

A blueprint for the Irish welfare state

ESPN Flash Report 2021/29

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Description

In November 2020, the National Economic and Social Council (NESC) published a report on the future of the Irish social welfare system. This report offered a vision of what the welfare state should look like and what problems it should address. Among the report's most novel suggestions is the piloting of a "participation income" scheme which would reward activity of social value such as voluntary or currently unpaid caring and other work. This report opened up debate in Ireland about the way forward for the welfare state. On 2 June 2021, the government announced that it would pilot a full basic income scheme for artists.

Ireland was one of the Member States most deeply affected by the 2008 recession. A major programme of austerity in income support and public services followed (Daly 2019). It is only in the last 5 years or so that expenditure on welfare and social services has started to grow significantly. The National Economic and Social Council (NESC), which advises the Prime Minister on economic and social development, published a report in 2020 on the future of the Irish social welfare system. The report takes stock and updates the Council's vision of how the Irish welfare state should be configured. Inspired by a social investment approach, it emphasises three pillars: adequate income, supportive services and community development.

The report identifies four trajectories of reform: improve income adequacy and alleviate poverty, modernise family benefits, support high participation in employment and community, and enhance financial sustainability. For each of them, it details the measures that should be undertaken. In regard to the first, the case is made for an agreed method for updating benefit levels and for child income support measures to be streamlined so that they can reach low-income families irrespective of whether they are on a welfare payment or in low-paid employment. When it comes to modernising family supports, the male breadwinner orientation of many of the Irish benefit and taxation provisions is critiqued. With gender equality as a special concern, the case is made for individualisation of some benefits and tax allowances for spouses/partners and

entitlement to parental leave on a part-time basis. With regard to supporting employment and community participation, the report makes recommendations on supporting services: education, childcare, healthcare and housing. In all of these domains the concern is to protect those who are disadvantaged by reducing barriers to uptake (such as cost for example) or filling gaps in provision (in relation to housing especially). Higher employment participation (to be achieved inter alia by a more inclusive public employment service and greater support for part-time work) should be accompanied by recognition of work that is currently unpaid but of societal value, such as voluntary or caring work. For the latter purpose a pilot participation project is recommended. Finally, to enhance the financial sustainability of the welfare state, the report lists a series of possibilities that could be reviewed: capital taxation rates and exemptions, the capping of tax expenditures with a social purpose (for example pension and health insurance tax relief), the application of multiple rates of income tax, and a more strategic management and control of expenditure on benefits.



Outlook and commentary

The report is wide-ranging in its compass and is attuned to both the historical evolution and contemporary form of the Irish welfare state. Its publication at a significant moment in the recovery from COVID-19 is very important and its critical engagement with the underlying model of welfare has import for other countries also. The

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emphasis on participation and protection is widely relevant, for example. Although much of the report's analysis predated the pandemic, many of the suggested changes have purchase as Ireland moves forward. To be highlighted here especially is the suggestion to recognise and financially compensate forms of work and social engagement that are currently unpaid - given the huge significance of this type of contribution during the pandemic. A participation income to support activity of social value is preferred over a Universal Basic Income for example, mainly because of the cost of the latter and its unknown effects on employment incentives. The report's concern over gender equality also contributes, especially given that Ireland, like some other EU Member States, is effectively a "half-way house", with many traditional caring patterns in place, relatively low employment participation by mothers and a welfare system that still contains some male breadwinner supports (Murphy 2018).

But the COVID-19 situation raises profound questions about the appropriate model of the welfare state going forward. Even before the pandemic some of the weaknesses of the social

investment model, which shifts the role of social policy to more actively support human capital development and labour market participation, were becoming clear. There is some evidence of a Mathew effect for example, whereby those who are not poor benefit disproportionately from public benefits and services (Pavolini and Van Lancker 2018). In addition, questions have to be raised about the capacity of an activation approach to make significant inroads into poverty and disadvantage with low-paying and precarious work expanding rapidly. The social investment approach will only work if people can find an adequate income and secure career progression in the labour market. Whether Ireland offers this possibility to the degree required has been questioned (McGann et al 2020). All Member States are faced with questions about whether the labour market can deliver, in particular when COVID-19 has especially affected those sectors of the economy where people with poor education and other resources have traditionally looked for work. In this context, the balance between participation and protection may need to be reconsidered and radical shifting of priorities envisaged.

Further reading

Daly, M. (2019) "Ireland: The welfare state and the crisis", in Ólafsson, S., Daly, M., Kangas, O. and Palme, J. (eds) *Welfare and the Great Recession*, Oxford University Press, pp. 115-131

McGann, M., Murphy, M.P. and Whelan, N. (2020) "Workforce redux? Pandemic unemployment, labour activation and the lessons of post-crisis welfare reform in Ireland", *International Journal of sociology and Social Policy*, 40, 9/10: 963-978

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National Economic and Social Council (2020) *The Future of the Irish Social Welfare System: Participation and Protection*: http://files.nesc.ie/nesc_reports/en/151_Future_Social_Welfare.pdf

Pavolini, E. and Van Lancker, W. (2018) "The Matthew effect in childcare use: A matter of policies or preferences?", *Journal of European Public Policy*, 25, 6: 878-893

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