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Social Security in Ireland and Western Europe

by

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CONTENTS

NOMENCLATURE

Ireland	—Republic of Ireland
Northern Ireland	—Six Counties of Ulster
England	—England and Wales
E.E.C. Countries	—Belgium, France, Germany, Italy and Netherlands
Germany	—German Federal Republic
Ulster	—Three Counties of Ulster in Republic of Ireland

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By P. R. KAIM-CAUDLE*

I. INTRODUCTION

Advances in social welfare and possible modifications are at present being widely discussed in Ireland. The Taoiseach, Mr. Lemass, in a speech in May 1963 said that

> "The prime issue in Irish politics was the building of a modern State, based on the principles of social justice with a system of equitable taxation to finance social and economic advances. The economic system was being strengthened so that all the people could be better-off with higher living standards and security. This outcome needed to be organised by the Government. It had to be planned; it would not happen on its own accord. Social services needed to be built up to compare with those of most European countries. Out of date ideas about social obligation of Governments and of the function of a modern State still persisted in some back-waters of Irish life even though most Christian men had long ago accepted the concept of one national community in which the dignity of all men was respected and the principle of community action to help each other was recognised."[1]

There are other reasons which will keep issues of social policy in the forefront of Irish politics in years to come. Two ultimate objectives of the Republic's foreign policy are the reunification of Ireland and membership of the European Economic Community. In both these fields the nature and extent of social services in Ireland are and will be matters of importance requiring consideration. The Treaty of Rome setting up the European Economic Community provides in Article 118 that "it shall be the aim of the Commission to promote close collaboration between member States in the social field particularly in matters relating (*inter alia*) to social security and to protection against occupational accidents and diseases". The purpose of this article is mainly to make certain that legislation of member States in the social field shall not hinder or distort the free movement of goods and labour within the Community. During the last fifteen years differences in social service provisions between the Republic and Northern Ireland have accentuated and are now one of the greatest disparities between the two parts of Ireland. Northern Ireland has the same system and the same standards of social service as Great Britain, but as it is a poorer country, its relative standards are actually much higher than those of the other parts of the United Kingdom. The higher standard of social services in the North must be a matter of concern to the South.

For all these reasons the time seems opportune to review the economics of social welfare in Ireland. Such a review can be most constructive if it takes the form of a comparative study, examining and contrasting social welfare provisions and policies in Ireland with those of other Western European countries. Social welfare is an integral part of social and economic policy and cannot be studied in isolation. The demographic and economic position of Ireland has some quite distinct characteristics and it is therefore felt desirable to introduce the review with a fairly extensive survey of the background against which social welfare operates. This survey is limited to those aspects which have a direct bearing on the study of social welfare.

*The author of this paper was associated with The Economic Research Institute during the months April-September 1963 while on sabbatical leave from the University of Durham. The paper has been accepted for publication by the Institute. The author is responsible for the contents of the paper including the views expressed therein.

[1] [B.1.].

II DEMOGRAPHIC BACKGROUND

(a) Mortality

The major demographic characteristics of the Irish people—high fertility rate, low marriage rate, late age of marriage and propensity for emigration—are fairly well-known and were authoritatively investigated by the "Commission on Emigration and Other Population Problems, 1948–1954".[2] For the purpose of this paper it is thus sufficient to review briefly the present position and, in particular, make comparisons with some other Western European countries.

[2] [R.1.]

The crude mortality rate—number of people dying per 1,000 population—is influenced by a large number of factors. Amongst these, some of the most important are: age distribution, standards of living (including especially housing and nutrition), education, public health services (e.g., clean water, refuse and sewerage removal and pure food), individual health services (including hospitals, doctors, dentists, drugs and pre- and post-natal care), climate and air pollution. It is not possible to evaluate the relative effect of these various factors on the mortality rate but in aggregate a combination of all of them produces a rate for Ireland which is very similar to that of other Western European countries. (Throughout this Paper Ireland will be compared with the E.E.C. countries except Luxemburg, with England, or Great Britain, and Northern Ireland.) The standardised mortality rate for men, i.e., the crude rate adjusted for differences in age composition in Ireland, is the third lowest of the eight countries under review, only Italy and the Netherlands having a lower rate (see Table 1). For women the Irish rate is the third highest, actually higher than the Irish male rate. The mortality rates of the four Irish provinces show less spread than those of the five E.E.C. countries studied but oddly enough the rates are lower in the two poorer provinces in the West than in the two richer ones in the East. The same is the case for the E.E.C. countries, the male mortality rates of the two least well-off countries—Italy and the Netherlands—are lower than those of the three richer ones.

The spread of infant mortality rates—number of children dying in the first year of life for every 1,000 children born—is much wider than that of all-age mortality rates, the figure for the Netherlands being less than half that of Germany with Ireland about the average for the eight countries (see Table 1). Infant mortality rates all over the world have declined fairly rapidly since the end of the war. If the information was available to standardise infant mortality rates for age of mother and parity of birth it would presumably show that the Irish rate was about 25 rather than actual rate of 29·3. It is now well established that both these factors have an unfavourable effect on mortality and in both of them Ireland differs quite remarkably from the other seven countries.[3] In Ireland more than 30% of all children are born to women over thirty-five, this compares with less than 15% of children in Belgium, France, Germany and England born to women above that age. The contrast in respect of parity of birth is quite as great (see Table 2). In Germany and England approximately 15% of children are born to women who had three previous live births, the corresponding figure for Ireland is 45%.

[3]*See* J. H. Heady and M. A. Hensman, "Social and Biological Factors in Infant Mortality". [U.1.] H.M.S.O. 1959. Infant Mortality for England and Wales for the two years, 1949/50 was 27·0. Applying the English maternal age and parity specific infant mortality rates of those years to the ages of mother and parity of births for Ireland in 1960 gives a rate of 31·3 i.e., the peculiar birth pattern of Ireland accounts for approximately one seventh of the infant mortality rate. Making the same adjustment to the actual Irish infant mortality rate for 1960 of 29·3 gives a rate of 25. This adjustment assumes that the birth patterns of the two countries have either not altered or altered proportionally during the last ten years and that the various specific infant mortalities in England have all declined proportionally over that period.

TABLE 1: INFANT MORTALITY AND STANDARDISED MORTALITY RATES. (a) COUNTRIES AND IRISH PROVINCES

	Infant Mortality Rate 1960	Standardised Mortality Rates 1960	
(1)	Both Sexes (2)	Male (3)	Female (4)
Belgium	30·6	11·7	11·1
France	27·4	12·1	10·3
Germany	33·8	12·8	12·8
Italy	43·8	11·3	11·4
Netherlands	16·5	9·3	10·1
England	21·8	12·2	10·9
Northern Ireland	27·2	12·6	12·8
Ireland	29·3	11·5	12·6
		Both Sexes	
Leinster	30	12·1	
Munster	28	11·8	
Connacht	29	10·4	
Ulster	30	10·9	

(a) For notes to and sources of this and succeeding tables see Appendix IV.

TABLE 2: MATERNITIES TO WOMEN OVER 35 AND BIRTH OF FOURTH AND SUBSEQUENT CHILDREN. COUNTRIES

(1)	Year (2)	Maternities to Women over 35 to all Maternities (3)	Birth of fourth and subsequent children to all children (4)
		%	%
Belgium	1958	13·6	21
France	1958	13·2	26
Germany	1958	14·9	13 (a)
Italy	1958	16·2	21
Netherlands	1958	20·2	27
England	1957	13·1	15 (a)
Ireland	1958	30·5	45 (a)

(a) Rates unaltered in 1960.

(b) Marriage and Birth

While mortality rates for Ireland are similar to others in Western Europe the marriage and fertility patterns are quite different. In 1961 almost half the men over 15 and two fifths of the women were single. This is nearly twice the proportion of single people in England (see Table 3). About one quarter of the women and even more of the men

TABLE 3: PROPORTION OF SINGLE MEN AND WOMEN AT SELECTED AGE RANGES. GERMANY, ENGLAND, IRELAND AND IRISH PROVINCES

	Proportion Single			
	Over 15		45–64	
	Men %	Women %	Men %	Women %
(1)	(2)	(3)	(4)	(5)
Germany	28	23	4	10
England	25	21	8	13
Ireland	48	39	29	24
Leinster	46	41	24	25
Munster	50	38	30	24
Connacht	52	36	35	21
Ulster	54	39	38	25

in the 45–64 age group have never been married. The proportion of women who never married is much the same in the four provinces, but the proportion of men is much higher in Ulster (38%) and Connacht (35%) than in Leinster (24%).

Not only do many Irish people not marry at all but those who do, on average, decide on marriage comparatively late in life. This is well brought out by comparing the ages at which men and women marry (see Table 4). In Ireland only 7% of the women marry under 20 and only 45% under 25; the corresponding proportions for England are 23% and 71%, while the other countries come somewhat in between these two extremes. The position is much the same for men. In Ireland only 24% marry under 25 and 56% under 30; the corresponding proportion for England being 52% and 76%, the other countries again being in between. Only in Italy is the proportion of men marrying under 25 as low as in Ireland but even there 68% of the men marry under 30 compared to Ireland's 56%. The ages at marriage within Ireland show marked variations. In Dublin, 55% of the women marry under 25 but only 29% do so in Connacht, similarly 71% of the Dublin men marry under 30 but as few as 37% do so in Connacht. However, the Dublin proportions of early marriages are distinctly lower than those for any of the other seven countries including Northern Ireland.

TABLE 4: AGES OF WOMEN AND MEN BELOW CERTAIN AGES AT MARRIAGE. COUNTRIES AND IRISH PROVINCES

	Age of Women at Marriage			Age of Men at Marriage		
	Under			Under		
	20	25	30	25	30	35
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	%	%	%	%	%	%
Belgium ..	18	71	86	52	80	88
France ..	14	65	83	42	76	86
Germany ..	16	69	85	46	76	87
Italy ..	14	60	86	24	68	89
Netherlands ..	12	64	87	37	77	88
England ..	23	71	83	52	76	85
Northern Ireland	17	65	84	46	74	86
Ireland ..	7	45	73	24	56	75
Leinster ..	8	52	78	30	64	81
Munster ..	6	40	70	19	49	70
Connacht ..	4	29	61	12	37	60
Ulster ..	7	41	71	15	44	66
Dublin ..	8	55	81	34	71	86

The high proportion of single people in the population has many important social and economic implications. It explains why in Ireland, though few married women go out to work, the ratio of women amongst employees—about one-third—is just as great as in Britain, where work of married women is very common. It makes for great inequalities in standards of living of people who have the same incomes but different family responsibilities and thus is relevant when considering family allowances schemes and rates of personal tax. Unmarried people of all ages and particularly in old age need more hospital care than those who are or have been married. Loneliness amongst single people in later life, particularly in towns, is an increasingly grave social problem, accentuated by the lengthening in the span of human life.

The fertility rate—number of children born per 1,000 married women aged 15–49—is about twice as great in Ireland as in England and Germany (see Table 5). In Ireland every year one in every five married women has a child, in Germany and England one in every ten. This is the case in spite of the fact that on account of the late age of marriage in Ireland the average age of married women between 15–49 is higher than in the other countries. The importance of this point is brought out by standardising the age specific fertility rates of all five countries by the age distribution of married women in England. This alters the rates for France, Germany and the Netherlands only marginally, as their age distribution of married women is similar to that of England but increases the Irish rate by 20%, from 208 to 250.

The Irish crude birth rate—number of children born per 1,000 total population—is not much higher than that of the other countries. It is actually lower than that of Northern Ireland and only marginally above that of the Netherlands. Even the English and German rates are just one sixth below the Irish birth rate. Ireland's high fertility of married women is to a considerable extent offset by the relatively low proportion of women marrying and by the late age of marriage.

TABLE 5: BIRTH AND FERTILITY RATES. COUNTRIES

(1)	Crude Birth Rate 1960 (2)	Crude Birth Index 1960 (3)	Fertility Rate (a) 1958 (4)	Fertility Index (5)	Standardised Fertility Rate (6)	Standardised Fertility Index (7)
Belgium	16·9	79	—	—	—	—
France	18·0	84	116	56	110	44
Germany	17·7	83	104	50	109	43
Italy	18·5	86	—	—	—	—
Netherlands	20·8	97	143	69	146	58
England	17·7	83	94 (b)	45	94 (b)	38
Northern Ireland ..	22·5	105	—	—	—	—
Ireland	21.4	100	208 (c)	100	250 (c)	100

(a) Births per 1,000 married women 15–49.
(b) Figures for 1959.
(c) Figures for 1960.

(c) Migration

There has been considerable migration of population in the post-war period both between European countries and from Europe to overseas. However, Ireland is the only European country, except Eastern Germany, where migration actually has led to a decline in population. In the ten year period 1951–1961 net emigration from Ireland amounted to 409,000 people. The magnitude of this figure can be expressed in a number of ways. The annual emigration rate was 14 per 1,000; one seventh of all citizens emigrated during this period; well over half of all children born during the previous 20 or 30 years left the country. Most of the emigration was to great Britain. The number of people who worked and lived for some time during this period in Britain is certainly very much greater.[4] There is both in law and practice complete freedom of movement between Britain and Ireland. It is no more difficult and no more expensive for a Dublin man to go to work in Liverpool than it is for him to take a job in say Galway. No passport, identity card or labour permit is required to go to work in Britain. Nor is there, with very few exceptions, any effective discrimination against Irish workers. This is equally true for the labourer, the craftsman and the professional worker. Virtually all Irish professional qualifications are recognised in Britain. This state of affairs has been well described by Professor J. F. Meenan in his Minority Report of the Commission on Emigration—" the economic and political boundaries of the State do not coincide ". For all practical purposes the whole of Ireland is part of the British labour market. There are thus large numbers of Irish men and women who go to work in Britain, stay there for some time and for one reason or another return home at a later stage.

For the period 1951–1961 there were appreciable differences in the annual net rate of emigration for the Irish Provinces; it was much higher in Ulster (20·2) and Connacht (17·8) than in Munster (13·5) and Leinster (12·2). Only in Dublin County and the Dublin County Borough did the natural increase in population slightly exceed the numbers emigrating.

(d) Age Structure

Finally, the result of the combined effects of births, deaths and migration is the age structure of the population (see Table 6). Ireland with 31% has the largest proportion of children under 15, much larger than the German (22%) and the English (23%) proportion but not much greater than the figures for the Netherlands and Northern Ireland. The proportion of population over 65 is much the same in Ireland as the average of the eight countries—lower than that of France, Belgium or England. The population of working age, however, is exceptionally small in Ireland. This can possibly be expressed most clearly by saying that 100 people of working age have to support 74 people of dependent age in Ireland but only 48 in Germany, 53 in England and 51 in Italy. In Connacht and Ulster the Dependency Ratio exceeds 75% and even in Leinster it is 71%, compared with 64% for Northern Ireland—the country in the least favourable position of those surveyed.

The proportion of young adults (15–45) in the population of working age in Ireland is not unfavourable by European standards. It is lower than that of Italy and the Netherlands but compares favourably with Belgium, France, Germany and England. The exceptionally high Dependency Ratio is possibly not quite as unfavourable as the figures indicate. In an agricultural country such as Ireland many children work for part of the year and even part of the day, while they are still at school and most men between 65 and 70 continue to be economically active.

[4]All estimates of emigration are hazardous. In 1950 the Central Statistics Office estimated the net balance of passenger movements from and to the U.K. to be only a few hundred. For the same year, it estimated by means of a sample inquiry the net balance of outward migration as 37,000 (I.T.J.S.B., June, 1951). See *infra*, page 31.

TABLE 6: AGE DISTRIBUTION (BOTH SEXES) AND BURDEN OF DEPENDENCY, 1960. COUNTRIES AND IRISH PROVINCES

(1)	Under 15 (2)	15–44 (3)	45–64 (4)	65 plus (5)	Dependency Ratio (a) (6)	Middle Age Ratio (b) (7)
	%	%	%	%		
Belgium	23·5	38·7	25·8	12·0	55	67
France	25·6	38·6	23·8	12·0	60	62
Germany	21·7	41·3	26·4	10·6	48	64
Italy	24·6	44·0	22·3	9·1	51	51
Netherlands	30·0	40·8	20·2	9·0	64	50
England	22·8	39·5	25·8	11·9	53	65
Northern Ireland	28·8	39·4	21·6	10·2	64	55
Ireland	31·1	36·4	21·2	11·3	74	58
Leinster	31·9	38·6	20·0	9·5	71	52
Munster	30·5	35·5	22·1	11·9	74	62
Connacht	30·3	33·2	22·6	13·9	79	68
Ulster	29·9	33·9	22·9	13·3	76	68

(a) Dependents (under 15 and 65 plus) as percentage of population of working age.
(b) Population aged 45–64 as percentage of population aged 15–44.

None of the outstanding population characteristics of the Irish people are of recent origin; they have all been prevalent for at least a hundred years. The purpose of this paper does not require a discussion of their causation but it is relevant to make three points. First, all four factors—high fertility, late age of marriage, large numbers remaining single and high rate of emigration (and perhaps one might add, the undeniably high unemployment rate)—are inter-dependent; a change in one would affect some of the others. Secondly, "the Irishman's reaction to his environment, as shown by statistics, has usually been not only intelligible but intelligent".[5] Thirdly, the motivation and causes for all four characteristics are almost certain to have changed over time and may well not be the same for all parts of Ireland. At present one of the most powerful motives for emigration, in the words of J. F. Meenan, is that "our ideas of an acceptable standard of living are largely derived from outside".

[5][R.I.] Addendum by R.C. Geary and M.D. McCarthy.

The late age of marriage and the large number of people remaining single are not due to "poverty" or in any way peculiar to a mainly agricultural society. Very much poorer people, such as Greeks or Portuguese, depending even more on agriculture, marry earlier, have fewer single people and quite large families. The Irish behave as they do because they do not want to live at the standards of Greeks and Portuguese. Their wishes are capable of realisation because they have unrestricted access to the relatively prosperous labour market of Great Britain and because they are a disciplined people in some aspects of their private lives.

In the foreseeable future there seems no prospect of any appreciable changes in the population pattern; the decline in emigration during the last two years appears to be due to the comparatively unfavourable employment position—particularly for juveniles—in Great Britain rather than to any changes on this side of the channel.

III. ECONOMIC BACKGROUND

(a) National Income and Earnings

By world standards, Ireland is neither a small nor a poor country. About 31 states out of the 100 which were members of the United Nations in 1961 had a population of three millions or less. However most of these were in Africa and Central America; only two European member states, Luxemburg and Albania, are smaller than Ireland. Luxemburg is a sovereign state but linked in an economic union with Belgium while Albania is an exceedingly poor country. Most of these small countries are poor; the only prosperous country among them is New Zealand. Even the thirty-two counties of Ireland have a population less than any other European state in the United Nations, except Norway, and are by more than half a million smaller than either Denmark or Finland. The standard of living in Ireland—not only on average but in any part of Ireland—is high compared with most of the world's people and is certainly in the top quarter.

International comparisons of wealth and standards of living are notorious for being hazardous. Still, in a broad sense, it is reasonably probable that income per head in Ireland is about the same as that in Italy, say two-thirds of that in the Netherlands but barely half that of the United Kingdom, France, Belgium and Germany. A somewhat more detailed comparison between the United Kingdom and Ireland may be attempted as the purchasing power of money in these two countries is more or less equal[6] and their social, economic and administrative institutions have much in common (see Table 7).

The *per caput* Gross Domestic Product of Ireland in 1961 was only 45% of that of the United Kingdom; however, a comparison of National Incomes is slightly more favourable to this country as the estimated capital consumption is lower and income from abroad higher than those for the United Kingdom. Furthermore, three adjustments to these figures seem justifiable. In a comparison of standards of living it may be permissible to value the produce consumed on farms in Ireland at retail prices and not at farm gate prices as is done in the national income accounts. The corresponding adjustment for the U.K. is negligible. Secondly, military defence expenditure is proportionally much greater in the U.K. Thirdly, as shown above, the population of Ireland contains many more children than that of the U.K. As children consume less than adults the income per head figures have been recalculated by counting two children under 15 as one adult. Allowing for these three factors the income per adult equivalent in Ireland is three-fifths of that of the U.K. Even that proportion may be an underestimate. It might be argued that in some ways expenses are less in Ireland e.g. fewer people travel to work, have to eat out or have to dress well for work. It may be that the extent of underestimation of incomes especially of the self-employed is greater in Ireland. However, even if these items are both true and significant they are not capable of quantitative assessment.

The statutory weekly earnings of Irish agricultural workers are only marginally above half those of British ones[7] while earnings of male industrial workers approached two-thirds of the U.K. level in 1960 and last year were up to 70%. Weekly minimum wage rates of many manual occupations including building labourers and craftsmen, bus drivers and conductors and railway porters were, early in 1962, the same in Dublin as in towns of comparable size in England. In other occupations including motor vehicle repairing, vehicle building, fitters and their labourers, the Dublin rates were substantially higher.[8] It appears that in many trades, earnings in Ireland are close to minimum rates while in Britain earnings are well above the agreed rates. In October 1962 the male industrial worker earned an average of £11 per week, the agricultural worker £6 5s. while the income of farmers and their male relatives averaged approximately £8 per week or £9 7s. if food produced on farms is valued at retail prices.[9]

(b) Comparison with Western Europe

Some of the characteristic features of the Irish economy are highlighted by comparing them with those of other countries (see Table 8). Receipts

[6]Edward Nevin in [B.2.] covers proprietary manufactured goods and food; Carter and Robson in [B.3.] compare price levels in Dublin and Belfast in 1954.

[7]For the year ending, March, 1962, Irish statutory wage rates were 112s. 3d. per week and British earnings were 219s. 6d. per week.

[8]*See* [U.II.] for U.K. and [R.20.] for Ireland.

[9]E. A. Attwood and R. C. Geary, [B.4.].

TABLE 7: COMPARISON OF INCOME PER HEAD IN UNITED KINGDOM AND IRELAND

	United Kingdom, 1961		Ireland, 1961		Index per head	
(1)	£mil. (2)	£ per head (3)	£mil. (4)	£ per head (5)	Ireland U.K.=100 (6)	U.K. Ireland=100 (7)
At Factor Cost						
Gross Domestic Product	23,444	439	586	207	47	212
less Depreciation	−2,144		−38			
plus Income from Abroad	+257	5	+38	13		
National Income	21,557	401	586	207	51	194
Farm Produce Adjustment (*a*)	—		+20	7		
	21,557	401	606	214	53	187
Military Defence Expenditure (*b*)	−1,734	−32	−8	−3		
	19,823	369	598	211	57	176
Population Adjustment (*c*)		+48		+38		
Income per Adult Equivalent		417		249	60	167

(*a*) Difference between Retail and Wholesale value of food consumed on farms.
(*b*) At market prices, however, difference between military expenditure at factor and at market prices in both countries is very small indeed.
(*c*) Allows for larger number of children in Ireland by counting two children under 15 as equivalent to one adult.

from abroad i.e. derived from exports of goods, tourist expenditure and profits, pensions and emigrants' remittances from outside the State are equivalent to about half the National Income. This is much the same proportion as that for Belgium but distinctly lower than that for the Netherlands. In the U.K. and Germany receipts from abroad equal one-third and in France and Italy nearer one-fifth of the national income. Furthermore, in Ireland three-quarters of earnings from exports and tourism come from the U.K. and the same is presumably the case for other remittances. Thus, receipts from the U.K. amount to one-third and possibly more of the Irish national income. The Irish economy is more dependent on one single foreign country than is the case for any other European State.

In spite of the progressive relative decline in the importance of agriculture in the Irish economy, approximately one quarter of the gross domestic product is still derived from this industry. For a European country this is a very high proportion and is only equalled or exceeded by Portugal, Greece, Spain and some countries on the other side of the Iron Curtain. Agriculture accounts for one-fifth of output in Finland, about one-seventh in Denmark, one-sixth in Italy, one-tenth in the Netherlands and France and a mere 4% in the U.S.A. and the U.K.[10] In Ireland most of the farms are small—well over half have less than 30 acres and only one in fourteen has more than a hundred acres. There are 285,000 male "members of family" working on farms and some 85,000 agricultural workers (45,000 of whom are employed throughout the year).

As in every other country in the world the Irish think that they suffer from an intolerable burden of taxation. This is far from being the case, on the contrary the level of taxation in Ireland is low on European standards—lower than in Northern Ireland or in any of the other countries discussed in this paper (see Table 8). This is especially the case in respect of direct taxation of households where Ireland's 5·5% (1961/62) appears derisory compared with the U.K.'s 14% and even more with Germany's and the Netherlands' 20%. Direct taxation is, of course, more difficult to levy in a relatively poor country than in a relatively rich one and certainly more difficult in a State where so large a total of the working population is self-employed. Furthermore, to the Irish farmer who only rarely is liable to pay Income Tax, Local Government rates appear as a direct tax on income, while in the national accounts, following international practice, they are included amongst indirect taxes. The level of taxation on consumption (excluding rates) is about the European average and, even including rates, is not unduly high. Rather more than one-fifth of all revenue of public authorities is derived from taxation of tobacco and alcoholic beverages. Ireland's expenditure on defence is very much lower than that of the other countries, 1·3% of National Income compared with 8% in the U.K. and 7.3% in France.

(c) Regional Development

In Ireland as in most European states the level of economic development in different regions of the country is not the same. The Netherlands have their Development Areas, the contrast between Northern Italy and Sicily is well known and in France there are similar problems in a less extreme form. Great Britain is favourably placed in this respect. Average earnings of male manual workers in that country are much the same in all areas. In April 1962 the lowest average earnings in any of the nine regions into which the country is divided were only one-seventh below the highest earnings in the London Region.[11] There were rather more than

[10] All these proportions refer to 1960 and will have fallen somewhat since that date.

[11] [U.4.]

TABLE 8: COMPARISONS OF SELECTED NATIONAL AGGREGATES. COUNTRIES

	Ratio of											
	Receipts from Abroad to National Income		Direct Taxes to Personal Incomes		Indirect Taxes to National Income		Taxes (*a*) to National Income		Defence Expenditure to National Income		Agriculture to Gross Domestic Product	
	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961	1960	1961
	%	%	%	%	%	%	%	%	%	%	%	%
Belgium ..	45	—	—	—	12	—	29	—	3·7	—	7	—
France ..	22	21	18	19	23	23	46	48	7·3	7·3	11	11
Germany ..	33	32	21	21	18	19	44	45	4·2	4·7	7	7
Italy ..	23	23	—	—	17	17	37	36	—	—	17	17
Netherlands	65	64	20	21	12	12	37	39	—	—	10	12
U.K. ..	31	31	14	15	17	17	34	36	8·0	8·2	4	4
Ireland ..	48	51	5	6	20	20	27	28	1·3	1·2	26	25

(*a*) Including taxes on corporations and excluding taxes on capital.

20 million incomes assessed for income tax in Great Britain in 1960; in none of the English, Welsh or Scottish counties was the average income per head less than four-fifths of that in the London area.[12] In Germany differentials for industrial workers are greater, average earnings of male manual workers in Bavaria, where earnings are lower than in the other ten federal states, are so by 22% compared with Hamburg where earnings are highest; the corresponding differential for non-manual employees is 11%.[13]

Regional income differences in Ireland[14] are quite substantial. In 1960 incomes per head in Munster, Connacht and Ulster were 10%, 23% and 27% respectively below those of Leinster. Differences between the counties are even larger; the average incomes per head of Donegal and Mayo were 35% below those of Dublin. These large discrepancies are due to three reasons, the massive variations in agricultural incomes, disparities in earnings of employees and differences in the proportions of men employed working in agriculture. The enormous differential profits in agriculture were the most important factor. Average family farm income[15] per man working on the farm (excluding paid workers) was £725 p.a. for County Dublin and £214 for County Donegal. On the same basis incomes in Leinster were twice those in Ulster.

The regional earnings differences of industrial employees in Ireland are of the same magnitude as in Germany.[16] In the 1958 Census of Production, earnings of employees (manual and non-manual) in Ulster are recorded at 22% and in Connacht at 17% below the Dublin levels. The Census of Distribution 1956 gave wages of employees in retailing in Ulster at 35% and in Connacht at 31% below Dublin rates. In the building trades, collective agreements fix wage rates in some towns for labourers at 25% and for craftsmen at 15% below Dublin rates. For county roadmen the maximum differential is 20%, for agricultural workers it is only 11%. Furthermore, it so happens that in the areas of greatest agricultural poverty there is only little industrial production (the two factors may well not be independent of each other!). In Leinster males engaged in agriculture represent 8% of the population while the corresponding proportions in Munster, Connacht and Ulster are 15%, 23% and 21%.

Another facet of the heterogeneity of the Irish economy is the uneven distribution of employees between different regions of the country (see Table 9). Rather less than a quarter of the population of the State live in Dublin and its vicinity (some parts of the County Dublin are 25 miles distant from the city) but almost half of all employees, over one-third of whom are female, work there. Between 1953 and the end of 1962, employment in transportable goods industries increased by 15%; at the end of the period, 164,000 men and women were employed in manufacturing industries and 9,000 in mining, quarrying and turf production. The output of these industries during that period increased by 44%; thus productivity was up by one quarter. It so happens that productivity in agriculture rose by the same proportion, net output increased by 8% but employment of male family members and permanent employees fell by 54,000 to 330,000.

TABLE 9: REGIONAL DISTRIBUTION OF POPULATION AND INSURED PERSONS IN IRELAND

	Population 1961	Industrial Employees 1958 (a)	Insured Persons 1961 (b)
(1)	(2)	(3)	(4)
	%	%	%
Dublin County	25·4	49·8	47·3
Rest of Leinster	21·7	17·2	53·7
Munster	30·2	24·7	
Connacht	14·9	4·7	
Ulster	7·8	3·6	
	100·0	100·0	100·0

(a) Covered by Census of Production.
(b) All manual workers and those non-manual employees who earn less than £800 p.a., except those in agriculture, fishing, private domestic service and permanent Government employment.

(d) Production and Employment

During this ten year period Irish aggregate industrial production increased considerably more than that of the U.K. but appreciably less than that of the three large E.E.C. countries (see Table 10). The varying rates of increase in industrial production in different countries is caused by a multiplicity of factors one of which is changes in population. If these are taken into consideration, Ireland's increase shows up rather better. Italy's production per head since 1953 about doubled, that of France and Germany increased by three-quarters. Ireland's and the Netherlands' by half, Belgium by a third and Britain by a quarter. However, even these

[12] [U.5.]
[13] [F.1.]
[14] All statistics in this and the following paragraph are based on the Economic Research Institute publication by E. A. Attwood and R. C. Geary: "Irish County Incomes in 1960".
[15] Including the labour of any female relatives and children.
[16] Regional comparisons between Great Britain, Germany and Ireland are of somewhat dubious validity as the size of the regions differs widely. Several German states and British standard regions have populations more than twice that of Ireland.

TABLE 10: INDUSTRIAL PRODUCTION AND TERMS OF TRADE. COUNTRIES

(1)	General Index Industrial Production 1953=100 1962 (2)	Terms of Trade 1953=100 1961 (a) (3)
Belgium ..	143	102
France	187 (b)	101
Germany ..	199	116
Italy	222	101
Netherlands ..	165	101
U.K.	131	116
Ireland ..	148	94

(a) There have been no appreciable changes between 1961 and 1962.
(b) Estimated.

rough proportions may give a misleading impression. A large proportionate increase of a small aggregate may represent a much lower total increment than a small proportionate increase on a large aggregate. Ireland's industrial output in 1953 in relation to its population was rather low.

During the last ten years world prices of industrial goods have increased while the prices of agricultural products and raw materials have remained stable or even declined. These price movements have greatly benefited such countries as the U.K. and Germany which import food and raw materials and export manufactured goods, but have greatly harmed the developing (poor, in basic English) countries of Asia and Africa whose trade is in the reverse direction. Ireland is the only Western European country which suffered from these price changes. About two-thirds of its exports are agricultural, mainly livestock products which sold at approximately the same prices in 1962 as they did in 1953, while the goods imported went up in price by 10%. Changes in terms of trade (export price divided by import price) are shown in Table 10. The importance of these relative price changes can be illustrated by saying that the loss Ireland suffered in 1961 by movement in prices of exports and imports was appreciably more than the value of emigrants' remittances and almost as much as the combined total of remittances and pensions received from abroad. Prices received for livestock exports are of paramount importance for the Irish economy, for at least the next few years of greater importance than any possible changes in industrial output. Higher prices for its agricultural exports was the great benefit which Ireland would have received—and still might receive one day—from membership of the European Economic Community. This benefit presumably would have more than offset the decline of those manufacturing industries which still enjoy a fair degree of protection.

Lastly, unemployment is endemic in both parts of Ireland. In the Republic, in spite of the growth of industrial employment, large-scale emigration and some underemployment in agriculture, the number of registered unemployed men in 1962 averaged 39,000. Unemployment showed considerable seasonal fluctuation—29,000 in July and 52,000 in January—and regional variation, heavier in the West than in the Eastern part of the country. In the winter months almost half the unemployed had agricultural occupations ; at any time few were skilled men. Over the last ten years unemployment has tended to decline but even in 1962 when it was lower than in any previous year, the number of male unemployed was equivalent to about 4½% of the total male population between 15–65.

In Northern Ireland the number of registered unemployed men in 1962 averaged about 26,000, approximately 6% of the total male population between 15–65. Comparisons of the severity of unemployment between the Republic and Northern Ireland can be very misleading. The occupational structure, the proportion of women working, the method of registration and even the age groups registered all differ. It is, however, certain that unemployment, however defined or measured, is high in both parts of Ireland by Western European standards. This further accentuates the unfavourable demographic position. In the previous section it was shown that for every 74 dependants—people conventionally considered as too old or too young to work—there were 100 people of working age. However, some of these are unemployed, more in Ireland than in the other countries, and thus become themselves dependants.

IV. SYSTEMS OF SOCIAL SECURITY

(a) The Concept of Social Security

The definition of such terms as social services, social welfare or social security presents considerable difficulties. In British official statistics, social services include all public expenditure on education, housing and health services as well as cash payments to individuals for social purposes. This paper is restricted to the narrower field of social security which excludes housing and education and covers those services—

"the object of which is (*a*) to grant curative or preventive medical care or (*b*) to maintain income in case of involuntary loss of earnings or of an important part of earnings or (*c*) to grant supplementary incomes to persons having family responsibilities."[17]

The services included under (*a*) are rendered in kind; the term medical is used in a rather broad sense covering all residential welfare and also nutrition services, while (*b*) and (*c*) are restricted to cash payments to individuals. Most European Governments make two quite distinct provisions for the achievement of these objects—remission of taxation, which might be described as fiscal welfare, and direct services rendered by public, semi-public or autonomous bodies set up by statute—public social welfare. Fiscal welfare includes " children's allowances " which reduce the income tax liability of parents ; these are similar, in effect, to " supplementary incomes for people having family responsibilities ". Also, " age allowances " which help to maintain income after the attainment of a certain age and various allowances in respect of life insurance and superannuation payments which have a similar objective. In some countries the State enforces certain social security provisions by a third method: employers are put under a statutory obligation to provide services for their staff—statutory occupational welfare—e.g. the Workmen's Compensation Act in Ireland, or the payment of full salary to non-manual employees during absence from work due to illness in Germany and Belgium.

Furthermore, the definition of social security includes two types of voluntary services—charitable welfare and occupational welfare. The former is self-explanatory, and includes the work of the religious orders, the Society of St. Vincent de Paul and such bodies as the Rehabilitation Institution. The latter can take many different forms, superannuation and payment of wages during sickness are the most common but there are also schemes of children's or education allowances, widows' and orphans' pensions and redundancy payments. The various types of social security provisions are neither in logic nor in fact mutually exclusive. Thus, pensions to public servants and members of the defence forces fall both under public social welfare and under occupational welfare, superannuation paid by private employers is occupation welfare but as it is financed partly through income tax concession it has an element of fiscal welfare. Similarly, charitable welfare bodies, e.g. voluntary hospitals, may be financed partly by public welfare grants or by income tax concessions when subscribers make payments under a deed of covenant.

Information about voluntary occupational welfare, about fiscal welfare and charitable welfare is rather scanty and quite insufficient to be the basis for any international comparison. However, there seems little doubt that there are substantial dissimilarities in the relative importance of various social security provisions in different countries. Fiscal welfare in Ireland will be relatively small—but by no means negligible—as the number of taxpayers is comparatively low. The smaller number of employees and the smaller size of industrial establishments will make occupational welfare also less significant in Ireland than in the more developed European countries. The position of charitable welfare in Ireland is more difficult to assess ; the extensive work of the religious orders, the long Christian tradition of almsgiving and the great and apparent need of some sections of the population lead one to think that this welfare is relatively important in Ireland.[18] In all countries fiscal welfare and occupational welfare tend to benefit the better-off sections of the community considerably more than the working man or the small farmer. Fiscal welfare cannot possibly assist a man who has so little income that he does not pay taxes in any case and can assist only to a limited extent the man whose tax liability is low. In any discussion of public social security provisions it is most important to keep in mind the other provisions which have a similar object. As the former are comparatively well documented and the latter are not, their relative importance is easily overrated.

In all societies there has always been some rudimentary provision for people in exceptional and dire need, similar to poor law relief in Britain ; however, the development of public social welfare services is of quite recent origin. The first public welfare legislation—a disability insurance act—was passed in Germany only eighty years ago. The first British measure was the Old Age Pensions Act, 1908—a mere fifty-five years ago. During the inter-war period, and even more in the post-war period, social security provisions developed rapidly, following more or less increases in standards of living.

It is a sobering reflection that public welfare is generally least developed in poor countries where the need is greatest and most comprehensive in comparatively prosperous societies where in any case there is least poverty. Thus Germany and New Zealand are rich countries with good social security systems ; India and Nigeria are poor countries with only few public welfare services,

[17] Definition adopted in International Labour Office publication, " The Cost of Social Security, 1949–57 ". [I.5.]

[18] *See* Appendix I.

restricted to small sections of the population.[19] The larger the proportion of the population who live at or barely above subsistence level the more difficult is it to raise taxes to support those who fall below that level. Also, the more widespread conditions of privation, the more are they accepted as part of the natural order and thus can co-exist with such extremes of inequality of income as was the rule in 19th century Europe and still is found to-day in parts of South America and Asia. There appears to be some relationship between average standards of living or national income per head and the level of public social security services. How far is this the case in contemporary Europe?

(b) Expenditure on Social Security in Western Europe

A comparison of social security benefits in cash and kind expressed as percentages of Gross National Product at market prices brings out a number of interesting facts (see Table 11). Germany's expenditure on benefits is much the highest, about two-fifths above the average of the other countries—U.K., Belgium and France—which have similar incomes per head. The Italian expenditure on benefits is remarkably high, up to the standard of the other E.E.C. countries in spite of Italy's distinctly lower income per head. Ireland's expenditure is least, a quarter less than Italy's which has the same income per head. The U.K., far from being a "Welfare State", spends less—though only marginally—on social security provision than any of the E.E.C countries in spite of its income per head being approximately twice that of Italy and almost half as great again as that of the Netherlands.

TABLE 11: PUBLIC SOCIAL SECURITY BENEFITS EXCLUDING PENSIONS TO PUBLIC OFFICIALS AND WAR PENSIONS

	Benefits in Cash and Kind (*b*) to G.N.P.		Cash Benefits to Personal Income		Benefits in Kind (*b*) to Total Expenditure	
(1)	1955 (2)	1960 (3)	1955 (4)	1960 (5)	1955 (6)	1960 (7)
	%	%	%	%	%	%
Belgium	8·9	10·2	8·2	9·4	1·7	2·1
France	10·5	10·6	10·1	10·0	2·6	2·9
Germany	11·8	13·9	11·0	12·9	3·9	4·4
Italy	8·3	10·2	N.A.	N.A.	1·7	2·6
Netherlands	6·5	9·2	6·3	8·8	2·0	2·4
U.K. (*a*)	8·4	9·0	6·3	6·9	4·0	4·5
N. Ireland(*a*)	—	—	9·2	9·6	—	—
Ireland(*a*)	7·5	7·7	5·8	5·9	2·7	3·0

(*a*) Expenditure of financial years, 1955/56 and 1960/61 related to aggregates of calendar years, 1955 and 1960.
(*b*) This includes expenditure on Health and Welfare Services but excludes expenditure on Education and Housing.

Between 1955 and 1960, expenditure on social security increased relatively to G.N.P. in all the seven countries. In Ireland and France the change was quite small and in the U.K. it was not much greater, while in the Netherlands, Germany and Italy quite substantial increases took place. Ireland's relative position to the other six countries thus deteriorated. A comparison of cash benefits only, expressed as a percentage of personal incomes, shows much the same features, the only significant difference being that the U.K.'s position in relation to the E.E.C. countries is even worse.

The G.N.P. of Northern Ireland is not computed separately but estimates of Personal Incomes are published. It is thus possible to compare cash benefits in that province with those of the other countries. This shows that these benefits are decidedly larger than those in the rest of the U.K.[20] Rates of taxation indirect and direct, including social security contributions are the same in Northern Ireland as in Great Britain and so are the rates of social security benefits.[21] In 1960 cash benefits per head of the population were somewhat higher in Northern Ireland (£28 14s.) than in Great Britain (£27 2s.). This was the result of a number of factors which partly offset each other. The larger proportion of unemployed (6·7% against 1·6%) and the larger number of children (28·8% against 22·8% in England) make for higher expenditure while the smaller number of people over 65 (10·2% against 11·9% in England) and the lower incidence of industrial injuries, due to the absence of coal mining, make for lower expenditure. The major reason, however, for the relatively high proportion of cash benefits to personal incomes is that incomes are distinctly lower in Northern Ireland than in Great Britain (£300 as against £394).[22]

(c) Family Allowances

Public social welfare services can take three forms: public service where benefits are granted

[19]In Nigeria the system of the "extended family" offers some kind of social security to its members. The sense of obligation to members of the family is certainly now-a-days less in Europe than in Asia or Africa but possibly greater in Ireland than in other European countries. The development of public social welfare may be a contributory factor for the decline in family solidarity. Much of this, however, seems to stem from the increasingly competitive nature of modern society.

[20]The population of Northern Ireland accounts for only 2·2% of that of the U.K. so that for all practical purposes percentage figures for the U.K. are identical to those for Great Britain.

[21]The conditions under which it is accorded except for residence qualifications are also almost identical.

[22]In Ireland in 1960, social security cash benefits were about £11 14s. and personal incomes £194 per head of population.

irrespective of contributions or need, social insurance where qualification for benefits depends on payment of contributions and is granted without an income or means test, and social assistance where benefits are only payable in case of need. The only public service type of welfare provisions in Ireland are Children's Allowances. These were introduced in 1944—one year prior to the Family Allowances Act in the U.K.—and were then payable for third and subsequent children in the family; they were extended to second children in 1952 and as from November 1963 will be paid in respect of all children including the first. At present the allowance is 15/6 per month for a family having two children under 16 and 37/6 for a family having three children; the allowances increase by 22/- per month for each additional child. Since 1953 these allowances have gone up once—in 1957—and their purchasing power was, at the end of 1962, 12% higher for the two child family and 5% higher for the three child family than it had been ten years previously. During the same period purchasing power of industrial workers' earnings increased by 28% and that of agricultural workers by 19%. In 1962 children's allowances payable to a family having three children under 16 were equivalent to 3¾% of earnings of a male industrial worker or 7¼% of those of an agricultural worker.

Family allowances in the U.K. are very similar to the Irish Children's Allowances; they are paid on the public service principle to families having two or more dependent children. In 1962 the allowance for a three child family—18/- per week, i.e., more than twice the Irish rate—was equivalent to 5¼% of the earnings of a male industrial worker. The purchasing power of the allowance was actually 14% lower than it had been ten years earlier. The German system of children's allowances is not organised on the public service principle; for second children in the family an allowance of £2 4s. 6d. per month on the social assistance principle is provided out of general taxation. This is payable only to parents whose joint income does not exceed £12 8s. per week. An allowance for third and subsequent children of £3 11s. 6d. per month, on a social insurance basis, is financed by contributions from employers (1% of pay-roll) and self-employed. The allowance for a family having three children is thus £5 16s., equivalent to about 10% of the earnings of a male industrial worker in 1961. This rather complicated arrangement is to give assistance to those families whose income is too low for them to benefit from income tax concessions in respect of second children. The German Ministry of Finance estimated[23] that the loss of tax revenue in 1961 due to income tax remission by way of children's allowances—some £180 million—was about the same as the expenditure on cash children's allowances paid under the general scheme and the special scheme for public servants. This is a good illustration of the magnitude of fiscal welfare.

The family allowance schemes of Belgium, France, Italy and the Netherlands have many common features. They are all employment-related, based on social insurance principles with contributions payable only by employers and self-employed. The contributions of employers are relatively high. In 1962 they were 17·5% of wages up to about £35 per month in Italy (for manufacturing industries, lower percentage for other types of employment), 13·5% of wages up to £58 per month in France, 9% of wages up to £68 per month in Belgium and 4·9% of wages up to £57 per month in the Netherlands. The contributions of self-employed vary with income and occupation but are considerably lower than those paid by employers. The allowances in most schemes vary directly with the rank and the age of the child but are not related to earnings. In families which have three or more dependent children they account for quite a substantial proportion of total income, e.g., in France a family having three children aged 7, 9 and 11, whose mother is not working, receives in family allowances the equivalent of 110% of the minimum wage of a worker in the metal industry. Allowances for the children of self-employed are generally lower than those for employees.

Cash family allowances of the types described, are a means by which the state assists parents in the cost of rearing their children. All the schemes, whatever the source of finance, are state schemes in the sense that they are compulsory transfers of purchasing power. However, cash allowances are by no means the only method which the state can employ to achieve this objective. Non-fee charging education and health services have the same result—parents are relieved of certain expenses. In all European states parents receive more generous cash family allowances than in Britain but, in the latter, family allowances in kind are more liberal—including a free comprehensive health service, free primary and secondary schools as well as maintenance grants for all University students (subject to a means test).[24]

[23][F.2.]

[24]In Britain the cost to the State of all assistance to parents including payments in cash, benefits in kind and remission of taxes, is substantially higher for children whose parents earn say £1,000–£2,500 p.a. than for those with lower or higher parental incomes. This is due to a number of factors; the incidence of tax remission, the University grants family means test, the fact that most working class children leave school at 15 or 16, the opting out of state education by many of the higher income groups and, to a lesser extent, by the higher income groups buying private medical care.

Three features peculiar to Ireland—the large-sized families, the late age of marriage and the high proportion of single persons—make for exceptional inequalities in standards of living of people having the same income but who are in different family circumstances. The man who has five dependent children is much poorer to-day than he was ten years ago when he had no family and than he will be fifteen years hence when all his children will be working. As soon as he marries he is much poorer than his brother who remains single. In a society where remuneration does not take into account differences in family circumstances the proportion of children living in poverty is much greater than that of adults. At any time the number of families in poverty due to larger number of children is much smaller than the number of families who have passed through a period of poverty.[25] While it is generally agreed that parents should support their children and make some sacrifices for them, it may be that the burdens placed on parents in present-day conditions are both excessive and unnecessary. Family allowances have a twofold effect on the distribution of incomes. They not only transfer income from people who never marry and childless couples to parents of families, but also transfer income from those who have not yet children and those whose children are no longer dependent to parents who are raising a family. There is thus not merely a redistribution of income between people who are permanently differently situated but also a redistribution over time. Family allowances can be a powerful device for levelling out—not eliminating—differences in standards of living due to varying family responsibilities and in doing so reduce one of the causes of poverty.[26]

Family allowances in kind have the advantage that they cannot be abused by parents but the corresponding disadvantage that they may lower the parents' sense of responsibility. There are, however, certain essential requirements which can be provided more effectively in kind rather than purchased by parents. This is the case whenever there is a marked difference in the incidence of need between individuals and over time, e.g. in health services and education. A child with a weak constitution will require much medical care, a child with a good constitution may require none at all. This difference in need cannot be met by cash family allowances; it can only be covered by provision of a service free of charge or by an insurance scheme. The same is true of education; subnormal and supernormal children require more education than average children. Furthermore, many people believe that in divers fields of education and health services the competitive system does not work well and planned provision is more effective. A free service is one which is subsidised 100%; some types of family allowances may take the form of partly subsidised goods or services, e.g. housing. Here too the price mechanism does not work very well and there are strong social arguments, as in education, for inducing people to have more of the service, i.e. better accommodation, than they would be willing to purchase at market prices. This type of allowance can take the form of rent rebates.[27] It need not, however, be restricted to Council house tenants; the same object can be achieved by a rate rebate scheme for all dwelling houses or by subsidies to enable parents to become owner-occupiers.

Three employment-related family allowance schemes operate at present in the public services. Officers and other ranks of the Defence Force receive £20 p.a. in respect of each dependent child, while school teachers and certain grades of civil servants receive £28 p.a. for each child.[28] All three schemes are rather modest, e.g. an assistant teacher in his late thirties earning about £900 p.a. receives £140 p.a. in children's allowances if he has five dependent children. In the E.E.C. countries, children's allowances in the public service are very common. In Germany all men employed by public authorities—civil servants, local government officers as well as all grades of manual workers—receive children's allowances at a rate of about £26 per child under 14, £31 for dependent children up to 18 and £36 up to 25 years. In Ireland there are no family allowances schemes for the Garda Sîochâna (the police), post office workers, staff employed by the local authorities and most technical grades in the civil service.

Children's allowances in the private sector of

[25]The conjoint problem of the inverse relationship between size of family and number of earners in family is examined by Geary in "The Family in the Irish Census of Population" [B.5.]. The evolution of the economic position of families is there analysed by means of the concept of 'Economic Strength of Family'—quotient of number gainfully occupied by number in family.

[26]For a discussion from a Catholic point of view of the concept of the Family Living Wage and The Scholastic Theory of the Just Wage see "The Just Wage" by Michael Fogarty (Chapter VII and Appendix) [B.9.] . . . "no skill in spreading a family's resources to meet periods of peak demand will take away from the fact that if two men earn the same total income during their working lives, the one who has six children will live, with his family, at a substantially lower standard than the one who has none. The answer lies in saving for family needs on an insurance basis, so as to spread the expenses over the whole population at risk and avoid the defects of purely individual saving. The insurance principle is applied most straightforwardly in family allowances funds, of the type found in countries such as Belgium or France".

[27]Rent rebate schemes based on such criteria as number of dependent children and number of people receiving old age or disablement pensions may be socially more acceptable, though somewhat less efficient, i.e., more wasteful, than schemes based on assessment of income.

[28]These allowances are additional to those paid to all parents by the Department of Social Welfare.

the economy cannot be introduced as compulsory occupational welfare like, say, holidays with pay. Any measure making the payment of children's allowances a statutory duty on employers would defeat its object—it would lead to discrimination in employment against men with large families. However, employment-related children's allowances financed on social insurance principles are fairly easy to administer and equitable in their operation.

(d) Social Insurance

The Irish system of social insurance has much in common with the pre-1948 British system. Both originated from the U.K. National Insurance Act, 1911, which set up schemes of health and unemployment insurance. In Ireland the scope of these two schemes has been greatly extended and new benefits have been set up—Widows' and Orphans' Pensions (1935), Marriage Benefits (1929), "Wet-Time" Benefit (1943), Maternity Allowance (1953) and Contributory Old Age Pensions (1961). While there have been considerable improvements in the administration of social insurance, its basic features have remained unaltered. Insurance covers all manual employees and non-manual employees earning less than a certain ceiling.[29] There is a flat rate contribution irrespective of earnings which is paid in equal shares by the employee and his employer; claims for benefits are based on contributions paid and are not subject to an income or means test; benefits are at flat rates unrelated to income and are at "subsistence levels"; increases are payable for dependants.

At the end of 1962 unemployment and disability benefit for a single man was about one-seventh and for a married man with three children about two-sevenths of the average earnings of a male manual worker in transportable goods industries. These proportions had not altered much over the previous ten years (see Table 12). During that period purchasing power of industrial earnings increased by 28%, that of benefits for a single man by 7% and of a couple with three children by 23%. The increases in social insurance benefits which came into operation in January, 1963, increased the purchasing power of the single man's benefit by about 22% and that of the couple's by about 50% of what they had been in 1953. The benefit of a widowed mother with three children increased by about the same proportion as the disability benefit of a couple with the same number of children, while the maternity allowance increased as much as the disability benefit of a single man. Maternity grants (£2) and Marriage Benefits (£10) during that period have remained unaltered and their purchasing power thus declined by 22%.

[29]£800 at present.

In Britain the purchasing power of earnings of male industrial workers between 1953 and 1962 increased by about 26%, much the same increase as in Ireland; the purchasing power of social security benefits, however, increased more rapidly (see Table 12). By 1962 unemployment and disability (sickness) benefit for the single man had increased by 41% and was then equal to rather more than a sixth of the average earnings of a manual worker; for a married couple with three children benefit was up by 48% and equal to two-fifths of average earnings. As in Ireland, there have been quite substantial increases in benefits in 1963. They had the effect of increasing the purchasing power of most benefits by almost two-thirds above the 1953 level, that for a widow with three children increased by as much as 122%. A comparison of current British and Irish benefit rates shows that the former exceed the latter by 60% for the couple with three children, 80% for the single man or woman and 90% for the widow with three children. British industrial earnings exceed Irish ones by about 40%. In 1953 the unemployed men got 8/6 and the couple 19/6 more in Britain; by 1963 these differences had widened to 30/- and 56/6 per week.

Contributory Old Age Pensions are higher in Ireland than other benefit rates, 45/- for a single person and 80/- for a couple, say about 20% and 35% respectively of the earnings of a male industrial worker. The British retirement pensions of 67/6 and 109/- are equivalent to 20% and 33% of earnings. There is however one most important difference—British retirement pensions start at age 65 for men and 60 for women while Irish old age pensions are payable to both men and women only at 70 years of age.[30]

Both the British and the Irish system of social insurance and rates of benefit are based on the concept that the state should provide a minimum level of security and "in organising security should not stifle incentive, opportunity, responsibility; in establishing a national minimum, it should leave room and encouragement for voluntary action by each individual to provide more than the minimum for himself and his family".[31] In Ireland the minimum level of social security for the large sections of the population who are self-employed is provided by social assistance rather than insurance but the principle is the same, the state's duty is to provide a social Plimsoll line; no more and no less. In all the E.E.C. countries there is a different attitude towards social security. The idea there is

[30]The capital value of an old age pension for a single man is about one-fifth greater at 65 than at 70 and for a single woman about one-third greater at 60 than at 70. This assumes a rate of interest of 4½% and is based on the English Life. Table (*a*) 55.

[31][U.7.]

Table 12: SOCIAL INSURANCE BENEFITS AND CHILDREN'S ALLOWANCES. IRELAND AND UNITED KINGDOM

(Earnings relate to October, Benefits to August)

	Con-sumers Price Index (b)	Earnings male industrial workers		Unemployment and Disability Benefits (c)		Widows' Pensions sh.p. week (a)	Children's allowances (d) sh.p. month (a)	Purchasing Power (1953=100)				
		sh.p. week	Index	Single sh.p. week	Couple sh.p. week(a)			Industrial earnings	Unemployment and Disability Benefits: Single	Unemployment and Disability Benefits: Couple (a)	Widows pension (a)	Children's Allowances (a)
(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Ireland												
1953 ..	100	142	100	24·0	50·0	38·0	28·5	100	100	100	100	100
1955 ..	103	154	108	24·0	50·0	38·0	28·5	105	97	97	97	97
1960 ..	117	196	138	30·0	61·0	46·0	37·5	118	107	104	103	113
1961 ..	121	207	145	32·5	77·5	60·0	37·5	120	111	128	130	109
1962 ..	126	231	162	32·5	77·5	60·0	37·5	128	107	123	125	105
1963 ..	128	—	—	37·5	96·5	74·0	37·5	—	122	150	150	103
U.K.												
1953 ..	100	197	100	32·5	69·5	48·0	69·0	100	100	100	100	100
1955 ..	106	246	122	40·0	83·5	58·5	69·0	115	116	113	115	94
1960 ..	121	303	153	50·0	109·0	94·0	78·0	126	127	130	162	93
1961 ..	125	318	160	57·5	128·5	116·0	78·0	128	141	148	193	90
1962 ..	131	327	165	57·5	128·5	116·0	78·0	126	135	141	184	86
1963 ..	133	—	—	67·5	153·0	141·0	78·0	—	162	165	221	85

(a) With three dependent children.
(b) Annual average except 1963 which refers to February.
(c) Disability Benefit in Ireland is Sickness Benefit in U.K.
(d) Children's Allowances in Ireland are Family Allowances in U.K.

that the state provides benefits which, far from being minimal, are based on the standard of living enjoyed by the beneficiary before the contingency arose which gave rise to the benefit. In these countries virtually all manual workers and the vast majority of non-manual employees pay social security contributions which are related to their earnings and receive benefits which have a similar relationship. Contribution and benefit rates are high on British and Irish standards (see Table 13).

Table 13: SOCIAL INSURANCE CONTRIBUTION (a) IN RESPECT OF WAGE EARNERS, 1962. COUNTRIES

	Contributions related to earnings			Ceiling above which contributions not payable
	Employers	Workers	Total	£ per annum
(1)	(2)	(3)	(4)	(5)
	%	%	%	
Belgium ..	9·0	9·0	18·0	657
France ..	14·5	6·1	21·6	700
Germany ..	12·5	12·5	25·0	700(b)—1,010(c)
Italy ..	24·0	5·8	29·8	None
Netherlands	6·5	11·1	17·6	680 (b)—815 (c)
				Average earnings £ per annum
U.K. ..	4·6	5·3	9·9	840
Northern Ireland	5·6	4·7	10·3	670
Ireland ..	2·3	2·3	4·6	600

(a) Exclusive of contributions in respect of Family Allowances and Employment Injury schemes.
(b) Ceiling for Disability Insurance.
(c) Ceiling for Old Age Pensions.

In Germany contributions equal a quarter of gross earnings; in Italy they are even higher; in France they exceed a fifth and in Belgium and the Netherlands a sixth of earnings. In Ireland social security contributions are a mere 4·6% of the average earnings of a male industrial worker in transportable goods industries. This is even lower than the tenth of earnings paid in Northern Ireland and Great Britain. The proportion payable in the U.K. has increased considerably since the introduction of the graduated pension scheme in 1961. This super-imposed on the traditional flat rate contribution an 8½% charge in respect of incomes between £9 and £18 per week (1963 limits). For many years to come this will increase pensions by only a negligible extent; a major share of the graduated pension contribution will be used to finance the flat rate pensions.

The social insurance schemes in the E.E.C. countries are rather complex and it is somewhat difficult to summarise benefit scales accurately. Old age pensions are payable at either 60 or 65, are related to average lifetime earnings (except in the Netherlands) and are subject to the same ceiling limits as apply to contribution payments. Earnings of past years are adjusted either for changes in the consumer price index or revalued to allow for changes in wage levels. On this basis a married couple receives on the husband's retirement at 65 in Belgium 75%, in France 60% and in Germany up to 75% of their previous earnings. In all countries except Italy outstanding pensions are automatically adjusted for changes in consumers' prices. Sickness benefit rates are 60% of earnings (limited to £1 per day) in Belgium, 50% plus family supplements in certain cases in France, 50% in Italy, 65% plus dependants, supplements in Germany and 80% in the Netherlands. Here again earnings on which benefit contributions are based must not exceed the contribution ceiling, i.e. exceptionally well-paid workers will receive sickness benefits at a somewhat lower percentage of earnings. In Belgium salaried employees receive sickness benefit only after 30 days and in Germany only after six weeks; during those periods they are entitled to full pay from their employers. Manual workers in Germany are entitled to have the differences between sickness benefit and their net wages reimbursed by their employers for a period of six weeks.

Unemployment benefit in all E.E.C. countries is lower than other rates of benefit. It tends to vary inversely with the level of unemployment, i.e. it is low in Italy and high in Germany. In France it is always subject to a means test; in Italy a single man may receive as little as 3/4 per day, in Belgium rates vary according to marital status, sex, age and size of locality, but not previous wage, and at their maximum reach 15/6 per day; in Germany benefit for an average worker is about 40% of previous earnings plus dependants' supplements, while in the Netherlands benefit rates even for the single man are 70% of previous earnings. While there were pockets of unemployment in all the E.E.C. countries in 1962, in none of them except Italy was the level of unemployment a serious problem—by Irish standards.

(e) Social Assistance

In Western Europe social assistance payments subject to means test have been gradually replaced by social insurance benefits, e.g., in Germany and the U.K. social assistance accounts for less than one-seventh of all social security cash payments. In Ireland the trend has been in the same direction culminating in the introduction of Contributory Old Age Pensions in 1961. For a number of reasons, however, this change has been rather slow. Ireland is a less developed country in which resources available for social welfare are more limited. It was thus considered desirable to spend the limited funds so as to relieve the most pressing needs. Furthermore a large proportion of the male working population — about two-fifths — are either self-employed or helping relatives. Until quite recently social insurance schemes for self-employed were not considered a practical proposition. At present, well over half of all social security cash payments are subject to a means test and 46 per cent. of all expenditure is in the form of social assistance (see Table 14). The Irish pattern of social security has more in common with the systems evolved in New Zealand and Australia than with those of Western Europe. In both these countries invalidity pensions, sickness benefit and unemployment benefit are on a generous scale by European standards but all payments are subject to means test. In Australia old age pensions also are restricted to persons of limited means.

In Ireland, assistance subject to means tests is of two kinds—statutory schemes administered by the Department of Social Welfare and various allowances paid by Health and Public Assistance Authorities. The statutory assistance schemes cover many contingencies involving a loss of income, such as non-contributory pensions for the old, the blind, widows and orphans and assistance to the unemployed. They do not, however, make provision for loss of income due to short-term illness or long-term invalidity. The conditions which have to be satisfied for a person to qualify for pensions or assistance are laid down by statute. So are the rates of assistance; these vary with the means of the applicant and his family circumstances. Detailed regulations prescribe how the means test is to be applied. All social assistance schemes administered by the Department of Social Welfare are financed out of general taxation.

Means for purposes of determining the award of non-contributory old age pensions include (i) the yearly value of assets not personally used, e.g., savings, calculated by excluding the first £25 of capital value, taking 5 per cent. of the next £375 and 10 per cent. of the balance, (ii) cash income with certain statutory exclusions and (iii) the yearly value of property personally used or enjoyed, e.g., a farm. Old people and widows are entitled to pensions without being destitute. Thus in 1963 a man or woman who has no other means or income can have savings up to £737 and still receive the maximum old age pension of 32/6d. per week, a couple can have savings of twice this amount, £1,470, without having their pension of 65/- reduced. A single person may have capital of £1,510 and still receive a small pension of 7/6d. per week. Approximately 81 per cent. of all people over 70 are either contributory or non-contributory old age pensioners or dependants of pensioners or receive a widow's pension. Over 92 per cent. of the non-contributory pensioners receive the maximum pension rate.

The means test giving entitlement to unemployment assistance is much more severe. The determination of means is broadly similar to that for old age pensions; the most important difference being that for the unemployed an assessment is

TABLE 14: SOCIAL SECURITY—NUMBER OF BENEFICIARIES AND EXPENDITURE IN IRELAND

(Expenditure for 1961/62, Numbers as at 31st March, 1962)

(1)	Social Insurance (*d*) Number (2)	Social Insurance (*d*) Expenditure (3)	Social Assistance (*f*) Number (4)	Social Assistance (*f*) Expenditure (5)	Total Number (6)	Total Expenditure (7)
		£000		£000		£000
Old Age Pensioners	34,802	4,637	111,744	8,556	159,873	13,193
" " " Dependants	13,327					
Unemployed	30,625	2,863	19,160	1,093	49,785	3,956
" Dependants (*e*) ..	51,500		30,000		81,500	
Disability	46,019	4,965	—	—	46,019	4,965
" Dependants ..	N.A.					
Widows	34,879	3,204	23,491	1,812	58,370	5,016
" Children	13,082		7,619			
Orphans	405	22	244	—	649	22
Blind Pension	—	—	6,441	498	6,441	498
Home Assistance	—	—	16,252	600(*c*)	16,252	600(*c*)
Health Authority Allowances ..	—	—	17,095	1,030	17,095	1,030
	160,057(*a*)	15,691	194,427(*b*)	13,589	354,484(*b*)	29,280

(*a*) Claimants' and Old Age Pensioners' Dependants only, excluding other dependants.
(*b*) Total excludes dependants but contains some duplication as Home Assistance is paid in supplementation of other payments in certain circumstances.
(*c*) estimated.
(*d*) excluding Maternity and Marriage Benefits.
(*e*) estimated on number of dependants in April 1961.
(*f*) excluding Children's Allowances.

made of the yearly value of any benefit or privilege enjoyed, such as board and lodging. The maximum rate of assistance is reduced by the excess of income (including notional income from assets, property personally used and benefit enjoyed) over 2/- per week for a single person and over 5/- per week for a man with dependants. These regulations result in the exclusion of an unknown number of applicants from receiving any assistance at all and the payment of reduced rates of assistance during the winter months to about two-thirds of the recipients. Certain unemployed are not entitled to assistance irrespective of their lack of means; these include boys and girls below the age of 18, married women (unless their husbands are dependent on them or they are separated and have dependants) and single women without dependants who have not been engaged in insurable employment for at least one year in the previous four years. Unemployed men in rural areas—in places having less than 7,000 population—receive 6/- per week less than those in urban areas; a man with dependants receives 8/- per week less.

Furthermore certain people are disallowed assistance for which they would otherwise qualify by Employment Period Orders. The first of these orders provides that at certain dates between March and November occupiers of land exceeding £4 in rateable valuation resident in rural areas are disqualified from receiving unemployment assistance. The second disqualifies at certain dates between June and November all men resident in rural areas who have no dependants. In 1962 the effect of the first order was to withhold assistance from 2,700 men and that of the second order to withhold it from 5,700 men. These figures, however, do not show the full effect of the orders as there must have been some men—possibly some thousands of men—who did not apply for assistance, for which otherwise they would have qualified, knowing that their applications would be refused. The purpose of the first order is to give "encouragement" to occupiers during the summer months to cultivate their land, that of the second to make men accept work as labourers which is said to be available at that time of year to anyone who wants it. The unemployment assistance regulations are framed to prevent the alleged danger of abuse in an economic situation where large numbers of men, both occupiers of agricultural land and members of their families, are permanently under-employed, especially in the winter months, and where there is always a scarcity of paid employment for unskilled workers.[32]

The contingencies covered by social assistance are broadly similar to those covered by social insurance except, as noted above, that assistance does not provide an equivalent to disability benefit. However, non-contributory pensions and assistance payments are invariably lower, and usually substantially lower, than the corresponding social insurance benefits. Thus in 1963 the contributory old age pension is 45/–, non-contributory pension is 32/6d.; the contributory pension for a widow with three children is 74/–, the non-contributory pension only 56/–; unemployment benefit for a single man is 37/6d., assistance for a man in an urban area is 24/– per week, in a rural area 18/– per week (see Table 15). In the U.K. payments subject to means test, i.e. National Assistance, allowing for rent and discretionary allowances are higher than insurance benefits, in most cases by quite substantial amounts. In the E.E.C. countries like in Ireland they are generally lower but in these countries assistance is received by only relatively few people.

Social assistance beneficiaries are better off in 1962 than they were in 1953, but their position has not improved as much as that of wage-earners. During these years the purchasing power of earnings of industrial workers increased by 28 per cent, that of agricultural workers by 19 per cent while non-contributory old age pensions increased by only 10 per cent. During the same period the purchasing power of unemployment assistance received by a single man actually declined by 6 per cent while that of a couple with three children increased by 18 per cent. In 1962 such a couple received 55/– per week in an urban area or 45/– in a rural area i.e. 11/– or 9/– per head per week. In August 1962 these rates were increased to 67/6 and 59/6 respectively.[33] The increases in social assistance payments both absolutely and relatively were lower than those of social insurance benefits.

In addition to social assistance rendered by the Department of Social Welfare local authorities are authorised by the Health Acts to make various cash allowances, Maternity Cash Grants of £4 per confinement are paid to "women in the lower income groups" i.e. women who are entitled to the services of a Dispensary doctor. These allowances cost some £80,000 in 1962 and were paid in respect of about one third of all births in the state. Infectious Diseases Maintenance Allowances, mainly paid to people suffering from tuberculosis, were received by 2,800 persons in March 1962; the average payment was about 33/– per week—varying from 38/– in Dublin to 30/– in Wexford and Donegal. Disabled Persons; Maintenance Allowances were paid to 16,300 persons at an average rate of 18/6d. per week.[34] The Health Authorities spent £1·1 millions on these three cash allowances in the year 1961/62; half of this came out of rates and the other half was reimbursed to them by the Exchequer.

Home assistance, the provider of last resort, is awarded by County Councils and in the County Boroughs and surrounding counties by the Health Authorities under the Public Assistance Act, 1939.

[32] *See* Appendix II.

[33] In November, 1963, following the introduction of the turnover tax, social assistance rates were increased by 2/6d. per week for single persons and 5/– per week for a couple.

[34] The legal maximum was then 22/6d.; as from August, 1962, it has been 25/– and as from November, 1963, 27/6d.

TABLE 15: SOCIAL ASSISTANCE RATES(*a*) IRELAND AND UNITED KINGDOM

AMOUNTS IN SHILLINGS PER WEEK

		Unemployment Assistance(*b*)				Purchasing Power (1953=100)					U.K. National Assistance (*d*)			
	Wages of Male Agricultural Workers			Widow Three Children	Old Age Pension	Agricultural Workers' Wages	Unemployed		Widow Three Children	Old Age Pension	Single	Couple (*c*)	Purchasing Power	
		Single	Couple (*c*)				Single	Couple (*c*)					Single	Couple (*c*)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1953	82	18·0	38·0	32·0	21·5	100	100	100	100	100	35·0	99·5	100	100
1955	91	18·0	38·0	36·5	24·0	108	97	97	110	109	37·5	106·5	101	101
1960	110	20·0	48·5	47·5	28·5	116	95	109	127	113	50·0	143·0	119	119
1961	110	21·5	55·0	47·5	30·0	112	98	120	123	115	53·5	151·0	122	120
1962	123	21·5	55·0	47·5	30·0	119	94	115	118	110	57·5	160·0	125	122
1963	—	24·0	67·5	56·0	32·5	—	104	139	137	118	63·5	175·0	136	131

(*a*) All rates refer to July.
(*b*) Rates apply to Urban Areas; in Rural Areas they are less by 6/– per week for a single person and 8/– per week for a couple.
(*c*) With three children aged 4, 7 and 12.
(*d*) Standard benefits are supplemented by a Rent Allowance which equals in most cases the actual rent paid and by Discretionary Allowances. These are received by just over half of all beneficiaries and average 7/11 per week.

The rates of assistance are discretionary; the expenditure of about £600,000 per year is financed entirely out of local rates without any Exchequer grants. There are no detailed regulations which lay down how means are to be determined nor what rates of assistance should be paid. Home Assistance is paid partly in supplementation of social assistance, social insurance benefits and Disabled Persons' Maintenance Allowances but is mainly meant to assist needy persons not in receipt of other allowances. In 1962 about 15,700 allowances were in payment providing for some 33,300 persons, i.e. 1·2 per cent of the population of the state. No statistics about the financial means of the recipients of Home Assistance are published. Assistance is granted only to people who are practically destitute. In Dublin in May 1963 about one-third of the recipients had their old age or widows' pensions supplemented (however, less than 5 per cent of all such pensions were supplemented), one-sixth had Disabled Persons' Maintenance Allowances supplemented (about 30 per cent of such allowances were supplemented), another sixth were sick (half in receipt of disability benefit) and a quarter were unemployed. In that month about 0.8 per cent of the population of Dublin was receiving Home Assistance, 0·5 per cent in supplementation of some other benefit and 0·3 per cent as their sole means of support. In the U.K. where the whole population, virtually without exception, is covered by National Insurance, 1·1 per cent of the population received National Assistance as their sole means of support.

(f) Insurance of Self-Employed

Social insurance in Ireland covers all male manual workers and virtually all employees[35] who earn less than £800 per annum but provides no social security cover for the self-employed. The exclusion of self-employed from social insurance was the general rule in European countries up to the end of World War II. Since then the position has changed radically. At present in all E.E.C. countries and the U.K. the self-employed in agriculture are covered by compulsory social insurance for old age and widows' pensions and in most countries also against some other social hazards.

In the U.K. the National Insurance Act, 1946, provides for the compulsory insurance of the whole population, i.e. all employees without income limit, the self-employed and even the non-employed. The self-employed have no claim to unemployment benefit, otherwise they receive the full range of pensions and benefits provided for employees.[36] The rate of benefit and the conditions for its award are the same for all recipients. The current contribution for self-employed men is 16/2d. and for women 13/2d. per week. This entitles them to benefit and pension at the standard of 67/6d. per week for single persons and 109/- per week for married couples. Self-employed and non-employed who have incomes of less than £208 per annum may apply for a certificate of exemption from liability to pay contributions. Holders of such certificates do not lose rights acquired by contributions paid previously but no rights to benefit accrue to them during periods for which they are exempted. Self-employed men have a claim to retirement pensions on reaching the age of 65, but, like employees, they will receive pensions only if they have retired. In case they postpone retirement they will remain liable to pay contributions until their 70th birthday. At that age they will be awarded a pension irrespective of retirement. Postponement of retirement until 70 increases the pension of a single man to 88/6d. and a couple to 140/6d. per week.

In Great Britain in 1961 the number of self-employed men was only 1·3 millions, rather less than 8 per cent of all men working. A mere 55,000 of these held a certificate of exemption from liability to pay contributions on the ground of small income, i.e. only 4 per cent of the self-employed were exempted.[37] The Northern Ireland National Insurance system is virtually the same as that of Great Britain; however, economic conditions and structure in the two countries are markedly different in some respects. The number of self-employed men (84,000) in Northern Ireland in June 1961 was approximately 22 per cent of all the male labour force.[38] The number exempt from liability to pay contributions on account of low income was about 24,000, i.e. 29 per cent of all self-employed men.[39] In Northern Ireland, rather more than 6 per cent of all men working are not covered by National Insurance; the corresponding proportion for Great Britain is 0·3 per cent.

The U.K. National Insurance system makes a distinction between employees and self-employed but takes no account of the nature of the work undertaken. In Germany, social insurance is not

[35]Women in private domestic service and in agriculture are not insured for unemployment benefit and pensionable civil servants and officers of local authorities are insured only for widows' and orphans' pension.

[36]The self-employed are not covered by the National Insurance (Industrial Injuries) Act, 1946, and are not entitled to industrial injury benefits and pensions.

[37][U.9.], paragraphs 288 and 295.

[38][U.6.], Tables 6, 7 and 9.

[39]The Ulster Yearbook, 1960–62 [U.10.], page 214, gives the number of men and women paying contributions as self-employed in June, 1961, as 63,000. It is assumed that 60,000 of these were men.

a unified system administered by a government department nor is it as comprehensive as in the U.K. There are separate systems for wage-earners and salaried employees[40] as well as special systems for miners, public employees, self-employed persons rendering professional services and farmers.

Contributory Old Age Pensions for farmers in Germany were introduced in 1957 and the system was modified in many particulars in 1961. All occupiers of agricultural or horticultural holdings have to pay a flat rate contribution of 5/- per week (12 DM per month) irrespective of income or size of holdings. An occupier is liable to contribute if the cultivation of his holding could yield what is considered a "means of existence". This is an objective measure applied by the semi-official Agricultural Old Age Insurance Fund, irrespective of the state of cultivation and of any other trade or employment the occupier may follow. Contributors are entitled to an old age pension of 25/- per week for a married couple or 16/8d. for a single person at the age of 65 subject to retirement, i.e. the farm has to be transferred.[41] The old age pensioner is however permitted to retain for himself such a proportion of a holding as does not exceed 25 per cent of the "means of existence" standard as laid down by the Fund. This is subject to the rule that the retained proportion must not reduce the transferred holding below the "means of existence standard".

The German Farmers' Old Age Pension scheme[42] is not meant to be self-balancing. Rather more than one-third of expenditure is financed out of general taxation. The farmer's pension has remained the same ever since 1957 when it was first introduced, while retail prices since then have increased by 10 per cent (1962) and the workers' old age pension by more than a quarter. The farmer's pension is not meant to be his sole means of support—it is to be a cash income supplementing the traditional right of parents to be supported by the son who has taken over the holding. This agricultural Old Age Insurance scheme is a rather meagre affair for a wealthy country.

[40]Salaried employees earning more than £1,350 per annum in 1961, were not covered by compulsory social insurance.

[41]Transfer to a spouse is not recognised.

[42]For details see [I.7.].

V. REDISTRIBUTION AND TAXATION

(a) Economic Effects of Taxation

The level of social security provisions which a country can afford depends partly on the size of the national income, more particularly national income per head, and partly on the extent to which income is redistributed from the people to whom it accrues to the people who are judged to be in need. Redistribution of income for social purposes, like any other transfer of incomes between individuals, e.g. national debt interest payments, *prima facie* neither increases nor diminishes the size of the income. A country cannot improve its standard of living by increasing social security cash payments—the higher payments to some must be offset by higher takings from others. The state of society, the sum of human happiness, in as far as this depends on economic well-being, may well be improved by redistribution. However, this view is not universally accepted. Many people, far from believing that improved social security provisions can increase the standard of living, hold the opposite view that the greater the extent of redistribution of income, the less income will there be to redistribute. This contention is supported by four quite distinct arguments. First, high level of taxation discourages effort and thus reduces output; second, high taxes reduce the willingness to save and to invest; third, liberal social service benefits discourage self-reliance and the willingness to save and encourage laziness; and lastly, high taxes lead to economic inefficiency and the unproductive use of resources. Versions of these arguments, both crude and refined, have been repeated in Ireland as well as in the U.K. so frequently that redistribution in many circles is used as a term of abuse and that these contentions are considered as obvious truth not requiring any proof.

While it is nowadays generally believed that certain expenditure taxes have some effect on effort it may all the same be assumed that most of such taxes have only a minimal effect.[43] Taxes on income, if they take the form of poll taxes (e.g. flat rate social security contributions in Ireland), or are proportionate to income (e.g. wage-related social security contributions in the E.E.C. countries), also have no discernible impact on the willingness to work. The most important type of tax which may have an unfavourable effect is a progressive income tax, i.e. marginal increments of income taxed progressively more severely. The supposition that such a tax will reduce willingness to work is based

[43]It is more likely that changes in rates of taxes on expenditure will have a short-term effect on effort than that such taxes by themselves will have this effect.

on the view that additional effort, beyond an accepted norm, becomes increasingly burdensome and that if such effort leads to diminishing remuneration per hour on account of progressive taxation, a point will be reached where the effort required to earn an additional shilling will not appear worth while. This is sound logic, but irrelevant in many circumstances. People with very high incomes who are most affected by progressive taxation are often motivated in their economic activities by other considerations than maximising their net incomes. They may work for more power, honour, prestige or because they like working. The vast majority of employees cannot be influenced by tax considerations in the amount of work they do as their conditions of work, including the length of the working day, are laid down by the employer. This is even true of overtime which usually is not genuinely voluntary. Some men are so determined to maintain their standard of living that when tax rates are increased and their net income reduced, far from working less, they will endeavour to obtain more work so as to earn more money to pay the higher taxes without cutting their standard of living.

Will businessmen, particularly businessmen from abroad, be more enterprising if they can retain all profits they earn instead of having to pay part of them in tax? The answer to this question is a definite "yes". However, this might not be the right question to ask. Other things being equal—to use the economists' phrase—enterprise and investment will be discouraged by high rates of income tax, but other things need not be equal. The most succulent inducement to be enterprising is the expectation of high profits on the money invested. A government can make business profitable by a number of devices, such as tariffs, quotas, building factories and letting them at low rents or training allowances. It is also possible to tax personal incomes at different and higher rates than undistributed profits of limited companies; taxable income can be reduced by all kinds of investment and depreciation allowances.[44] Arguments against high direct tax rates, in as far as they are valid at all, have been much overstated in Ireland in recent years.[45]

All taxation whether of expenditure or income reduces the purchasing power of incomes received. As the level of savings is mainly influenced by the level of incomes, high levels of taxation tend to reduce personal savings. However, by no means all savings are personal nor are all personal savings voluntary. In Ireland about a third of savings are undertaken by companies and public authorities. Personal savings include repayments of Building Society loans, superannuation payments and life insurance none of which is likely to be markedly affected by tax changes. If increased taxation results in a lower level of savings, investment can nevertheless be maintained at any desired level by either increasing savings of public authorities and companies or borrowing from abroad or reducing foreign balances. Shortage of savings has not restrained economic development over the past few years.

In any country there are at any time a number of people who are unable to work on account of old age, mental or physical infirmity or, in the case of widows and deserted wives, have to care for young children. The suggestion that proper communal support of these people would deprive them of self-reliance and is against their own better interest has the ring of 19th-century hypocrisy. It may be that some unemployed are work-shy and some people who claim to be ill are malingerers. Any country has its dishonest fringe; however, experience in the U.K. and the E.E.C. countries in the post-war period has shown fairly conclusively that abuse of social security benefits is much rarer than was feared by some people in those countries and is still often suspected in Ireland. When the demand for labour was high as it has been for many years in the south of England and parts of Germany, unemployment virtually vanished.

The most valid argument against high taxation is that it leads to inefficient use of resources. Very high levels of taxation on companies, like the British war-time 100 per cent excess profits taxes, do encourage inefficiency or rather do not discourage it. However, nobody would suggest that such extremely severe taxes are desirable; but it is suggested that present rates of income tax can be maintained and social insurance contributions and taxes on expenditure raised without any significant unfavourable effect on economic development.

Geographically, Ireland is an island, politically, the twenty-six counties forming the Republic are an independent sovereign state but economically, all of Ireland is part of Europe and especially part of the British economy. In as far as high taxes have an unfavourable effect on capital movement and especially on investment of foreign capital, this can be offset by other measures; the effects on movement of population are much more difficult to counter.

In the Irish environment it can be argued that all taxes direct and indirect, encourage emigration, but this is hardly a valid argument for doing away with taxation altogether. It has been suggested that

[44] Devices of this kind have been employed in Ireland with considerable success for quite a number of years.

[45] *See* evidence submitted to the Commission on Income Tax and the discussion of the Commission in its third Report, [R.11.]

at certain levels of income, tax rates should be lower in Ireland than in other countries to offset the higher income prospects these countries offer. In as far as this is a respectable argument, it assumes that at certain income ranges, salaries and incomes received are lower than the actual or potential contribution to national product made by people in that income range. This may be the case, but it is not by any means self-evident. If it is true of certain professions or callings rather than of income ranges, the same object might be achieved more cheaply by other means than low tax rates. At present, at all levels of income up to £4,000 p.a., taxes including social insurance contributions, are lower in the Republic than in Northern Ireland (see Table 16). People are influenced to emigrate by a multiplicity of motives, some conscious, others unconscious, some economic, others non-economic. Higher taxes would certainly not discourage emigration but it is doubtful whether such taxes would encourage it.

(b) Redistribution of Income

Social security provisions can lead to a redistribution in numerous ways—from those with high incomes to those with low incomes or none at all, from the healthy to the disabled and sick, from the employed to the unemployed, the people of working age to the young and the old, from the bachelor and the spinster to the family and from the richer to the poorer regions of the country. Regional redistribution can be the result of two logically distinct factors, either equal contributions or tax per head in all regions but different benefits per head or different taxes and contributions but equal benefits per head. Redistribution in Ireland between the twenty-six counties takes both forms. The poorer counties contribute less in taxes and receive more in benefits than the richer ones.[46]

The extent to which social security provisions redistribute income is very difficult to assess—it is hardly possible to do more than speculate about the possible effects. Benefits favour the lower income groups but different benefits do so in varying degrees. Children's Allowances are payable to all parents irrespective of income and contribution conditions. However, even these allowances on balance benefit people of small means more, as they tend to have the larger families. Old Age and Widows' pensions are received by about 80 per cent of the population of the appropriate age and status —the other 20 per cent are too "well off" to qualify. While some 60 per cent of the working population are entitled to receive unemployment and disability benefit it seems probable that benefits are inversely related to income. The worst-paid workers are more likely to be ill or unemployed than the better paid. The Health Service benefits most the 30 per cent of the population who are least well off and who receive all available services

[46]*See* Appendix III.

TABLE 16: PERSONAL TAXATION OF EARNED INCOMES, 1963-64

	Northern Ireland (*c*)			Republic of Ireland			
Income £ per annum (1)	Income Tax (2)	Social insurance contributions (3)	Total (4)	Income (*a*) Tax (5)	Social insurance contributions (6)	Total (7)	Excess of Taxation in Northern Ireland (8)
	£	£	£	£	£	£	£
Bachelor							
520	45	33	78	49	14	63	15
624	69	37	106	74	14	88	18
780	113	44	157	111	14	125	32
1,000	179	50	229	163	14	177	52
2,000	481	50	531	401	14	415	116
3,000	782	50	832	751	14	765	67
4,000	1,083	50	1,183	1,193	14	1,207	−24
Couple with three children (*b*)							
520	—	33	33	—	14	14	19
624	—	37	37	—	14	14	23
780	—	44	44	—	14	14	30
1,000	13	50	63	1	14	15	48
2,000	291	50	341	236	14	250	91
3,000	592	50	642	553	14	567	75
4,000	893	50	944	963	14	977	−33

(*a*) Including Sur-Tax.
(*b*) Aged 5, 10 and 15.
(*c*) Same as in Great Britain.

without payment. Another 50 per cent of the population, the so-called middle income groups, receive some benefits, e.g. virtually free hospital treatment; the remainder receive only a few benefits. It is interesting to note the different incidence of benefits in the U.K. The whole population, with only negligible exceptions, are entitled to free health services and social security benefits irrespective of means.

In Ireland rather less than a fifth of the cost of social security including health services is financed by social security contributions; approximately the same proportion is financed out of local rates and the remainder is paid for out of general taxation. Social security contributions irrespective of whether they are paid by employers or employees are a poll tax on wages—highly regressive in their incidence. Local rates levied on buildings might be taken as being broadly proportional to income[47] while rates levied on lands appear to be a progressive tax.[48] In Ireland and in the U.K. about three-fifths of social security expenditure is financed out of general taxation; this is a much greater proportion than in any of the E.E.C. countries, e.g. the proportion is 22 per cent in France and about 38 per cent in Germany. A recent estimate by L. Reason suggests that taxes levied on non-agricultural incomes in 1954 were progressive.[49] This estimate in respect of expenditure was based on the Household Budget Inquiry of 1951. Unfortunately, replies referring to expenditure on the most heavily taxed commodities, e.g. alcoholic beverages, are notoriously unreliable. It is however reasonably certain that the tax structure of 1963 is less progressive than it was nine years previously—income tax rates have been reduced and the duty on tobacco has been increased.

[47]*See* D. Walker [B.6.], page 41.

[48]*op. cit.*, page 40.

[49]*See* L. Reason [B.7.].

VI. SOCIAL PLIMSOLL LINE NOTION

(a) Universality and Comprehensiveness

The social philosophy on which social security provisions in Ireland are based is that of the Plimsoll line—nobody should receive less than a certain minimum standard of subsistence. If this is accepted as a desirable policy, how far do social security provisions, allowing for the state of the economy, achieve this objective? Are these provisions universal, comprehensive, adequate and efficient? The combined systems of social insurance and social assistance are universal in the sense that they apply to the whole population. They establish rights subject to definite qualification laid down by law, based either on contributions or on a means test administered according to statutory rules. Social insurance, restricted to manual workers and employees earning less than £800 p.a., is reasonably comprehensive in that it provides benefits for most contingencies which lead to interruptions or cessations of earnings. There are, however, two gaps in the system; old age pensions start only at seventy and there is no funeral or death benefit. But people over sixty-five are entitled to disability benefit for any period in which they are unable to work on account of ill health and to unemployment benefit without time limit if they have paid 156 employment contributions. The social assistance scheme has the same two gaps as social insurance and in addition makes no provision at all for either short-term or long-term illness or incapacity. Some provision is made for the long-term disabled outside the social assistance scheme by way of Disablement Allowances payable by the Health Authorities. These are in the nature of Poor Law relief rather than social security. The allowances are discretionary, subject to needs subjectively assessed, based on family income and restricted to 25/– per week.

(b) Adequacy

The present rates of social assistance appear to be inadequate. The 112,000 old age pensioners over 70 received in 1963 32/6d. per week without any additional allowance for rent. The corresponding U.K. national assistance is 63/6d. per week plus a rent allowance, i.e. single old men and women in Ireland exist on less than half[50] of what is considered the rock-bottom minimum in Great Britain and Northern Ireland.[51] For neighbouring countries having close economic ties and large population movements this is a very substantial difference. However, the absolute inadequacy of the pension is more important than its relative inadequacy compared with other countries. The food consumed by a prisoner costs £42 10s. 0d. per year, i.e. 16/4d. per week.[52] The cost of food, exclusive of labour and overheads, for the 3,400 patients in Dublin Health Authority hospitals averages 21/4d. per week and the cost of approximately the same number

[50]Couples, when both are over 70, fare relatively better. They receive 65/– per week—70/– after November, 1963—in Ireland, as against 104/6d. in Britain.

[51]This assumes that prices in the two countries are more or less the same. *See* [B.2.].

[52] [R.12.]

of patients in the Authorities' mental health hospitals averages 19/2d. per week.[53] These various costs are not strictly comparable with each other, most prisoners are young men while most hospital patients are old. There are also appreciable differences in the average cost of food between different hospitals, e.g. 15/2d. for St. Kevin's and 38/6d. for Cherry Orchard. All these costs refer to contract prices, large-scale cooking by trained staff and meals planned and food purchased by fairly senior officials. The cost of a diet equivalent to prison food purchased at retail prices and prepared by an old age pensioner would be about 24/–, that equivalent to mental health patient food about 28/6d. per week. Taking the average of these as 26/3d. per week, only 6/3d. is left for rent, clothing, fares, postage, soap, holidays, entertainment, beer, tobacco, electricity and gas.[54] It requires little imagination to realise that these pensions are quite inadequate on mid-20th century standards. Yet the 32/6d. received by the old age pensioner must appear princely to the unemployed with one adult dependant who in a rural area receives 34/6d., i.e. 17/3d. per adult per week in assistance payments. Such a man if he were to purchase nothing whatsoever nor pay anything for rent, fuel and electricity could not buy enough food to maintain himself on a prison diet. If he is single his assistance would be 18/– per week, if he is married and has three dependent children he would receive 59/6d. per week, i.e. 12/– per head. Children's Allowances would increase this to 13/9d. per head. The situation of the urban unemployed, though he receives 6/– a week more if he is single and 8/– more if he is married than a resident in a rural area, is much the same. It is extremely difficult to understand how ten thousands of people can manage to exist on unemployment assistance at all. They have to rely on help from some quarter—neighbours, emigrants' remittances, family, religious orders, food centres or charities.[55]

Social Insurance benefits in 1963 are about 40 per cent to 50 per cent higher than the corresponding assistance rates, e.g. unemployed 37/6d. insurance benefit, 24/– assistance; old age pensions 45/– contributory, 32/6d. non-contributory. While these rates are certainly not liberal and hardly adequate, people receiving social insurance benefits and pensions may possibly exist without help from other sources. Still the difficulties would be enormous. Disability Benefit for a married man with three children is 96/6d. per week plus 8/8d. in Children's allowances. If he lives in a Dublin Corporation House his rent may be as little as 6/– per week, under the rent rebate scheme, leaving him with 99/4d. for all expenses except rent. It would require a woman well above average intelligence, virtue and industry to make ends meet on such an income. There would be no margin for luxuries such as cigarettes, beer, holidays, entertainment; all clothing purchased would have to be second-hand and household goods could not be replaced. If the parents were more ordinary average kind of people the family would get into debt, live in squalor and suffer from malnutrition.

Social Security provisions are at their most inadequate for people who are neither entitled to social insurance nor social assistance. This group has to be destitute before they receive Home Assistance and such assistance at best is up to social assistance standard and quite possibly even less. Only in exceptional circumstances is Home Assistance given in supplementation of other insurance benefits or social assistance.

Of course, these strictures on adequacy are, as stated at the outset of this section, subject to the philosophy informing social security in Ireland and to the state of the economy. Ireland, by Western European standards, has in the past been not only a relatively poor country but the rate of growth of its economy until recently has not been such as to encourage that mood of optimism (as in Italy) which is the progenitor of charity. As emphasised elsewhere in this paper, Ireland has the special problem of a high dependency ratio. At least the principle of redistribution of income has been firmly established and accepted: to this extent a good start has been made. The object of the foregoing paragraphs has been to set the present social payments in some kind of perspective, in the expectation that, with the considerable improvement in the economy during the past few years and likely to continue and the present optimistic outlook of the people, a great improvement in social payments may be anticipated.

(c) Efficiency

The administrative cost of social security is remarkably low. Aggregate expenditure on social assistance and social insurance undertaken by the Department of Social Welfare in 1961/62 came to nearly £38 millions, only £2¼ millions of this was spent on administration, i.e. 6 per cent of 1/2d. in the £. This administrative cost includes not merely the direct cost incurred in the Department but also the expenses of the Post Office for sale of insurance stamps and payment of benefits, of the Office of Public Works in connection with premises and of the Stationery Office for printing. No allowance,

[53] [R.13.]

[54] Some old pensioners receive turf at subsidised rates.

[55] The non-contributory pensions and unemployment assistance were increased by 2/6d. per week in November when the new turnover tax started to operate.

however, is made for expenditure incurred and borne by employers in the administration of social insurance, i.e. the purchase of stamps, franking of cards and deducting contributions from employees' wages.

The proportion that administrative costs bear to total expenditure partly depends on the size of individual payments. The cost of paying a pension of £5 is much the same as paying one of £1. Costs are also related to the proportion of payments which are subject to a means test, especially in respect of payments for fairly short periods e.g. unemployment assistance. Finally, costs are influenced by frequent changes in statutory provisions and rates of payment. For all these reasons international comparisons of the proportion of administrative cost to total expenditure can be rather misleading. In Northern Ireland the cost of administering national insurance, family allowances and national assistance was in 1960/61 about 5·9 per cent of total expenditure on these services. This is almost the same proportion as in the Republic in spite of benefit rates in the North being appreciably higher and fewer payments being subject to a means test. In Great Britain where both rate of benefit and the system of social security are virtually the same as in Northern Ireland administration accounts for about 4·3 per cent of all expenditure.

The administrative cost of the public assistance services administered by local authorities is substantially greater than that of the services administered by the Department of Social Welfare. This is presumably due to the very small payments made, for the whole of Ireland an average of 14/- per week in 1960/61 and for Dublin only 24/- in the summer of 1963. In many parts of Dublin a family may still have to undergo four separate means tests—one for home assistance, a second for a medical card or a disablement allowance, a third under the differential rent scheme for a Corporation house and a fourth for, say, unemployment assistance or a non-contributory widows' pension. The first and second type of means test are at present in the process of being combined as they already are in the areas administered by County Councils.

Some commercial insurance policies provide protection against interruption or cessation of income similar to social security provisions. Employers' liability, ordinary branch life insurance, industrial assurance and accident insurance are of this type. However, commercial insurance differs in many ways from social insurance, one of the important differences being that it has substantially higher administrative costs. It may seem unfair to compare the expenses of these two systems as they are carried out under quite different conditions; all the same they are from the public's point of view alternative ways of acquiring protection against certain contingencies. In Ireland expenses of management and commission of employers' liability insurance amount to about 34 per cent of premiums paid.[56] In Great Britain the administrative cost of the industrial injuries scheme amounted to about 11 per cent of contributions paid. Even allowing for the fact that employers' liability in Ireland covers both workmen's compensation and damages in tort the difference is substantial. The cost of commission and expenses of ordinary life insurance amounts to about 16 per cent of premiums. In those of industrial assurance—life insurance for which premiums are collected at the home of the policy-holder—these costs amount to about 36 per cent, i.e. the policy-holder receives on average 12/10d. for every £ he paid in premium. Whatever advantages commercial insurance may have there can be no doubt that it is expensive[57] in resources. Social Insurance in comparison is decidedly efficient.

In Ireland the view has sometimes been expressed that social security is at best a necessary evil and that there would be no need for it at all if all workers were paid "family wages". This view does not take into account differences in size of family[58] or differences in the incidence of need.[59] People who hold this view seem to be unaware of the fact that a significant proportion of the population is unable at any time, by reason of mental or physical infirmity, to earn their own livelihood. An equally widely held opinion is that social security schemes should not be administered by the state. The late Bishop of Clonfert, the Most Rev. Dr. Dignan, writes [B.16]: "Social Security schemes do not necessarily lead to bureaucracy. They certainly will not if they are administered, not directly by the State, but by autonomous bodies, or committees, representative of all parties concerned—if in other words, Vocational Organisations were adopted in this and other departments of our social life."

The difficulties experienced by the Approved Societies prior to 1933 are well known.[60] The provision of social security by vocational organisations and committees of interested parties has inherent drawbacks, similar to those of guild socialism. There will always be the danger that

[56]Not the whole of the remaining 66 per cent accrues to the injured worker, part of it is used for paying profits to shareholders and part for paying the company's expenses in respect of medical examination and legal costs.

[57]The expense ratio of employer's liability insurance, ordinary life insurance and industrial assurance are based on figures published by the Department of Industry and Commerce [R.14.]

[58] *See* supra, page 13.

[59]*See* infra, page 26.

[60] [R.7.], page 28.

interested parties act in their own interest rather than that of the people who are to benefit. They may occasionally do so consciously; more often they will do so unconscionsly. Thus doctors or teachers may want to organise hospitals or schools to suit their own purposes rather than those of patients or pupils. Furthermore, the need of various vocational groups will differ and the position will thus arise that for identical contributions various people receive different benefits. This is the case in commercial insurance but seems inappropriate in social insurance. Finally, the administrative cost of smaller units, particularly if they compete against each other, is bound to be higher than the cost of a unified state system.

Social insurance as it operates in Ireland to-day is in principle democratic, fair and efficient. The Dâil, subject to pressure and counter-pressure, inherent in a democratic system, and ultimately responsible to the electorate, passes the Social Welfare Acts. The duties and rights created by these acts are administered by a Department of State: the citizen can appeal against the decisions of the civil servants administering the act. The present machinery for hearing appeals may be capable of improvement, but the framework in which social insurance operates seems superior to any alternative based on co-operative or vocational organisations. In the case of health and welfare services a greater degree of local participation than in social insurance may be desirable.

(d) Commercial Insurance

The Irish government hopes, expects and plans for an increase of the national income by one-half in the decade from 1960 to 1970. If this goal is achieved it will lead to greatly improved standards of living and the possibility of diverting considerably larger resources towards providing social security. In such a rapidly developing economy it is important to discuss the object of social security provisions. Is the Plimsoll Line concept appropriate for the future? Should it be replaced by a different approach more in line with economic realities, popular aspirations and the policies followed in other European countries?

Subsistence level pensions and assistance have as their corollary the belief that people should be willing and able to supplement these benefits in some way so as to bring them up to an acceptable standard. The incidence of death, ill-health and unemployment is now quite as uncertain and unpredictable as it always has been. No man knows if and when he will leave a widow and orphans, how long, if at all, he will live after retirement, how often and for how long he will be struck down by illness or when the "impersonal factors of the market" will make him unemployed. No man even if his income is well above that of the average farmer or wage-earner and even if he is a paragon of virtue can adequately protect himself against the economic hazards of life by his own savings. Such protection can only be offered by a social security plan, commercial insurance or, as fringe benefits, by employers—all three are different devices for pooling risks.

The case for extending and improving social security provisions therefore depends on an assessment of the advantage of the other two devices for pooling risks. Commercial insurance companies have claimed in the past and are claiming now-a-days more firmly than ever that they can provide all and any protection against the hazards of life. How far is this claim justified? Insurance companies in Ireland are required by law to publish rather less information than is customary in other countries.[61] However, it is known and has been noted in the previous section that in this as in other countries, the expense ratio of life insurance, the equivalent of old age, widows' and orphans' pensions in social insurance, is high. It is inherent in the operation of commercial insurance that people who are most exposed to certain risks find it most difficult to protect themselves against them. A man suffering from tuberculosis is a poor prospect for life insurance and will find it difficult either to provide for his old age or to secure the future of his children in case he should die prematurely. At a different level and for different reasons people who are unfortunate and have exceptionally low incomes, or for periods no income at all, will not be able to afford to purchase cover against future contingencies.

Commercial insurance is also handicapped in three other significant ways from providing protection against the hazards of life for the whole population. Many people discount the future very heavily, i.e. they are not willing to make small sacrifices today to reap quite substantial benefit in the distant future or in what appear to them unlikely contingencies. Human beings are inherently optimistic; they are more hopeful of the 1 in 10,000 chance of winning in the football pools than afraid of the 1 in 100 chance of leaving their families unprovided. People need persuading to buy insurance and this is one of the reasons why the costs of the business are so high. The traditional liberal view is that an adult person should have the maximum discretion in spending his income. If he wishes to live well while he is young and in penury when he is old that is his own affair; it is nobody's business to interfere. This kind of social philosophy is not as generally accepted in the mid-20th century as it was in the past. Society is now recognised to have

[61] *See* [R.14.].

certain rights and obligations though there is much disagreement about where these begin and end.

The second handicap of commercial insurance is that the sums insured, benefits in social insurance, are fixed in terms of currency, while the value of currency is depreciating year by year at a rate of about 2–3 per cent. For "Without Profit" policies, the sum insured will always have a much lower purchasing power when it is finally paid than was expected thirty or forty years previously when the policy was bought. Insurance companies have shown great ingenuity, by issuing new kinds of policies and changing the investment pattern of their funds, in attempting to maintain the value of the sums they pay out. For policies taken out in the past they have not been successful and while in future they may be somewhat more successful, it is unreasonable to expect that commercial insurance can completely protect its policy-holders against depreciation of the purchasing power of money. Even less can they ensure that in a dynamic economy in which real wages, i.e. the purchasing power of wages, are continuously rising, pension on retirement will be based on pre-retirement earnings. At best, pensions will reflect earnings over the whole of working life adjusted for price changes.

Finally, certain kinds of risks are not accepted by insurance companies at all. No company will issue a policy to pay a man half his wages when he is unemployed. It will refuse to do so for the good reason that this would enable a man to make a claim in a contingency he might have brought about voluntarily. All the same unemployment is an important social hazard and it is unreasonable and unfair to condemn all people who suffer this misfortune, often due to no fault of their own, to exist at a subsistence standard.

(e) Occupational Welfare

Employers' fringe benefits or occupational social welfare are often advocated as desirable means to supplement subsistence standard social security cash benefits. The state has always been generous to its own employees in such matters as superannuation, full pay during periods of sickness and compensation in case of redundancy. All employers it is now argued should come up to the standard set by the state. Such a policy, however, is undesirable and impracticable. Superannuation rights granted by private firms to their staff are usually neither transferable nor vested in them. They are thus a technique of tying employees to their employments and a most effective disciplinary device. From the point of view of public policy it is highly undesirable to discourage the mobility of labour; a dynamic economy requires the exact opposite. In economic conditions in which prices are continuously rising it is as difficult for an employer as it is for an insurance company to pay pensions related to pre-retirement earnings. In effect this requires the regular subsidising of pension funds out of profits. Some firms may not be willing to provide the sums required, others will not have earned sufficient profit to be able to afford to do so. It seems unreasonable that a person's pension position should be affected, as his wages and prospects already are, by the state of prosperity of the firm for which he works. In any case it is difficult to think of reasons why employer-sponsored superannuation schemes are superior to state-sponsored schemes. From the point of view of the employee they are just as compulsory as social insurance contributions. They do not encourage self-reliance or give employees greater discretion in how to spend their earnings.

Occupational welfare can provide social security for short term sickness and maternity as well as for redundancy in certain circumstances, but its usefulness for other contingencies is limited. There is one final and powerful reason why neither commercial insurance nor occupational welfare can effectively supplement social insurance subsistence standard benefits: however reasonable a retirement or widows' pension may be when it is awarded, neither employers nor insurance companies will be able to maintain the purchasing power of the pension in years to come. Twenty years after retirement a pension may have lost a quarter or even a third of its value.

(f) Graduated Pensions

Flat rate Plimsoll Line type of pensions have been financed in Ireland and Britain by flat rate contributions unrelated to earnings. Higher pensions and benefits thus require increases in contributions. This method of finance ties the rate of pension to the contributions the worst paid workers can be expected to pay. Britain broke with this system to some extent when graduated pensions were introduced in 1961 and has moved a little further in the same direction in 1963. The state is in a uniquely favourable position by means of social insurance contributions related to earnings to provide long term pensions which can be adjusted not only to take account of changes in prices but also of changes in standards of living of the working population. Such pensions, as has already been shown, can also be administered at much lower cost than any alternative scheme.[62]

Old age pensions are in essence a transfer of purchasing power from people who work and earn incomes to those who have ceased work and

[62]Employers' superannuation schemes have a somewhat lower expense ratio than ordinary branch life insurance.

have no incomes. The state compulsorily takes from the earners and gives to the pensioners. If the contributions of earners are related to their wages an increase in wages will automatically provide the funds for corresponding increases in pensions. Every generation pays contributions to support the generation of their parents and grandparents and in its turn will receive pensions which will be paid by the generation of their children and grandchildren. These pensions can be, as they are in Germany, proportionate to contributions paid, adjusted for changes in wage-levels. Alternatively, as in the U.S.A., the U.K. and the Netherlands, lower paid workers can receive a pension which represents a higher proportion of pre-retirement earnings than that paid to higher paid workers. Social security pensions can be financed without accumulating any funds, but they can be used to accumulate very large funds, as is envisaged in the British Labour Party's, " National Superannuation " proposals.

Old age pensions in Ireland and Britain were introduced to prevent old people from becoming paupers and having to turn to the Poor Law; in Germany they were meant to prevent the working classes from turning to socialism. More recently they have become in Europe generally and in Germany more particularly a communal service providing retirement pensions related to pre-retirement earnings for the vast majority of the population. Social welfare legislation in the E.E.C. countries does not aim at providing minimum pensions of a subsistence standard which need supplementation from other sources. Their aim is much more positive—the protection of the great majority of the population against all the economic hazards of life at levels related to the individuals' standards of living. This is a far cry from pauperism and the Poor Law. In fact, it provides conditions of employment for the working classes which were enjoyed previously by only a minority of managerial and technical staff: an excellent example of levelling up rather than levelling down.

VII. FINANCE OF SOCIAL SECURITY

(a) Taxation Policy

In all the countries studied in this survey, social security provisions have improved greatly over the last thirty years, but expenditure on these services in relation to national income still varies widely. Germany spends proportionally half as much again on social security as does Britain (13·9 per cent of G.N.P. compared with 9·0 per cent, see Table 11) though the two countries have much the same income. Italy has approximately the same income per head as Ireland but its expenditure on social security is distinctly higher (10·2 per cent compared with 7·7 per cent) and so is its level of taxation—36 per cent of national income in Italy, 28 per cent in Ireland. The suggestion to increase expenditure on all social services—education, housing subsidies, social security cash payments and health services—by 60 per cent would be considered visionary and impractical. However, if the level of taxes in Ireland had been the same as in Italy and if all additional taxes raised had been spent on social services this would have been possible. Such international comparisons are obviously hazardous. Italy may be similar to Ireland in some respects, such as endemic unemployment, large scale emigration and great regional differences in economic development but it differs significantly in many others.

As was noted in a previous section (see Table 8) in all the E.E.C. countries as well as in the U.K. a large proportion of national income is appropriated by the State. In the E.E.C. countries, but not in the U.K. and Ireland, social security contributions not only yield a higher revenue than all other taxes on personal incomes, but account for rather more than a quarter of all tax receipts (see Table 17).[63]

TABLE 17: SOCIAL INSURANCE CONTRIBUTIONS. ALL COUNTRIES 1960.

(1)	Ratio of Social Insurance Contribution (a) to :— Direct taxes on Households (b) (2)	All taxes (c) (3)
Belgium	54	27
France	55	24
Germany	57	28
Italy	55	29
Netherlands	55	31
U.K. (d)	27	10
Ireland (d)	25	5

(a) Payable by both employers and employees.
(b) Including private non-profit institutions.
(c) Excluding taxes on capital.
(d) Tax Year, 1960/61.

High social security contributions are a major pillar of the high tax levels in the E.E.C. countries. They also account largely for the differences in tax levels between Italy and Ireland.

[63]Figures in table refer to 1960, since when the state social insurance contributions in both Ireland and the U.K. have increased proportionally to other taxes. In Ireland in 1961/62 they amounted to 6·5 per cent. of all taxes.

Improved social security provisions can be financed from four sources—higher taxes including social security contributions, retrenchment of other forms of public expenditure, higher national income and grants from abroad. As has been argued previously, while there may be some taxes, possibly those on very high incomes which discourage economic growth, a general high level of taxation need not hinder economic development. The level of taxation in Ireland is low by European standards. This is to be expected, as the proportion of the national income which can be levied in taxation is larger in richer than in poorer countries. The fact that in Ireland receipts from taxes on income are relatively low is a reflection of the fact that such taxes are easier to collect in a developed than in a developing economy. Companies and employees cannot escape income tax with the same facility as the self-employed.

The expected increase in economic development would make it possible to increase the share of the national income which is spent on communal purposes without increasing rates of personal taxation. Receipts from progressive taxes on income rise more rapidly than levels of income.[64] At present rates of income tax and sur-tax a 10 per cent rise in incomes will increase tax receipts by 15–20 per cent, a rise of 50 per cent will increase receipts by 75–100 per cent (see Table 18).[65]

[64]Irish income tax is levied at one rate only—6/4d. in the £. It is, however, progressive all the same on account of the effect of personal allowances and the restriction of the earned income allowance to incomes below £2,000 p.a.

[65]It is interesting to note that tax receipts from lower incomes rise proportionally more than those from middle and higher incomes. The reason for that is inherent in a tax system where the progressive nature of the tax is due to personal allowances. This can easily be illustrated by a simple example. A bachelor pays no tax on the first £6 p.w. which he earns, on £6 10s. he pays 2/4½d. in tax, on £7 he pays 4/9d., i.e., his tax liability doubles for a pay rise of a mere 8 per cent. The bachelor who earns £1,000 p.a. pays £163 in tax, when his income rises to £1,080 his tax liability is increased by £19, i.e., by not quite 18 per cent. This is of course rather an extreme case, but the point is important; there are many more low than high incomes.

However, the yield of income tax on personal incomes is so low—in 1961–62 about 4 per cent of national income—that even a large proportionate increase would not raise tax levels appreciably. Economic development will facilitate higher tax levels also for another reason. The development envisaged is based on a gradual relative decline in agriculture and an expansion of industry. The transfer of manpower from agriculture to industry, from the income tax exempt to the income tax bearing sector, will widen the tax base and thus raise tax receipts. This widening of the tax base will help to reduce the feeling, which appears widespread at present,[66] that income tax is inequitable. These two factors making for higher tax receipts without requiring government action will help, but they will not suffice; there still remains the case for changes in taxes on expenditure and in social insurance contributions.

In any society there is a built-in bias against taxation especially strong amongst those who are afraid they may have to bear new taxes, and those who hope to benefit from lower taxes. There is also a strong body of opinion advocating increased government expenditure supported with moral fervour by people who expect to benefit from it. One of the tasks of government is to assess the urgency of calls for expenditure and to relate them to what they consider is a reasonable level of taxation. An integral part of this assessment is to determine the priority of different claims to expenditure and the nature of the taxes which are to be imposed. These decisions are mainly political; they are influenced by the social philosophy of the people who make them, the relative strength of various economic interests, e.g. trade unions and insurance companies, the desire to maintain popularity with the electorate and the general state of the economy.

Changes in the organisation and extent of social

[66]*See* evidence submitted to Commission on Income Tax, Third Report [R.11.].

TABLE 18: EFFECT OF CHANGES IN INCOME ON TAX RECEIPTS (*a*) IN IRELAND

	Tax on			Tax as % of Income			Tax Receipts Increase	
	Original Income	Increment of:—		Original Income	Income plus		Income plus	
(1)	(2)	10% (3)	50% (4)	(5)	10% (6)	50% (7)	10% (8)	50% (9)
Original Income (*b*)	£	£	£	%	%	%	%	%
£ 520 ..	49	12	62	9	13	14	25	127
£ 624 ..	74	15	74	12	13	16	20	100
£ 780 ..	111	19	93	14	15	17	17	83
£1,000 ..	163	24	119	16	17	19	15	73
£2,000 ..	401	63	350	20	21	25	16	87
£3,000 ..	753	133	663	25	27	31	18	88
£4,000 ..	1,193	177	1,070	30	31	38	15	90

(*a*) Income and Sur-Tax.
(*b*) Earned Income of bachelors.

security provisions, like any other economic changes whether brought about by government policy, new technical discoveries or shifts in demand, affect some people and interests favourably and others unfavourably. Repeal of the Workmen's Compensation Acts and the introduction of a system of social insurance for employment injuries will not be popular with doctors, lawyers and insurance companies. Social insurance graduated retirement pensions are unlikely to enjoy much support from insurance companies or guilds of insurance officials. It is not sound reasoning to consider enterprises as sacrosanct merely because they provide employment or are owned by the State or Irish citizens. Cigarettes made by Irish labour and capital are quite as harmful and likely to produce lung cancer as cigarettes imported from abroad. Employers' liability insurance and industrial assurance conducted by companies which are naturalised or nationalised have all the draw-backs that kind of business has when conducted by foreign firms.

Problems connected with raising taxes and overcoming the objections of all kinds of interests which feel themselves threatened by expansion of social security provisions are common to all countries. Ireland faces an additional and serious difficulty. The unfavourable age distribution (see Table 6) caused by complex economic and social factors makes it very difficult to build up an adequate system of social security. Ireland's dependency ratio is the highest in Western Europe; its proportion of population at dependent ages is 40 per cent greater than that of England, 55 per cent greater than that of Germany.[67] Every per cent of national income spent on social services in Ireland thus yields less value, proportionate to income, in terms of standards of service, than it does in the other countries. The crux of these difficulties can be summarised in one sentence. Absolute standards of social security and other social services are low because incomes are low, standards relative to income are low because the age distribution is unfavourable. The low income in its turn is partly caused by endemic unemployment and by chronic under-employment in agriculture.

The importance of the high dependency ratio deserves strong emphasis. Suppose the present population of working age in Ireland had to support only the same proportion of dependants as in England then the national income per head would be higher by 14 per cent. On the same assumption it would be possible, without raising more taxes or reducing other government expenditure, to increase spending on social services benefiting children under 15 and old people over 65 by 40 per cent per head of the population of dependent age.

Even on the most optimistic assumptions about economic progress and government policy there is no prospect in the foreseeable future for social security standards in Ireland to approach those of Western Europe. This is due to the fact that these standards themselves are continuously rising. Economic development in this country depends largely, but not entirely, on that of the world in general and that of the U.K. and the E.E.C. countries in particular. In Europe social security is a "growth industry" which absorbs an increasing share of rising national incomes. During the last ten years, Ireland's relative position in the social welfare field has deteriorated (see Table 11). The improvements which have taken place did not match those of other countries.

Between 1955 and 1958 Ireland experienced a period of economic stagnation[68] which seems to have encouraged a "low tax, low welfare" mentality. This is well illustrated by two quotations from the report on "Economic Development"[69] prepared by the Secretary of the Department of Finance, published in 1958. "High Taxation is one of the greatest impediments to economic progress, because of its adverse effects on savings and enterprise" . . . "The way towards stabilisation and eventual reduction of taxation clearly lies (*inter alia*) in deferring further improvements in the social services until a steady growth in real national income is well established. If resources are being used to the maximum to provide productive employment and raise all round living standards it is impossible to devote them at the same time to improvements in social welfare—the national candle cannot be burned at both ends." These views assumed implicitly that the existing income distribution was more favourable to economic development than any practical alternative and that the only possible sources of savings are those of individuals and businesses. The argument was thus based on the conviction that self-interest is the most powerful economic motive and that other motivations of human conduct and institutional factors are relatively weak. These views and assumptions are supported by many academic economists and Treasury officials in other countries. Their forceful presentation made them prevail for many years in

[67]The effects of the unfavourable age distribution are somewhat offset by the large proportion of single people, as this increases taxable capacity. At present rates of income tax four brothers all earning £15 per week and having three dependent children will each pay £1 p.a. in tax. If one of them remains single and the others have four children each, the three married ones will pay no tax and the single one will pay £111 p.a., i.e., tax receipts will have increased by £107 p.a.

[68]G.N.P. at constant 1953 market prices was actually marginally lower in 1958 than it had been in 1953.

[69][R.15.]

Irish official circles. At the present time the exponents of this school of thought might claim that the remarkable improvement in Ireland's economic position during the last four years was brought about by adhering to their guidance.

Post-war experience in Europe seems to show that "high tax, high welfare" economies can make extraordinary rapid economic progress. This is illustrated by both the German and Italian history of the last ten years. As yet comparatively little is known about the factors which bring about economic development. Different policies may be most effective at various stages of development and differences in national characteristics, historic experience and institutional forces may be more important than they have been credited to be in the past. In Ireland a crusade against poverty, a determination to improve the welfare of the poorest citizens of the State could possibly generate social and moral forces which would do more, or quite as much, to further economic expansion and discourage emigration as economic planning *per se*.

(b) Employment Characteristics

The population of Ireland has four distinct employment characteristics which differentiate it from those of Britain and Western Europe. About half the population live in rural areas and more than a third earn their living in agriculture. There is both large-scale permanent emigration of men and women and temporary migration of labour abroad for varying periods. The extent of the latter is certainly considerable but is difficult to estimate.[70] Some people regularly work abroad for part of the year, many more go to work abroad without deciding in advance if and when to return home. Thirdly, large numbers of men and women normally expect to change their jobs during the year, e.g. undertake seasonal work in farming or the tourist industry. In 1962 the number of social insurance stamps sold in respect of male agricultural employment would account for 49,000 men working as full time farm labourers, while the number of agricultural insurance cards exchanged was more than twice that number. It is often said that substantial numbers of farmers, relatives assisting and farm labourers find employment on road work for part of the year. Actually employment on road work shows very little seasonal fluctuation, e.g. in 1961 the lowest monthly figure was 13,600 and the highest was 15,500.[71] The number of men working on "Employment and Emergency Schemes" is rather small but fluctuates more widely; in 1961 it gave employment to 3,800 in December and a mere 750 in June. Lastly, farmers are on average less well off than industrial workers; many are very poor.

The law delimits clearly the types of employment covered by social insurance but there is no corresponding division of the working population into those within and those without the scheme. Some men are self-employed for a few months and employees for the rest of the year, others work for short or long periods abroad and at other times are self-employed or employees at home. In Dublin and Cork there are large numbers of permanent industrial employees, while in the West of the country the employment position is more fluid. The protection against various social hazards of a population whose employment position is as heterogeneous as is its way of life and its standard of living, presents numerous difficulties. These problems explain the division of the social security programme into assistance and social insurance: social assistance, subject to a means test, financed out of general taxation: providing a modest level of security on a national scale for old age, widowhood and unemployment: social insurance financed by contributions paid in equal shares by employers, employees and the state, providing for employees, as of right, benefits substantially more liberal than social assistance. The basic concept of this arrangement seems to have been well designed to meet the employment position of the country.

[70] A survey currently carried out by the Social Studies Department of University College, Dublin, will provide some interesting data. It will give for one large housing estate in the City the proportion of people now working here who at some time have worked outside Ireland and have returned home. There will also be data on when individuals left the country and when they returned, where they worked and what was their occupation.

[71] [R.4.], Table 165.

VIII. THE FUTURE OF SOCIAL SECURITY

(a) Migration and Dependency

The purpose of this paper is not to present a social security programme or even to make definite recommendations for detailed changes in social security provisions. Its object has been to review the present state of social welfare in Ireland and to compare it with that of other Western European countries. It seems appropriate nevertheless in this concluding section to make some tentative suggestions for the expansion and improvement of these services. There has until recently been little public discussion of social policy in Ireland and it is hoped that these suggestions will stimulate further discussion. The writer after a sojourn of only five months in Ireland, most of this in Dublin, would not presume to do more.

Any further programme for social security must take into account the economic state of the country, its occupational and employment structure and its demographic position. The fact that, in past decades, almost three out of five children born have emigrated and the consequent population structure, has a paramount effect on the pattern of social security. The economic effects of emigration have often been debated but there is still much misunderstanding of its consequences. In most respects, these are distinctly favourable. Emigration is to the advantage of the emigrant—so he thinks, otherwise he would not leave. Similarly, it is to the advantage of his employer in Britain or he would not engage him. In the existing economic conditions the standard of living of the population remaining at home has certainly been raised by emigration. In farming areas this has reduced the pressure on the land and the splitting up of farms and in the towns has kept wage rates (not earnings) in many types of employment more or less in line with those of Britain. Ireland's unemployment problem, bad though it is, might have been worse but for emigration. Britain benefits by Irish emigration ; it acquires a relatively mobile labour force which creates few social, linguistic or racial problems and which assists the growth of the economy. It seems a paradox that the outflow of population can benefit Ireland while its inflow benefits Britain. This is due to differences in the structure of the two economies.

Some people deplore emigration, considering it a loss of the country's life blood, but fail to appreciate its distinct economic advantages. They are motivated more by political than economic considerations. Recently, more has been heard of the argument that economic growth is assisted by a rising population and that economic progress in Ireland, but for emigration, could be more rapid. This is a valid argument in the sense that population growth would almost certainly raise the aggregate national income ; it is more doubtful if it would increase national income per head. In the short run, a decline in emigration seems more likely to reduce standards of living than to increase them.

Emigration has, however, two additional economic results, one favourable to Britain and the other unfavourable to Ireland. From the British point of view over and above the favourable effects of the growth in the labour force, there is the acquisition of workers without investment in human capital, i.e. ready-made workers who required no expenditure on education, rearing, feeding, clothing and medical care. From the Irish point of view there are the parents (grandparents and possibly great-grandparents) of the emigrants who have to be maintained in their old age, but whose children cannot be taxed for their parents' support. The old people in Ireland have to be maintained by the depleted population who have stayed at home.[72] The British gain does not compensate for the Irish loss.

Between regions of the same country differences in age structure, whether caused by migration of labour or differential birth and death rates, do not reflect in the quality of social services. Neither are the standards of these services affected by variations in regional income per head. In the U.K., National Insurance benefits, National Assistance and the National Health Service are virtually the same in Northern Ireland, North Wales and the Scottish Highlands—the poor regions—as in the more prosperous Midlands and South of England. The so called ' subsidies ' to Northern Ireland are identical to similar payments made to other poor regions of the U.K. However, as more separate accounts are kept and published in Belfast than in Cardiff or Inverness the assistance Northern Ireland receives is more clearly revealed.

As the U.K. and Ireland are separate countries the equalising effect of a unified social service system does not operate between them. It is possible to argue that the U.K. should compensate Ireland for public expenditure in the fields of health services, education (including universities) and family allowances incurred on children and young persons who emigrate to Britain. On the basis of emigration in the 1951-61 period this would imply that the U.K. would have to pay for more than half of all such expenditure. Such arguments might have some moral validity but they are completely unrealistic in terms of practical politics. Arrangements of this kind between sovereign countries belong to the realm of fantasy.

(b) A U.K.-Ireland Social Insurance Equalisation Fund

The fact that the U.K. and Ireland are sovereign countries is a reality. Ireland's neutrality in World War II and its more recent refusal to join N.A.T.O. were extreme and irrefutable manifestations of its sovereignty. All the same, the relationship between Ireland and the U.K. is different in flavour and intensity from that normal between sovereign states. It is not necessarily more friendly but it is more intimate. Britain and Ireland have the same money market, their political and economic institutions are similar, their laws have much in common and for all practical purposes they form one labour market.

[72]Emigrants' remittances are generally believed to be sent by young men and women in the first few years after they left the country. When the emigrant marries and has a family of his own, he usually ceases to send money home.

Professional and educational qualifications of one country are recognised in the other. As 75% of Irish external receipts originate in the U.K. the prosperity of the two countries is closely linked. The Irish social security system is very similar to the pre-1948 British system and shares more common features with the current U.K. system than with that of any other country. However, the standards of the Irish services for reasons already discussed are much lower.

The relative advantages the two countries derive from the common labour market could be made more nearly equal by a unification of their social insurance systems.[73] This would be a device by which the U.K. would transfer some of the gain of acquiring labour without investment in human capital to Ireland as compensation for its loss of tax-payers. Such a unification could be made financially possible by the institution of a U.K.—Ireland social insurance equalisation fund. Standards of living in Britain are distinctly higher than in Ireland and equality of benefits and contributions would not be appropriate at present. Irish industrial earnings are about 70% of those of Britain and a possible scheme might thus be for Ireland to unify its social insurance scheme with Britain at a 75% level. Social insurance contributions of employers, employees and the state in Ireland would be three quarters of the British level and insured persons would be entitled to three quarters of all British benefits. In such a scheme Irish contributions to income would be insufficient to cover benefits payable and the balance[74] would have to be made up by support from the U.K.—Ireland social insurance equalisation fund. The imbalance would be caused by a number of factors of which the unfavourable age distribution and the low average earnings in Ireland would be the two most important. The latter are relevant as under the graduated contribution scheme in the U.K. higher paid workers pay larger proportionate contributions than lower paid workers.[75] The British in their dealings with Ireland in the post-war period have shown considerable generosity, e.g. British fat stock subsidies are of appreciable benefit to Irish farmers.[76] For Britain to accept the financial burden of a social insurance equalisation fund would be a further recognition of the economic community of interest of the whole region.

In Table 19 are shown social security benefits and contributions for January 1964 for Ireland and the U.K. 75% standard. With two exceptions, those of married old age pensioners and supplements for second children, the 75% U.K. standard would be an improvement, often a considerable improvement, on Irish benefits. In addition the Republic would gain the advantage of old age pensions becoming payable at 65 for men and 60 for women instead of 70 for both sexes, the introduction of

TABLE 19: SOCIAL INSURANCE BENEFITS AND CONTRIBUTIONS JANUARY, 1964

(1)	(2)	U.K. Actual (3)	U.K. 75% (4)	Republic Actual (5)
Benefits :				
Unemployment } Disability }	Single Person	67/6	50/6	42/6
	Couple ..	109/–	82/–	72/6
	1st Child ..	20/–	15/–	13/–
	2nd Child ..	12/–	9/–	13/–
Old Age ..	Single Person	67/6	50/6	50/–
	Couple ..	107/–	82/–	87/6
Maternity Allowance		67/6	50/6	45/–
Widow's Pension		67/6	50/6	42/6
Widowed Mother's Allowance (incl. allowance for one child)		97/6	74/6	58/–
Industrial Injury	Single Person	115/–	86/–	—
Contributions : not contracted out) (*a*)				
Employer and Employee	Man ..	18/–	13/6	11/10
Exchequer (*b*)	,, ..	3/7	2/8	6/–
TOTAL ..	,, ..	21/7	16/2	17/10
Employer and Employee	Woman ..	15/–	11/3	10/5
Exchequer (*b*)	,, ..	3/–	2/3	5/3
TOTAL (*b*)	,, ..	18/–	13/6	15/8

(*a*) In addition graduated contributions are payable at 8·5% (shared between employers and employees) in respect of earnings between £9–£18 per week. These including state contributions amount to about 2/– in the £ in the U.K. and would be 1/6 in the £ on the 75% standard.
(*b*) estimated.

[73] It should be clearly understood that this suggestion refers to social insurance only, not to all social services. Education, children's allowances, social assistance and health services would thus not be affected and would continue quite separate from those of the U.K. and remain financed entirely by Irish taxes.
The unification is suggested to apply in those fields in which the Rome Treaty recommends close collaboration between Member States. It might even be viewed as consummation of the Reciprocal Social Insurance Agreements which are now quite common between countries.

[74] To estimate the magnitude of support the Irish social insurance scheme would require is the task of an actuary. A rough guess would be something of the magnitude of £10 millions p.a.

[75] In addition to a flat rate contribution of 18/– per week, there is a graduated contribution of 8·5% of weekly earnings between £9 and £18. Both contributions are shared equally between employees and employers and supplemented by a state contribution of approximately 19%.

[76] [R.25.] page 14.

industrial injury benefits and pensions and a new system of death benefit. For employees earning less than £10 per week the contributions payable on the 75% standard would be lower than the present social insurance contributions. For every £ by which earnings exceed £10 per week contributions would exceed present levels by about 1/6 of which approximately 10d. would be borne by employers and the same amount by employees. The unified scheme would furthermore cover all employees in social insurance irrespective of earnings. It might be optional for self-employed in the first few years, becoming compulsory gradually in line with increased agricultural incomes. It is fairly certain that the British social insurance system will be modified substantially in the years ahead. A further extension of graduated contributions and benefits appears the most likely future development. Unification of the two systems would imply that Ireland would have to keep in line with Britain and adopt these changes if and when they occur.

Some people might consider this suggestion is like selling the new nation's birthright for a mess of pottage, to give up a slice of sovereignty for mere economic benefit; they might object to any further increase in the dependence on the goodwill of the U.K. In Britain, the view might be expressed that other countries, e.g. Malta or Jamaica, might claim similar treatment and also ask for social security equalisation funds. Whatever may be the pros and cons of U.K. economic aid to overseas countries, the nature of their relations to the U.K. are essentially different from the intimate economic, historic and social ties and the geographical proximity of the peoples of Ireland and Britain.

(c) Seven Suggestions

This paper has been concerned mainly with social security cash payments; there has been no discussion of other important aspects of social security such as health services, employment-related injuries, children's services and rehabilitation. In all these fields there are strong arguments for changes in the present system. The health services are at present being examined by a Select Committee of the Dáil and this may not be an appropriate time to make suggestions about their future shape. In December 1955, the Minister for Social Welfare set up a Commission on Workmen's Compensation with the terms of reference, "To examine and report on the present system of workmen's compensation and the question of replacing it by a scheme of national insurance, or otherwise, and to make recommendations." The majority of the commission recommended early in 1962 the maintenance of the present system of workmen's compensation which is very similar to the pre-1948 British one. The minority recommended the adoption of the present British industrial injuries scheme. On July 18, 1963, the Minister for Social Welfare made the important announcement, "It has been decided that the existing Social Welfare scheme is being extended to include provision for disablement or death because of injury during working time" (free translation from the Irish). This Government decision is much to be welcomed. The reasoning of the Minority report was, in the author's opinion, more cogent.

A self-contained social security programme for Ireland need not be concerned only with expenditure of money but can secure maintenance of income within a wider framework of social policy. These aspects are discussed in an interesting paper by Helen Binchy in which she makes a plea for a comprehensive family orientated community welfare service staffed by trained social workers.[77] The seven suggestions made here[78] are narrower in their scope:

1. The extension of social assistance to cover all social contingencies and needs.

2. Employment-related family allowance schemes.

[77]" Social Services in Modern Ireland ", Studies, Summer, 1963.

[78]My colleague, David O'Mahony, after reading the second draft of this paper referred me to a lecture by the late Bishop of Clonfert, the Most Rev. John Dignan, D.D., given to the Committee of Management of the National Health Insurance Society in October, 1944. This lecture was published under the title " Social Security " in March, 1945, [B.10.]. It is interesting to note that 19 years ago Dr. Dignan, in recommending a new National Health Insurance scheme, wrote—" In the new Society membership will consist of (1) all employed or engaged under a contract of service irrespective of their wages or salaries or whether they are manual or non-manual workers . . . (2) Voluntary Contributors, e.g., farmers, shopkeepers, the professions, business people, the clergy, etc., that is, all who are gainfully employed " (page 27) . . . " It is proposed to have a sliding scale of weekly contributions with a corresponding scale of cash benefits; the more a member receives in wages the more he pays in weekly contributions (which necessarily includes a relatively higher contribution by the employer) and the more he receives in cash benefits " (page 29) . . . " There will be a ceiling for both contributions and cash benefits . . ." (page 29) . . . " It is proposed that Workmen's Compensation which is so directly associated with both cash benefits and with medical care, should be immediately brought into full alignment with the normal cash and medical care benefits envisaged in this plan and should be made obligatory on all employers by putting it on a compulsory insurance basis " (page 25) . . . " Mortality Benefit, this is a badly needed benefit especially in case of the poor as must be evident to all who have any experience of the pitiable condition of the home when death enters as an unwelcome guest!" (page 17). Most of Dr. Dignan's recommendations are now incorporated in all Western European social security schemes. The only one yet accepted in Ireland is that relating to Workmen's Compensation.

As a footnote to a footnote it is interesting to note that the Irish Times [B.12.] concludes its leading article on Dr. Dignan's lecture with the sentence—" Whatever its reception may be from the doctors, the hospitals and the insurance companies it bids fair to furnish a model for the social legislation of the future."

3. Compulsory supplementation by employers of social insurance disability benefits received by employees during the first four weeks of sickness.
4. Replacement of flat-rate social insurance contributions and benefits by a scheme relating both to wages and salaries.
5. Extension of social insurance to all employees subject to a contribution limit related to three times the average earnings of an industrial worker.
6. Death benefit for the whole population.
7. Optional social insurance for farmers and other self-employed.

Home Assistance, the provider of last resort, and Infectious Diseases and Disablement Maintenance Allowances are granted by local authorities. The extension of the State social assistance to cover all contingencies and needs is suggested for the following reasons:

(*a*) only in a unified scheme can the claims of various groups who need support be properly assessed; at present the needs of the disabled are considered in isolation from those of the old, the widows and the unemployed;

(*b*) to subject one family to several means tests by different public bodies is undesirable but happens frequently at present;

(*c*) the severity of means tests applied by local authorities differs and so do the allowances and the assistance they grant;

(*d*) local authority assistance and maintenance grants are administered by salaried officers virtually without participation by elected councillors;

(*e*) in a democratic society every citizen should know what are his legal rights and the means to enforce them, discretionary allowances having the flavour of the Poor Law.

Three new assistance schemes might be introduced—family assistance for women having the care of children who are not supported by their fathers, disability assistance and emergency assistance. Payments under various assistance schemes need not be identical nor need the payments be the same in rural and urban areas. The extension of social assistance would lead to two consequential changes. A decentralisation of some of the functions of the Department of Social Welfare and the acceptance by the Department of the task of conducting any means tests which may still be required under the Health Acts.

In November 1963 Children's Allowances will become payable for the first child in a family (10/- a month) and the allowance for the third and subsequent children will be increased from 22/- per month to 26/6 per month. The purpose of these improved allowances is to offset the increase in prices which will result from the introduction of the turnover tax. The case for family allowances has been argued in a previous section. However, in the present state of economic development in Ireland, it might be better to use public funds raised by general taxation on improving family allowances in kind, in the fields of education, housing, health services and school meals, rather than in paying higher Children's Allowances in cash. Employment-related Children's Allowance schemes based on social insurance principles might in these circumstances be a second best. Such schemes may be quite flexible. They need not cover all forms of employment nor need all the schemes be identical. The cost and benefits of a scheme applied to a particular industry or groups of industries can fairly easily be calculated. In manufacturing industries for every 1% of pay roll contributions it would be possible to pay an allowance of 1·35% of average wages for every child whose father or widowed mother is employed in the industry.[79] At the end of 1962 this would have amounted to 2/6 per child per week.[80] Extension of family allowances schemes to all forms of public employment on a contributory basis might also be considered.

At present most white collar staff do not suffer a loss of income if they are absent from work due to illness for periods up to a month,[81] while manual workers normally receive no pay from their employers and have to rely on disability benefit. For the first three days of illness they will have no income at all and thereafter a single man will receive 16% and a married man with three children 42% of the average earnings of an industrial worker. This brings about a severe fall in standard of living, all the steeper because ill-health often involves special expenses. Full maintenance of workers' incomes during periods of sickness would certainly lead initially to an increase in absenteeism, for the good reason that it would enable the men who are unfit, but are now forced by economic necessity to go to work, to stay

[79]In Leinster in 1961 there were 112 children under 15 for every 100 males of working age (15–65). In manufacturing industries 54 females are employed for every 100 men. On the assumption that the proportion of children to males of working age is the same for wage earners in manufacturing industries as for the population of Leinster, there are 154 workers per 112 children a ratio of 1·37. Average earnings in manufacturing industries in December, 1962, were 184/1 per week.

[80]If the whole of the contribution was to be paid by employees, the net benefit per family would be the allowance less the contribution, e.g., for a one child family, ·35% of average wages.

[81]For employees earning less than £800 p.a. employers usually make up the difference between basic pay and social insurance disability benefits.

off work. The economic effect of absenteeism might be offset by two other factors. The unfit worker who goes to work receives his wages but is unlikely to be up to his normal productivity, furthermore in case of some diseases a short absence at the onset might prevent a longer illness later. All the same there is the risk of malingering ; this would be greatly reduced if workers for the time being would receive no pay whatsoever for the first three days of absence. The cost to employers of making up worker's disability benefit to basic pay would be about 1 % of wages cost, allowing for a three day waiting period.

The general case for wage-related social insurance contributions and benefits has been discussed in a previous section. Old age and widows' pensions and disability benefit, after the first four weeks of illness, might be paid at a basic rate, supplemented by graduated pensions based on contributions paid. In Ireland, as in Britain, workers' earnings for past periods have not been recorded and graduated pensions would therefore have to be related to contributions paid after the introduction of a wage-related scheme. The suggestion to extend social insurance cover to all employees would bring Ireland into line with the U.K. and the Netherlands and be in the direction of developments in most of the E.E.C. countries.

Contributions might be limited to incomes up to three times the average earnings of an industrial worker. Compulsory insurance for all employees avoids the arbitrary exclusion of white collar staff above certain income limits from all insurance benefits. The improved benefits envisaged in the future make this exclusion all the more undesirable. It is also important to give the middle-class the feeling that social security benefits them too. The attitude of "we pay and they benefit" is undesirable. The conditions, if any, under which employees should be permitted to contract out of a graduated scheme are of great political delicacy. The Finance Act of 1958 provided generous tax concessions for private superannuation schemes, and greatly encouraged companies to establish such schemes for their employees.[82] The position of private superannuation plans in relation to wage-related social insurance raises many complex problems which it is not possible to discuss here.

Death in a family often results in immediate financial difficulties. Grants to cover funeral expenses, at least in part, are therefore a social service benefit in most Western European countries.[83] Savings for funeral expenses through Industrial Assurance is uneconomical[84] and must be so in a system which is not only voluntary but relies on house-to-house collections at weekly or fortnightly intervals. The cost of a death grant of £20 on the public service principle, i.e. like Children's Allowances, would be about £850,000. Alternatively it could be a social insurance benefit. In that case it might be desirable to make it a contributory service for the whole population not only for employees. The contribution required would be about 15/- p.a. for every gainfully occupied person. Farmers possibly could pay their contribution in conjunction with local rates. A death grant, however, might have some socially undesirable consequences. It might lead, in the absence of effective competition, to higher charges by undertakers or to more elaborate funerals.

In the present state of the agricultural industry in Ireland it would not be practical to advocate a system of compulsory insurance for farmers. In Northern Ireland where conditions are more favourable compulsory insurance is difficult to apply in practice.[85] It is, however, of the utmost importance to avoid any division—real or apparent—of the people of the country into privileged employees and underprivileged farmers. This can possibly be achieved by extending social insurance to all self-employed on an optimal basis, a further extension of the present system of voluntary insurance. The self-employed would receive the same benefits as employees with exception of Unemployment Benefit and Disability Benefit for the first four weeks of illness. They would pay the same contribution as employees, i.e. the combined contribution payable by employers and insured persons less that proportion of the contribution attributable to the benefits which would be excluded. Contributions of the self-employed would attract the same supplementation from public funds as that of employees. Farmers would have a free choice whether or not to opt into insurance. Some would be unable to afford the contributions, others might feel that the contributions are too high in relation to the benefits conferred. The choice would be theirs. The extension of social insurance to the self-employed could be incorporated in the present 'flat-rate' scheme or in the wage related scheme suggested above. The cost of this extension of social insurance would depend on the terms of the scheme, especially for how long a man would have to be insured before he became entitled to a contributory old age pension, e.g. for a

[82]In 1960 employers' contributions to superannuation funds in manufacturing industries amounted to £1½ million while social insurance contributions came to only £1 million. Figures for later years are not yet available (*see* Census of Industrial Production, 1958–60, page 21).

[83]U.S. Department of Health Education and Welfare, Social Security Administration. 'Social Security Programmes Throughout the World, 1961'. [F.3.].

[84]Supra, page 25.

[85]Supra, page 19.

self-employed man entering insurance at 18 the net cost to public funds, allowing for savings on non-contributory pensions, would be negative, i.e. expenditure from public funds would be reduced. This is not meant to be a politically realistic example. A qualifying period of 52 years would be too long!

Finally, there are two other considerations. First, in Ireland, employers, employees and the State contribute in equal parts to the finance of social insurance. In Britain the state's contribution is less than one-fifth and in several of the E.E.C. countries it is even smaller. In Ireland, the industrial worker is comparatively well off compared with many farmers and there is thus a case for gradually reducing the state's contribution to social insurance and using available funds for improvement in social assistance. Secondly, every endeavour must be made to convince Trade Union Executive Committees, permanent officials and ordinary workers that improvements in social security payments in as far as they are financed by contributions from employers or the state are equivalent to wage increases. The contributions employers make to social insurance schemes raise labour costs quite as much as wage increases. Social security is not manna from heaven. It has to be paid for and much of it will have to be paid for, as in other European countries, by transfers of income between employees rather than transfers between income groups.

A social security system in a democratic country should not be "imposed" by the government. It should be the outcome of discussion, debate and consultation. It is hoped that this paper will prove a helpful contribution to that debate.

Appendix I—Charitable Welfare

The saying " Charity begins at home, " often an excuse for selfish action, nevertheless contains an element of truth. In cases of illness, widowhood and old age, much help is given within the family. Children support old parents and parents assist their widowed daughters or daughters-in-law; and neighbourliness amongst the poorer classes is a feature of Irish life. Such help is a true form of charity, as is all material assistance rendered directly to individuals not in the framework of an organisation. The extent of such charity is certainly considerable but by its nature is not capable of quantitative assessment. In a largely rural society imbued with religious conviction, such as Ireland, it is presumably greater than in most other parts of Western Europe.

Charitable welfare, which is an alternative or supplement to public social welfare, is material assistance rendered not by individuals but by charitable organisations. This can take various forms; a transfer of income (in cash or kind) from the giver to the recipient of charity; the provision of assistance out of capital sums (or their income) bequeathed to charitable organisations; the giving of services without reward. About 95% of the citizens of the Republic of Ireland are Catholics and most charitable welfare in the state is religious in motivation. Lay bodies and religious communities contribute to the support of those in need. Amongst the lay bodies, the Society of St Vincent de Paul is the most pervasive. " The object of the Society is the sanctification of its members. The Society endeavours to achieve its object chiefly through visitation of the poor in their homes providing moral and material help for them."[86] During 1962 the 8,000 members of the Society visited 19,000 families, paid 330,000 visits and distributed amongst those families £330,000. Another £60,000 was spent by the Society on orphanages and other institutions providing residential care. The aggregate expenditure on charitable works by the Society is equal to about two-thirds of the amount spent by Public Assistance Authorities on Home Assistance.[87] All funds of the Society are derived from voluntary contributions, most of them from church collections.

" The aim of the Legion of Mary is the sanctification of its members by prayer and participation in apostolic works; the provision of a *corps d'élite* which will be at the disposal of the ecclesiastical superiors for the carrying out of any work desired (save the giving of material relief)".[88] The aim of the Legion of Mary is thus exclusively spiritual but its members undertake, all the same, much work which results in material support of those in need. The Legion conducts five hostels providing residential care. The hostels are not meant for rescue but for rehabilitation. All work in these hostels—manual, clerical and supervisory—is undertaken by members of the Legion without reward. The Legion publishes no accounts but its expenditure on food and consumables is of the magnitude of £50,000 p.a. The hostels are not directly subsidised out of public funds but the buildings the Legion uses in Dublin were presented to it by the Corporation.

The Catholic Social Service Conference provides cooked meals free of charge at 15 centres in Dublin for 500 needy expectant mothers. It also provides at 21 centres in Dublin, heavily subsidised cooked meals for about 8,000 people. Some of these are consumed on the premises but most are taken home. The Conference claims that nobody in Dublin needs to go hungry; irrespective of circumstances, age, race, religion or means, anybody can get a meal at these food centres. The total expenditure of the Conference in 1962, which also covered youth work and distribution of clothing, came to about £60,000, approximately 60% of this was reimbursed by Dublin Corporation. The remainder was raised by voluntary contributions.[89]

The Catholic Social Welfare Bureau is concerned with emigrants, family and youth welfare, the supervision of playgrounds and pre-marriage courses. The work of the Bureau is centred in Dublin; it does not publish any financial accounts. As the nature of the activities indicates, most of the work of the Bureau is either spiritual and social casework or educational. Its aims are primarily spiritual and it provides material assistance only to a limited extent. Some of its activities are financially assisted by the Dublin Corporation, e.g., the supervision of playgrounds, which is mainly undertaken by voluntary workers; pre-marriage course lectures and the Port Welfare Service.[90]

The total expenditure of these four organisations[91] plus the economic value of work undertaken

[86][B.11.], page 131.

[87][B.13.]

[88][B.11.], page 134.

[89][B.14.]

[90][B.15.]

[91]The Catholic Social Welfare Bureau and the Catholic Social Service Conference operate in Dublin only. There are smaller groups performing similar functions elsewhere.

voluntarily by their members is almost certainly greater, in relation to the resources of the country, than similar expenditure in the U.K. However, it is much smaller than the contribution made by religious communities to charitable welfare. In the Republic of Ireland there are some 900 houses of religious communities of priests, brothers and nuns.[92] Most of these perform some social service, predominantly in education, care of the sick and disabled and relief of the poor. Religious communities, however, are not primarily social service agencies. Their members do not enter the community to become teachers, nurses or social workers but for spiritual reasons. The assessment of the economic value of the work of the religious communities in the field of social welfare is difficult and certainly not within the scope of this Appendix. Many convents and monasteries aim at being economically self-supporting. The charitable welfare undertaken by the community is partly financed by the remunerative work undertaken by its members, partly by bequests and donations and partly by government and local authority grants.

The economic value of the charitable work performed by members of religious communities is the cost which would have to be incurred if the same work was performed by paid lay staff. In many fields of work, the religious are more productive than lay staff, working longer hours and requiring less supervision.

In Ireland, virtually all secondary schools are conducted by religious communities and about two-fifths of all children at national schools are attending schools provided by convents or monasteries. In these schools some four or five thousand members of religious communities teach either full-time or part-time.[93] The remuneration of these teachers paid out of public funds, must amount to some £2 or £3 millions, all of which reverts to the communities. These funds and all other income which the Orders receive are partly spent on their members, for maintenance, training and support in old age, partly applied to missionary work and partly used to finance social service activities.

The organisation of charitable welfare for members of the religious minorities is undertaken by their respective churches and bodies associated with these churches. Many Protestants are comparatively well off and thus amongst them the incidence of need is rather less and the ability to contribute to charitable work is rather greater than for the population in general. The fact that they are a minority, in many areas a very small minority, encourages mutual support. Furthermore, they enjoy the advantage of being able to finance some of their charitable work out of funds built up in the past.

Some social work especially for the disabled is undertaken by organisations which specialise in providing for the needs of particular groups. The Union of Voluntary Organisations for the Handicapped has been established for the purpose of co-ordinating the activities of the voluntary organisations for handicapped persons. Thirteen organisations are linked in this Union. Little is known about the extent of disablement in Ireland. There is no register of disabled persons either for employment or welfare purposes. Almost all rehabilitation relies on voluntary organisations. All these organisations and many others appeal to the public for donations and bequests.

A major source of income for some of the larger voluntary organisations are receipts from football pools. In Ireland, licences to conduct these pools are restricted to non-profit making charitable or philanthropic bodies. The football pools, which are lotteries based (except for Gael-Linn) on the scores of English and Scottish games, are licensed by the Courts and have to render weekly accounts to the local Superintendent of Gardaí.

Consolidated accounts of the takings of the pools are not published. The gross takings of all the football pools are said to be of the magnitude of about £1,500,000[94] per year. Between a quarter and a third of the gross takings accrues to the charitable or philanthropic organisation on whose behalf the pool is conducted, another quarter is paid as commission to agents selling the tickets, a third is paid out in prizes and the remainder is spent on general administration. The total receipts of charitable organisations from pools in the Republic is less than a quarter of the gross takings of the pools. The largest pool is not charitable but philanthropic—it supports Gaelic language and culture—while another large pool is in aid of a Belfast hospital.[95] Football pools are an outstandingly successful device for raising funds for charitable purposes. They are, however, wasteful and possibly even socially undesirable. Those who wish to indulge in a gamble pay 1/- and receive in prizes on average some 4d.; those who wish to contribute to charity pay 1/- of which threepence

[92]In 1951 the Population Census recorded about 12,000 nuns and 2,000 Christian Brothers and Monks. [R.21.], pages 29 and 46.

[93]2,254 members of religious communities belong to the minimum recognised teaching staff required in Monastery and Convent schools paid by capitation. Another 498 supernumerary Teachers (chiefly nuns) teach in these schools. The total number of full-time religious and lay teachers in secondary schools was 3,886 and that of part-time teachers was 1,396. [R.18.].

[94]This is a guess made by a senior executive of one of the largest pools.

[95]In 1962, the Mater Infirmorum Hospital, Belfast, received £114,584 from the Y.P. Pools (Y.P. Lotteries Ltd.). Advertisement published by Y.P. Pools in August, 1963.

halfpenny benefits the charity; even those who wish to gamble while they give to charity or to be charitable while they gamble pay 1/- of which 4¾d. goes in commission and administration. In what respects, if any, such methods of raising money are preferable to financing welfare services out of taxation, is debatable. The financing of charity by the operation of football pools is as uneconomical as the financing of funerals by industrial assurance.

However much public social welfare services may expand in future, there will remain a vast field of work for voluntary and charitable welfare. In the words of the late Bishop of Clonfert, the Most Reverend J. Dignan " . . . if anyone thinks there will be no further scope for giving in charity once all are entitled to insurance benefits he must know very little about human nature and human needs."[96]

[96][B.10.]

Appendix II—Farmers and Unemployment Pay[97]

A brief examination of the position of farmers in relation to social security unemployment pay is pertinent in view of the widespread opinion that such pay, particularly in the West of the country, is a disguised subsidy to agriculture. Farmers, their sons and agricultural workers are entitled to social insurance benefits and social assistance on broadly similar terms as other self-employed and employees. One of the differences is to the advantage of agriculture. The weekly social insurance contribution for men mainly engaged in that industry is 6/- (7/4d. after January, 1964) while for men engaged in other industries it is 10/6d. (11/10d. after January, 1964). The value of this concession was about £600,000 in 1962. A difference operating to the disadvantage of farmers is that they, like all residents in rural areas, receive unemployment assistance at lower rates than residents in urban areas, i.e. towns above 7,000 population. At present the differential is 6/- per week for a single man and 8/- for a couple. (These will remain unaltered in November 1963 when assistance rates will be increased). This differential, reduced payment of unemployment assistance in rural areas by approximately £200,000 in 1962. It is interesting to note that while social insurance contributions for men engaged in agriculture are lower than for men in other industries, both receive benefits on the same terms and at the same rates. The different rates apply to non-contributory unemployment assistance, subject to a means test and financed out of general taxation. In all other respects unemployment assistance is paid to farmers and their relations on the same basis as to men in other industries. The nature of the means test and the effect of the Employment Period Orders have been discussed in Chap. IV (*e*).

The conditions for entitlement to social insurance Unemployment Benefit are necessarily somewhat complicated. The essential point is that an employed contributor may receive six months benefit in any nine month period. In order to qualify for benefit a man has to be able and willing to work, have paid 26 employment contributions[98] at some time and have paid or been credited with 26 contributions in the year[99] prior to the one in which the claim is lodged. He will be credited with contributions in respect of any period during which he registered as unemployed or disabled. Thus a man may qualify for Unemployment Benefit by previous periods of unemployment. He must, however, have been in insurable employment or registered as unemployed or disabled for at least 26 weeks in the year prior to the one in which he claims benefit. Furthermore, when a claimant has been paid six months benefit his entitlement ceases until he has paid 13 further contributions.[100] In order to qualify for the maximum rate of benefit—37/6d. per week at present, 42/6d. after January 1964—a claimant must have paid or been credited with 48 contributions in the previous year; if he has at least 26 but less than 33 contributions he will be entitled only to a reduced rate of benefit —30/- at present, 34/- after January, 1964. Increases for dependants are not affected by the number of contributions paid or credited.

Voluntary contributors[101] pay their own contributions which do not cover Unemployment Benefit. All other social insurance contributions must be paid by the employer on behalf of the employed contributor.[102] A self employed or un-

[97]The phrase 'unemployment pay' is used to refer to all payments to the unemployed including both Unemployment Benefit and Unemployment Assistance.

[98]Contributions paid at ordinary rates or at agricultural rates.

[99]Strictly speaking the contribution year ending five months before the benefit year.

[100]This does not apply to men after the age of 65.

[101]Persons who have been compulsorily insured, have paid at least 156 employment contributions and elect to remain insured for certain benefits.

[102]The employer may deduct half the contribution from the employee's wages.

employed man may not pay contributions, other than voluntary contributions, on his own behalf. If this were permitted many small farmers might find it profitable to pay their own contributions. Payment in respect of insurable employment is compulsory; in no other circumstances is it permissible. In general employment under any contract of service, written or oral, whether expressed or implied is insurable employment. However, the employment by a farmer of his son (or other close relative), who resides with him, is not insurable employment unless such employment is under a written contract of service. It is therefore not possible for a son who lives in his father's household to qualify for Unemployment Benefit in respect of any work he undertakes on his father's farm. The question of whether the son is paid or not does not arise and is not relevant. Written contracts of service between father and son are rare. It is, however, perfectly legal for two farmers to employ each other's sons and thereby enable both boys to undertake insurable employment and qualify for Unemployment Benefit. The sons will, of course, have to be paid the minimum statutory agricultural wages. Collusion is said to be not uncommon and cases of fraud—the payment of contributions without a genuine employment contract—are also known to occur. The extent of such practices is very difficult to estimate. The number of agricultural insurance stamps sold in relation to agricultural insurance cards exchanged indicates that on average there are less than 26 paid contributions on each card. Farmers, their sons and any agricultural workers can qualify for Unemployment Benefit also by contributions paid in respect of work insured at ordinary rates.

In both Connacht and Ulster many farmers and their relatives are under-employed, especially in the winter, and there are only few opportunities of paid employment. This is reflected in the very high level of emigration from these provinces in the past decade.[103] It also results in many men registering as unemployed most, but not all, of whom have been employed intermittently in agriculture. In Connacht in January 1961[104] male applicants for Unemployment Assistance in rural areas equalled in number about 8% of all males employed in agriculture in the succeeding June. The corresponding proportion for Ulster was 10%. In addition claimants for social insurance Unemployment Benefit on the same basis were in Connacht 4% and in Ulster 5%.[105] These percentages are meant to illustrate the magnitude of the problem, they are, however, certainly too high as a measure of agricultural unemployment.[106] Some unemployment in these areas in January must have occurred in the building and the catering industries. In any case the number of unemployed has fallen somewhat since that date. The validity of the percentages may be a little doubtful but the fact that in January 1961 nearly 12,000 men residing in rural areas in Connacht and nearly 7,000 men in Ulster received unemployment pay is indisputable. On account of seasonal factors and the effect of the Employment Period Orders the number receiving unemployment pay during the summer months is much smaller. Expenditure on unemployment pay is not normally analysed on a county basis. The only recent year for which regional figures are available is 1958/9. In that year unemployment pay amounted to £800,000 in Connacht and £500,000 in Ulster. About 1960 it accounted very approximately for 1·1% of all personal incomes in Connacht and 1·4% in Ulster.[107]

[103] See *supra*, page 4.
[104] Latest figures available.
[105] [R.17.]
[106] The figures relating to employment are not strictly comparable with those relating to unemployment as they are obtained from different sources.
[107] [B.4.]

Appendix III—Regional Redistribution

Social services involve transfers of the right to use resources. These transfers may be between people in different circumstances (e.g. employed and unemployed, old and young) or between different income groups or between different regions of the country. Transfers between people in different circumstances are quite easy to measure, e.g. the transfer to the unemployed is the aggregate of unemployment benefit and unemployment assistance plus possibly home assistance and the monetary value of differential rent benefit. Transfers between income groups cannot at present be ascertained as the necessary information is not available. For regional transfers it is possible to make reasonably reliable estimates. Regions whose payments of taxes including social insurance contributions and rates exceed the value of services and payments received, benefit from transfers and vice versa.

All government expenditure, not only social services, involves transfers. Those due to social services can be isolated by expressing regional or county tax payments and benefits per head as percentages of national average. Dividing the benefit percentage of a county by the tax percentage and multiplying the quotient by 100 gives a Transfer Index. Thus Dublin's tax payments are 30·2% above the national average and its benefits are 9·3% below the national average; its transfer index works out at 69·7%. A Transfer Index of 100 means that a county neither loses nor gains by redistribution due to social services. A Transfer Index above 100 indicates that it benefits by redistribution, while an index below 100 indicates that it loses.

The allocation of taxes and benefits to particular counties involves a certain degree of arbitrariness but the errors introduced by this are quite small compared with other problems which have to be considered. In computing the Transfer Index, social services have been taken to include education, health and welfare, social insurance benefits, home and social assistance and housing subsidies.

The counties differ widely in size. County Dublin contains one quarter of the population of the State, and more than the combined total of the eight counties in the provinces of Ulster and Connacht. County Cork has ten times the population of County Leitrim. Nor are the counties homogeneous. The Transfer Index for County Cork will be too low for West Cork and too high for East Cork.

Expenditure on social services is taken as a measure of benefits received. This is a convenient assumption but it is not necessarily accurate. Housing subsidies are the difference between the actual rent charged and the economic rent. Economic rent is the total of depreciation, interest payments, repairs and administration. The economic benefit of public housing to the tenants is, however, not the difference between the rent actually charged and economic rent but the difference between the rents paid and market rents, i.e. the rent they would have to pay if they did not have a tenancy in a house provided by a public authority. For houses built some years ago the difference between market rent and economic rent is quite wide and in these cases housing subsidies underestimate the benefits received. The expenditure per child in a village school having two teachers and 40 children will be greater than in a school in an urban area having nine teachers and 270 children. This higher expenditure does not, however, indicate greater benefit. Children streamed by age in a large school may well receive a better education than children in a small school where one teacher has to take children of widely different ages. There are many other instances of a similar nature, e.g. if wages of hospital domestic staff in Dublin are higher than in Mayo, it would seem that health services are more expensive in Dublin, but this difference of expenditure does not correspond to a difference in the quality of the service.

Government policy imposes many burdens which are not taxes and grants benefits which are not social services but which have similar effects. Import duties and quotas raise prices and there by encourage home production of the commodities on which the duty is charged or on which the quota is imposed.

The prices of agricultural as well as manufactured goods are protected by tariffs and quotas. However, prices of foodstuffs in Ireland are on average about the same as in the U.K. and lower than in other Western European countries, while by and large tariffs on manufactured goods are reflected almost exactly in their prices. Producers' prices of goods manufactured in Ireland are on average 10% higher than in the U.K. (see Nevin—The Irish Price level: A comparative study. E.R.I. October 1962 [B2]). The home produced goods will sell at higher prices than goods obtained from abroad would have sold but for the duty. This excess price is, from the purchasers, point of view, in its economic effects indistinguishable from a tax. The burden borne by the purchaser of the home produced commodity will be more than offset by benefit derived in the locality where the commodities are now manufactured. Thus the excess price borne by the purchaser of a car in Donegal will benefit the motor car worker in Cork. He will now earn £15 making cars while otherwise he would be earning only £10 per week or even be unemployed.

Protective duties and quotas will increase aggregate incomes in the areas where they have encouraged production by larger amounts than the excess prices paid by the purchasers of these goods, i.e. the price excess will be less than the value of labour in the home produced commodity. Average incomes in the producing area will rise proportionately less than aggregate incomes as it is quite likely that the Cork worker if he cannot produce cars at home will produce them in England. All these different burdens and benefits are difficult to calculate and to allocate to counties; they are not covered by the Transfer Index. Protective duties and quotas have also got another effect. They will prevent some people from buying the commodity who would have bought at the price at which it could be bought from abroad. These frustrated purchasers are worse off than they would have been but for the duty or quota. They suffer an economic loss but the burden they bear, real though it is, cannot be measured.

Some road building is undertaken partly to improve communication, partly to relieve or prevent unemployment. Government grants to industry, e.g. shipbuilding and steelworks in County Cork, are intended partly to create and maintain employment, partly to be investments in enterprises which are expected to yield a commercial profit. In both these instances government expenditure contains a social service element and this is equally true of many other types of subsidies, not excluding agricultural subsidies. This social service element cannot easily be measured and is not covered by the Transfer Index.

The table shows quite clearly that differences in tax burdens are both proportionately and in absolute terms much greater than differences in social service benefits. The range in benefits is between £22·2 p.a. in Kildare and £29·5 p.a. in Donegal. As benefits are fairly small—less than £25 per head and just above 10% of G.N.P.—what appear to be quite substantial percentage differences amount to only a few pounds per year. The range in tax burdens is from £28·8 p.a. in Mayo to £59·0 p.a. in Dublin. Personal incomes in Dublin were in the "County Paper" estimated to be half as great again as those in Mayo. Taxes in Dublin are twice as high as those in Mayo. Taxation is progressive between counties, i.e. the richer counties pay a larger proportion of their income in tax than the poorer counties. In County Dublin the population is 25% of that of the State, they enjoy 29% of all incomes, pay 33% of all local rates and 45% of all taxes on incomes and social insurance contributions. In Donegal the population is 4%, they enjoy 3·1% of all incomes, pay 2·7% of rates and 2·4% of all taxes on income and social insurance contributions. About 41% of all taxes allocated to counties are taxes on expenditure (mainly beer, tobacco and spirits) which have been distributed proportionate to personal incomes, i.e. on the assumption that the income elasticity of demand for the aggregate of the commodities taxed is unity. This is the most reasonable assumption which can be made, knowledge of income elasticity of these commodities is scarce and dubious.

The Transfer Index attempts to measure redistribution of incomes resulting from social services. It does so only imperfectly as it is based

TABLE 20: INCOME REDISTRIBUTION THROUGH SOCIAL SERVICES BETWEEN COUNTIES, 1960–61

Counties (1)	Allocated Taxes per Head (2)	Social Service Benefits per Head (3)	Tax Index (4)	Benefit Index (5)	Transfer Index (6)
	£	£			
Carlow	47·8	25·6	105·5	103·2	97·8
Dublin	59·0	22·5	130·2	90·7	69·7
Kildare	48·8	22·2	107·7	89·5	83·1
Kilkenny	46·5	24·8	102·6	100·0	97·5
Laoighis	44·6	23·0	98·5	92·7	94·1
Longford	40·0	28·8	88·3	116·1	131·5
Louth	40·2	23·4	88·7	94·4	106·4
Meath	49·8	24·3	109·9	98·0	89·2
Offaly	47·2	23·3	104·2	94·0	90·2
Westmeath	45·7	25·7	100·9	103·6	102·7
Wexford	42·0	24·0	92·7	96·8	104·4
Wicklow	48·4	23·2	106·8	93·5	87·5
LEINSTER	53·6	23·3	118·3	94·0	79·5
Clare	33·7	26·4	74·4	106·5	143·1
Cork	44·8	24·7	98·9	99·6	100·7
Kerry	33·3	26·1	73·5	105·2	143·1
Limerick	42·0	25·9	92·7	104·4	112·6
Tipperary	45·7	24·7	100·9	99·6	98·7
Waterford	49·6	27·2	109·5	109·7	100·2
MUNSTER	42·3	25·4	93·4	102·4	109·6
Galway	35·2	25·8	77·7	104·0	133·8
Leitrim	33·0	28·8	72·8	116·1	159·5
Mayo	28·8	27·2	63·6	109·7	172·5
Roscommon	34·0	27·4	75·1	110·5	147·1
Sligo	34·8	25·6	76·8	103·2	134·4
CONNACHT	32·9	26·7	72·6	107·7	148·3
Cavan	33·6	26·8	74·2	108·1	145·7
Donegal	32·9	29·5	72·6	119·0	163·9
Monaghan	38·4	25·4	84·8	102·4	120·8
ULSTER	34·2	27·9	75·5	112·5	149·0
TOTAL	45·3	24·8	100·0	100·0	100·0

NOTES ON TABLE 20

A. Allocated Taxes per Head

		Tax £m	
(1)	Hydrocarbon oils	13·5	Allocated by mechanically-propelled vehicle licences in each county. [R.4] Table 327.
(2)	Motor cars and parts	3·2	
(3)	Motor vehicle licences	6·4	
		23·1	
(4)	Beer	8·8	Allocated by personal income in counties as shown in [B4] Table 2, Col. 6.
(5)	Tobacco	28·3	
(6)	Spirits	7·7	
		44·8	
(7)	Local rates	22·1	As published in [R.22.].
(8)	Taxes on personal income (incl. social insurance contributions)	28·4	As published in "County Paper", Table 10, Col. 8. [B.4.].
(9)	Special and other customs and excise	9·2	Allocated by personal income in counties as shown in "County Paper" Table 2, col. 6.
(10)	Allocated taxes	127·6	Per head figures calculated from [R.3.].
(11)	Taxes not allocated [108]	19·9	
(12)	All taxes	147·5	

B. Social Service Benefits per Head

		Benefits £m	
(1)	Children's allowances	7·1	Allocated by number of children under 15 per [R.3.].
(2)	Old age pensions	11·7	As in [R.10.] page 62, col. 11.
(3)	Disability benefit	4·4	Allocated by [B.4.], Table 9, col. 4, (refers to 1958–59).
(4)	Unemployment assistance and benefit	3·7	Allocated by [B.4.], Table 9, col. 5, (refers to 1958–59).
(5)	Widows' and orphans' pensions	4·0	Allocated by [B.4.], Table 9, col. 6, (refers to 1958–59).
(6)	Public assistance	1·0	As in [R.22.], pages 26 and 40.
(7)	Health services	17·6	[R.22.] pages 27, 28, 40, 41.
(8)	Housing subsidies	4·8	[R.22.] pages 31, 42, 51.
(9)	Secondary schools	3·0	Allocated by residences of pupils as [R.18.], page 129.
(10)	National schools	11·1	Allocated by salaries of teachers in National Schools [B.4.], Table 8, col. 6.
(11)	Vocational schools	1·5	Allocated per teaching hours, [R.18.], page 151.
(12)	All benefits	69·9	Per head figures calculated from Population Census, 1961.

C. Tax Index
Allocated taxes per head expressed as percentage of average allocated taxes per head for the whole State.

D. Benefit Index
Social service benefits per head expressed as percentage of average social service benefits per head for the whole State.

E. Transfer Index
Benefit index divided by tax index, quotient multiplied by 100.

on the assumption that benefits are measured by expenditure. The Index does not reflect other burdens and benefits brought about by government policy. These, strictly speaking, are not all transfers as a burden of say £10,000 borne by one area may result in a benefit of say £20,000 to another area. If it were possible to measure and account for all economic effects of government policy affecting relative regional standards of living, it would certainly reveal that the Transfer Index not merely exaggerates but also distorts. Counties which are shown to gain may actually lose and vice versa.

Many people seem to believe that Leinster and Munster support Connacht and Ulster.[109] This hypothesis could possibly be tested with a great deal of labour and even more guesswork by a detailed examination of production and distribution censuses and government accounts. The same result can, however, be achieved by a brief excursion into the land of political fantasy. What would be the economic effect on Leinster and Munster if Connacht and Ulster were not part of the Republic? The population of the State would then be a quarter less but it is unlikely that the overhead cost of running would be correspondingly lower. This quarter of the population buy at present roughly one-sixth[110] of all goods manufactured in the State but produce hardly any themselves. If they were an independent state they would buy manufactured goods from anywhere in the world where prices are low or they would start industries of their own behind a protective tariff. It is not probable that they would import goods from Leinster and Munster. The Irish market for manufactured goods would thus be even smaller, cost of production of

[108]Including Corporation Profits Tax, Non-personal Income Tax, Estate Duties, Stamp taxes.

[109]West Cork, Kerry and Clare have economically more in common with Connacht and Ulster than with the rest of Munster. The real economic division is between West and East rather than between provinces.

[110]About the proportion as motor vehicles registered in these two provinces are to all vehicles registered in the State.

some goods would be higher and exports would not be any easier. Employment in manufacturing industries would contract, emigration would increase and the population would be lower than it is at present. As the relatively prosperous industrial sector (in terms of earnings) would decline, standards of living on average would also be lower.

At present, Ulster and Connacht bear about 17% of all allocated taxes (£21·2 million); if they were to be taxed proportionately to their population their payments should be £30·2 million. On the assumption (quite arbitrary but it is hoped not unreasonable) that benefits per head in all areas are much the same, this difference of £9 million could be considered as an estimate of the extent to which the two poor provinces are subsidised. If they were independent this subsidy would cease. But in that case incomes in Leinster and Munster would be less (decline in industry, and emigration) and so would be taxable capacity. Taxes in the Republic amount to 28% of national income. A loss of income of £32 million would therefore offset the saving in not having to subsidise the West. It seems probable that the loss of income would be at least of this magnitude.

This reasoning leads to the firm conclusion that while Connacht and Ulster are poorer than Leinster and Munster, the richer provinces would be poorer and less populous if they were not united with the poorer provinces. The hypothesis that Leinster and Munster support Connacht and Ulster is not proven.

Appendix IV—Statistical Notes and Sources

Table 1	Col. 2	U.K. and E.E.C. [I.1.] Table 12, Ireland [R.2.], Table XXXV.
	Cols. 3 & 4	U.K. and E.E.C. [I.1.], Table 16, Ireland [R.2.], Table 9, both standardised by age distribution of England as [I.1.], Table 5, Irish Provinces [R.2.], Table XVII, standardised by Irish age-distribution.
Table 2	Col. 3	Live births to women over 35 as % of all live births (I.2.], Table 15.
	Col. 4	Live births of 4th and subsequent children as % of all live births [I.2.], Table 15.
Table 3	Cols. 2 & 3	Single men and women over 15 as % of all men and women above that age for Germany [F.1.], Table 10, for England [U.2.], Table 13 and for Ireland and Provinces [R.3.], Table 12.
	Cols. 4 & 5	Single men and women 45–64 as % of all men and women of that age (same sources as Cols. 1 & 2).
Table 4	Cols. 2–7	Marriages of women and men below age specified as % of all marriages for U.K. and E.E.C. [I.1.], Table 28, for Ireland and Provinces [R.2.], Tables 45–46.
Table 5	Col. 2	[I.1.] Table 6.
	Col. 3	Col. 2 expressed as index Ireland=100.
	Col. 4	[I.1.], Table 12.
	Col. 5	Col. 4 expressed as index Ireland=100.
	Col. 6	Fertility rates as Col. 4 standardised by age-distribution of married women in England [U.3.].
	Col. 7	Col. 6 expressed as index Ireland=100.
Table 6	Cols. 2–5	Population of specified ages as % of total population for U.K. and E.E.C. [I.1.], Table 5 for Ireland and Provinces [R.3.], Table 12.
Table 7	Col. 2	[U.2.], Table 281, Military Defence, [U.12.], Table 36.
	Col. 3	Col. 2 divided by 52·8 million population.
	Col. 4	[R.19.] Table A2, for Farm Adjustment, page 52, Military Defence, [I3.], page 133.
	Col. 5	Col. 4 divided by 2·8 million population.
	Col. 6	Col. 5 as % of Col. 3.
	Col. 7	Col. 3 as % of Col. 5.
Table 8	All Col.	Calculated from Country Tables and International Tables in [I.3.].
Table 9	Col. 2	[R.5.], Table 1 and 3.
	Col. 3	[B.4.], Table 5, Col. 7.
	Col. 4	[R.6.], page 269.
Table 10	Col. 2	[I.4.], page 2.
	Col. 3	[I.4.], page 56.
Table 11	Cols. 4 & 5	Cash Benefits for E.E.C. as [I.6.], Tabelle III and Anlage I, for U.K. [U.2.], Tables 40–42, for Ireland [R.10.], page 84 and [R.4.], Table 191, as % of Personal Incomes [I.3.], Part C, Table 6; for Northern Ireland Cash Benefits [U.6.], Table 29–31, as % of [U.6.], Table 129.
	Cols. 6 & 7	Benefits in Kind for E.E.C. as [I.6.], Tabelle III and Anlage I, for U.K. [U.2.], Tables 40–42, for Ireland [R.10.], page 84 and [R.4.], Table 191, as % of Total Expenditure [I.3.], page 137.
	Cols. 2 & 3	Cash Benefits as Cols. 4 & 5 and Benefits in Kind as Cols. 6 & 7 as % of G.N.P. [I.3.].
Table 12	Col. 2	[I.4.], page 61.
	Col. 3	for Ireland 1953-60, [R.4.], Table 126, 1961 (ITJ & SB, Dec. 1962) 1962 estimated, for U.K. [U.14.], page 44.
	Col. 4	Col. 3 as %, 1953=100.
	Cols. 5–8	For Ireland 1953–62, [R.8.], [R.9.], [R.10.], for 1962 [R.23.], for U.K. 1953–62, [U.2.], Table 48 for 1963 [U.13.], page 3.
	Col. 9	Col. 4 divided by Col. 2.
	Cols. 10–13	Col. 5–8 respectively divided by Col. 2 expressed as %, 1953=100.
Table 13	Cols. 2–3	For E.E.C. [I.6.], Anlage II, for U.K. and N.I. contribution rates payable in June 1963 as % of average earnings of adult males in manufacturing in April, 1962, graduated contributions included; for Ireland contributions payable in 1963 expressed as % of estimated average earnings of adult males in transportable goods industries in September, 1962.
	Col. 4	Col. 2 plus Col. 3.
	Col. 5	For E.E.C. [I.6.], Anlage II for U.K. and Ireland as for Table XII, Col. 3.
Table 14	Cols. 2 & 4	[R.10.].
	Cols. 3 & 5	[R.10.], page 85 except last two lines [R.4.], Tables 192–196.
Table 15	Col. 2	[R.24.], Table 15, earnings for 1962 refer to December.
	Cols. 3–6	for 1953–62 [R.8.], [R.9.], [R.10.], for 1963, [R.23.].
	Cols. 7–11	Cols. 2–6 respectively divided by Col. 2, Table XII, expressed as %, 1953=100.
	Cols. 12–13	for 1953–61 [U.8.], page 16, 1962–63, [U.14.], page 60.
	Cols. 14–15	Cols. 12–13 divided by lower half of Col. 2, Table XII, expressed as %, 1953=100.
Table 16	Col. 1	Incomes selected.
	Col. 8	Col. 4 minus Col. 7.
Table 17	Col. 1	Income selected.
	Col. 2	Tax levied on income in Col. 1.
	Col. 3	Tax levied on income in Col. 1, increased by 10 per cent.
	Col. 4	Tax levied on income in Col. 1, increased by 50 per cent.
	Col. 5	Col. 2 as per cent of Col. 1.
	Col. 6	Col. 2 plus Col. 3 as per cent of Col. 1 increased by 10 per cent.
	Col. 7	Col. 2 plus 4 as per cent of Col. 1 increased by 50 per cent.
	Col. 8	Col. 3 as per cent of Col. 2.
	Col. 9	Col. 4 as per cent of Col. 2.
Table 18	Col. 2	Social insurance contributions for E.E.C. [I.6.], Tabelle III, for U.K. [U.12.], Table 39, for Ireland [R.19.], Table A12, all expressed as per cent of direct taxes on households in [I.3.].
	Col. 3	Social insurance contributions as in Col. 2, expressed as per cent of all taxes in [I.3.].
Table 19	Col. 3	[U.13.], page 3 and 5.
	Col. 4	75 per cent of Col. 3.
	Col. 5	[R.16.].

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