

POVERTY, INCOME INEQUALITY AND LIVING STANDARDS IN IRELAND: FOURTH ANNUAL REPORT

Barra Roantree, Bertrand Maître and Helen Russell



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This report has been peer-reviewed prior to publication. The authors are solely responsible for the content and the views expressed.

FOREWORD

This report on Poverty, Income Inequality and Living Standards by the ESRI in partnership with Community Foundation Ireland makes clear that divisions in our society persist, for example with 250,000 children under age five and their parents living below the poverty line.

In addition to those struggling to make ends meet, others are also being increasingly excluded from civic participation, including older people, young people and migrants. As a result of this exclusion, many are not heard when it comes to policies which directly impact their daily lives.

Such exclusions challenge equality and social cohesion while breaking down trust in our public institutions. This is the road to mistrust, anger and fear creating a divided society which is socially and economically poorer.

The report authors have identified actions to address these increasing challenges.

It is noted the core rates of social welfare payments have not kept pace with inflation, with cost-of-living relief given through temporary measures. Addressing this in the forthcoming Budget must be a priority.

We must also strengthen our communities – and where necessary rebuild them – through civic participation programmes in schools, more support for community groups, public spaces, parks and sports facilities. We only succeed as a society and a country when all our communities thrive.

Community Foundation Ireland has a network of 5,000 voluntary, community and charitable partners, and the challenges identified in this research reflect the challenges many of them face on the ground every day.

This programme of research identifies trends which should cause us all concern. It is time now to reverse those trends by taking policy decisions which promote inclusion and equality for all.

Denise Charlton,
Chief Executive,
Community Foundation Ireland

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ABBREVIATIONS

AHC	After housing costs
AROP	At risk of poverty
BHC	Before housing costs
CSO	Central Statistics Office
ECHP	European Community Household Panel
ESRI	Economic and Social Research Institute
EU	European Union
HAP	Housing Assistance Payment
LFS	Labour Force Survey
LIIS	Living in Ireland Survey
OECD	Organisation for Economic Co-operation and Development
RMF	Research Microdata File
RS	Rent Supplement
SILC	Survey of Income and Living Conditions

EXECUTIVE SUMMARY

KEY FINDINGS

This report is the fourth from an ESRI research programme funded by Community Foundation Ireland, which seeks to address gaps in our knowledge and understanding of poverty, income inequality and living standards in Ireland. The thematic chapter in this year's report considers life satisfaction, civic and social participation.

The key findings of this year's report are as follows:

Income growth and inequality

- **After a decade of uninterrupted growth, the latest data from the Survey of Incomes and Living Conditions (SILC) show inflation has left average real disposable income lower than it was two years earlier.** After tax and transfer incomes adjusted (equivalised) for household size have fallen in real terms at both the mean and median: by 2.2 per cent and 5.4 per cent respectively between 2021 and 2022. This was sufficient to leave average incomes lower than they were in 2020, with the decline largely a result of the rise in prices that has followed the COVID-19 pandemic and the invasion of Ukraine.
- **A notable exception to this decline in average incomes is for those aged 65+.** Although average equivalised disposable incomes declined in real terms by around 3 per cent for those under 65 on both a Before Housing Costs (BHC) and After Housing Costs (AHC) basis, they grew by 3 per cent for those aged 65+. Strikingly, equivalised AHC income is now on average higher for those above age 65 than those under 65. This growth has been driven by a rise in income from employment, self-employment and the rental of property or land, as well as a rise in the share of those aged 65+ with a spouse in paid work.
- **Incomes have stagnated across the rest of the distribution, halting the sustained decline in measures of income inequality that has been seen since 2017.** Between 2012 and 2021, incomes grew fastest at the bottom of the income distribution, leading to a decline in measures of income inequality including the Gini coefficient which summarises the level of income inequality as a number between 0 (where everyone has the same income) and 1 (where one person has all income). While we estimate the Gini coefficient fell from 0.296 in 2012 to 0.261 in 2021, this decline appears to have stalled with real incomes stagnating across the distribution over the last two years of data.

Income poverty and material deprivation

- **Rates of material deprivation have risen across the population as a whole for the second year in a row.** The share of individuals unable to afford two or more items from a list of ten essentials has increased from 13.2 in 2021 to 16.3 per cent in 2023, with over half of those renting from an approved housing body, local authority or receiving Housing Assistance Payment (HAP) reporting being unable to do so. Rates of material deprivation have also increased for children, with a fifth of those aged 0–17 experiencing material deprivation compared to one in ten for those aged 65+.
- **Despite falling for those aged 65+, measures of income poverty have risen for children when accounting for housing costs.** Rates of income poverty are particularly high in households where the youngest child is aged 0–5, with a quarter of those in such households (amounting to almost 250,000 children and parents) below the AHC income poverty line. This suggests additional measures – such as a second tier of child benefit targeted at low-income families, explored by Roantree and Doorley (2023) in last year’s report – may need to be considered if Government commitments to reduce rates of child poverty are to be achieved.
- **Overall, these trends pose a real challenge for the Government in the upcoming Budget.** While inflation is falling and those in employment are likely to see a rise in their real incomes, temporary cost-of-living-related payments have played a key role in maintaining the income of those at the bottom of the distribution. Given the limited resources allocated to tax and welfare measures in the recent Summer Economic Statement (Department of Finance, 2024), it is unlikely increases to core payments will be sufficient to offset the withdrawal of temporary payments, meaning that the incomes of those at the bottom of the distribution are likely to lag behind those of the rest of the population with consequences for income poverty, inequality and material deprivation.

Life Satisfaction, Civic Participation and Social Contact

- Levels of **life satisfaction** are strongly associated with income poverty and even more so with material deprivation. Being deprived reduces life satisfaction by over one point on a ten-point scale. This effect is larger than that observed for poor health and the pandemic.
- Life satisfaction declined significantly during the pandemic period (2020 and 2021). Particularly sharp declines were seen among young people and lone parents.
- The relationship between poverty and life satisfaction is similar for most groups; however, we find that deprivation has a stronger effect on satisfaction for those aged 35–55 and 55–64 years compared to the older age group. This

is likely to reflect greater financial responsibilities. There is also a somewhat stronger association between income poverty and life satisfaction for men.

- Income poverty and deprivation also have a depressing effect on **civic participation** (formal and informal volunteering and political participation). Pre-pandemic in 2015, 61 per cent of the deprived did not participate in any of these activities in the previous 12 months compared to 49% of the non-deprived.
- The **pandemic** was associated with a sharp decline in civic participation across all groups. The average score on civic participation dropped by half, falling from 0.79 in 2015 to 0.44 in 2022. Additionally, although the gap between those in income poverty and deprived and others narrowed only slightly, their civic participation remained significantly lower by roughly one quarter.
- **Civic participation is lower among the youngest and oldest age groups, migrants from the EU and outside the EU.** However, the relationship between income poverty/deprivation and civic participation is somewhat weaker for the non-EU cohort than for those born in Ireland. This may reflect greater involvement in religion-based volunteering but the data do not allow us to disaggregate this effect further.
- **Social participation** measured through frequency of face-to-face or other contact with family and friends, is also significantly lower among those who are deprived or who are income-poor compared to other groups. Social participation declined between 2015 and 2022 across all groups, again reflecting the impact of the pandemic.
- Income poverty is not associated with the frequency of social contact once other factors are taken into account. However, **those who are deprived have significantly fewer contacts.** The reduction in social contact associated with deprivation (-0.9 on a ten-point scale) is greater than that associated with poor health (-0.8) and with the pandemic (-0.5).
- The relationship between deprivation and social contact is the same for all the sub-groups examined, except that it has a somewhat weaker effect for the youngest age group. This may arise because digital/remote contact is maintained despite deprivation.

CHAPTER 1

Introduction

Bertrand Maître, Barra Roantree and Helen Russell

This report is the fourth from a research programme funded by Community Foundation Ireland exploring the evolution of poverty, income inequality and living standards in Ireland. The programme seeks to advance our understanding of the nature and determinants of poverty and inequality in Ireland, building on a strong history of such work at the Economic and Social Research Institute (ESRI).¹

Central to the programme is the construction of harmonised data over a prolonged period of time. Although the Central Statistics Office (CSO) has – through the Survey of Income and Living Conditions (SILC) – collected comprehensive information on the living standards of households annually since 2003, these do not cover the period of rapid economic growth seen in Ireland over the 1990s. And while comparable surveys – the 1987 ESRI Survey of Income Distribution, Poverty and Usage of State Services (the 1987 Survey) and the Living in Ireland Survey (LIIS) – were conducted by the ESRI over these years, the indicators of poverty, income inequality and low living standards derived by researchers using these data (e.g. Callan et al., 1989; Nolan and Maître, 2000; Nolan, 2003) are not directly comparable with those produced subsequently.²

This research programme aims to help address some of these gaps by constructing – and providing analysis of – a harmonised set of indicators that can inform debate about issues relating to poverty, income inequality and living standards by policymakers, academics and the wider public alike.³ These are derived from the three high-quality large-scale household surveys mentioned above, which are described in greater detail in Appendix A along with the approach used to construct the measures of poverty, deprivation, income inequality and living standards used in the report. While much work has been done by the data collectors to maintain the comparability of these surveys over time, there were some methodological changes which nevertheless may affect estimates and which we flag here.

The first is that the LIIS adopted a longitudinal design with household members followed up in subsequent waves of the survey. By Wave 7 (2000), attrition was deemed to be a cause of concern and the original sample of individuals still in scope of the survey (i.e. who had not died, moved to an institution or outside of the EU) were supplemented with a booster sample of more than 1,500 individuals selected

¹ See, for example, Callan et al. (1988; 2018); Nolan et al. (2000); and Roantree (2020).

² This is for reasons as varied as differences in the definitions of income, deprivation, inflation and equivalence scales used across studies, in addition to revisions to the weights used to make these data representative of the underlying populations they are designed to measure.

³ A spreadsheet containing the data underlying the figures presented in this report is being published at <https://doi.org/10.26504/jr4> which will be updated for the duration of this research programme (2023–2026).

via a similar procedure as that used for the first wave of the survey. However, to avoid potential concerns about the representativeness of these later waves, we use only Waves 1–6 of the LIIS, spanning the years 1994–1999.

Second, 2020 saw some changes to SILC, most notably in the reference period about which individuals surveyed for SILC were asked about their incomes, from the 12 months prior to the date of interview to the calendar year prior to the date of interview. This means that respondents in 2023 – the latest year of data available – reported their incomes for the calendar year 2022 whereas respondents in 2019 reported their incomes for some period over 2018 and 2019 depending on when they were interviewed. In addition, there was also a change to the definition of a household from an address concept to a shared income and expenditure concept.⁴ As a result, some caution is required in comparing changes in measures of income growth, inequality and poverty across the 2019 and 2020 editions of SILC.

Finally, as with any household survey, there is likely incomplete coverage of the very top of the income distribution by the household surveys we utilise due to non-response and undersampling (Atkinson et al., 2011; Callan et al., 2021). In addition, like in many countries, neither SILC nor its predecessors collect information on realised or unrealised capital gains which are more prevalent towards the top of the income distribution, not least because of their preferable tax treatment relative to employment or dividend income (Björklund and Waldenström, 2021; Kakoulidou and Roantree, 2021).

This report proceeds as follows. Chapter 2 assesses recent changes in patterns of income growth and inequality. Chapter 3 then considers measures of income poverty and deprivation. Chapter 4 considers the possible wider impact of poverty: life satisfaction, civic participation and social contact. The report concludes in Chapter 5 with a summary of our key findings and some reflections on their implications for policy.

⁴ Further information on these and other changes to the SILC are detailed at <https://www.cso.ie/en/releasesandpublications/in/silc/informationnote-breakintimeseriessilc2020/>

CHAPTER 2

Income growth and inequality

Barra Roantree

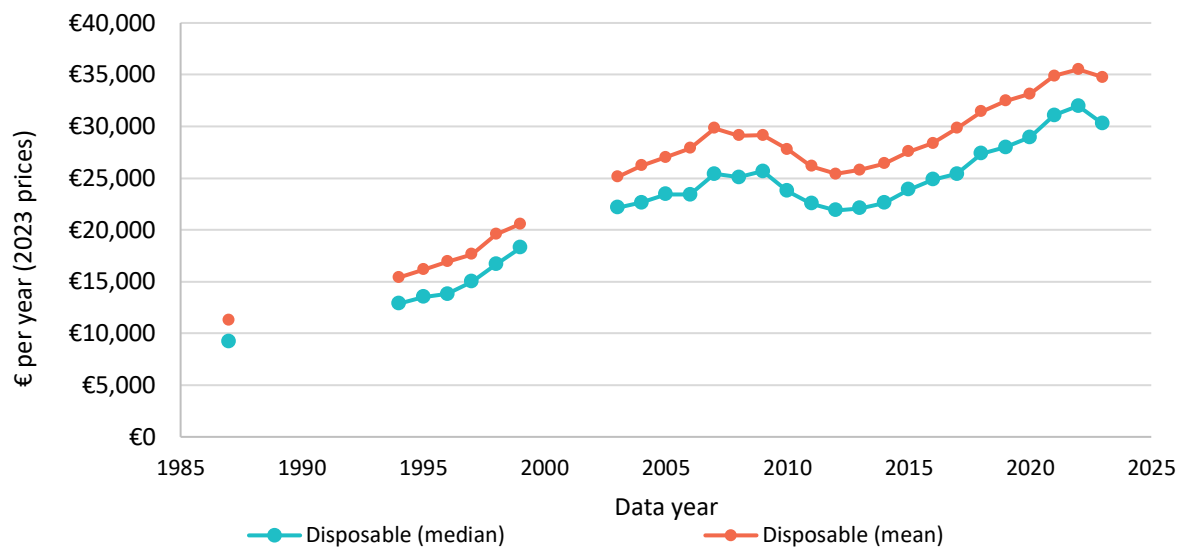
There is widespread concern among policymakers and the public in advanced economies about stagnating material living standards and rising economic inequality. For example, a recent report from the London-based Resolution Foundation and LSE Centre for Economic Performance (2023) described a ‘toxic combination of slow growth and high inequality’ in Britain, while the OECD (2019) has highlighted the ‘dismal’ income growth experienced by middle-income households in some countries over the last 30 years.

In this context, the experience of Ireland is less dispiriting than that of many other advanced economies. As Roantree and Barrett (2024) and previous editions of this report have highlighted, Ireland has experienced rapid – if volatile – growth in real incomes over the last three decades. This is shown in Figure 2.1, which plots the evolution over time of average real after tax and transfer income, adjusted (equivalised) for household size.⁵ Although subject to some limitations,⁶ equivalised disposable income provides an important measure of material living standards that is widely used by statistical agencies and researchers alike. The series in Figure 2.1 shows that both mean and median real equivalised disposable income have grown strongly from €11,307 and €9,211 respectively in 1987 to €34,746 and €30,268 in 2023. This corresponds to growth of 207 per cent at the mean and 229 per cent at the median, annualised growth rates of 3.2 per cent and 3.4 per cent respectively.

However, disposable incomes in Ireland have also been subject to significant volatility, with sharp declines experienced over the course of the 2007–2012 recession. Indeed, while the subsequent recovery was relatively rapid, it was not until 2017 that both mean and median disposable incomes surpassed their pre-recession peaks, amounting to a lost decade of income growth between 2007 and 2017 for the population on average.

⁵ As discussed further in Appendix A, we use the modified OECD equivalence scale which assigns the first adult in a household a weight of 1, children under 14 a weight of 0.3 and any other individuals a weight of 0.5. This is consistent with the approach of Eurostat among others, but differs from that of the CSO in official statistics who use equivalence scales of 1, 0.33 and 0.66 respectively.

⁶ For example, there is evidence of under-reporting of incomes – especially among very high- and low-income households – in similar surveys internationally (Brewer et al., 2017; Bollinger et al., 2019; Meyer et al., 2015), while even those households for whom incomes are recorded with perfect accuracy, the measure is a ‘snapshot’ one that captures both temporary and permanent differences between individuals.

FIGURE 2.1 AVERAGE REAL EQUIVALISED DISPOSABLE INCOME: 1987–2023

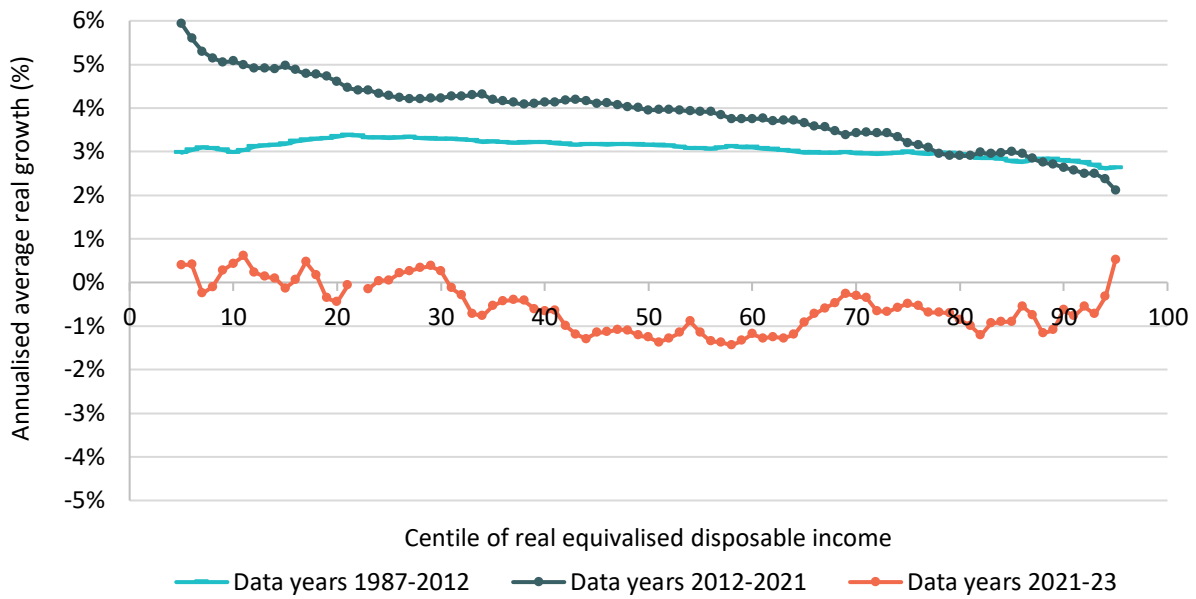
Sources: Authors' calculations using the ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

Notes: Incomes adjusted for household size and composition using the modified OECD equivalence scales and expressed in 2023 prices using the all-item Consumer Price Index (CPM02) in terms of equivalent amounts for a single adult living alone. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before.

While average incomes have grown strongly since 2012, particularly over the period 2016–2020, Figure 2.1 shows that they fell in real terms at both the mean and median in the latest year of data: by 2.2 per cent and 5.4 per cent respectively between data years 2022 and 2023 (referring to incomes in 2021 and 2022). This decline marks the end of almost a decade of uninterrupted growth in real average disposable incomes, and is sufficient to leave average incomes lower than they were two years earlier in real terms.

Changes in both the mean and median can mask very different experiences at different levels of income. For this reason, we now turn to look at income growth across the distribution, by plotting growth in real equivalised disposable income at each centile (per cent) of the distribution over various horizons: sometimes referred to as a growth incidence curve (Dooley and Madden, 2022; Ravallion and Chen, 2003). The light blue series in Figure 2.2 shows that in fact, growth was progressive – stronger at the bottom of the distribution than the top – over the period 1987–2012, at 3.2 per cent per year for the bottom fifth compared to 2.7 per cent per year for the top fifth.⁷ Growth was also progressive over the recovery from the financial crisis between 2012 and 2021, with incomes rising by 5.4 per cent per year for the bottom fifth compared to 2.7 per cent per year for the top fifth as shown by the dark blue series in Figure 2.2.

⁷ The bottom and top five centiles are excluded due to concerns about measurement error in the tails.

FIGURE 2.2 GROWTH INCIDENCE CURVE FOR REAL EQUIVALISED (BHC) INCOME

Sources: Authors' calculations using the ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

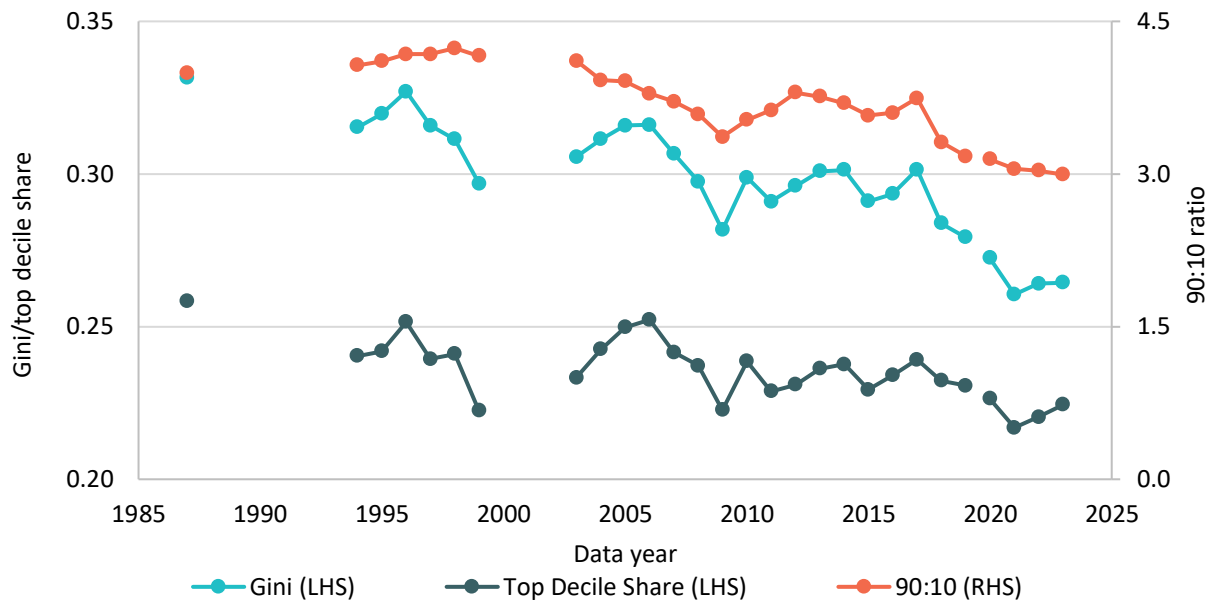
Notes: Incomes after direct taxes paid and benefits received, but before housing costs. Adjusted for household size and composition using the modified OECD equivalence scales and uprated to 2023 prices using the all-item Consumer Price Index (CPM02). Excludes a small number of observations with non-positive values for disposable income. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before.

These strong and progressive patterns of growth stand in contrast to those experienced since, with the orange series showing that incomes fell in real terms around the median and were stagnant across the rest of the distribution. Appendix Figure B.1 shows the same patterns are evident in terms of after housing cost (AHC) measures of income, which deducts the recurrent or ongoing cost of housing from disposable income following Roantree et al. (2022), Slaymaker et al. (2022) and Belfield et al. (2015) among others.⁸

Figure 2.3 shows that these patterns of growth are also reflected in some key summary measures of income inequality. The light blue series plots the Gini coefficient, which summarises the level of income inequality as a number between 0 (where everyone has the same income) and 1 (where one person has all income). This declined from 0.332 in 1987 to 0.261 in 2021 (its lowest recorded level), before increasing slightly to 0.264 in the latest two years of data.

The darker blue series plots the top decile share, that is the share of total equivalised disposable income held by the top 10 per cent. This exhibits a similar pattern to the Gini coefficient, declining from 0.258 in 1987 to 0.217 in 2021 before rising slightly to 0.224 in the latest year of data.

⁸ See Appendix A.2 for further details on the construction of this after housing cost measure of income.

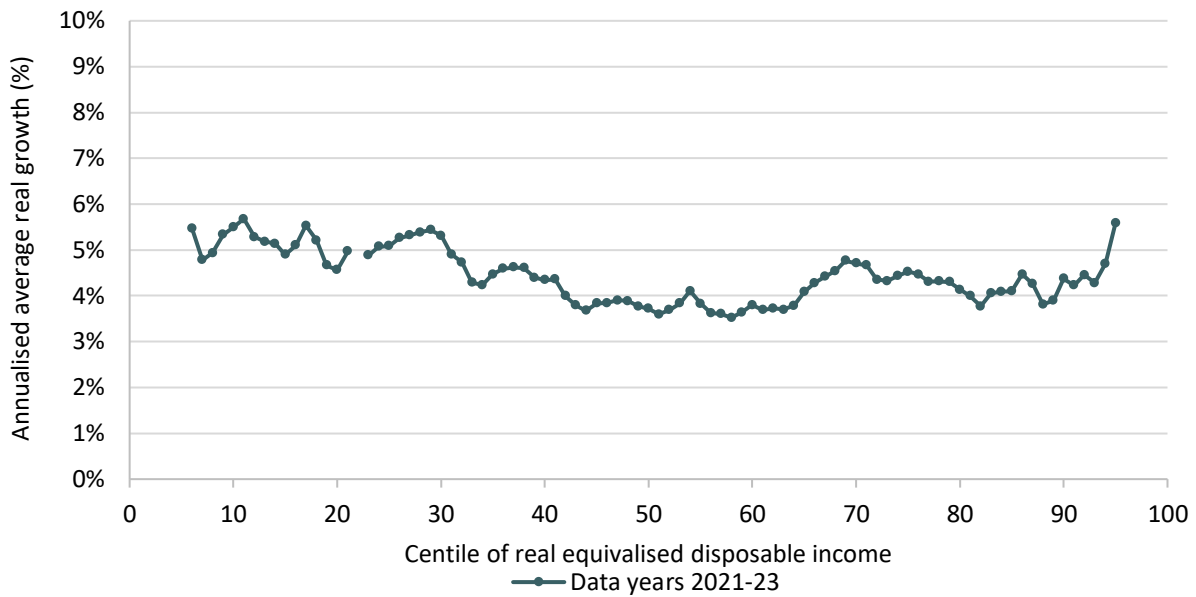
FIGURE 2.3 DISPOSABLE INCOME INEQUALITY (BHC)

Sources: Authors' calculations using the ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

Notes: Incomes after direct taxes paid and benefits received, but before housing costs. Adjusted for household size and composition using the modified OECD equivalence scales. Excludes a small number of observations with non-positive values for disposable income. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before.

The orange series plots the 90:10 ratio, that is the ratio of income at the 90th percentile of the distribution compared to that at the 10th percentile of the distribution. This has also exhibited a decline over the long horizon covered by our data, but one that has continued in the latest years of data from 4.0 in 1987 to 3.0 in 2023. Appendix Figure B.2 again shows that similar patterns are evident looking at after housing cost (AHC) measures of income inequality.

What explains these recent patterns of income growth, and why have they differed from the strong, progressive growth experienced since 2012? One key factor is the bout of inflation that followed the COVID-19 pandemic and the Russian invasion of Ukraine. This has seen the Consumer Price Index (CPI) rise by 14 per cent between January 2021 and December 2022: the reference period relevant for the 2022 and 2023 incomes recorded in our data. This was sufficient to offset relatively strong nominal growth in incomes across the distribution, as shown by Figure 2.4, which plots the growth incidence curve for nominal equivalised BHC income.

FIGURE 2.4 GROWTH INCIDENCE CURVE FOR NOMINAL EQUIVALISED BHC INCOME

Sources: Authors' calculations using the ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

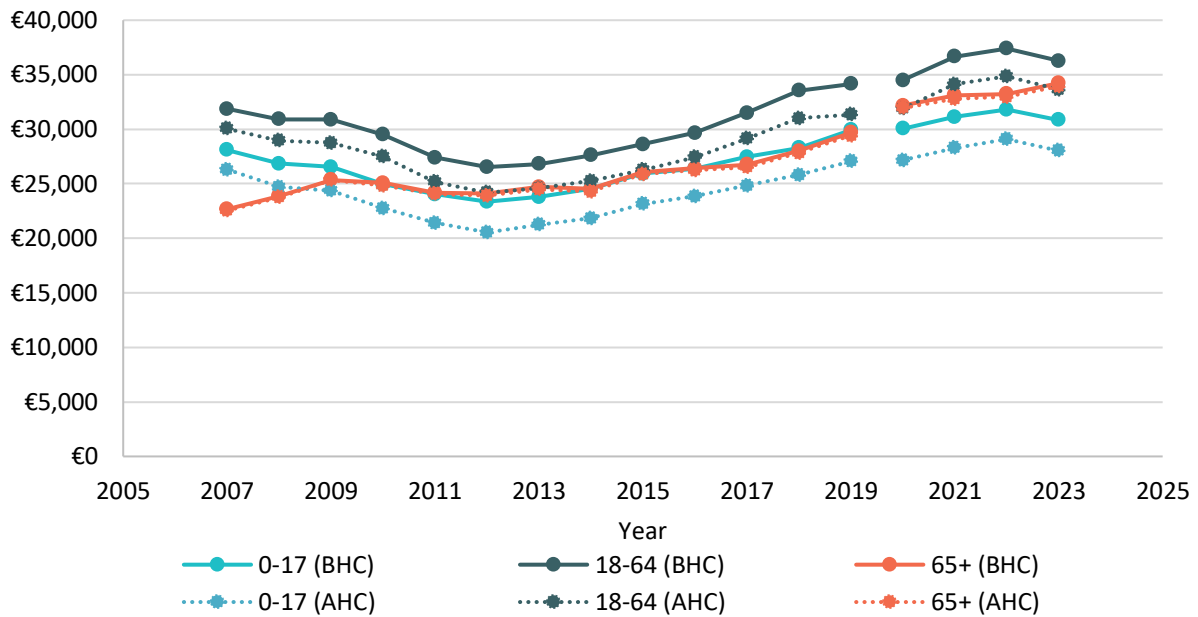
Notes: Incomes after direct taxes paid and benefits received, but before housing costs. Adjusted for household size and composition using the modified OECD equivalence scales and updated to 2023 prices using the all-item Consumer Price Index (CPM02). Excludes a small number of observations with non-positive values for disposable income. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before.

The figure shows that nominal growth averaged 4.4 per cent between data years 2021 and 2023, and was slightly higher at the bottom of the distribution than the top of the distribution. This nominal growth was driven by a rise in income from employment and self-employment, but was as we have seen cancelled out by the 14 per cent rise in prices to leave incomes stagnant over the period in real terms.⁹

There is, then, reason to think that the stagnation in incomes that we have seen in recent years will not persist in the years ahead. This is not least given that inflation has now subsided and that real individual earnings growth is forecast to resume from 2025 (McQuinn et al., 2024) and so might be expected to feed into higher household after tax and transfer incomes.

However, a factor that may counteract the impact of lower inflation is the withdrawal of temporary cost-of-living-related payments like the household energy credits. Such temporary (originally 'once-off') payments have been a core part of the Government's strategy in addressing the rise in the cost of living, with some universal and some targeted payments accompanying below inflation increases in the main rates of social welfare payments.

⁹ While we use the CSO's Consumer Price Index – which is uniform across income levels – to deflate incomes, research by Lydon (2022) among others suggests that inflation was higher for households at the bottom of the distribution in recent years given a larger share of their expenditure goes on food and energy.

FIGURE 2.5 AVERAGE REAL EQUIVALISED DISPOSABLE INCOME, BY AGE: 1987–2023

Sources: Authors' calculations using the Living in Ireland Survey and the Survey of Income and Living Conditions RMF.

Notes: Incomes adjusted for household size and composition using the modified OECD equivalence scales and expressed in 2023 prices using the all-item Consumer Price Index (CPM02) in terms of equivalent amounts for a single adult living alone. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before.

As highlighted in previous ESRI research (Doolan et al., 2022; Doorley et al., 2023), the eventual withdrawal of these payments will reduce household incomes, particularly at the bottom of the distribution where households are more reliant on social welfare payments. As a result, while lower inflation and higher earnings growth should contribute towards improved living standards for households with someone in paid work, real-terms cuts to social welfare payments – and to some tax credits and bands – will offset this and could leave household incomes continuing to stagnate lower down the income distribution.

Another striking feature of the latest data is the difference in income growth experienced by different age groups. This is shown by Figure 2.5, which plots average real equivalised disposable income by age both before housing costs (BHC, solid lines) and after housing costs (AHC, dashed lines) since 2007 when data is available. While average incomes declined in real terms by around 3 per cent for those aged 0–17 and 18–64 on both an AHC and BHC basis, they grew by 3 per cent for those aged 65+.¹⁰ Indeed, Figure 2.5 shows that on an AHC basis, those aged 65+ now have higher equivalised household income than other age groups on average.

¹⁰ The two series are indistinguishable for those aged 65+ as more than four-fifths own their house outright, with the remainder mostly renting from a local authority so facing zero or very low housing costs

TABLE 2.1 COMPOSITION OF AVERAGE REAL EQUIVALISED DISPOSABLE INCOME, BY AGE

Data year	0–17		18–64		65+	
	2022	2023	2022	2023	2022	2023
	€	€	€	€	€	€
Equiv. AHC income	€29,095	€28,051	€34,852	€33,644	€32,975	€33,936
Equiv. BHC income	€31,809	€30,860	€37,398	€36,266	€33,254	€34,227
BHC income	€74,408	€71,798	€78,019	€74,160	€53,355	€54,769
Market income	€87,885	€85,874	€91,991	€90,243	€23,971	€27,904
Of which:						
Employment income	€77,019	€73,584	€80,441	€76,169	€15,849	€18,025
Self-employment income	€8,692	€9,265	€8,931	€10,527	€5,013	€7,092
Rent	€1,322	€1,277	€1,207	€1,270	€1,305	€1,514
Other	€853	€1,747	€1,412	€2,277	€1,804	€1,273

Source: Authors' calculations using the 2023 and 2022 Survey of Income and Living Conditions Research Microdata Files (SILC RMF).

Notes: Adjusted for household size and composition using the modified OECD equivalence scales and expressed in equivalent terms for a single adult where equivalised. Figures uprated to 2023 prices using the all-item Consumer Price Index (CPM02) and rounded to nearest euro. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before. Other income includes that from dividends, interest and regular inter-household cash transfers.

This is a remarkable turnaround from the position in 2007 when the average AHC income for those aged 65+ was 25 per cent lower than that of those aged 18–64 and 14 per cent lower than that of those aged 0–17. The change in part reflects sustained increases to the State Pension over the 2000s and through the recession, when other social welfare payments were cut in nominal terms (Callan et al., 2010; 2018). However, Table 2.1 shows that the more recent growth in average real disposable income for those aged 65+ is due to a rise in market income, in particular income from employment, self-employment and the rental of property or land.

As in the UK (Cribb et al., 2024), the rise in average employment income for those aged 65+ appears in part to be driven by an increase in the share of such individuals in paid work, up from 11.7 per cent in 2022 to 13.4 per cent in 2023.¹¹ However, there has also been a rise in the share of those aged 65+ with a spouse in paid work, up from 15.1 to 17.6 per cent over the same period. In addition, while the average number of hours per week worked by those aged 65+ in paid work has remained flat, their real annual earnings have increased.

We have less information about self-employment or rental income, though the share of those aged 65+ in households reporting receiving rental income was flat at 10 per cent. This suggests that the rise in rental income shown in Table 2.1 is driven by a rise in rents, which the latest data from the Residential Tenancies Board shows has risen by 11 per cent year-on-year in new and 5.2 per cent in existing tenancies (Slaymaker et al., 2024).

¹¹ This aligns with other data, like the Labour Force Survey (LFS) which show that numbers of those aged 65+ in employment has more than doubled from 50,000 in 2012 to 113,000 in 2023 (CSO Table QLF18).

While household market income has increased in real terms for those aged 65+, Table 2.1 shows that it has fallen for younger age groups. This is largely explained by a decline in household employment income, despite a small rise in the share of 18–64-year-olds in paid work. However, this was amplified by a decline in net transfers: social welfare payments less taxes, the difference between market and (BHC) disposable income in Table 2.1. Given the importance of such transfers at the bottom of the income distribution, this suggests the patterns of income growth experienced might have implications for measures of very low living standards, which we now turn to look at.

CHAPTER 3

Income poverty and material deprivation

Barra Roantree

Our focus so far has been on income growth and inequality across the entire population. However, policymakers may have particular concerns about the living standards of those with the least resources. In this chapter, we look at how two key indicators of low living standards have evolved: income poverty and material deprivation.

Measures of income poverty conceptualise low living standards as not having sufficient resources to buy essential goods and services. However, what constitutes an essential good or service is a subjective question, with the answer evolving over time, reflecting changes in average living standards, technology and the views of society more generally. Because of this, most measures of income poverty are ultimately relative, explicitly defined with respect to average incomes which sets a 'poverty line' under which individuals are deemed to be at-risk-of-poverty if their incomes fall below.¹² We consider income poverty rates defined in terms of both of before housing costs (BHC) and after housing costs (AHC) income.

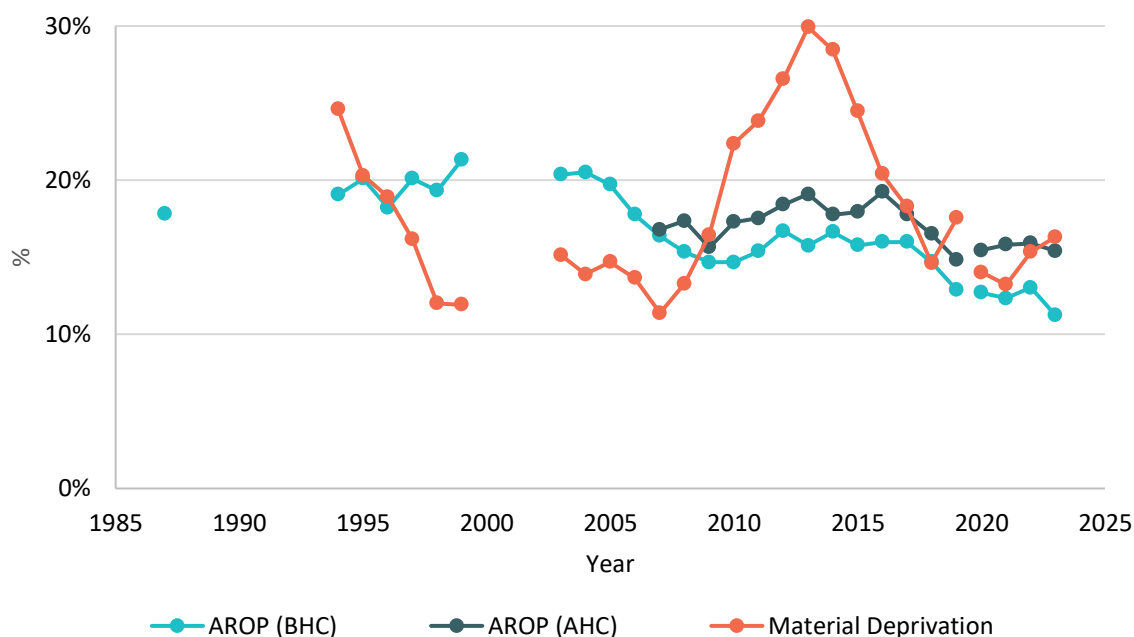
While income poverty is widely used as a measure of low living standards, Whelan et al. (2019, p.684) – among others – argue that its limitations include:

the failure to take account of longer-term command over resources, unusually high expenses, accumulated debt, the distinctive circumstances of the self-employed and the role played by state services.

In part because of these limitations, researchers working in the area of poverty and social exclusion have moved towards using multiple measures including non-monetary indicators.

Material deprivation is one such measure of low living standards. Like income poverty, measures of material deprivation also conceptualise low living standards as not having sufficient resources to buy essential goods and services. However, they take a different approach to assessing this than measures of income poverty, directly asking people whether they are able to afford certain items which might be considered essential.

¹² This is true even for what are sometimes (confusingly) called measures of 'absolute poverty'. These define the poverty line in relation to average incomes in some fixed year, in contrast to what are sometimes called measures of 'relative poverty' that do so in relation to contemporary average incomes. We restrict attention to the latter class of measures as our focus in this section is changes in poverty over the medium to long run.

FIGURE 3.1 AT-RISK-OF-POVERTY AND MATERIAL DEPRIVATION RATES: 1987–2023

Sources: Authors' calculations using the ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions RMF.

Notes: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scales. Deprivation defined as being unable to afford two or more items from a list of ten essentials.

We construct an indicator which classifies people as being materially deprived if they are unable to afford two or more of ten such items,¹³ which is plotted in Figure 3.1 alongside rates of income poverty on both a before housing costs (BHC) and an after housing costs (AHC) basis for the full horizon allowed by our data.¹⁴ Although all these indicators have declined over this horizon, they have evolved differently across the economic cycle with the material deprivation rate exhibiting substantially more volatility than income poverty rates during the Great Recession and the subsequent recovery.

Looking more recently, while the rate of BHC income poverty has declined from 16 per cent in 2017 to 11 per cent in 2023, the rate of AHC income poverty has remained more stable at 15–16 per cent in recent years. The other notable recent development is a relatively sharp rise in the rate of material deprivation, up from 13 per cent in 2021 to 16 per cent in 2023.

What might explain these somewhat divergent trends? As we've seen, the rate of material deprivation has in the past been more sensitive to the economic cycle

¹³ Section A.3 in Appendix A provides a detailed description of these ten items, as well as how our indicator differs from that used by the Department of Employment Affairs and Social Protection (DEASP) (2020) and published by the CSO in its annual Survey of Income and Living Conditions release.

¹⁴ This horizon is limited to the years since 2007 for the AHC AROP rate as this is when consistent information on housing costs is available from. Note also that throughout this report we use the modified OECD equivalence scales to adjust for household size and composition. This means that the income poverty rates presented here are not directly comparable to those released by the CSO, which use a different ('national') equivalence scale. Appendix B contains some tables showing how these rates compare for some different demographic groups.

so could be more reflective of the recent rise in inflation which has left some households unable to afford essentials included in measures of material deprivation (in particular, adequately heating the home). This could be reinforced by the fact that since 2020, the reference period for the two classes of measures has (further) diverged, with that for income poverty rates now based on income in the previous calendar year and that for material deprivation on responses to questions about whether someone is unable to afford essential items at the point in time when surveyed.¹⁵

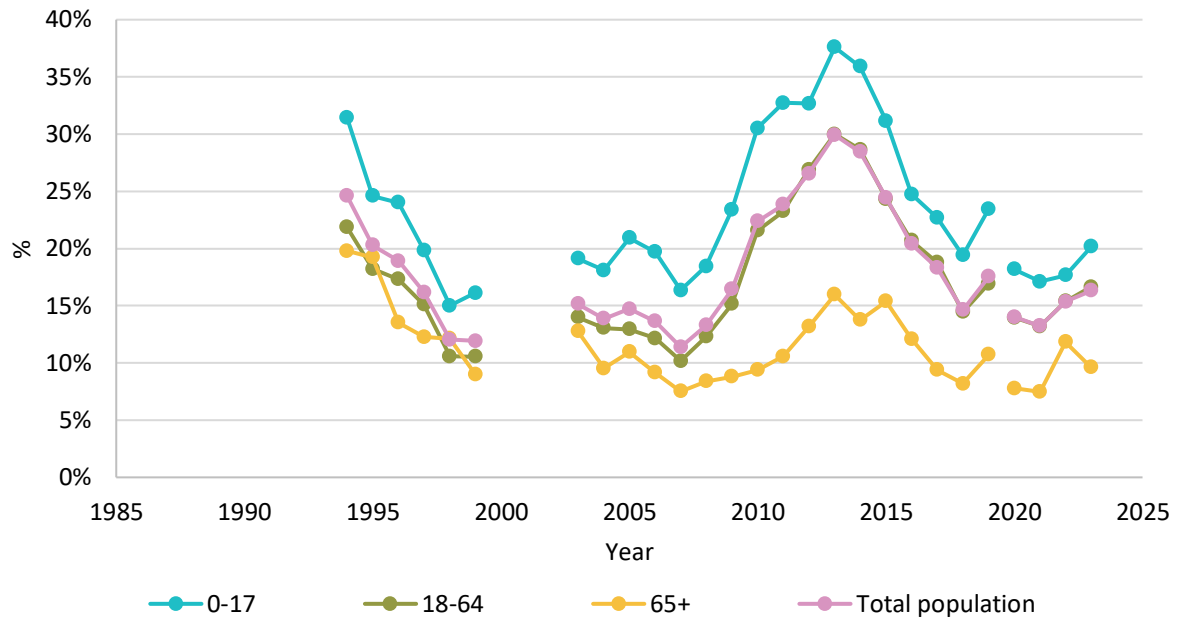
Nevertheless, when one examines rates of material deprivation and income poverty by age, the pattern of results aligns with recent trends in income growth discussed in the previous chapter. Figure 3.2 shows that while the rate of material deprivation has fluctuated around 10 per cent for those aged 65+ since 2016, that for children has increased from 17 per cent to 20 per cent in recent years. Figure 3.3 shows that rates of income poverty have also increased for children on an AHC basis in recent years – reversing the decline experienced over the late 2010s – with those for the other age groups stable or falling.

Figure 3.3 illustrates the sensitivity of income poverty rates to a variety of measurement issues, particularly for those aged 65+. For example, while the most recent income poverty rate for those aged 65+ was – at 13 per cent – higher than for those of working age and similar to that for children on a BHC basis,¹⁶ it is substantially lower than for other age groups on an AHC basis: at 11 per cent, it is half the 22 per cent rate for children in the latest year of data (2023). This largely reflects the fact that more than four-fifths of those aged 65+ own their home outright and so have no (or extremely low) housing costs, while less than one-fifth of children live in a home that is owned outright. However, it also reflects the fact that a large number of those aged 65+ have (equivalised) incomes in and around 60 per cent of the median (Beirne et al., 2020). As a result, relatively small changes to the State Pension can lead to large changes in income poverty rates. This is illustrated by the jump in both BHC and AHC income poverty rates for those aged 65+ exhibited in 2021 and 2022, which refer to incomes in 2020 and 2021 respectively when the State Pension was frozen in cash terms.

¹⁵ As discussed in Chapter 1, the reference period for income (and so income poverty rates) was the previous 12 months rather than the previous calendar year before 2020.

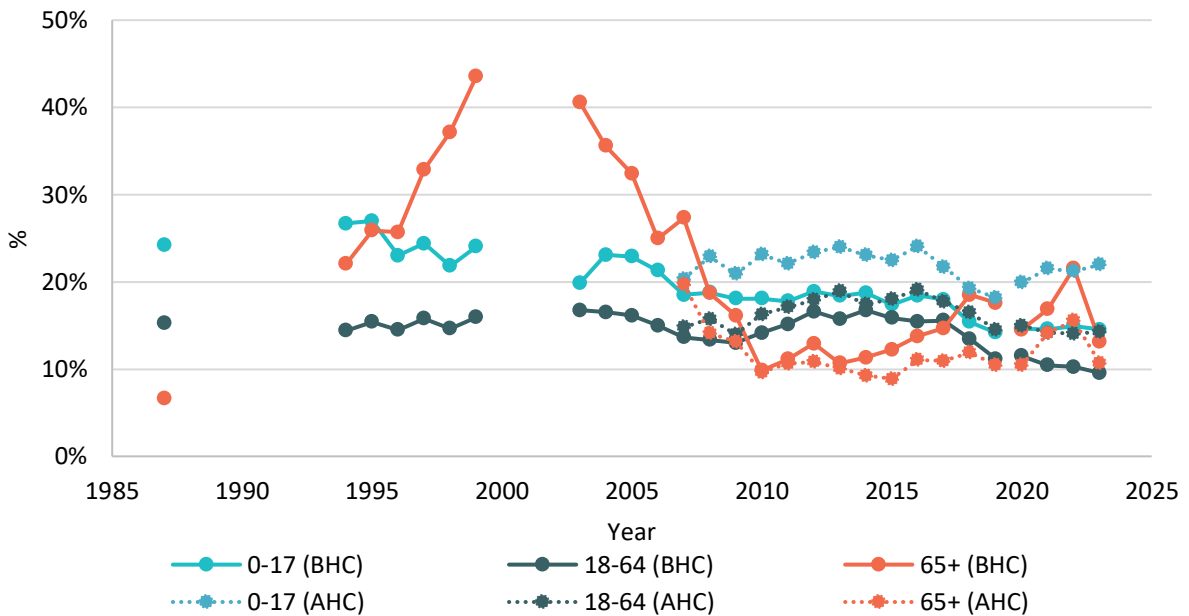
¹⁶ A further reflection of the sensitivity of income poverty rates for those aged 65+ to measurement issues is the large difference in even BHC income poverty rates computed using the modified OECD equivalence scale – as here – and the ‘national scale’ used by the CSO and most Government departments in their official publications. This difference is highlighted by Doorley et al. (2024) and shown in Appendix Figure B.1, with the two measures at times differing by more than 20 percentage points.

FIGURE 3.2 MATERIAL DEPRIVATION RATE BY AGE GROUP: 1994–2022



Sources: Authors’ calculations using the Living in Ireland Survey and Survey of Income and Living Conditions RMF.
 Note: Material deprivation is defined as being unable to afford two or more items from a list of ten essentials, described in Appendix A.3.

FIGURE 3.3 AT-RISK-OF-POVERTY RATE, BY AGE GROUP: 1987–2022



Sources: Authors’ calculations using the Living in Ireland Survey and the Survey of Income and Living Conditions RMF.
 Note: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scales.

This also highlights the centrality of tax and welfare policy for determining living standards for those towards the bottom of the income distribution. In particular, it shows how the living standards of those whose income is largely comprised of social welfare payments can – very quickly – fall behind that of others when these payments decline in real or relative terms. A good example of this is the sustained rise in BHC poverty rates for those aged 65+ over the late 1990s, when the State Pension lagged behind the rapid income growth experienced by the broader population. This rise in BHC poverty rates was then steadily reversed over the 2000s as the maximum rate of the State Pension grew by 50 per cent in real terms over the 2000s, much faster than median disposable income growth of 28 per cent.

While the differences in the evolution of rates of income poverty and material deprivation between age groups are striking, there is at least as much variation within age groups. This is shown by Table 3.1, which presents estimates of these rates along with headcounts across various sub-groups for the latest year of data. For example, while rates of income poverty and material deprivation are extremely low for those aged 65+ living with a partner (at around 4 per cent), they are far higher for those aged 65+ living alone (ranging between 20 per cent and 30 per cent). Among children, rates of AHC income poverty are highest in households where the youngest child is aged 0–5, with a quarter – or 250,000 people in such households – below the poverty line.

Table 3.1 shows that there are also large differences by housing tenure, with renters – in particular those renting from a Local Authority or with the support of HAP – experiencing much higher rates of income poverty and material deprivation than those who own their own home. Similarly, these rates are far higher for those in households where there is nobody or only one person in paid work compared to those where there are two or more in paid work.

Lastly, Table 3.1 shows that those born outside of the EU face particularly high rates of income poverty and material deprivation, about twice the rate of those born in Ireland.

So far we have looked at different measures of material living standards, in particular those related to incomes. But there are many other dimensions of living standards, including some that are also amenable to measurement and analysis of the sort we provide here. This report now turns to look at one such dimension: social and civil participation.

TABLE 3.1 INCOME POVERTY AND MATERIAL DEPRIVATION RATES BY GROUP, 2023

	Material deprivation		AROP (BHC)		AROP (AHC)	
	%	N	%	N	%	N
Housing Tenure						
Owned outright	7.4%	125,107	10.0%	169,236	7.3%	123,649
Owned w/mortgage	8.9%	167,111	4.1%	76,800	4.2%	78,324
Unsupported renter	18.8%	166,351	19.1%	169,047	35.4%	312,961
Supported renter	54.8%	381,306	23.5%	163,512	40.1%	278,751
Number of workers in household						
0	27.9%	249,938	25.7%	230,233	30.4%	272,480
1	21.0%	289,087	16.3%	223,987	24.5%	338,272
2	10.5%	300,850	4.3%	124,375	6.4%	182,933
Age group						
0–17	20.2%	229,635	14.5%	165,326	22.0%	250,233
18–64	16.6%	531,604	9.6%	305,544	14.3%	455,866
Aged 65+	9.6%	78,637	13.2%	107,724	10.7%	87,587
of which...						
Lives with partner	4.2%	22,708	4.5%	24,315	3.6%	19,360
Lives alone	19.7%	55,929	29.4%	83,409	24.1%	68,227
Has children						
0	11.4%	248,492	10.5%	229,868	11.7%	255,141
1	20.0%	591,383	11.8%	348,727	18.2%	538,544
Age youngest						
0–5	20.5%	206,419	16.7%	168,564	24.6%	248,495
6–11	20.5%	181,874	9.7%	85,779	18.5%	163,955
12–17	19.6%	129,737	11.1%	73,477	15.2%	100,676
Someone in HH with a disability						
No	12.6%	444,954	10.8%	380,011	15.0%	529,929
Yes	24.4%	394,921	12.3%	198,583	16.3%	263,757
Country of birth						
IE	15.1%	639,637	10.1%	429,448	12.5%	528,368
UK	18.7%	32,515	12.1%	21,044	14.4%	25,117
EU	19.3%	73,186	14.4%	54,631	30.9%	116,846
Non-EU	27.2%	94,537	20.8%	72,388	35.1%	122,271
Total	16.3%	839,875	11.2%	578,595	15.4%	793,686

Source: Authors' calculations using the 2023 Survey of Income and Living Conditions Research Microdata File (SILC RMF).

Note: Excludes a very small number of observations with non-positive values for disposable income.

CHAPTER 4

Life satisfaction, civic participation and social contact

Bertrand Maître and Helen Russell

In this chapter, we explore the relationship between poverty/material deprivation and life satisfaction, social participation in formal and informal social activities and social contact with relatives and friends.

There is a wide literature on the relationship between life satisfaction, or other measures of subjective wellbeing, and objective economic conditions (see Clark, 2018; Frey and Stutzer, 2001). There is a significant relationship between individual life satisfaction and both income and relative income (i.e., how one's income compares to others), though it appears that low income has a stronger effect on wellbeing and that there are diminishing returns to high income (Boyce et al., 2010; Frey and Stutzer, 2001; Clark, 2017). There is also evidence that the levels of income inequality within society influence life satisfaction, in part because this influences a sense of relative deprivation and perceptions of opportunity for mobility (Clark and D'Ambrosio, 2015; Pedersen, 2004).

The connection between poverty and social participation is central to prevailing concepts of poverty which consider poverty as 'exclusion from the normal way of life of society', including exclusion from social participation. The ten-item measure of deprivation used in Chapter 2 (and in the previous Poverty Income Inequality and Living Standards reports) includes two deprivation items related to social participation such as 'have family or friends for a drink or meal once a month' and 'have a morning, afternoon or evening out in the last fortnight for entertainment'. However, these items are included in the ten-item measure of deprivation as indicators of the underlying latent concept of deprivation, rather than as a measure of social integration per se. Here we focus on two aspects of participation, civic participation, which encompasses volunteering and political participation, and informal social participation (contact with family and friends).

Lower levels of civic participation among those on lower incomes have been found in a range of contexts. A variety of explanations have been put forward for this association; a purely economic explanation suggests that participation requires material resources which are less available to those in poverty. Sociological explanations have additionally identified the role of social stigma, lack of community-level resources, lower educational and social capital, and time poverty among the barriers to civic participation experience by the disadvantaged (Verba et al., 1995; Duncan, 2010; Pichler and Wallace, 2007). Income inequality in a society is found to undermine social trust and civic participation and can also limit the opportunities for individuals belonging to different social groups to interact and pursue common goals (Lancee and Van de Werfhorst, 2012). Similar economic, social and psychological mechanisms have been seen to explain informal social

participation, though in this case, the association between income and participation is considerably weaker.

The relationship between poverty and life satisfaction, civic and social participation in Ireland has received little attention in recent years (though Laurence and Smyth, 2023, find socio-economic background has a significant effect on civic participation among young people in Ireland). Yet these relationships can illuminate the ways in which poverty can exclude individuals and minimise their voice in society. Moreover, while the connection between poverty and these outcomes has been well documented in international research, less is known about whether the impact of poverty varies across social groups. For example, is the impact of low income and deprivation greater for young or older people? Is the relationship the same for migrants and non-migrants, and men and women? There is evidence that social networks and patterns of social participation vary across these characteristics (Ang, 2019; Curtis et al., 2001; Lessard-Phillips et al., 2020; Zani and Barrett, 2012) as do patterns of civic participation (Laurence and Smyth, 2023; McGinnity et al., 2020) which could potentially shape the impact of poverty. For example, if patterns of sociability are more centred on informal rather than formal activities, they may be less impacted by income. Alternatively, some groups such as migrants may lack family networks and be more dependent on formal participation.

4.1 DATA AND MEASUREMENTS

In this chapter, we draw on a number of ad hoc modules included in the SILC survey to explore the relationship between poverty and overall life satisfaction, civic participation and social contact. The relevant questions were fielded in different years and these are outlined in Table 4.1. The data used focus only on the adult population aged 18 and over.

The measure of life satisfaction is based on a single variable, while the measures of civic participation and social contact are constructed from several variables. The measure of civic participation combines responses on three indicators that capture informal volunteering, formal volunteering and participating in political activities. The measure of social contact is based on four indicators that measure contact with relatives and friends in person or remotely (by phone, internet, etc.). The question wording and the construction of the scales are described in Table 4.1.

TABLE 4.1 MEASURES OF LIFE SATISFACTION, CIVIC PARTICIPATION AND SOCIAL CONTACT

Concept	Years collected	Indicators	Response categories and scoring (value in brackets)	Combined scale
Overall life satisfaction	2013, 2018, 2020, 2021, 2022 and 2023	On a scale of 0 to 10, where 0 is 'not satisfied at all' and 10 is 'completely satisfied', how would you rate your overall satisfaction with life?	0 (Not at all satisfied) 10 (Completely satisfied)	n/a
Civic participation	2015 and 2022	Thinking about the last 12 months, did you volunteer by helping other people, animals or taking up other informal activities that were not arranged by any organisation? Thinking about the last 12 months, did you volunteer for or through a charitable, cultural, sport, religious or other organisation or a club?	Yes (1); No – lack of interest (0); No – lack of time (0); No – other reason (0)	Sum of scores on the three indicators, range 0–3
		Thinking about the last 12 months, did you participate actively in the activities of a political party or local interest group, in a public consultation, in a demonstration, in a peaceful protest including signing a petition, writing a letter to a politician or to the media, etc.?	Yes (1) No (0)	
Social contact	2015 and 2022	How often do you usually get together with relatives ? How often do you usually contact relatives , by telephone, SMS, letter, fax, internet, etc.? How often do you usually get together with your friends ? How often do you usually contact your friends , by telephone, SMS, letter, fax, internet, etc.?	Daily (6); Every week (5); Several times a month (4); Once a month (3); At least once a year (2); Never (1)	Sum of scores on the four questions. Original range 4–24 then standardised to 0–10.

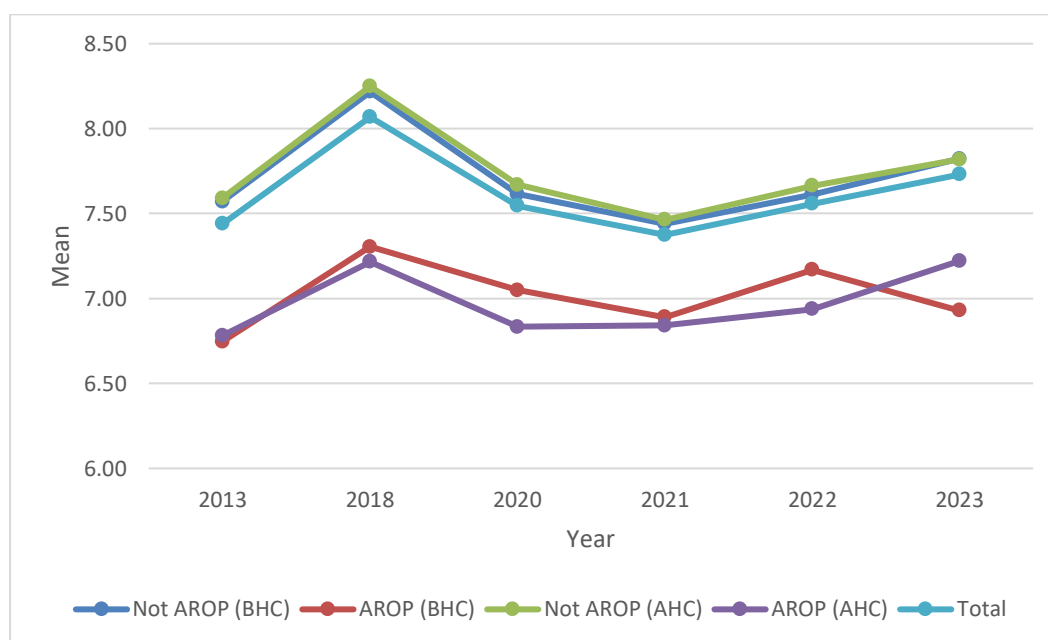
4.1.1 Trends in life satisfaction

Figure 4.1 illustrates that overall life satisfaction varied with the economic cycle and the impact of the pandemic. Life satisfaction increased from a low value in 2013 when levels of unemployment and financial stress were still high following the financial crisis, to a peak in 2018 when the economy and labour market had recovered, but then declined sharply during the pandemic years (2020–2021). Since 2021, life satisfaction has been gradually rising. In Chapter 2, we saw that

general income inequality, as measured by the Gini, declined over the period to 2021, which according to the literature would have had a countervailing influence (i.e. increasing life satisfaction levels) but clearly the pandemic effect dominates.

Significant differences exist across poverty status. Specifically, individuals who are at risk of poverty (AROP) report lower life satisfaction than those not at risk. There are some notable distinctions between those AROP before housing costs (BHC) and after housing costs (AHC). Those AROP AHC tend to report a lower life satisfaction than those AROP BHC but this pattern changed in 2023 with a declining overall life satisfaction in 2023 for the former group.

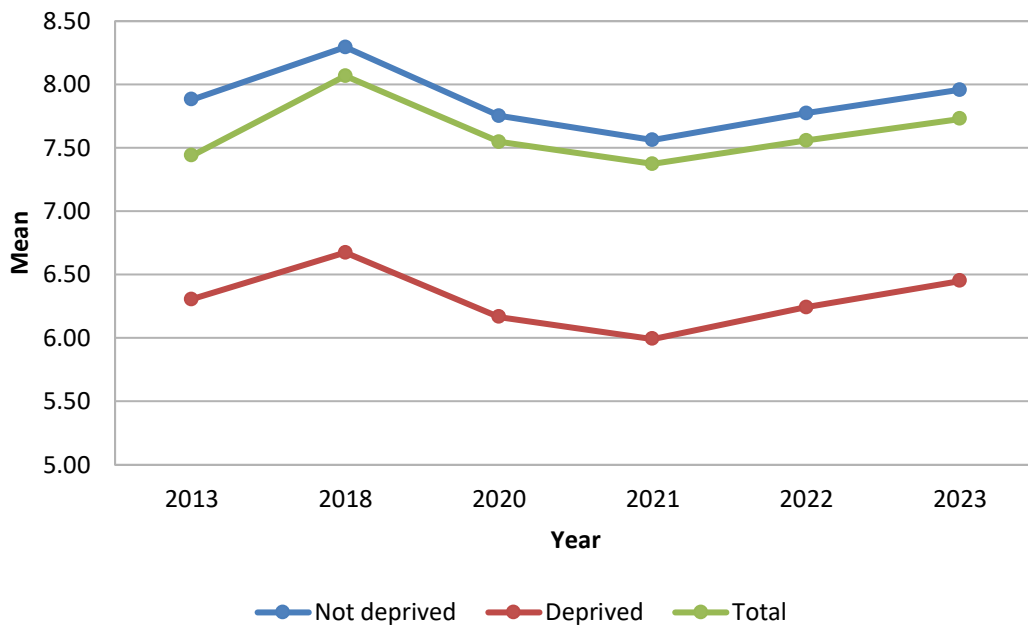
FIGURE 4.1 MEAN OVERALL LIFE SATISFACTION BY AT RISK OF POVERTY: 2013–2023



Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

Note: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scale.

The trend over time for overall life satisfaction is consistent with the material deprivation measure as shown in Figure 4.2. However, experiencing material deprivation appears to have a more significant impact on overall life satisfaction than being at risk of poverty as the former group reports lower mean overall life satisfaction than the latter. Furthermore, the overall life satisfaction gap between individuals who are not deprived and those who are deprived is much wider than the gap found using the at risk of poverty measures.

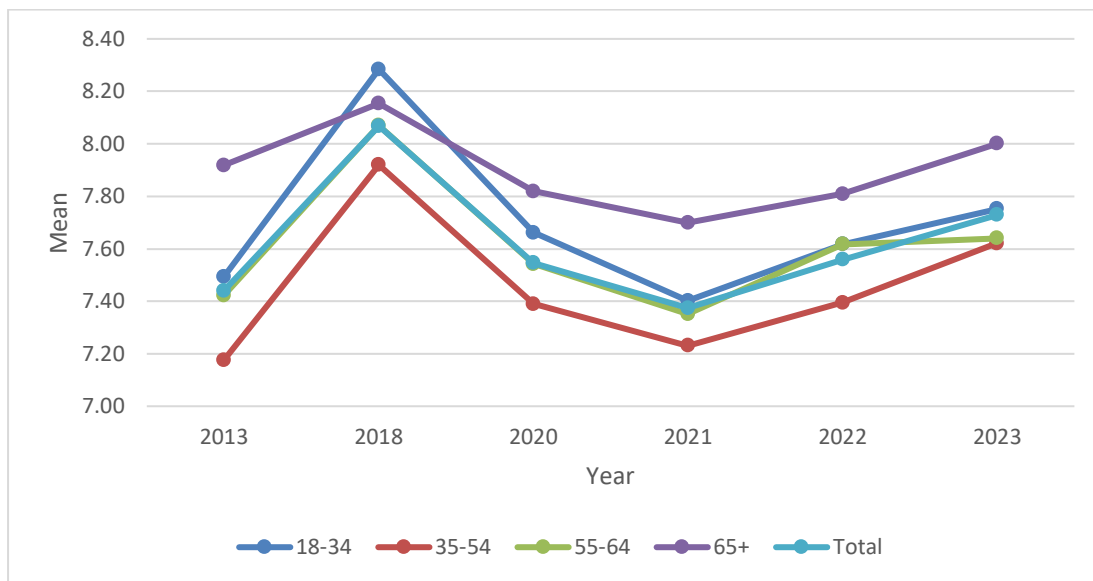
FIGURE 4.2 MEAN OVERALL LIFE SATISFACTION BY MATERIAL DEPRIVATION: 2013–2023

Source: Authors' calculations using the Survey of Income and Living Conditions RMF.
Note: Deprivation defined as being unable to afford two or more items from a list of ten essentials.

In Figure 4.3, there are significant disparities in life satisfaction by age groups (as is consistent with the literature). Specifically, the youngest and the oldest age groups report the highest mean overall life satisfaction, while those aged 35–54 report the lowest satisfaction. The group aged 65 and over consistently report the highest level of life satisfaction.

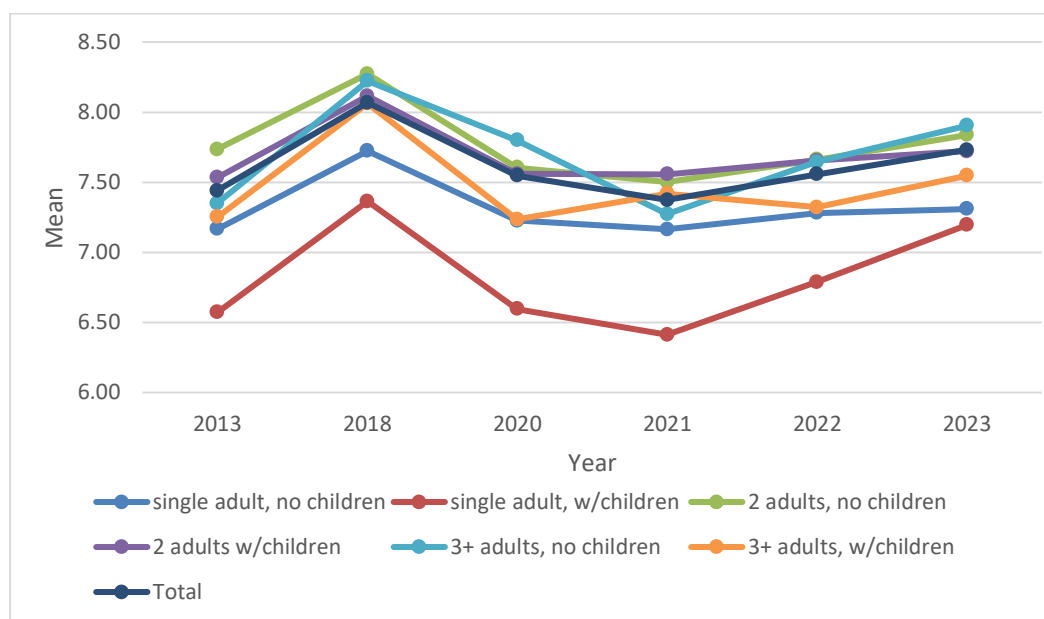
Although all age groups exhibit the same general trend in life satisfaction over time, the decline in life satisfaction between 2018 and 2021 was sharpest for the group aged 18–35 years. This is consistent with other findings showing that the wellbeing and mental health of young adults was particularly badly hit by the pandemic. The decline was more moderate for the group aged 65 and over than other groups. Unlike all other groups, those aged 55–64 have not seen a rise in life satisfaction between 2022 and 2023.

FIGURE 4.3 MEAN OVERALL LIFE SATISFACTION BY AGE GROUP: 2013–2023



Source: Authors’ calculations using the Survey of Income and Living Conditions RMF.

Across household types, the trend in life satisfaction follows a similar pattern as seen in the previous charts (Figure 4.4). Households with children consistently report lower levels of life satisfaction compared to those without children. Over the study period, households consisting of two adults without children exhibit the highest life satisfaction, followed by their counterparts with children and those with three or more adults and children. Conversely, single adults with children consistently report the lowest life satisfaction levels. While all household types experienced a decline in overall life satisfaction between 2018 and 2021, the decrease was particularly pronounced for lone parents during the pandemic period. However, this group subsequently saw a sharp increase in overall life satisfaction up to 2023, although their satisfaction is still lower than those in other household types. Those living in larger households, those with three or more adults with children, also saw a sharper decline between 2018 and 2020 but recovered somewhat in 2021.

FIGURE 4.4 MEAN OVERALL LIFE SATISFACTION BY HOUSEHOLD TYPE: 2013–2023

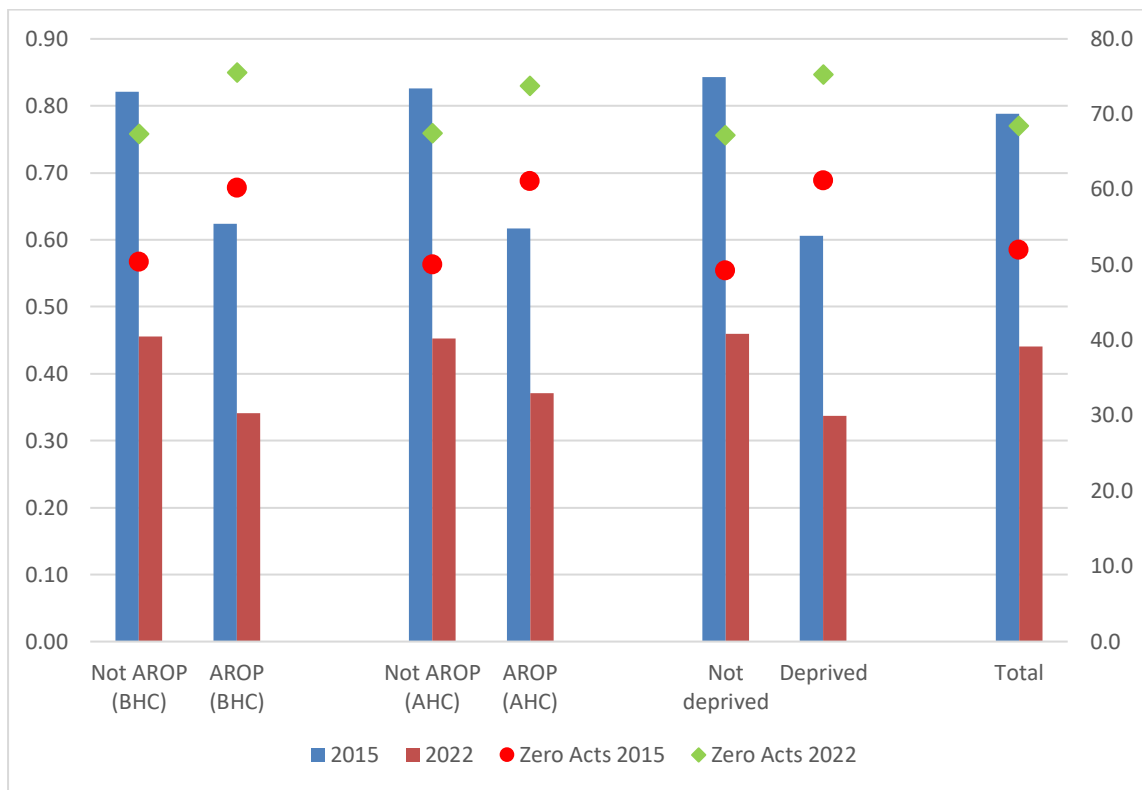
Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

4.1.2 Civic participation

The level of civic participation is low, with a mean score of less than one in both years it is measured (Figure 4.5). Most respondents had not participated in any of the activities (informal volunteering, formal volunteering, active citizenship/political participation) in the previous 12 months. Between 2015 and 2022, the mean level of civic participation declined by half, likely due to the restrictions of many activities due to public health measures during that period. The proportion reporting no civic participation increased from 52 per cent to 68 per cent.

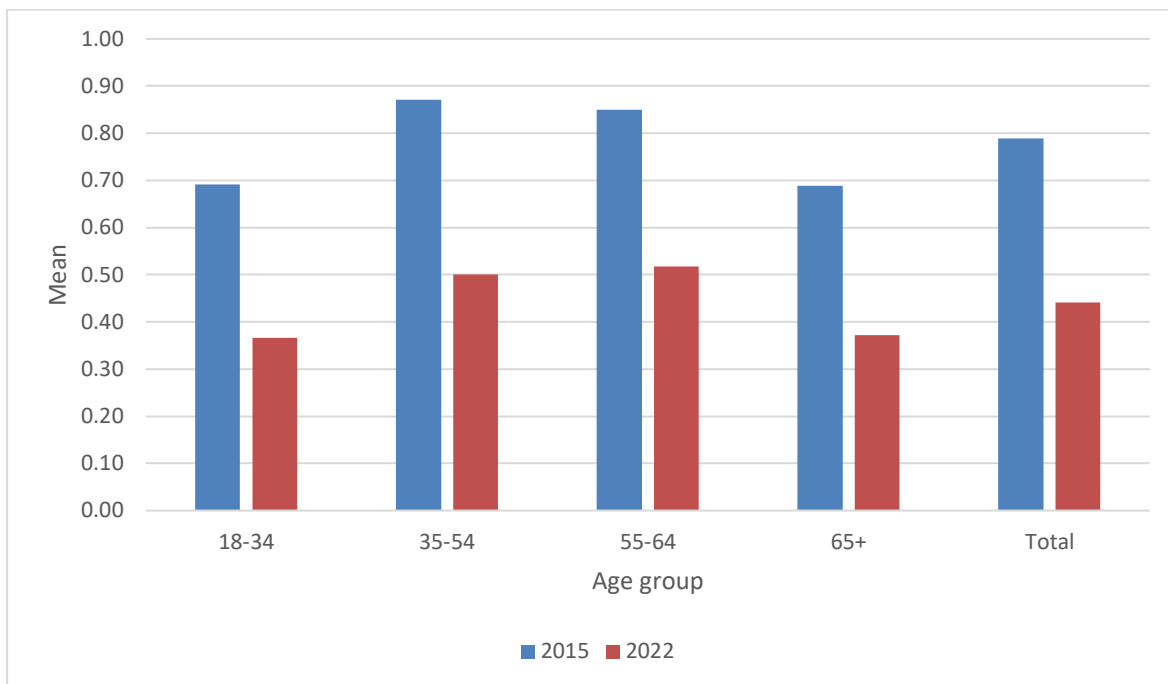
Turning our attention to the relationship between poverty status and civic participation, Figure 4.5 illustrates that individuals who are at risk of poverty or deprivation exhibit lower average civic participation compared to those who are not at risk of poverty or deprivation. Furthermore, the disparity is slightly more pronounced for material deprivation than for being at risk of poverty. There is some narrowing of the gap between those in poverty and those not in poverty in 2022 as all groups found their activities restricted; nevertheless, there is still a significant disparity in civic participation.

FIGURE 4.5 MEAN CIVIC PARTICIPATION BY AT RISK OF POVERTY AND DEPRIVATION: 2015–2022



Source: Authors’ calculations using the Survey of Income and Living Conditions RMF.
Notes: Civic participation score ranges from 0 to 3. Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scale. Deprivation defined as being unable to afford two or more items from a list of ten essentials.

Both the youngest and oldest age groups exhibit lower average civic participation compared to the other age groups as shown in Figure 4.6. In 2022, during the pandemic, mean civic participation declined across all age groups; however, the reduction was least pronounced for the 55–64 age group.

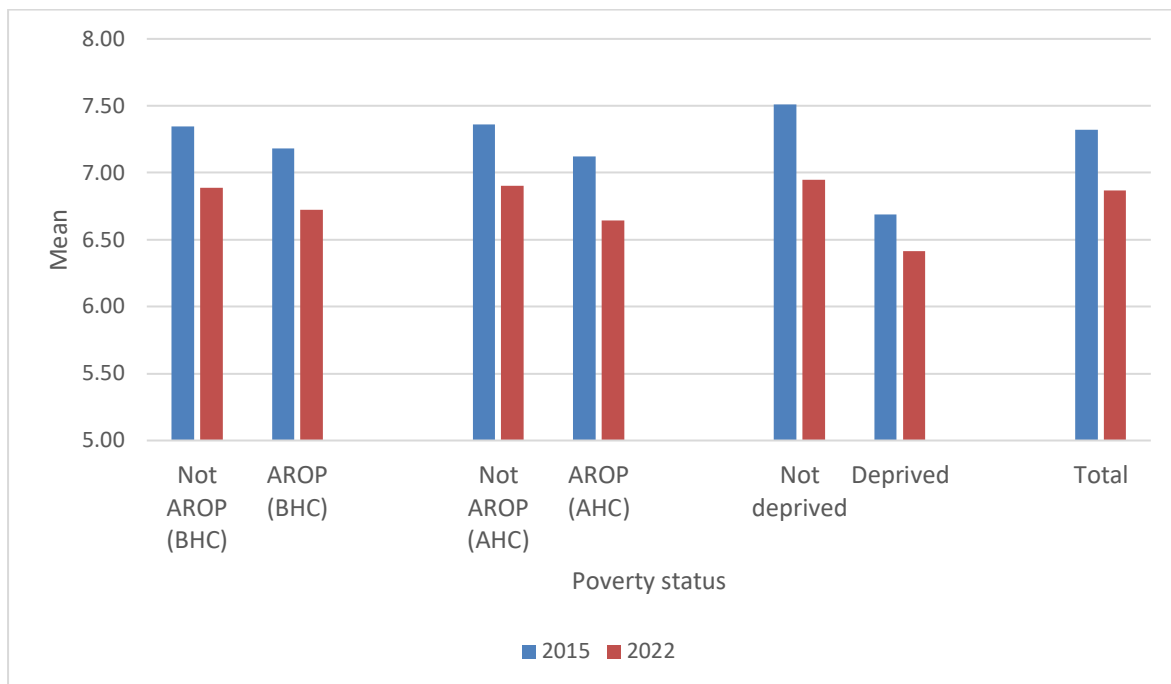
FIGURE 4.6 MEAN CIVIC PARTICIPATION BY AGE GROUP: 2015–2022

Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

4.1.3 Social contact

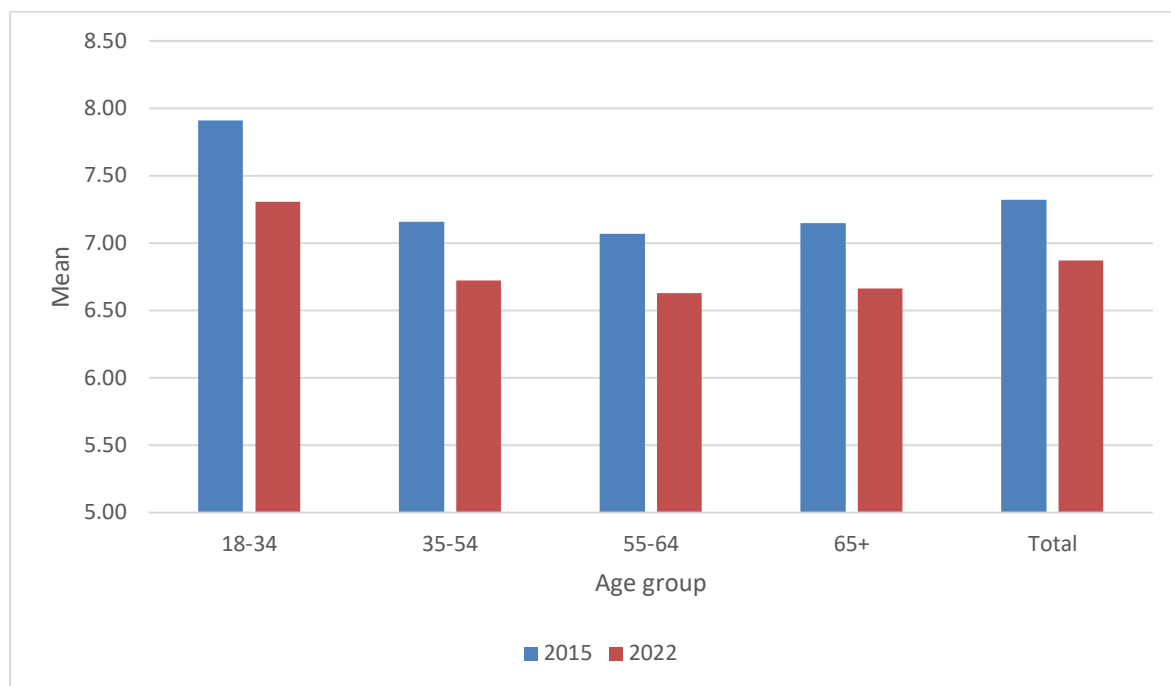
In Figure 4.7, we observe the relationship between poverty status and social contact with friends and family. Just as with civic participation, individuals at risk of poverty or experiencing deprivation report lower levels of social contact compared to those who are not poor or deprived. The impact of deprivation on social contact is slightly more pronounced than income poverty, suggesting that this better captures the social exclusion dimension of poverty. Despite the universal decline in social contact from 2015 to 2022, the gap between poor or deprived individuals and those who are not remains nearly unchanged.

FIGURE 4.7 MEAN SOCIAL CONTACT BY AT RISK OF POVERTY AND DEPRIVATION: 2015–2022



Source: Authors’ calculations using the Survey of Income and Living Conditions RMF.
Notes: Social contact variable ranges between 0 and 10. Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scale. Deprivation defined as being unable to afford two or more items from a list of ten essentials.

In contrast with the results for civic participation, the younger and older age groups have the most frequent social contact. This reversal could be attributed to the greater availability of time and opportunities for these two age groups compared to those aged between 35 and 64. However, it’s worth noting that during the pandemic, both the younger and older age groups also experienced the largest reduction in their social contact, likely impacting their wellbeing and mental health more than other age groups.

FIGURE 4.8 MEAN SOCIAL CONTACT BY AGE GROUP: 2015–2022

Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

4.2 MODELLING LIFE SATISFACTION, CIVIC PARTICIPATION AND SOCIAL CONTACT

Earlier descriptive results showed that living in poverty has a negative impact on overall life satisfaction, civic participation and social contact. In this section, we are using formal statistical models to look at the strength of the association between these outcomes and poverty status taking account of some other individual characteristics. We report in the next set of tables the results from three Ordinary Least Square (OLS) regressions on overall life satisfaction, civic participation and social contact. The coefficients in the tables represent the change in the dependent variables for a one-unit change in the predictor variables, assuming all other variables are held constant. For all tables, in model 1, we examine the effects of income poverty (BHC), deprivation and some individual characteristics (age, gender, health status, disability and country of birth) on the outcome variables.¹⁷ In model 2, we build upon model 1 to explore if there is any interaction between income poverty (BHC) and some of the individual characteristics. In model 3, we add to model 1 the same set of interactions as in model 2 but with material deprivation instead of income poverty (BHC).

Table 4.2 shows that being deprived has the most substantial negative impact on overall life satisfaction (-1.12 points). The effect of being income-poor is comparatively smaller (-0.16). Both health status and age significantly influence life satisfaction. Individuals with poor health report a lower life satisfaction (-0.98

¹⁷ We use the BHC measure as it is the most commonly used measure of income poverty. It is very likely that the pattern of results in a model with the AHC measure would be very similar.

points), as do those with disabilities (-0.4 points) compared to those without health issues or disabilities. People aged under 65 have lower life satisfaction than those aged 65 and over, and it is the lowest for those aged 35 to 64 (-0.34 points). People born outside the EU also experience lower life satisfaction (-0.22 points) while the negative effect is much lower and almost not significant for those born within the EU (-0.08). Interestingly, there are no significant gender differences in life satisfaction and having a partner positively impacts life satisfaction (+0.33 points). Over time, we observe fluctuations in overall life satisfaction as it increased between 2013 and 2018 (+0.46 points) before falling during the pandemic in 2020 (-0.23 points) and rebounding in 2023 (+0.17 points).

In model 2, we introduce interactions between income poverty (BHC) and age, gender, and country of birth. There are no significant effects for the interaction between age and income poverty. However, females who are income-poor report higher life satisfaction (+0.20 points) than their male counterparts in poverty. Finally, individuals born in the UK experience an increase in life satisfaction (+0.42 points), as do those born in the EU (+0.58 points), when compared to poor Irish individuals.

In model 3, we examine whether the effects of deprivation on life satisfaction vary across groups. There is a significant effect of the interaction between age and material deprivation in model 3. Deprivation has a more negative effect on wellbeing for individuals aged 35 to 54 (-0.36 points), as do those aged 55 to 64 (-0.33 points) compared to deprived individuals aged 65 and over. Finally, unlike the results in model 2, there is no significant difference in life satisfaction for deprived individuals born abroad compared to deprived people born in Ireland.

TABLE 4.2 FACTORS INFLUENCING OVERALL LIFE SATISFACTION (SCALE 0–10): 2013–2015

	Model 1	Model 2	Model 3
AROP (BHC)	-0.160*	-0.296**	-0.153*
Deprived	-1.123***	-1.121***	-0.885***
2013 (ref)			
2018	0.460***	0.458***	0.457***
2020	-0.078	-0.085	-0.080
2021	-0.231***	-0.240***	-0.233***
2022	-0.019	-0.022	-0.025
2023	0.165***	0.160***	0.164***
65+ (ref)			
18–34	-0.375***	-0.360***	-0.350***
35–54	-0.614***	-0.600***	-0.572***
55–64	-0.339***	-0.339***	-0.301***
Female	-0.030	-0.058	-0.035
Bad health	-0.975***	-0.973***	-0.972***
Disability	-0.395***	-0.394***	-0.397***
Partner	0.334***	0.333***	0.333***
Irish (ref)			
UK	-0.020	-0.101	-0.334
EU	-0.078*	-0.156*	-0.145
Non-EU	-0.215**	-0.198***	-0.151*
AROP*18–34		-0.121	
AROP*35–54		-0.111	
AROP*55–64		0.036	
AROP*Female		0.201*	
AROP*UK		0.421**	
AROP*EU		0.577*	
AROP* Non-EU		-0.020	
Deprived*18–34			-0.250
Deprived*35–54			-0.355***
Deprived*55–64			-0.331**
Deprived*Female			0.029
Deprived*UK			0.086
Deprived*EU			0.341
Deprived* Non-EU			-0.219
Constant	8.256***	8.275***	8.235***
Observations	30,503	30,503	30,503

Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

Notes: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scales. Deprivation defined as being unable to afford two or more items from a list of ten essentials. *** p<0.001, ** p<0.01, * p<0.05.

4.2.1 Predictors of civic participation

In Table 4.3, we report the results of the OLS regression on civic participation with the same set of explanatory variables.¹⁸ Civic participation is most significantly negatively impacted by deprivation (-0.12 points). Being at risk of poverty has a slightly smaller negative effect (-0.08 points). The most pronounced negative impact is associated with being born abroad. Specifically, individuals born within the EU exhibit lower civic participation (-0.40 points) as do those born outside the EU (-0.21 points), compared to those born in Ireland. These results mirror previous findings on migrant volunteering in the Census (CSO, 2022) and on political participation – registering to vote and voting (McGinnity et al., 2020).

Additionally, individuals reporting bad health (-0.15 points) or having a disability (-0.06 points) also demonstrate lower levels of civic participation. On a positive note, people aged 25 to 65 exhibit higher civic participation than those aged 65 and over, as do individuals with a partner (+0.07 points). Finally, in 2022, civic participation declined significantly (-0.35 points) compared to the 2013 level.

In model 2, we add the same set of interactions between age, gender and being born abroad with at risk of poverty (BHC) as we did in Table 4.2 (model 2). The main negative effect of at risk of poverty on civic participation doubles (-0.17 points). There are no significant effects related to age or being born abroad, except for individuals born outside the EU. These individuals report higher levels of civic participation (+0.37 points) compared to poor Irish people. This may reflect greater involvement in volunteering connected to religion, but the data do not allow us to disaggregate this effect further.

Finally, in model 3, we observe that material deprivation has the same influence on civic participation across age groups. However, in comparison to deprived Irish individuals, those born within the EU who are also experiencing deprivation report a higher level of civic participation (+0.22 points), as do those born outside the EU (+0.19 points).

As the scale has only four points running from zero to three, we also run the model as an ordered logit (Appendix Table B.1). The results are largely unchanged: the interaction between income poverty and being a non-EU migrant remains significant; however, the interactions between deprivation and place of birth are not significant.

¹⁸ The analysis is repeated in the Appendix Table A.1.

TABLE 4.3 FACTORS INFLUENCING CIVIC PARTICIPATION: 2015–2022 (OLS REGRESSION)

	Model 1	Model 2	Model 3
AROP (BHC)	-0.081**	-0.172***	-0.080**
Deprived	-0.117***	-0.120***	-0.163**
2015 (ref)			
2022	-0.352***	-0.352***	-0.354***
65+ (ref)			
18–34	0.017	0.016	0.026
35–54	0.159***	0.154***	0.168***
55–64	0.141***	0.126***	0.133***
Female	0.015	0.007	0.005
Bad health	-0.151***	-0.151***	-0.151***
Disability	-0.061*	-0.060*	-0.061*
Partner	0.068**	0.066**	0.069***
Ireland (ref)			
UK	0.038	0.030	0.025
EU	-0.398***	-0.413***	-0.447***
Non-EU	-0.206***	-0.264***	-0.243***
AROP*18–34		-0.040	
AROP*35–54		0.030	
AROP*55–64		0.097	
AROP*Female		0.065	
AROP*UK		0.047	
AROP*EU		0.155	
AROP* Non-EU		0.370**	
Deprived*18–34			-0.032
Deprived*35–54			-0.049
Deprived*55–64			0.049
Deprived*Female			0.056
Deprived*UK			0.063
Deprived*EU			0.220**
Deprived* Non-EU			0.188*
Constant	0.770***	0.785***	0.777*
Observations	15,712	15,712	15,712

Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

Notes: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scales. Deprivation defined as being unable to afford two or more items from a list of ten essentials. *** p<0.001, ** p<0.01, * p<0.05.

4.2.2 Predictors of social contact

Finally, Table 4.4 explores the relationship between the intensity of social contact, poverty and other individual characteristics. In model 1, the impact of being at risk of poverty (BHC) on social contact is not significant, unlike the substantial negative effect observed for deprivation (-0.66 points). Individuals reporting bad health also exhibit lower levels of social contact (-0.45 points), while having a disability does not significantly affect social contact. Young people aged 18 to 34 are the only age group with higher social contact (+0.64 points) compared to those aged 65 and over. Additionally, females report higher levels of social contact than males, but

having a partner reduces social contact (-0.15 points). Unsurprisingly, individuals born outside of Ireland have much lower social contact levels. The negative effect increases gradually from those born in the UK (-0.38 points), in the EU (-0.43 points) and outside the EU (-0.75 points). In the context of the pandemic, it is no surprise to note that the level of social contact was reduced between 2015 and 2022 (-0.52 points). In model 2, there are no significant interactions associated with being at risk of poverty (BHC) and it is also the case in model 3, with the exception of the deprived 18 to 34 age group, who reported a higher level of social contact than the deprived group aged 65 and over.

TABLE 4.4 FACTORS INFLUENCING SOCIAL CONTACTS: 2015–2022

	Model 1	Model 2	Model 3
AROP (BHC)	0.096	0.013	0.090
Deprived	-0.656***	-0.655***	-0.893***
2015 (ref)			
2022	-0.517***	-0.519***	-0.514***
65+ (ref)			
18–34	0.643***	0.637***	0.552***
35–54	0.103	0.123	0.067
55–64	-0.027	-0.018	-0.058
Female	0.570***	0.540***	0.568***
Bad health	-0.458***	-0.456***	-0.452***
Disability	-0.081	-0.077	-0.084
Partner	-0.154**	-0.155**	-0.160**
Ireland (ref)			
UK	-0.376***	-0.404***	-0.388***
EU	-0.429***	-0.422***	-0.335**
Non-EU	-0.748***	-0.719***	-0.665***
AROP*18–34		0.106	
AROP*35–54		-0.118	
AROP*55–64		-0.028	
AROP*Female		0.214	
AROP*UK		0.092	
AROP*EU		-0.065	
AROP* Non-EU		-0.228	
Deprived*18–34			0.516*
Deprived*35–54			0.270
Deprived*55–64			0.236
Deprived*Female			0.010
Deprived*UK			0.016
Deprived*EU			-0.406
Deprived* Non-EU			-0.450
Constant	7.240***	7.248***	7.274***
Observations	15,516	15,516	15,516

Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

Notes: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scale. Deprivation defined as being unable to afford two or more items from a list of ten essentials. *** p<0.001, ** p<0.01, * p<0.05.

The analysis highlights the implications of poverty for wellbeing measured here by life satisfaction and for social integration, measured by civic participation and social contact. This underlines the multi-dimensional nature of poverty which not only means lacking in the essentials but also being less able to participate in social and civic activities and not having your voice heard in the public domain. The analysis here is based on repeated cross-sectional data, which does not allow us to identify the precise mechanisms behind these relationships. Nevertheless, the models show that these connections are not due to compositional differences in the poor and non-poor populations and that, by and large, the relationships with poverty are similar for different sub-groups in the population. The results also highlight the steep decline in life satisfaction, civic participation and social contact during the pandemic period. The implications of these trends and the model results are considered in the final chapter.

CHAPTER 5

Conclusion

Bertrand Maître, Barra Roantree and Helen Russell

This report is the fourth in a series funded by Community Foundation Ireland examining the evolution of income inequality, poverty and living standards in Ireland. The thematic chapter in this year's report considers life satisfaction, civic and social participation. We conclude with a summary of the report's main findings and some reflections on their implications for policy.

Chapter 2 found that while real disposable incomes have grown strongly since 2012, particularly over the period 2016–2020, they fell in real terms at both the mean and median in the latest year of data: by 2.2 per cent and 5.4 per cent respectively between 2021 and 2022. This decline ends a decade of uninterrupted growth in average real disposable incomes, and is sufficient to leave average disposable incomes lower than they were two years earlier in real terms.

Incomes have done little better across the rest of the distribution, largely stagnating in both before housing costs (BHC) and after housing costs (AHC) terms. These recent patterns again stand in contrast to those experienced between 2012 and 2021, when growth was rapid and strongest at the bottom of the distribution. That rapid, progressive growth led to a sustained decline in measures of income inequality including the Gini coefficient, which summarises the level of income inequality as a number between 0 (where everyone has the same income) and 1 (where one person has all income). While we estimate the Gini coefficient fell from 0.296 in 2012 to 0.261 in 2021, this decline has seemingly stalled with the stagnation in real incomes we have seen over the last two years.

A notable – and somewhat surprising – exception to this stagnation in real incomes is for those aged 65+. While average incomes declined in real terms by around 3 per cent for those under 65 on both an AHC and BHC basis, they grew by 3 per cent for those aged 65+. Indeed, equivalised AHC income is now on average higher for those above age 65 than under age 65, with growth driven by a rise in income from employment, self-employment and the rental of property or land.

The sharp rise in prices following the COVID-19 pandemic and the Russian invasion of Ukraine appears to be the most important factor in explaining the stagnation in incomes for the rest of the population. This bout of inflation has been sufficient to offset relatively strong nominal income growth across the distribution for the working-age population, driven by employment income growth.

There is reason to think, then, that the stagnation in incomes that we have seen recently will not persist in the years ahead, given that inflation has now subsided and individual earnings are forecast to grow in real terms. However, this may be counteracted – particularly at the bottom of the income distribution – by the

withdrawal of temporary cost-of-living-related payments like household energy credits. Such temporary payments have been a core part of the Government's strategy in addressing the rise in the cost of living, and have been especially important for lower-income households given that 'core' rates of social welfare payments have not kept pace with inflation and declined in real terms.

This poses a real challenge for the Government in the upcoming Budget. Given the limited resources allocated to tax and welfare measures in the recent Summer Economic Statement (Department of Finance, 2024), it is unlikely increases to core payments will be sufficient to offset the withdrawal of temporary payments. This means that the incomes of those at the bottom of the distribution are likely to lag behind those of the rest of the population with consequences for income poverty, inequality and material deprivation.

These measures of very low living standards were the focus of Chapter 3, which found that rates of material deprivation have risen across the population as a whole (from 13 per cent in 2021 to 16 per cent in 2023) with measures of income poverty down in BHC terms but flat in AHC terms.

As with income growth, there are striking differences across age groups in how these measures have evolved. Although measures of material deprivation and income poverty have declined for those aged 65+, rates of material deprivation have risen for children and those of working age, as have AHC measures of income poverty for children. These are particularly high in households where the youngest child is aged 0–5, with a quarter of those in such households (amounting to almost 250,000 children and parents) below the AHC income poverty line. This suggests additional measures – such as a second tier of child benefit targeted at low-income families, explored by Doorley and Roantree (2023) in last year's report – may need to be considered if Government commitments to reduce rates of child poverty are to be achieved.

Chapter 4 showed that there are also striking disparities across age groups in measures of life satisfaction and civic and social participation: the focus of this year's thematic chapter. The youngest and oldest age groups have the highest levels of life satisfaction and social contact but the lowest levels of civic participation. The youngest age group experienced the sharpest decline in satisfaction during the pandemic, while over 65s exhibited the least reduction.

Income poverty and material deprivation are strongly associated with reduced life satisfaction among all age groups but the relationship is particularly pronounced among those aged 35–64 years. Those experiencing poverty also have significantly lower levels of civic participation and social contact across all groups, with little variation by individual characteristics. Exceptions include the finding that the relationship between income poverty and civic participation is somewhat weaker for non-EU migrants than for those born in Ireland. This may reflect greater involvement in religion-based volunteering but the data do not allow us to disaggregate this effect further.

Social contact and support play an important role in moderating the impact of stressful life events on mental and physical health (Cohen and Wills, 1985). Given the association of such stressful life events with poverty (Watson et al., 2017), this suggests a double disadvantage can arise for those living in poverty or deprivation and that there may be wider costs to the persistence of poverty among children and the working age population as highlighted in this report. Lower levels of civic participation among those living in poverty or deprivation also means that their voices are less likely to be heard in politics, highlighting the importance of measures to engage those who feel excluded.

Recent research among young people found those who participated in Transition Year (TY) and those who participated in extracurricular activities in adolescence were more involved in volunteering (non-sports and sports) and political activities in early adulthood (Laurence and Smyth, 2023). Yet those from more disadvantaged backgrounds were less likely to take Transition Year (McNamara et al., 2020) and take part in extracurricular activities, suggesting increasing availability of TY and extracurricular activities may narrow civic participation gaps. The CSPE programme in schools plays a crucial role in enhancing wellbeing and encouraging civic participation. This programme, which is currently often marginalised, would greatly benefit from increased promotion.

The pandemic has had a damaging effect on life satisfaction, civic participation and social contact. While there has been some rebounding in life satisfaction, levels in 2023 were still below those seen in 2018. Civic participation in 2022 was half the level in 2015 and social contact was also reduced but not to the same degree.

The analysis of socio-demographic factors across life satisfaction, civic participation and social contact has revealed significant disparities and inequalities among different population groups concerning poverty status, age, disability and nationality. These disparities among sub-groups of the population contribute to reinforcing social exclusion processes faced already by some of these groups. Diminishing social and civic participation can lead to an erosion of social cohesion and distrust in social and political institutions. Therefore, there are both individual and societal reasons to address the impacts of poverty and the pandemic as a matter of priority. This could take a variety of forms, such as increased resourcing for the community sector, or investing in the social infrastructure (community spaces, parks, sports facilities) that promote social contact and community involvement that do not have a financial cost to participation. There are a range of national and local government policies aimed at supporting community development, including the Social Inclusion and Community Activation Programme (SICAP) and initiatives such as the Community Grants Scheme. While evaluating the impact of such interventions is challenging (McGuinness et al., 2019), these programmes recognise the importance of local communities as a source of support and integration for those who are socially excluded. Investing in communities is increasingly relevant given the threat to social cohesion posed by polarising narratives on social media and anti-immigrant protests.

One group for whom such supports may be particularly important are those from a migrant background, for whom our research shows have both a higher incidence of very low living standards and lower levels of volunteering and political participation than the Irish-born population. Past research has found that this group might require additional supports to enhance social and political participation (McGinnity et al., 2020; 2023), in part because they often lack the informal, familial networks that are vital for social support (see Röder et al., 2018 in relation to childcare). Research has also found that sporting organisations and community groups can play a key role in the social integration of migrants (European Commission, 2016; Laurence, 2020), suggesting supports for such organisations can create a double dividend in terms of the services they provide to communities but also the opportunities they present for individuals to participate as volunteers.

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APPENDIX A

Data and methodology

This appendix provides additional details on the data sources used in this paper as well as the methodology used to derive indicators of poverty, deprivation and income inequality measures.

A.1 DATA SOURCES

The Survey of Income Distribution, Poverty and Usage of State Services

The Survey of Income Distribution, Poverty and Usage of State Services was carried out by the Survey Unit of the ESRI in 1987 with the support of the European Commission and the Combat Poverty Agency. Results were first published in Callan et al. (1988), which reports that 3,286 households responded out of a valid sample of 5,155: an effective response rate of 63.7 per cent. These households contained just under 8,200 adults, each of whom was interviewed individually about their income sources and experience of the labour market. Weights were derived to correct for the greater likelihood of larger households being sampled (a product of the sampling frame being based on the electoral register and so households with more voters being more likely to be selected for inclusion) and a slight over-representation of older and rural heads of households. Analysis was carried out on the anonymised Research Microdata Files held by the ESRI on its secure server.

Living in Ireland Survey

The Living in Ireland Survey was also carried out by the Survey Unit of the ESRI, beginning in 1994, again with the support of the European Commission. Each adult in a household completed an individual questionnaire through a face-to-face interview, with a similar initial sampling frame to the 1987 Survey. However, in keeping with the European Community Household Panel (ECHP) of which it was part, the survey adopted a longitudinal design with household members followed up in subsequent waves of the survey. By Wave 7 (2000), attrition was deemed to be a cause of concern and the original sample of individuals still in the scope of the survey (i.e. who had not died, moved to an institution or outside of the EU) were supplemented with a booster sample selected via a similar procedure as that used for the first wave of the survey. Weights were derived to correct for attrition and biases in the distribution of observed characteristics compared to the population of interest. There was an influx of more than 1,500 new individuals into the survey as compared to 5,530 from the original sample. However, to avoid any potential concerns about the representativeness of these later waves, we use only Waves 1–6 of the Living in Ireland Survey, spanning the years 1994–1999, with analysis again carried out on the anonymised survey microdata files held by the ESRI on its secure server.

Survey of Income and Living Conditions

The Survey of Income and Living Conditions (SILC) is an annual survey of households carried out by the Central Statistics Office (CSO) since 2003. Like the Living in Ireland Survey, it was initiated with the aim of collecting harmonised information on households for all countries in the European Union (EU). However, unlike the Living in Ireland survey, it is not primarily a longitudinal survey with the vast majority of respondents sampled anew each year.¹⁹ We use the anonymised Research Microdata File data made available by the CSO to researchers through a secure virtual desktop infrastructure. Methodological changes to SILC in 2020 – including to the data collection and income reference period – have resulted in a break to the time series in a similar way to that between the Living in Ireland Survey and SILC.²⁰

A.2 INCOME CONCEPTS AND COMPARISONS

Before housing costs (BHC) disposable income

Our definition of BHC disposable income corresponds to that used by Eurostat for the purposes of SILC (Eurostat, 2018) with the exclusion of the imputed value of a company car – which is available only in the SILC data from 2007 – and net contributions to individual private pension plans, which represent deferred income and should be treated in a manner consistent with those to (predominantly public sector) defined benefit pension schemes. In essence, this adds pension and social welfare income to market income (that from employment, the rent of land or property, regular inter-household cash transfers received, interest, dividends and profit from capital investments in unincorporated businesses), then deducts taxes on income, social insurance contributions regular taxes on wealth and regular inter-household cash transfers.

After housing costs (AHC) disposable income

Our definition of AHC disposable income deducts from BHC disposable income our measure of housing costs. For renters, this is defined as rents gross of (including) any rental supports received (such as Rent Supplement (RS) and the Housing Assistance Payment (HAP), plus any rental contribution paid to local authorities (differential rent). For owner occupiers with a mortgage, housing costs include mortgage interest payments but exclude mortgage capital repayments on the principal private residence. This is because mortgage capital repayments are more

¹⁹ A small number of households are included in a panel element: see CSO (2017, pp.7–9).

²⁰ See <https://www.cso.ie/en/releasesandpublications/in/silc/informationnote-breakintimeseriessilc2020/> for further details.

appropriately considered a form of saving as they contribute to the accumulation of equity – and so net wealth – in residential property.²¹

Our measures of market and disposable income are aggregated to the level of the household, before being adjusted for household size and composition (as discussed below). This implicitly makes an assumption of perfect income sharing within households. While appropriate for many households (e.g. a couple who both benefit from additional income in the household), it may be less so for others (e.g. students or young workers sharing a house). However, like Bourquin et al. (2020), we regard perfect income sharing as the most transparent and least arbitrary assumption given the data available.

Equivalisation

As described in the main text, our measures of disposable income are adjusted for household size and composition using the modified OECD equivalence scale. This is to account for the fact that two households with the same level of disposable income, but different composition, will typically experience different standards of living. For example, a household income of €50,000 will – ceteris paribus – deliver a much higher standard of living to a single adult than a couple with two children. Equivalising incomes with the modified OECD scale is not the only approach one could take. For example, the CSO uses a ‘national’ equivalence scale that (as shown in Table A.1) gives greater weight to second or subsequent adults and children aged 14+, while there are likely characteristics other than age and the number of individuals that affect a household’s needs. Nevertheless, some method is needed for comparing incomes across different household types, and the approach we adopt allows us to produce estimates which can be compared to other EU Member States, the United States (US) (Joyce and Ziliak, 2020) and Britain (Bourquin et al., 2020).

TABLE A.1 EQUIVALENCE SCALES

	Modified OECD scale	CSO national scale
First adult	1	1
Second or subsequent adults	0.5	0.66
Child aged 14+	0.5	0.66
Child aged under 14	0.3	0.33

²¹ While a case can be made for deducting mortgage capital repayments in measures of AHC income poverty in order to take into account the fact that, for many, these payments are inescapable in the short term (e.g. Social Metrics Commission, 2018), that case is far weaker for measures of AHC income growth or inequality. This is because doing so would treat those with higher incomes accumulating net wealth in a residential property as having fewer resources available to them than someone with the same level of BHC income who accumulates net wealth through, for example, shares in a company. However, we have examined how much difference this makes to our estimates of income poverty and find that they are qualitatively similar, with AHC poverty rates for mortgage holders substantially below those of renters.

Although we aggregate income to the household level, the individual is our unit of analysis throughout. That is, we assign each individual in a household the equivalised income of their household, consistent with our assumption of perfect income sharing.

Adjusting for inflation

All monetary amounts are converted to 2023 prices using the CSO's all-item monthly Consumer Price Index (CPM02). All growth rates in these monetary variables are calculated after accounting for inflation.

A.3 THE MEASUREMENT OF MATERIAL DEPRIVATION IN IRELAND

The Survey of Income Distribution, Poverty and Usage of State Services was the first survey in Ireland to collect a wide range of information about households' and individuals' possession of items and activities; whether they considered those as essentials; and, in their absence, if that was because they could not afford them. The follow-up survey, the Living in Ireland Survey that was conducted by the ESRI between 1994 to 2001, included 23 non-monetary indicators capturing enforced deprivation due to lack of resources. Using factor analysis techniques, Callan et al. (1993) and later Nolan and Whelan (1996) identified several dimensions of deprivation (basic lifestyle, secondary lifestyle, housing deprivation). The basic lifestyle dimension (labelled basic dimension) included eight items from not being able to afford new clothes to having a meal with meat, fish or chicken every second day. This basic deprivation indicator was used to monitor deprivation in Ireland and people were considered to experience deprivation when they lacked one or more of the eight items. The measure of basic deprivation was also combined with the AROP measure to create a measure of consistent poverty – identifying people both at risk of income poverty and deprivation – which was officially adopted in 1997 by the Irish Government in the *National Anti-Poverty Strategy* (Government of Ireland, 1997).

As living standards rose rapidly during the late 1990s and early 2000s, there was some concern that the eight-item basic deprivation measure was no longer able to capture poverty and social exclusion. Maître et al. (2006) used the release of the SILC survey to re-examine the dimensions of deprivation and derived a new measure of deprivation. Some items of the original eight were dropped and replaced by new items, including items about social interactions. The revised indicator of basic deprivation was in time extended to include 11 items, with people classified as being in material deprivation if they lacked two or more items: a definition that we follow in this report, given our focus in Chapter 3 is on the period since 2003.

Of the 11 items collected in SILC, ten are available in the Living in Ireland Survey which we use to construct a consistent measure of deprivation across the two surveys, with individuals classified as deprived if they are lacking two of the following ten items:

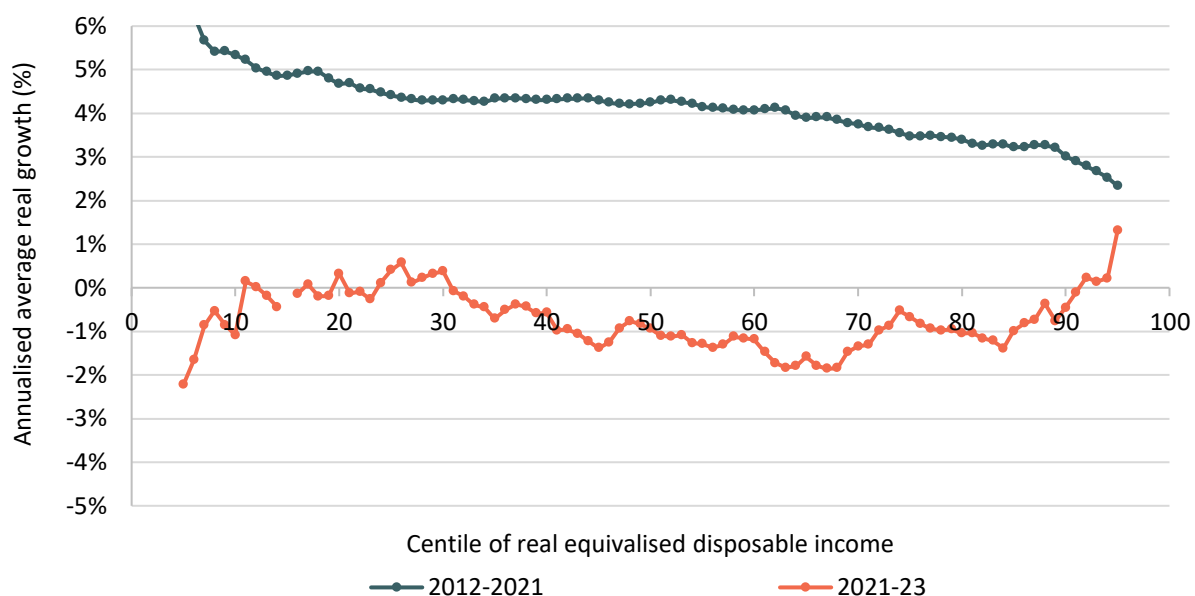
- Two pairs of strong shoes;
- A warm waterproof overcoat;
- New (not second-hand) clothes;
- Replacement of worn-out furniture;
- A meal with meat, chicken, fish (or vegetarian equivalent) every second day;
- A roast joint or its equivalent once a week;
- Home heating during the last year;
- Presents for family or friends at least once a year;
- Drinks or a meal for family or friends once a month;
- A morning, afternoon or evening of entertainment once a fortnight.

In the first release of the 2003 SILC results, the CSO (2005) noted deprivation rates were about 3 to 5 percentage points higher than those observed in the final wave of the Living in Ireland Survey (2001) and highlighted two factors that could explain these differences. The first was that SILC adopted 'computer-assisted personal interviewing', whereas the Living in Ireland Survey did not. The second possible explanation related to the longitudinal nature of the latter – with the associated issues of attrition discussed above – while the 2003 SILC sample was comprised entirely of households interviewed for the first time.

APPENDIX B

Additional tables and figures

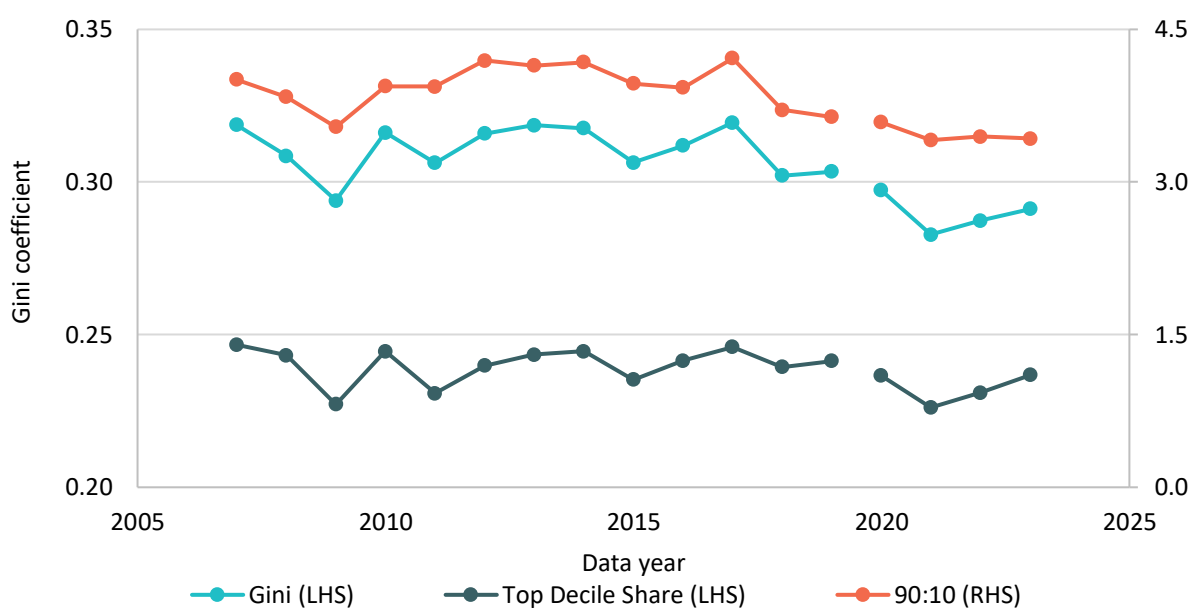
FIGURE B.1 GROWTH INCIDENCE CURVE FOR REAL EQUIVALISED AFTER HOUSING COST INCOME



Sources: Authors' calculations using the ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

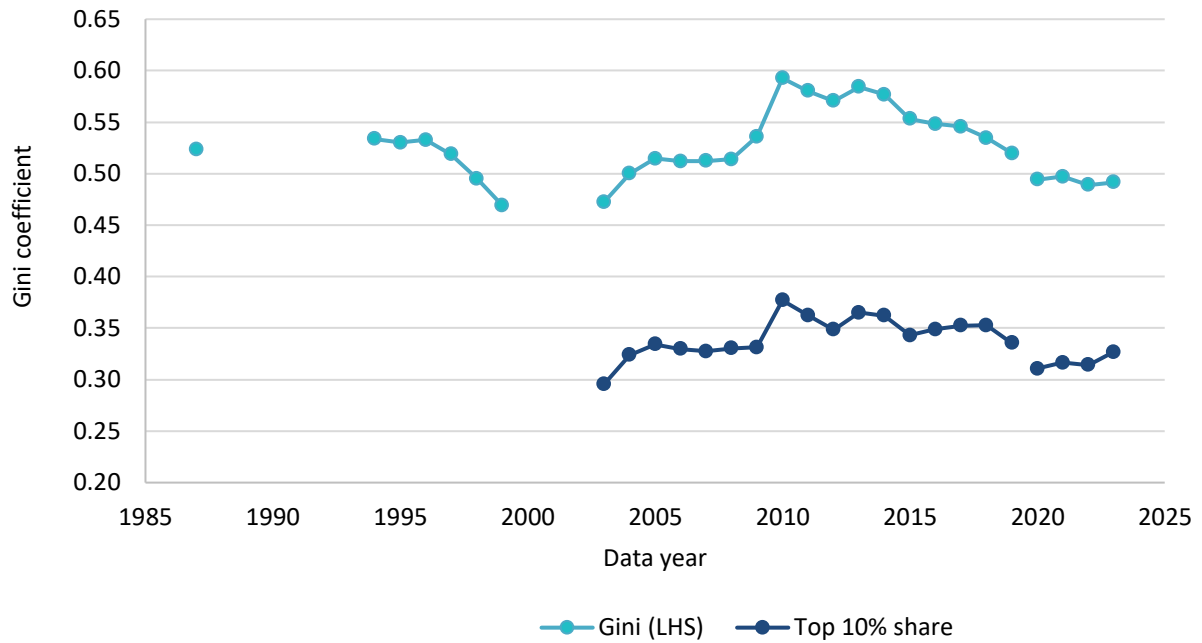
Notes: Incomes after direct taxes paid and benefits received, and after housing costs. Excludes a small number of observations with non-positive values for disposable income.

FIGURE B.2 REAL EQUIVALISED AFTER HOUSING COST INCOME INEQUALITY MEASURES



Sources: Authors' calculations using the ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

Notes: Incomes after direct taxes paid and benefits received, but before housing costs. Excludes a small number of observations with non-positive values for disposable income. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before.

FIGURE B.3 MARKET INCOME INEQUALITY

Sources: Authors' calculations using the 1987 ESRI Survey of Income Distribution, Poverty and Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files.

Notes: Incomes after direct taxes paid and benefits received, but before housing costs. Excludes a small number of observations with non-positive values for disposable income. Income reference period refers to previous calendar year from data year 2020, and previous 12 months before that.

TABLE B.1 ORDERED LOGIT ON CIVIC PARTICIPATION: 2015–2022

	Model 1	Model 2	Model 3
AROP (BHC)	-0.220**	-0.589***	-0.219**
Deprived	-0.301***	-0.312***	-0.469**
2015 (ref)			
2022	-0.814***	-0.814***	-0.818***
65+ (ref)			
18–34	0.069	0.056	0.085
35–54	0.405***	0.366***	0.416***
55–64	0.369***	0.309***	0.344***
Female	0.034	0.016	0.004
Bad health	-0.403***	-0.405***	-0.403***
Disability	-0.171*	-0.169*	-0.171*
Partner	0.214***	0.210***	0.218***
Ireland (ref)			
UK	0.079	0.060	0.043
EU	-1.219***	-1.242***	-1.333***
Non-EU	-0.553***	-0.692***	-0.644***
Interactions			
AROP*18–34		-0.022	
AROP*35–54		0.304	
AROP*55–64		0.437*	
AROP*Female		0.168	
AROP*UK		0.121	
AROP*EU		0.272	
AROP* Non-EU		0.914**	
Deprived*18–34			-0.061
Deprived*35–54			-0.059
Deprived*55–64			0.163
Deprived*Female			0.190
Deprived*UK			0.171
Deprived*EU			0.554
Deprived* Non-EU			0.480
Cut1	0.091	0.039	0.068
Cut2	1.310***	1.260***	1.288***
Cut3	3.055***	3.006***	3.035***
Observations	15,712	15,712	15,712

Source: Authors' calculations using the Survey of Income and Living Conditions RMF.

Notes: Poverty line defined as 60 per cent of median equivalised disposable income, that is after direct taxes paid and benefits received adjusted for household size and composition using the modified OECD equivalence scales. Deprivation defined as being unable to afford two or more items from a list of ten essentials.



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