10, where 1 means very poor quality and 10 means very high quality. Q59: 'In general, how do you rate the quality of the following two healthcare services in [COUNTRY]? Again, please tell me on a scale of 1 to 10, where 1 means very poor quality and 10 means very high quality'

Healthcare

A number of reasons may be given for inability to avail of medical treatment. In the context of social justice and equality, 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 across the EU up until 2009 when it started to increase again. It rose from 3 per cent (EU-27) in 2009 to 3.6 per cent in 2013 and 2014 (EU-28). It has fallen since to 2.5 per cent 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 2018, it was least perceived in the top (or 5th) quintile (0.7%) and most in the bottom quintile (3.4%). As the EU's Social Protection Committee noted in 2017, 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.

The situation is also different between countries. Ten member states have a key challenge concerning access to healthcare, 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).

A recent annual report from the EU's Social Protection Committee (2018) summarises the current situation relative to healthcare systems, concluding that they should seek to provide universal access to healthcare for all. The committee suggests that issues that need addressing include health inequalities and access to healthcare faced by the most vulnerable (including high out-of-pocket costs in some countries), and they suggest shifting the focus towards primary care and prevention, as well as promoting healthier lifestyle habits.

All of the above suggests that there have been improvements in recent years, at least in perceptions relative to healthcare systems, but that low-income people are amongst those, along with certain other groups, who need a special focus to ensure that they benefit from general improvements.

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.

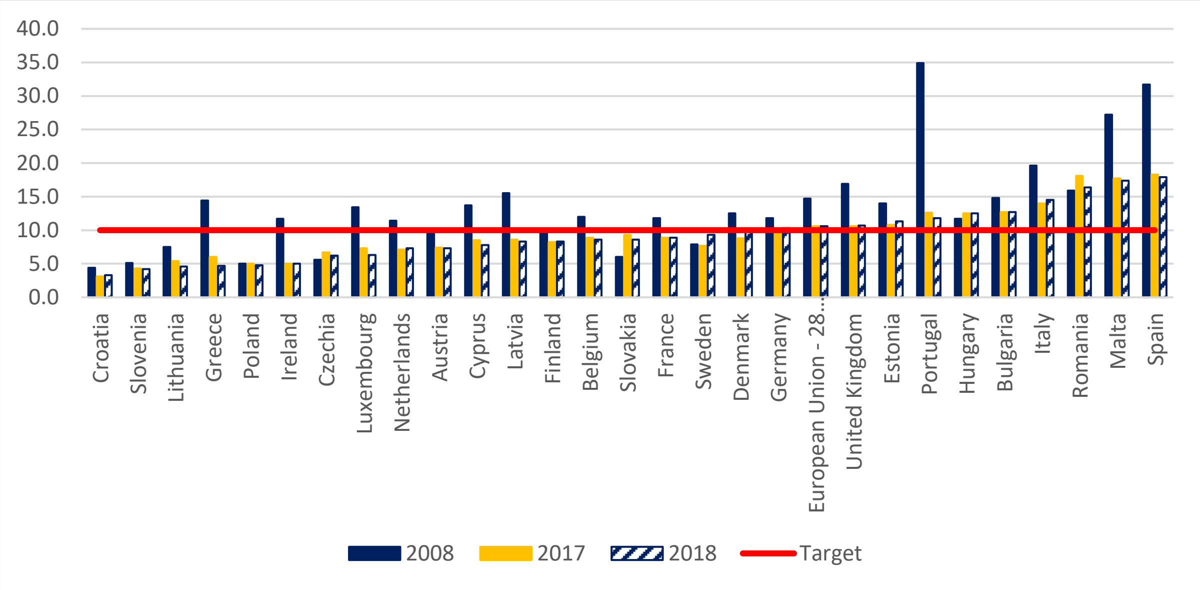
Overall, the quality of healthcare is high in the EU. However, following the economic crisis, many people in EU member states experienced an erosion of health coverage and lower income groups experienced more unmet need than others. This is particularly concerning in light of the current Covid-19 pandemic. The fact that so many countries failed to prevent erosion of health coverage for the most vulnerable should be a matter of concern to national and international policymakers in the EU and needs to influence planning for the future.

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

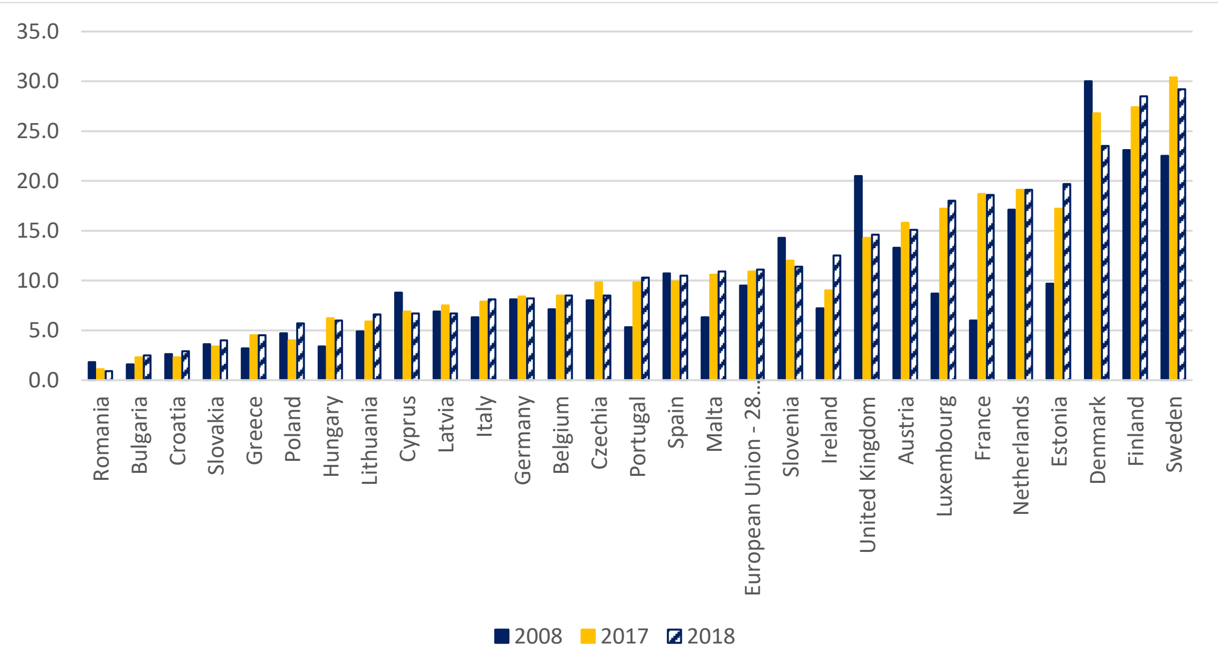
Chart 3.1: Early School Leaving (%), EU-28, 2008, 2017 and 2018



Source: Eurostat, [t2020_40]

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

Chart 3.2: Lifelong Learning, (%) EU-28, 2008, 2017 and 2018



Source: Eurostat, [trng_lfse_01]

Education and Skills

Early School Leaving

Reducing early school-leaving is seen as a ‘gateway’ to achieving other Europe 2020 Strategy targets. For example, lower levels of education leaves people at greater risk of a range of negative outcomes. 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 four weeks preceding the survey.

The average early school leaving rate across Europe in 2018 was 10.6 per cent. The 2018 rate was unchanged from 2017 and similar to the 2016 rate (of 10.7 per cent). While it has fallen significantly from 2008, when it was 14.7 per cent, it has not decreased to any extent in more recent years. Furthermore, there are wide disparities between European countries when it comes to the rate of early school leaving. In 2018 the highest rates of early school leaving were to be found in Spain (17.9 per cent), Malta (187.4 per cent), Romania (16.4 per cent) and Italy (14.5 per cent). There is still a great gap between the countries with the highest rates (Malta, Spain and Romania), and that with the lowest rate, Croatia (with a rate of 3.3 per cent). (Chart 3.1)

Comparing 2018 with 2017, the greatest improvements have occurred in Romania (-1.7 percentage points), Greece (-1.3 percentage points) and Luxembourg (-1 percentage points). There have been dis-improvements in other countries, including some that traditionally have relatively low rates such as Sweden (+1.6 percentage points) and Denmark (+1.4 percentage points).

Improvements in the rate of early school leaving are welcome. However, because its consequences for individuals and for society are so grave, it is an issue that requires ongoing attention from policymakers. Furthermore, some groups such as disabled people are particularly vulnerable - the proportion of early school leavers among young disabled people is 23.6 per cent, which is much higher than the rate for non-disabled younger people.

Lifelong Learning

The EU also has a strategic framework for cooperation in education and training under which targets have been set for 2020 - the Strategic Framework for European Union cooperation in Education and Training (known as ‘ET 2020’). Among the targets which the ET 2020 framework set for 2020 are that an average of at least 15 per cent of adults (age group 25-64) should participate in lifelong learning.

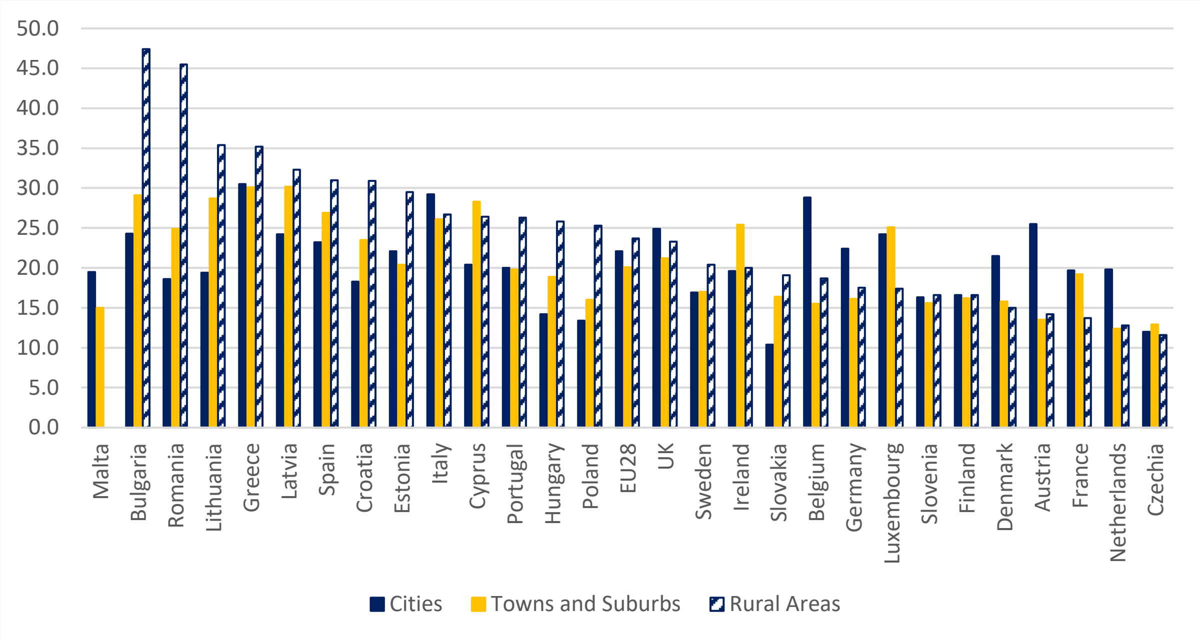
In 2018 the average rate of participation in lifelong learning was 11.1 per cent (slightly up on the 2017 rate of 10.9 per cent) (measured through the participation rate for people aged 25-64 in training and education in the past four weeks). It is higher than it had been in 2008 (when it was 9.5 per cent) but in recent years increases have only been marginal. There is great variation across Europe in terms of the rates of participation. Nordic countries tend to top the table; in 2018 the top three countries were Sweden (29.2 per cent), Finland (28.5 per cent) and Denmark (23.5 per cent). At the other end of the scale, the rate was lowest in Romania (0.9 per cent), Bulgaria and Croatia. 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.

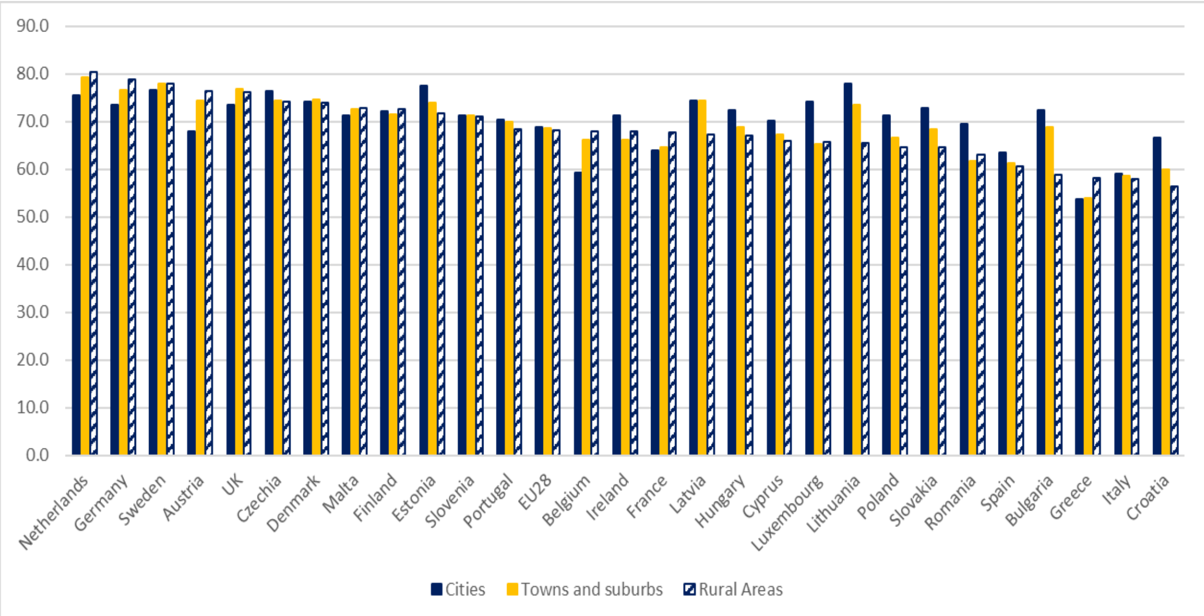
Rural Development

Chart 4.1: % Population at risk of poverty or social exclusion by degree of urbanisation, EU-28 2018



Source: Eurostat, [ilc_peps13]

Chart 4.2: Employment Rates by degree of urbanisation, 15-64, EU-28 2018



Source: Eurostat, [lsft_e_ergau]

Rural Development

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 17 of the EU-28 countries the risk of poverty and social exclusion was greater for those living in rural areas than those in cities in 2018 (up from 15 countries in 2017) (see Chart 4.1). Romania (with a difference of almost 27 percentage points) has the greatest differential between the two, followed by Bulgaria (23.1 pps), Lithuania (16 pps) and Croatia (12.6 pps). In Ireland, the percentage of the population at risk of poverty and social exclusion in cities is 19.6 per cent, compared to 20 per cent in rural areas and 25.4 per cent in towns and suburbs. 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.

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.

Employment Rates

Since the Recession, employment rates have been gradually increasing across most European countries. However, regional disparities persist with rural areas in 19 of the EU-28 countries having lower rates of employment than their city-dwelling counterparts. Rural areas in Bulgaria, Romania and Croatia have the greatest differences (with 13.5 pps, 12.5 pps and 10.3 pps difference between rural areas and cities respectively). In both Belgium and Austria, rural employment rates are higher than city employment rates by 8.5 pps.

In Ireland the employment rate in the city was 71.2 per cent, compared with 66.1 per cent in towns and suburbs, and 67.8 per cent in rural areas. Recent analysis undertaken by *Social Justice Ireland*[3] shows further disparities at a Regional level and clearly illustrates how much work needs to be done to support rural employment, economic and social growth.

Policy Priorities

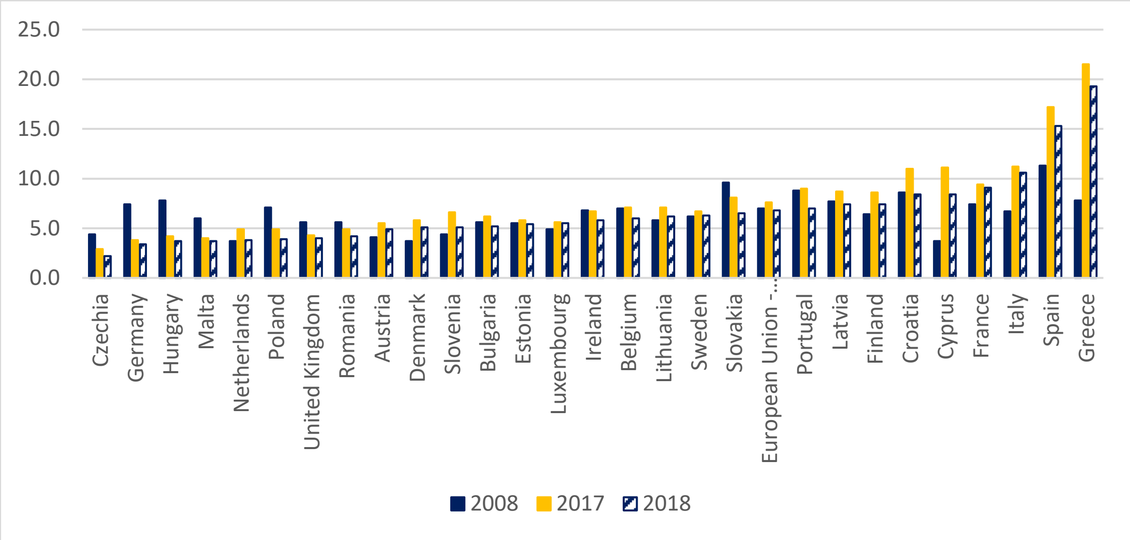
- Ensure that investment is balanced between the regions, with due regard to sub-regional areas.
- Ensure rural development policy is underpinned by social, economic and environmental wellbeing.

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

[3] https://www.socialjustice.ie/content/policy-issues/employment-performance-varies-greatly-region

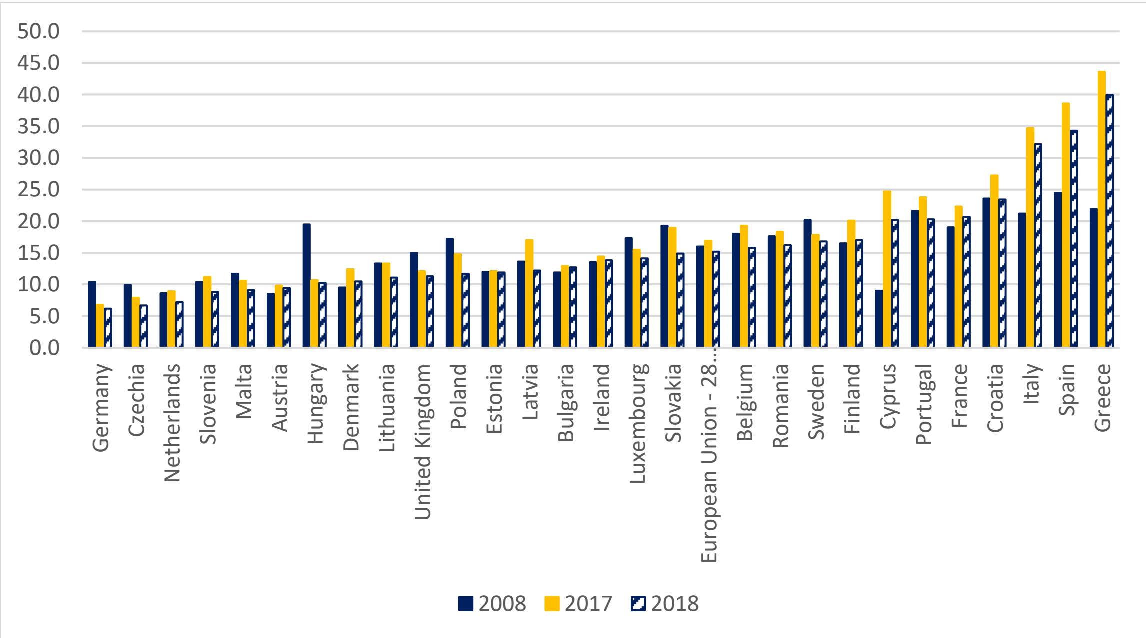
Work

Chart 5.1: Unemployment (% Active Population), EU-28, 2008, 2017 and 2018



Source: Eurostat, [une_rt_a]

Chart 5.2: Youth Unemployment (% of active population), EU-28, 2008, 2017 and 2018



Source: Eurostat, [une_rt_a]

Note: Youth unemployment refers to those under 25 years.

Work

In 2018, the annual unemployment rate (EU-28) was 6.8 per cent, down from 7.6 per cent in 2016. Some 16.8 million people (EU-28) were unemployed, marginally higher than the number of unemployed people in 2008, although the number had greatly reduced on the figure from 2013 when unemployment reached its peak

Chart 5.1 illustrates the great divergence between countries both in terms of the rate of unemployment and in the degree of change between 2008 and 2018. The countries with the highest rates in 2018 were Greece (19.3%), Spain (15.3%), and Italy (10.6%). Those with the lowest rates were Czechia, Germany, Hungary, Malta, Netherlands and Poland (all with rates under 4 per cent).

We can also see from Chart 5.1 how in some countries (notably in Greece, but also in Cyprus, Spain, Italy and others), 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.

Another issue is underemployment. It has been estimated that those who are unemployed, those who are involuntary part-time workers, and those who are inactive but willing to work amount to over 40 million people across the EU.

Youth Unemployment

By 2013, the average EU-28 rate of youth unemployment (i.e. for those under 25) reached 23.8 per cent of the active population, or some 5.6 million people. In 2018, the average EU-28 rate decreased to 15.2 per cent, representing 3.4 million people (from 16.9 per cent in 2017) (as a % of active population). The 2018 rate was 0.8 percentage points lower than the pre-crisis level in 2008.

Chart 5.2 shows, that there is great variation in the rates of youth unemployment across Europe and there were great variations in the rate of its increase after 2008. The rates (2018) were highest in Greece (39.9%), Spain (34.3 %) and Italy (32.2%) although there were improvements in all those countries between 2017 and 2018. By contrast, the 2018 rate in Germany was 6.2 per cent and it was less than 10 per cent in five other countries (Czechia, Netherlands, Slovenia, Malta and Austria).

A related area of concern involves young people who are neither in education nor employment (known as NEETS). There are many reasons why the NEET rate is one of the most concerning indicators relative to young people. It indicates detachment and discouragement in relation to both work and education. It includes young people who are conventionally unemployed as well as other vulnerable groups such as young disabled people and young carers[4]. Low educational attainment is one of the key determinants of young people entering the NEET category with other important factors including having a disability or coming from a migrant background. 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.

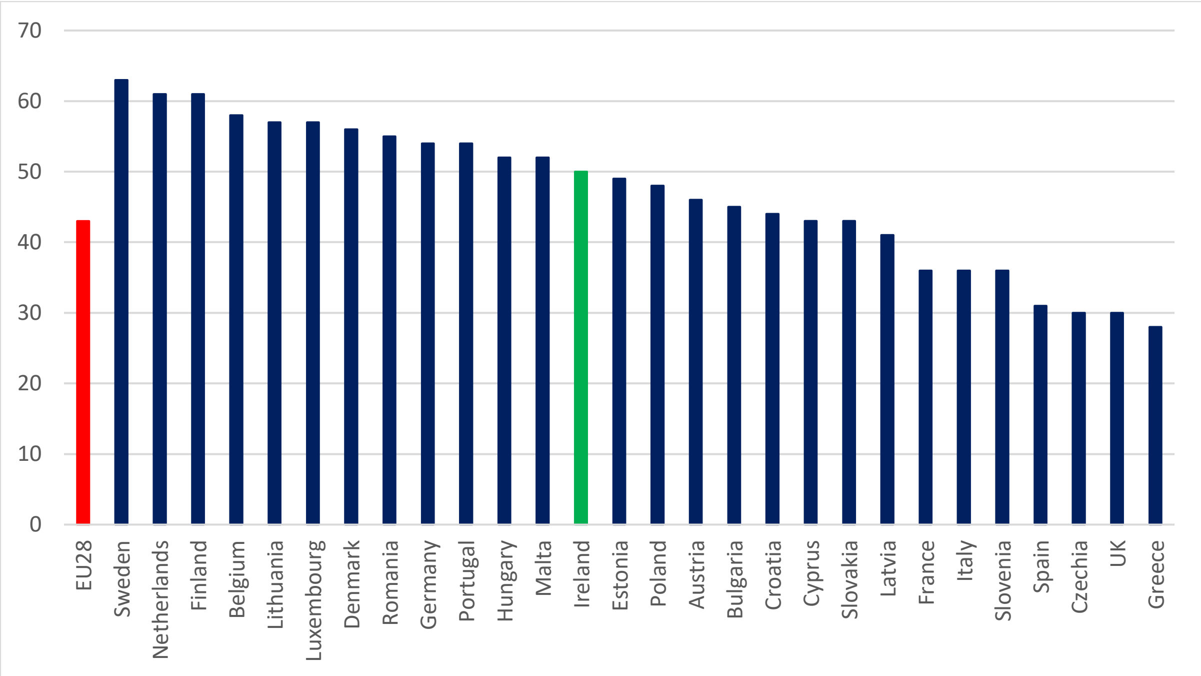
Policy Priorities

- 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.

[4] Eurofound (2016) Exploring the diversity of NEETs. Luxembourg: Publications Office of the European Union.

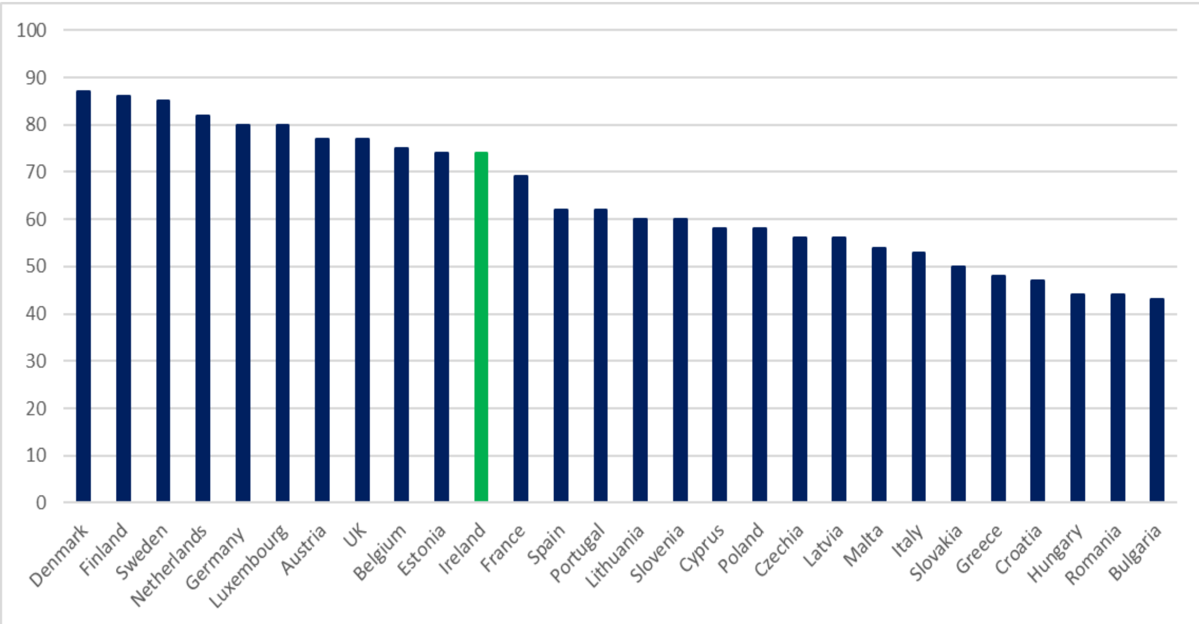
Governance and Participation

Chart 6.1: % Population with confidence in the European Commission, EU-28, 2018



Source: Eurostat, [sdg_16_60]

Chart 6.2: Corruption Perception Index, EU-28 2019



Source: Eurostat, [sdg_16_50]

Governance and Participation

Trust in the European Commission

For a democracy to thrive, it is essential that citizens can have trust in the democratic institutions instrumental in decision-making and policy processes. At a European level, the European Commission consists of the College of Commissioners from the (now 27) EU countries. These 27 Commissioners are providing 'political leadership'[5] during their 5-year term. As this role includes the negotiation of policy at a European level that affects every person residing within the EU, trust in the efficacy of the European Commission as an institution is central to its democratic mandate. It is therefore concerning that just over two in five people in the EU-28 expressed confidence in the European Commission last year.

Unsurprisingly perhaps, the lowest proportion of the population with trust in the European Commission could be found in Greece (28%), the United Kingdom (30%) and the Czechia (30%).

At the other end of the spectrum, Sweden (63%), the Netherlands (61%) and Finland (61%) had the highest proportion of the population with confidence in the European Commission (Chart 6.1). Ireland, with 50 per cent of the population, ranks 13th of the EU-28 countries.

Citizen engagement and participation is key to building trust in decision-making processes. The OECD have recently developed a Civil Society portal to support engagement. This is something that could be modelled by the European Commission, particularly in respect of the Semester processes.

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. A score of 0 represents a very high level of corruption and a score of 100 represents a very clean country.

In 2019, Denmark, Finland and Sweden were deemed the least corrupt countries in the EU-28, with scores of 87,86, and 85 respectively, while Bulgaria, Romania and Hungary were the most corrupt, with scores of 43, 44 and 44. Ireland scored a corruption index score of 74 that year, placing it in joint-tenth place, with Estonia (Chart 6.2).

It is interesting that each of the top three countries have experienced a decline in their rating since the middle of the Recession. In 2013, Denmark had a rating of 91 and Finland and Sweden each had a rating of 89. Countries such as Austria and Estonia saw the greatest improvement in their rankings between 2013 and 2019, with increases of 8 and 6 points respectively. Ireland's corruption perception index rate in 2013 was 72, 2 points below the 2019 level.

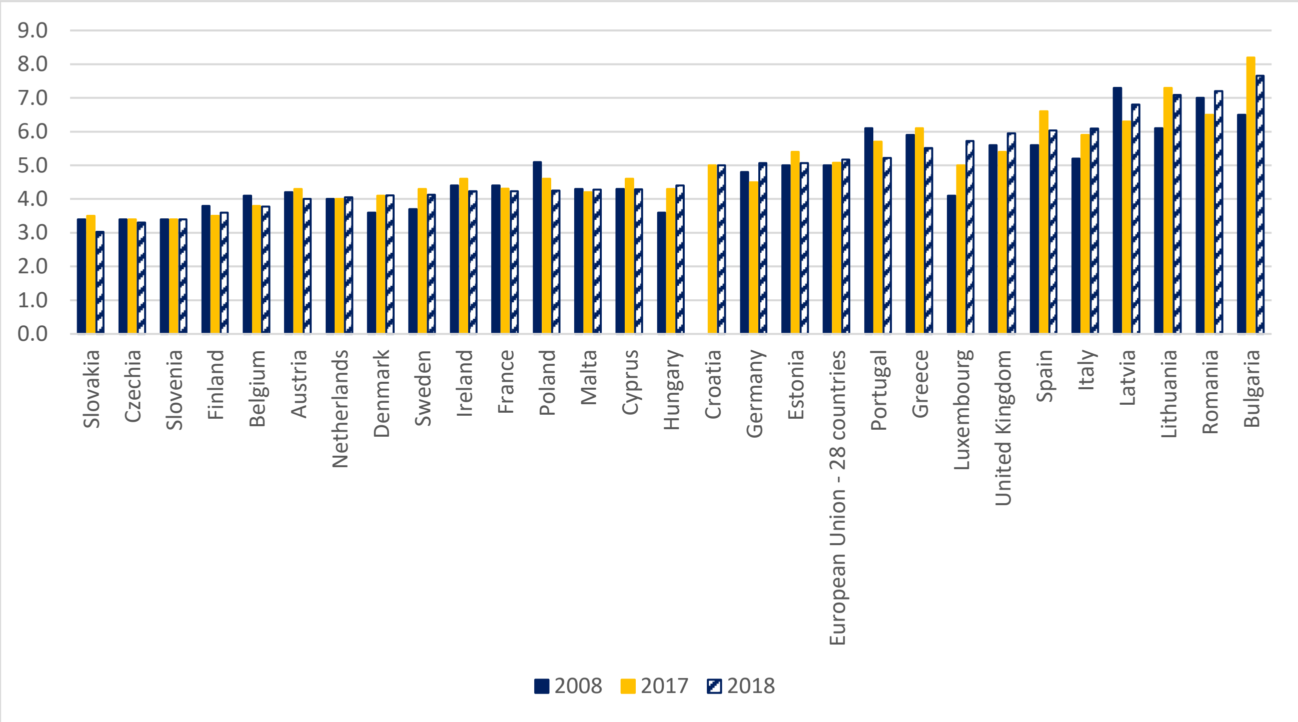
Policy Priorities

- Greater engagement by the European Commission with citizens and civil society in respect of the European Semester package.
- Greater transparency at all levels of Government, and in decision-making processes.

[5] https://ec.europa.eu/info/index_en

Income Distribution

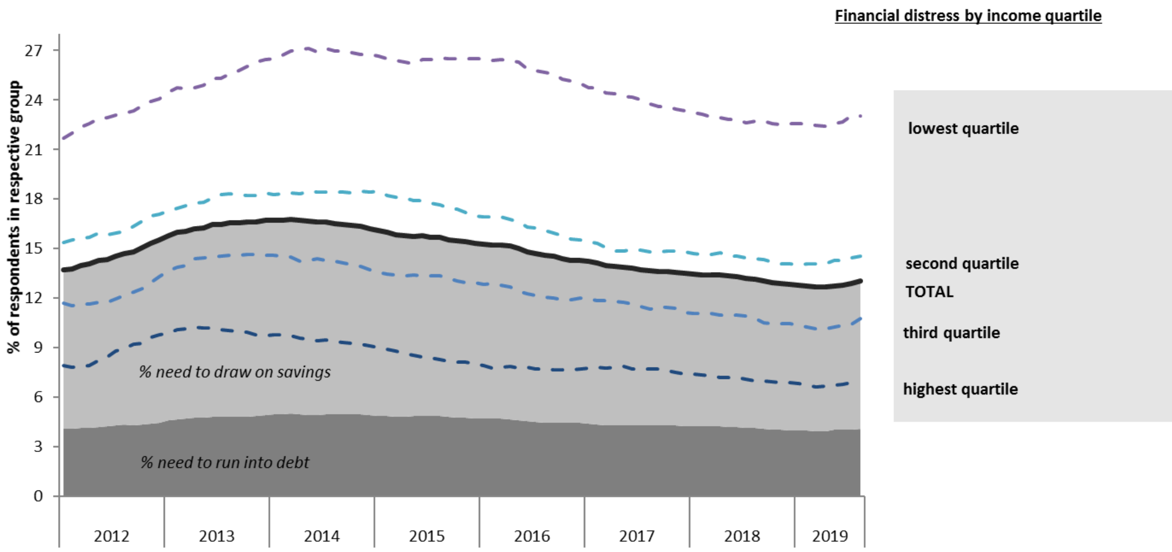
Chart 7.1: Income Inequality EU-28, Income Quintile Share Ratio (S80/S20), 2008, 2017 and 2018



Source: Eurostat, [ilc_di11]

Note: Rate unavailable for Croatia for 2008; the EU rate for 2008 relates to EU-27

Chart 7.2: Household Financial Distress (%) 2012-2019: Total, and by Income Quartiles



Source: European Commission (2019): European Commission, Business and Consumer Surveys, data not seasonally adjusted, 5-month 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[6]. The IMF has shown that income inequality impacts on economic growth and its sustainability. Income distribution is particularly important. If the income share of the top 20 per cent 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 bottom 20 per cent's income share 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 per cent of the population with the highest income (the top quintile) to that received by the 20 per cent 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. The average was 5.0 in 2008 (EU-27), rising to 5.08 in 2017 and 5.17 in 2018 (EU-28)) (Chart 7.1.).

However, there are substantial differences between countries. In 2018, while in some countries (notably Nordic, some Central European countries and some peripheral countries), the rich earned around four times as much as the poor or less, in Bulgaria Romania and Lithuania the value exceeded 7. Between 2017 and 2018, the greatest increases in the ratio occurred in the UK, Luxembourg, Romania, and Germany.

Financial Distress

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, especially for lower-income groups. From its historical peak of nearly 17 per cent, recorded in early 2014, it gradually declined to 12.7 per cent of the overall population in May 2019, but has picked up since then to reach 13.1 per cent in August 2019. However, compared to the same month in 2018, there are profound differences across member states and population groups. Reported financial distress has increased most for those on the lowest incomes (lowest quartile) and reached 23.1 per cent, 0.4pp more than in August 2018.

By comparison, for the wealthiest quartile financial distress stood at 7.0 per cent and is stable on a yearly basis. Slight increases were recorded for the second and third quartile of the population (0.3pp for both). As can be seen in Chart 7.2, where rates are shown for household distress across income quartiles, 2012-2019 (latest figures for August 2019). It shows how the greatest distress is being experienced by the lowest income quartile (or lowest 25 per cent) but also by the second quartile (lowest 50 per cent). In August 2019, it was recorded at 23.1 per cent for the lowest-income quartile and at 14.6 for the second quartile.

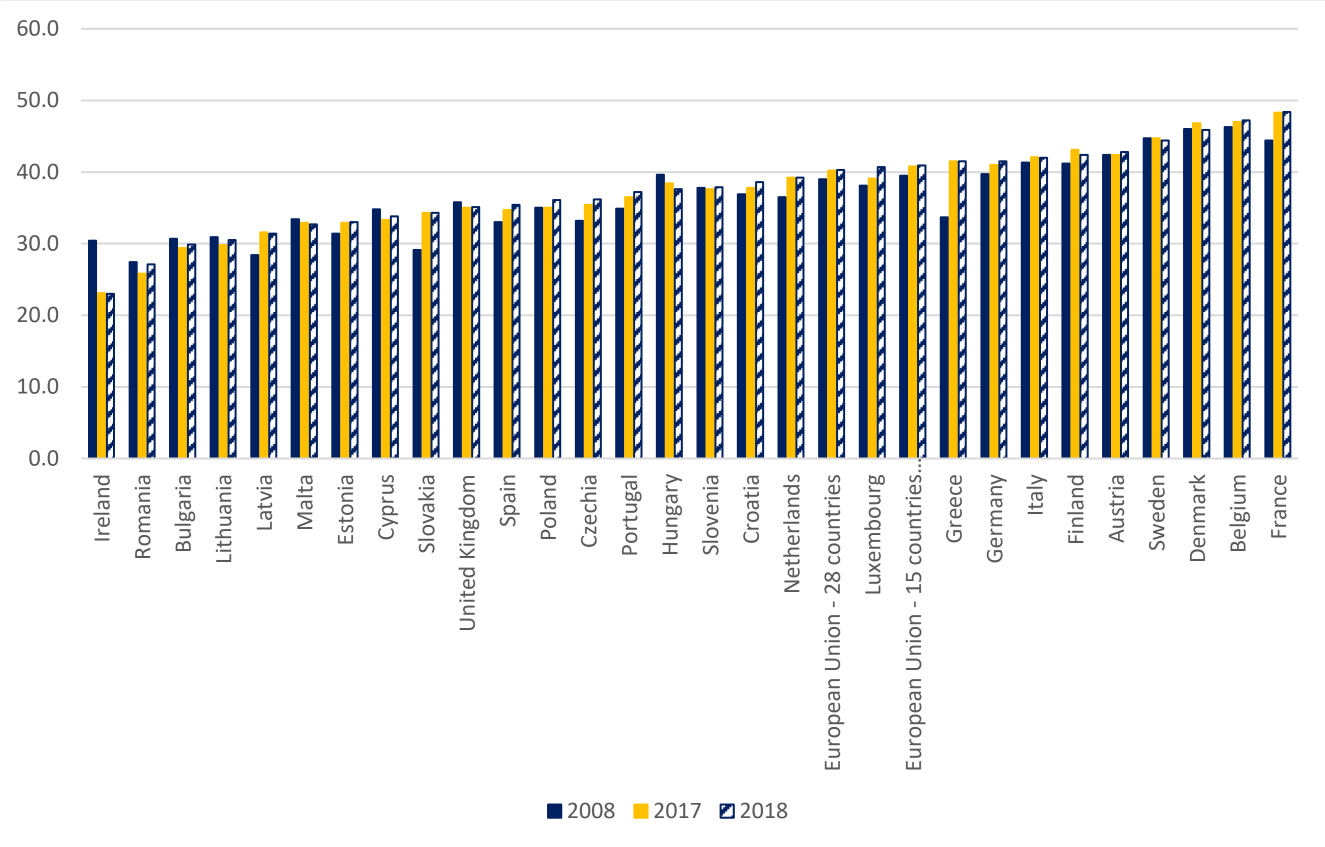
Policy Priorities

- 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.

[6] Wilkinson, R. and Pickett, K., (2007). The Spirit Level: Why more equal societies almost always do better. London: Allen Lane

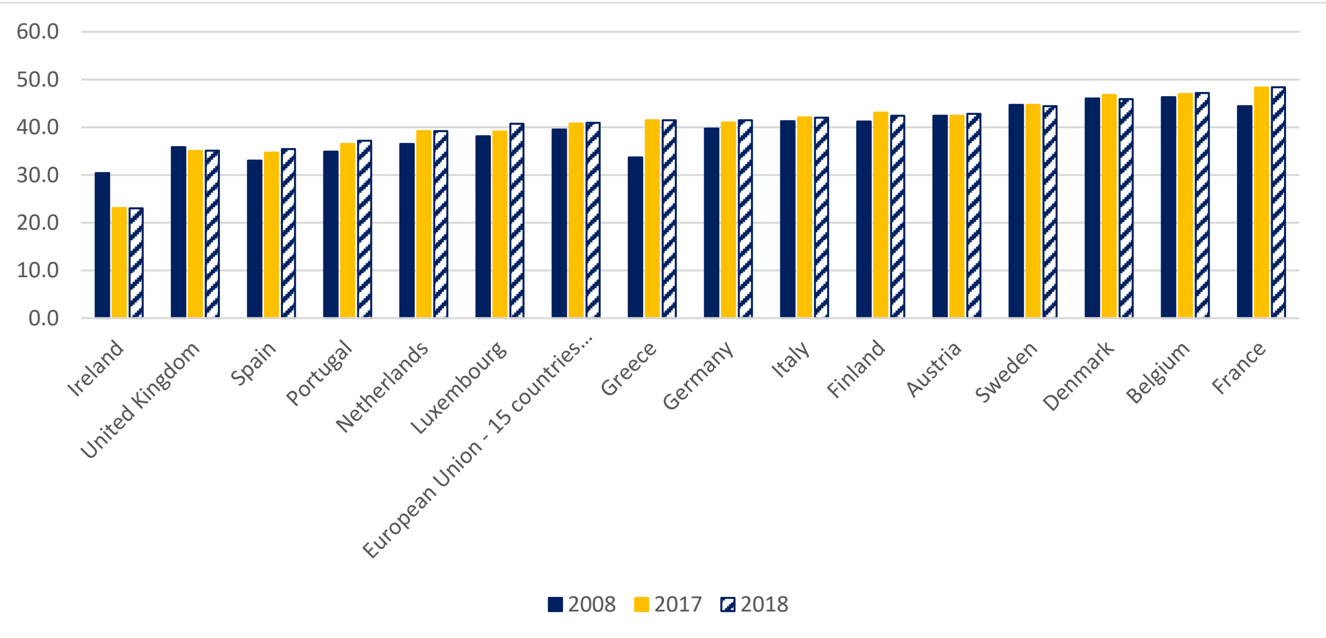
Taxation

Chart 8.1: EU-28 Total Taxes (incl ssc) as a % of GDP, 2008, 2017 and 2018



Source: Eurostat, [gov_10a_taxag]. Includes social security contributions.
Note: Total receipts from taxes and social contributions (including imputed social contributions) after deduction of amounts assessed but unlikely to be collected.

Chart 8.2: EU-15 Total Taxes (incl SSC) as a % of GDP, 2008, 2017 and 2018



Source: Eurostat, [gov_10a_taxag].
Note: Total receipts from taxes and social contributions (including imputed social contributions) after deduction of amounts.

Taxation

In 2018 tax revenue (including net social contributions) amounted to 40.3 per cent of GDP in the European Union (EU-28) and 41.7 per cent of GDP in the Euro Area (EA-19)[7]. Compared with 2017, increases in the ratio are observed for both the EU-28 and the EA-19. In absolute terms, tax revenue in 2018 continued the growth from its low point in 2009. From 2017 to 2018, EU-28 tax revenue increased by €224 billion and EA-19 tax revenue increased by €174 billion.

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. Ten countries had total taxation ratios greater than the EU average of 40.3 per cent of GDP (in 2018). It was highest in France (48.4%), Belgium (47.2%) and Denmark (45.9%), with the lowest shares recorded in Ireland (23%), Romania (27.1%), and Bulgaria (29.9%). Overall, the range is broad with a difference of 25.4 pps between the country with the lowest ratio (Ireland) and that with the highest (France). Between 2017 and 2018, increases in the tax-to-GDP ratios were observed in 17 member states. In percentage points, the highest increases in percentage of GDP from 2017 to 2018 were recorded by Luxembourg (from 39.1 per cent in 2017 to 40.7 per cent in 2018), ahead of Romania (from 25.8 per cent to 27.1 per cent) and Poland (from 35.0 per cent to 36.1 per cent).

Prior to the 2004 enlargement, several member states already had tax ratios close to 50 per cent (such as the Scandinavian countries and Belgium), while several others how low tax-to-GDP ratios (such as Ireland, Spain, the UK and Greece). The generally lower tax ratios in the accession countries meant that the 2004 and 2007 enlargements resulted in a significant decline in the EU average value. In Chart 8.2 the tax ratios are set out for the EU-15 countries. This shows an average ratio of 40.9 per cent for the EU-15 for 2018, only marginally higher than the average for the EU-28 countries. When looked at in this way it is again Ireland that has the lowest ratio. 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 economic activity. However, notwithstanding this, Ireland's ratio compares poorly with many other countries, especially with its peers amongst the older accession countries.

Eurostat has designated 35 per cent of GDP as the low-tax threshold: countries with ratios below this are considered low-tax countries. In the 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 being Spain and the UK (34.1% and 35.1%, respectively). Nine of these countries have ratios that are 40 per cent of GDP or greater. 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 per cent compared to 23.3 per cent GDP. This is still some distance below the EU average.

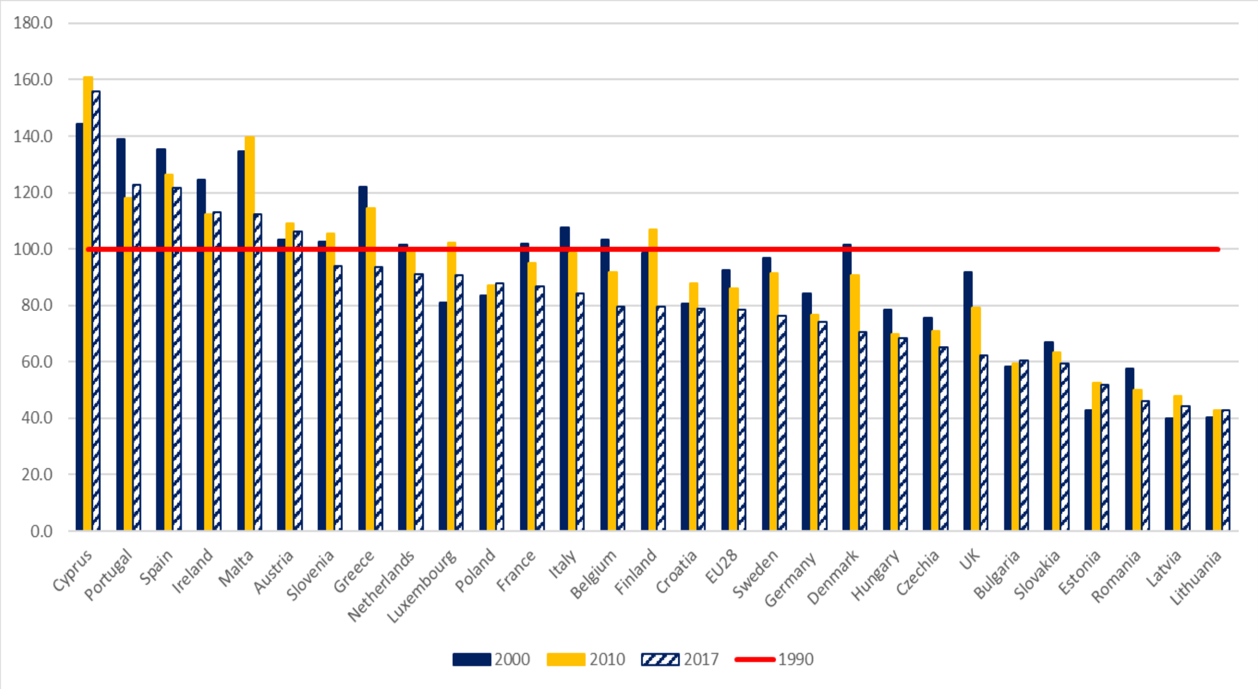
Policy Priorities

- Develop sustainable approaches to taxation by raising sufficient revenue 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 pay more do so.

[7] This refers to the 19 Member States using the Euro currency.

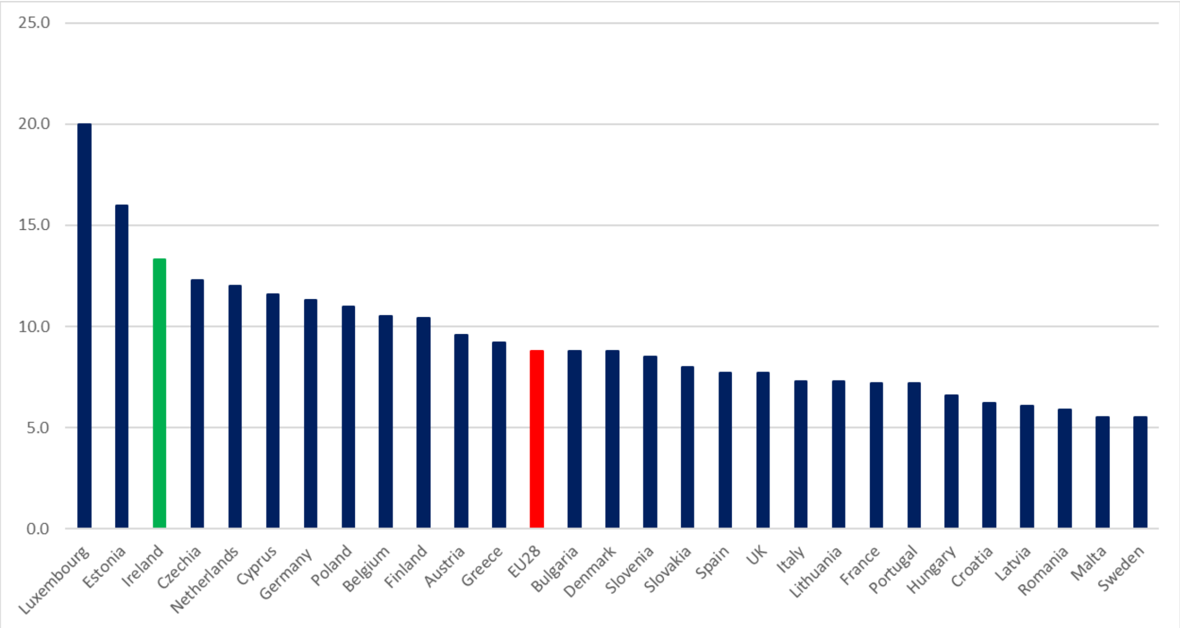
Environment and Sustainability

Chart 9.1: Greenhouse Gas Emissions (in CO2 equivalent) base year 1990, EU-28 average and Ireland, 1990, 2000, 2010 and 2017



Source: Eurostat, [sdg_13_10]

Chart 9.2: Greenhouse Gas Emissions, tonnes per capita, EU-28, 2017



Source: Eurostat, [sdg_13_10]

Environment and Sustainability

In advance of COP25 – the UN Climate Change Conference in Madrid in 2019 – the United Nations Environment Programme published its annual Emissions Gap Report. It found that unless global greenhouse gas emissions fall by 7.6 per cent each year between 2020 and 2030, the 1.5°C goal (which 195 nations pledged to in the Paris Agreement 2015) will be out of reach before 2030. Crucially, the report says all nations must substantially increase ambition in their Nationally Determined Contributions (NDCs), as the Paris commitments are known, in 2020 and follow up with policies and strategies to implement them. This requires an enormous concerted global effort over the next decade.

Greenhouse gas (GHG) emissions are one of the key areas in which progress to combat climate change can be made. Every country in the European Union has committed to legally-binding emissions targets for 2020 and 2030. While progress is being made across the EU-28 to reduce its GHG emissions, and the EU-28 average in 2017 was 21.7 per cent lower than 1990 levels, contribution to this progress is not evenly shared across all member states.

In 2017, six of the EU-28 countries remained above 1990 levels (1990=100): Cyprus (155.7), Portugal (122.8), Spain (121.8), Ireland (112.9), Malta (112.2) and Austria (106.2). These countries are likely to face a considerable environmental and financial cost, given those binding commitments referred to above. At the other end of the scale, Lithuania (42.7), Latvia (44.3), Romania (46.1) and Estonia (52.0) have made the greatest reductions (Chart 9.1).

The European Green Deal and its commitment to increase ambition for 2030 to 50 or 55 per cent reductions on GHG will be very difficult to achieve if we do not act now. We are not limited in what we can do, but are limited by our political ambition and leadership, and by the fact that because we have left these decisions for so long, the effort required to achieve adaptation and transition will now be far greater than if we'd acted years ago.

Ireland is in the top five of GHG emissions producers in the EU-28 compared to 1990 levels, and in the top three for GHG emissions per capita (Chart 9.2). The latest report from the Environmental Protection Agency shows negligible change from 2017 with a decrease recorded of just 0.2 per cent. Emissions from agriculture increased by 1.9 per cent, driven by the increase in the national dairy herd and corresponding increase in milk production. In fact emissions from agriculture have increased annually since 2012 as a result of the Foodwise 2025 policy of agricultural expansion and the abolition of milk quotas in 2015. Emissions from the transport sector increased by 1.7 per cent, an emerging trend from 5 of the last 6 years (ibid) which should be a cause for concern[8]. Emissions in the energy sector decreased by 11.7 per cent in 2018 driven by a decrease in coal use in electricity generation and an increase in wind generated electricity (ibid). Despite improvements in some sectors the overall trend is at odds with our national ambition outlined in the Climate Action Plan. Such policy incoherence at national level is unacceptable, particularly when agriculture is the single largest contributor of Ireland's total GHG emissions.

Policy Priorities

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

[8] EPA (2019): *Ireland's Greenhouse Gas Emissions Projections 2018-2040.* Dublin: EPA

Global Issues

Table 10.1: Sustainable Progress Index, EU-15 2020

Country	Index Score	Country Rank
Denmark	0.665	1
Sweden	0.662	2
Netherlands	0.627	3
Austria	0.576	4
Finland	0.573	5
Germany	0.539	6
Luxembourg	0.494	7
France	0.472	8
United Kingdom	0.452	9
Ireland	**0.446**	**10**
Belgium	0.437	11
Italy	0.409	12
Spain	0.396	13
Portugal	0.393	14
Greece	0.328	15

Source: Clark, C., Kavanagh, C and Lenihan, N (2020): Measuring Ireland's Progress, Sustainable Progress Index 2020, *Social Justice Ireland*

Global Issues

The objective of the 17 Sustainable Development Goals (SDGs) as part of the 2030 Agenda was to set universal goals that meet the urgent environment, political and economic challenges evident in our world. These 17 global goals are a blueprint to achieve a better and more sustainable future. They identify global challenges relating to issues on poverty, inequality, climate, environmental degradation, prosperity, peace, and justice.

Table 10.1 shows the rankings of *Social Justice Ireland's* composite Sustainable Progress Index (SPI), which measures Ireland's progress on the SDGs in comparison to our peer countries of the EU-15; countries that have experienced similar levels of development. We have argued previously there is merit to presenting one statistic to capture progress; it can quickly draw our attention to potential problems or issues that need to be addressed. The benefit of the aggregate measure here is that it provides a simple report card to track Ireland's overall performance on the SDGs compared to our peers. Once again, we see Sweden, Finland and Denmark top the rankings. Ireland's overall ranking is 10th.

Strengths

Ireland is in the top third for just two SDGs. We continue to perform well on the SDG4 ('Quality Education'), much as expected. From basic education to tertiary education, Ireland's reputation for 'quality education' is evident, although some consideration should be given to the low rate of adult participation in learning. Measurements of SDG16, 'Peace, justice and strong institutions', suggests Ireland is a relatively safe country with reasonably transparent, effective and accountable institutions. At the EU level, Eurostat go further and suggest that the "European Union has been one of the most successful peace projects in the world".

Weaknesses

SDGs reflecting the environment present a more unfavourable picture of Ireland. Clearly, there are pressing sustainability issues that must be addressed, as reflected by the rankings according to SDG 7, 'Affordable and clean energy', SDG12, 'Responsible consumption and production', SDG13, 'Climate action', and SDG14, 'Life below water'. Ireland's low score on SDG 9, 'Industry, Innovation and Infrastructure', also points to significant challenges ahead in this area. Significant challenges lie ahead if Ireland is to achieve its objectives on these goals. Addressing the complexities of sustainable development requires a joined-up thinking approach. Successful implementation of the SDGs requires a balance between economic and social progress and sustaining the planet's environment and resources, as well as combatting climate change.

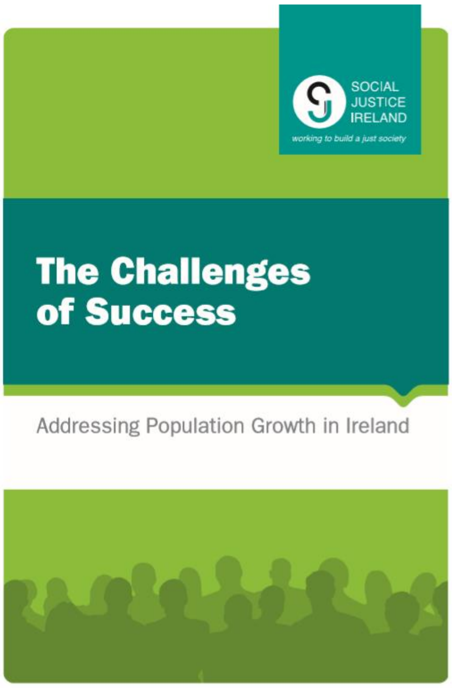
Somewhere in the Middle

The remaining SDGs lie in the middle of the rankings. But that does not imply we should be complacent. The objective of the 17 SDGs as part of the 2030 Agenda was to set universal goals to meet urgent environmental, political and economic challenges. They focus on global challenges relating to poverty, inequality, environmental degradation, prosperity, peace, and justice. The SPI results imply Ireland has a long way to go to meet the aims of Agenda 2030. The SDGs must be kept at the top of Ireland's policy agenda and used to help policymakers develop a plan for sustainable development.

Policy Priorities

- Develop key performance indicators for each of the SDGs as part of a review of the National Implementation Plan.
- Provide funding to the CSO to collate comprehensive datasets on Ireland's progress on each of the SDGs.

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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