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MAY 2021

POVERTY, INCOME INEQUALITY AND LIVING STANDARDS IN IRELAND

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Presented by

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**(work with Bertrand Maître, Ivan
Privalko and Alyvia McTague)**



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Main findings

Income growth was strong & progressive (if volatile)

- 3.6% p.a. for lowest vs. 2.7% p.a. for highest-income quintile
- Gini coefficient & 90:10 ratio at lowest recorded level in 2019

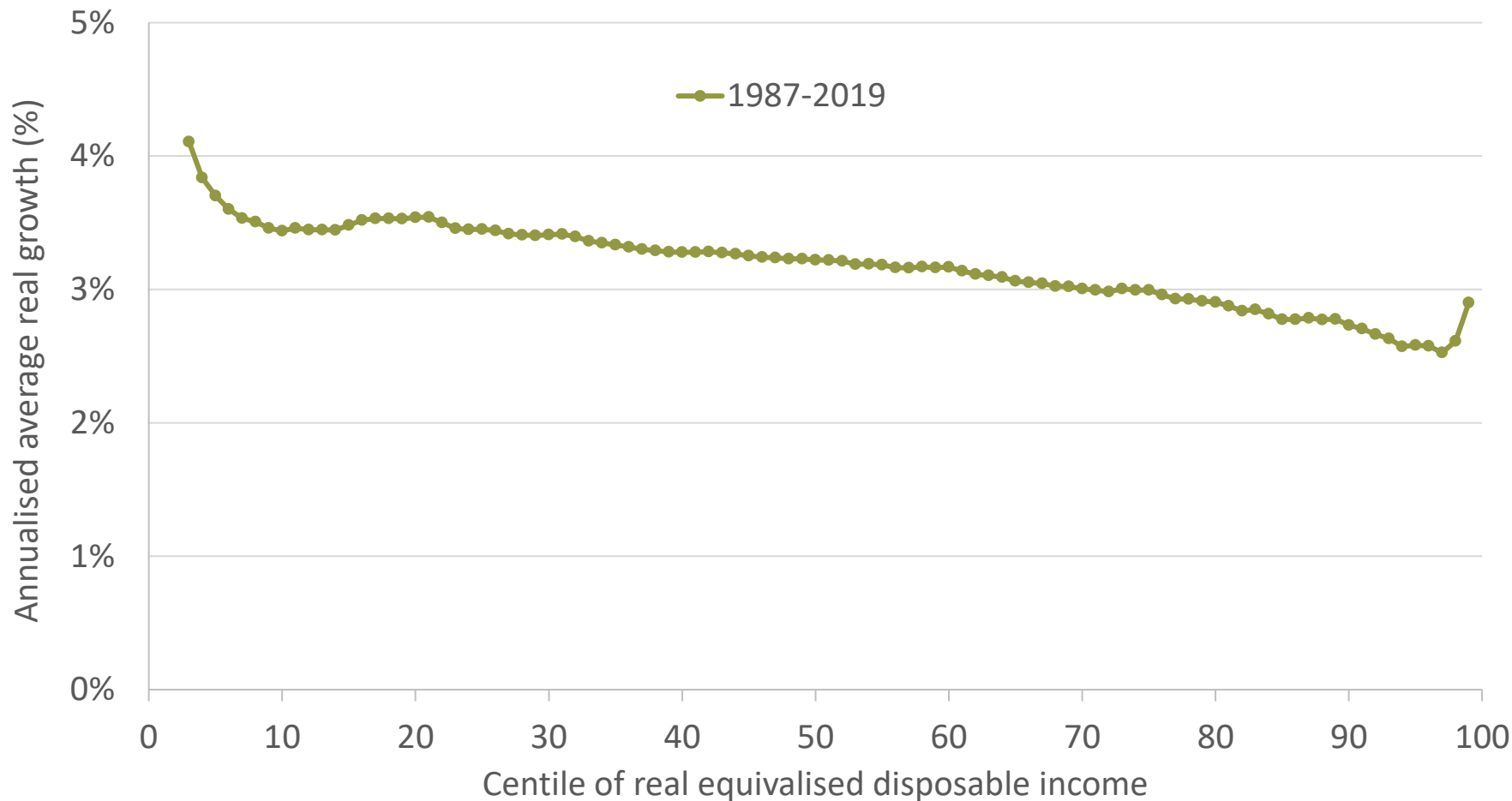
Poverty & deprivation consistently high for certain groups

- Remains closely linked to the absence of anyone in paid work

Evidence of emergent intergenerational inequalities

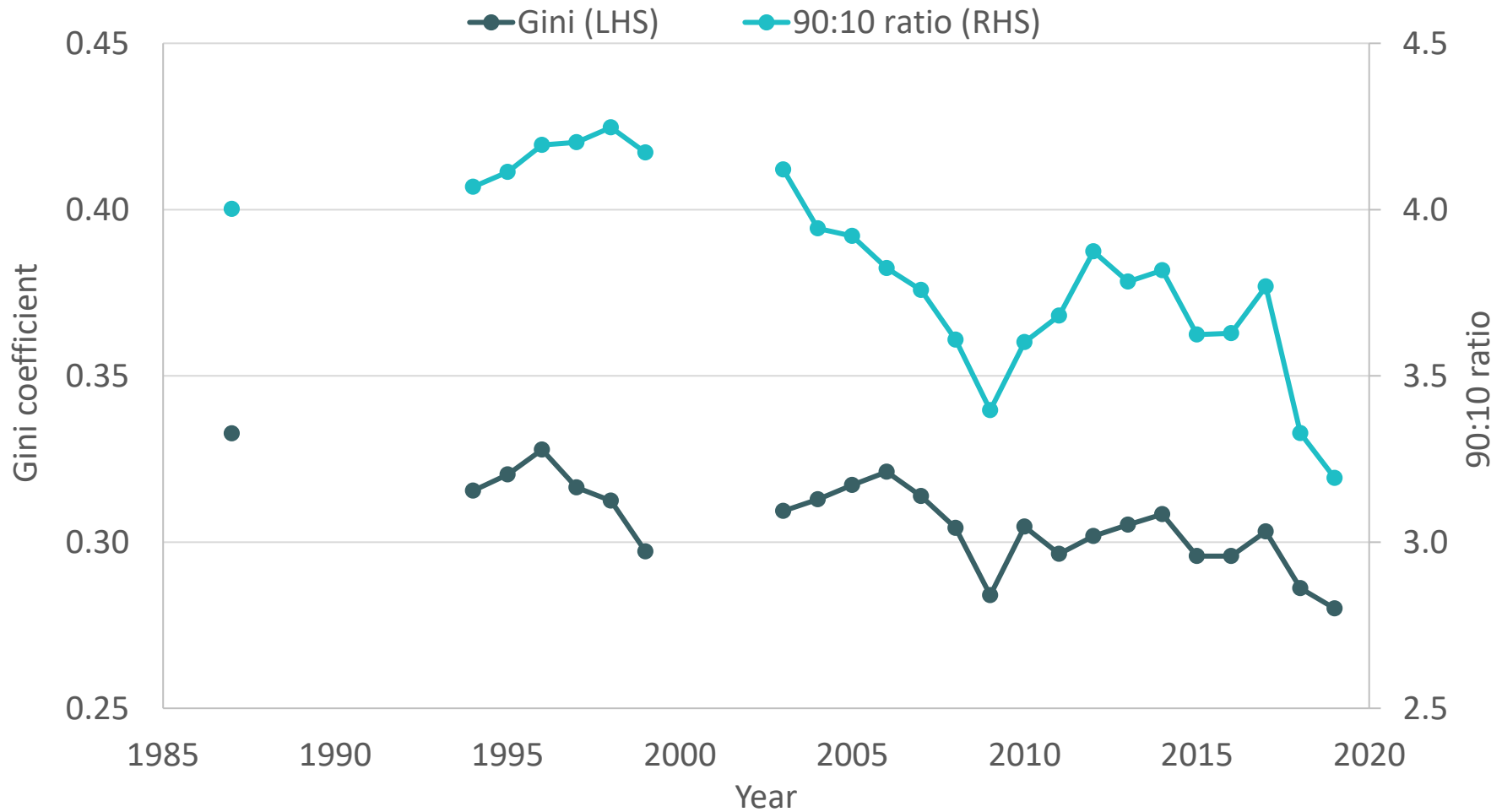
- Young adults hardest hit by job losses during the pandemic
- Also facing labour market that never recovered from the Great Recession, and increasing exposure to private rental sector

Disposable income growth was strong & progressive



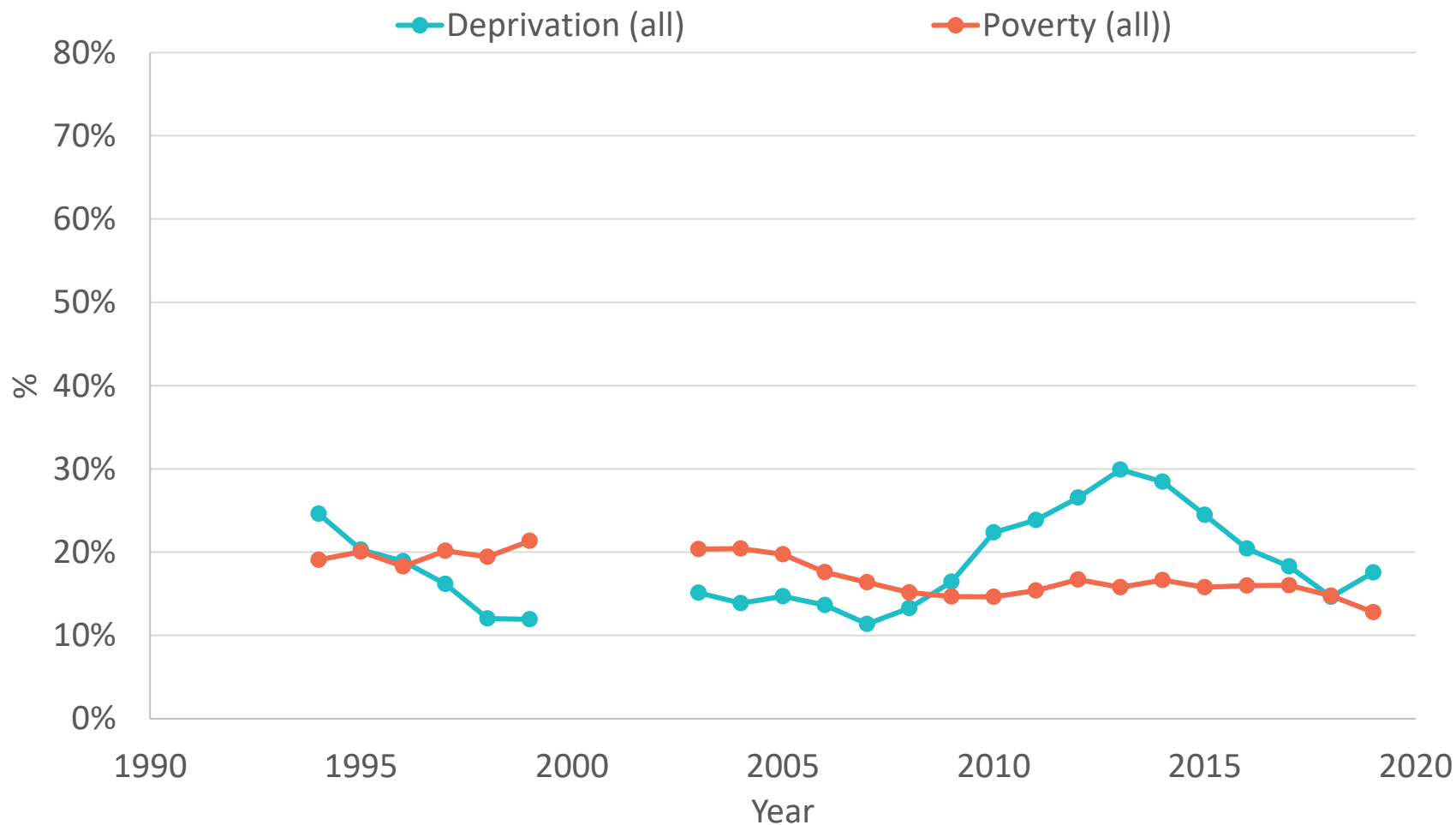
Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.

...& left income inequality at lowest recorded level in 2019



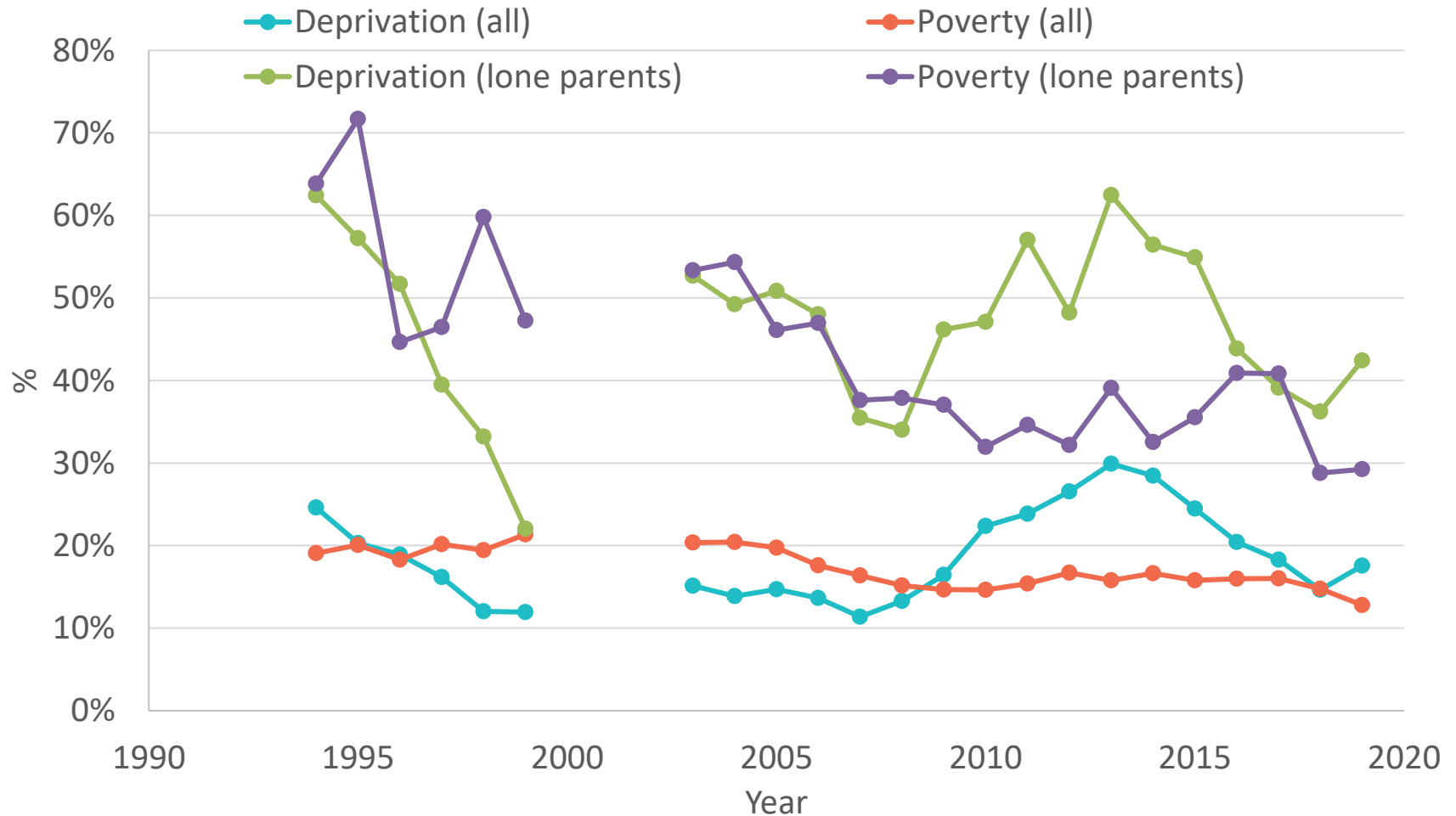
Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.

While rates of poverty & deprivation have also declined...



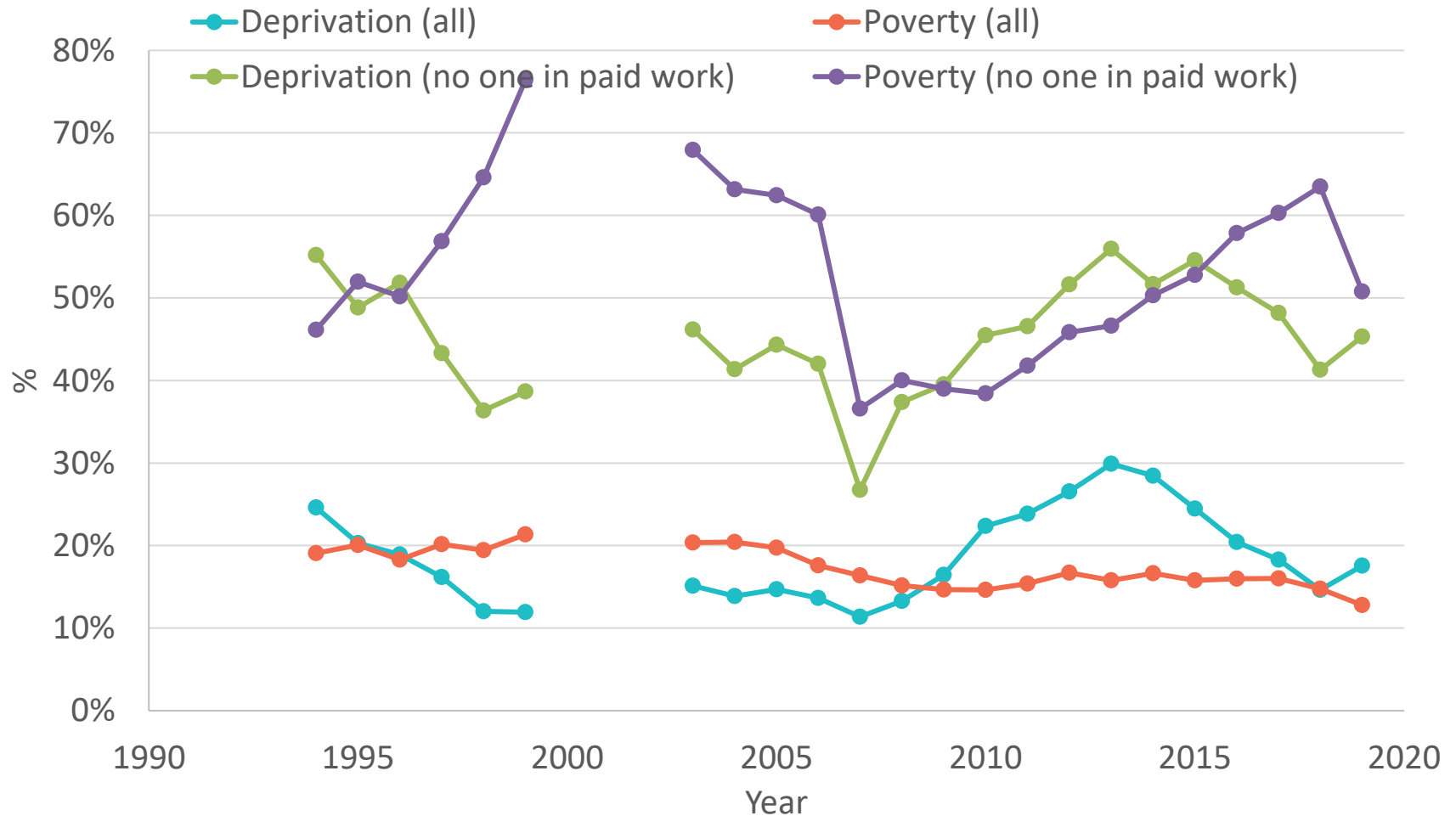
Note: Authors' calculations using the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

... they remain enduringly high for lone-parents



Note: Authors' calculations using the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

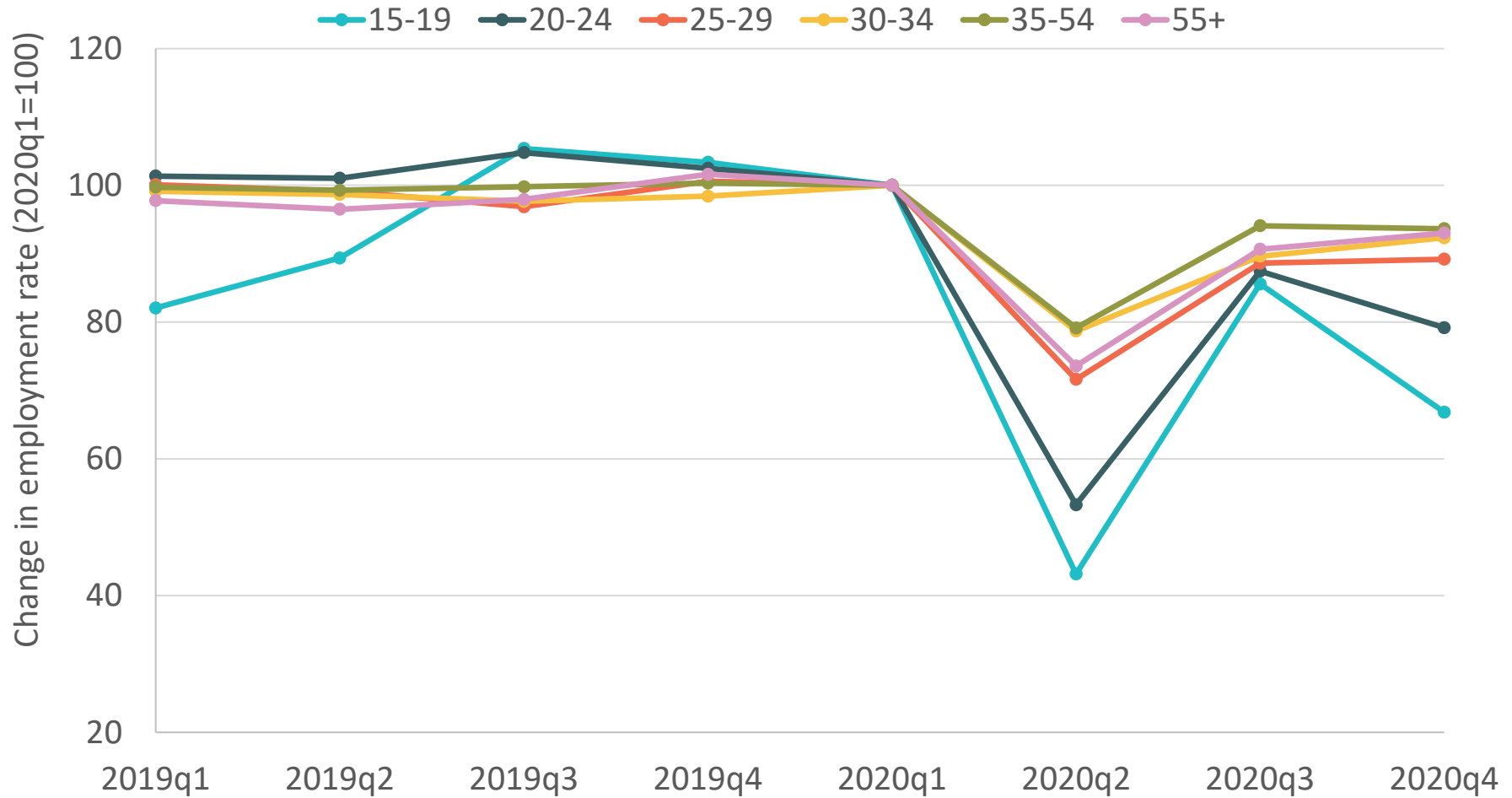
... & single working-age adults not in paid work



Note: Authors' calculations using the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.



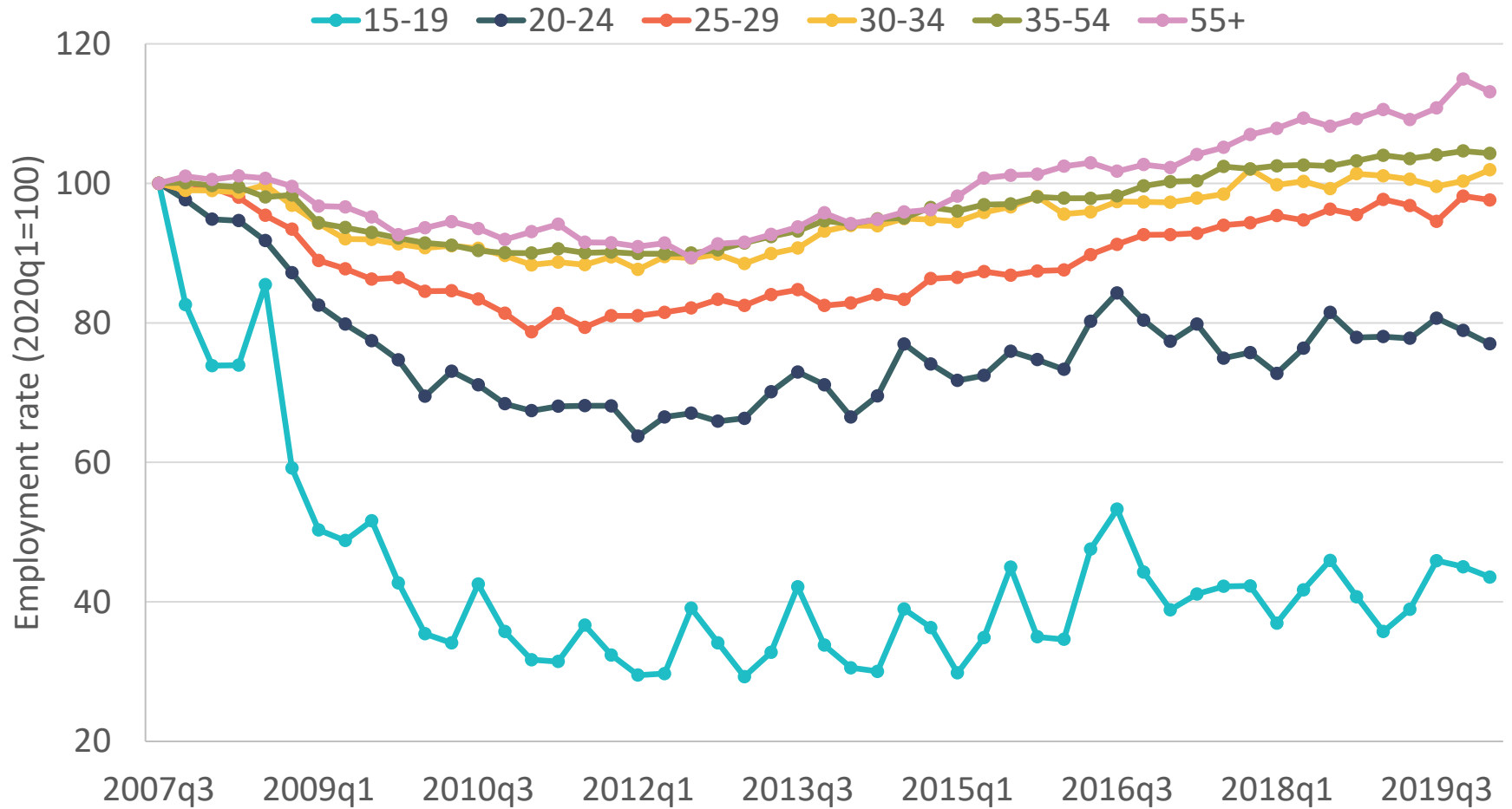
Pandemic has hit employment of young adults hardest



Note: Authors' calculations using the Labour Force Survey Research Microdata Files.



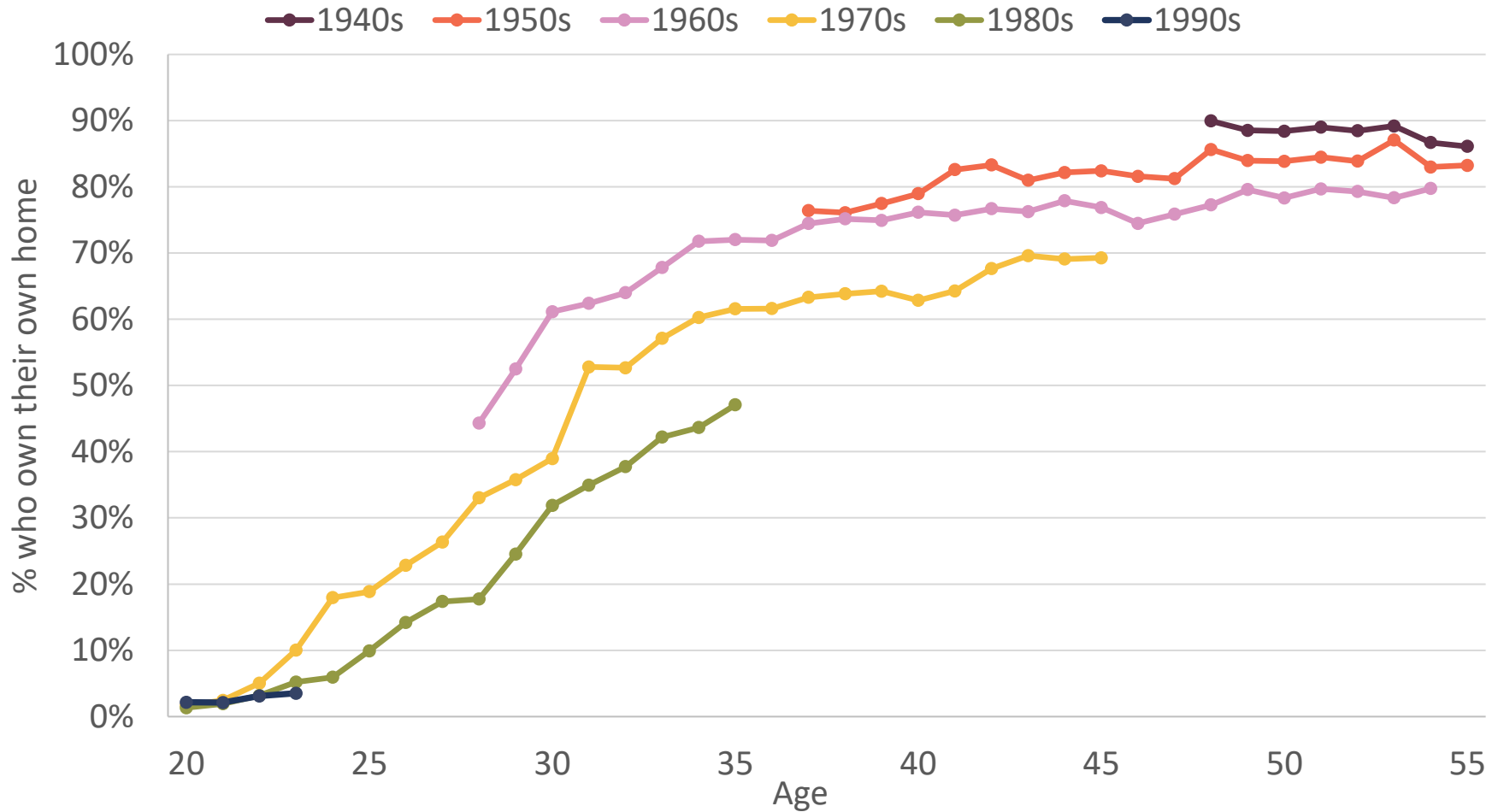
... compounding still lingering effects of the financial crisis



Note: Authors' calculations using the Labour Force Survey Research Microdata Files.



... and increasing exposure to the private rental sector



Note: See Figure 4.7

Implications for policy

Income poverty and material deprivation remain closely linked to the absence of anyone in paid work

- Should give rise to concerns about the impact of pandemic related job losses and a slower than hoped for recovery
- Means that the social welfare system remains a powerful tool for those seeking to address poverty and deprivation

Prospects of millennials should also be cause for concern

- Potential for persistent 'scarring' effects on later life outcomes
- Need to ramp up capacity on high-quality training programmes
- Policies that act to tackle the root causes of high rents will benefit younger adults who risk otherwise being left behind



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THANK YOU!



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