

Income (& Wealth) in Ireland

an overview

Ireland and a Universal Basic Income
UCD, December 10th 2018

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1. Introduction
2. Income & Income Distribution
3. High & Low Income
4. A Basic Income
5. Wealth
6. Some Challenges



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1. Introduction

- Forthcoming chapter in *Oxford Handbook of Irish Politics* with Aidan Regan
 - *The Political Economy of Income and Wealth Distribution*
- Data:
 - CSO SILC (2006-2016)
 - Revenue Commissioners Income Data (2016)
 - CSO HFCS 2013
- Drawing on the chapter

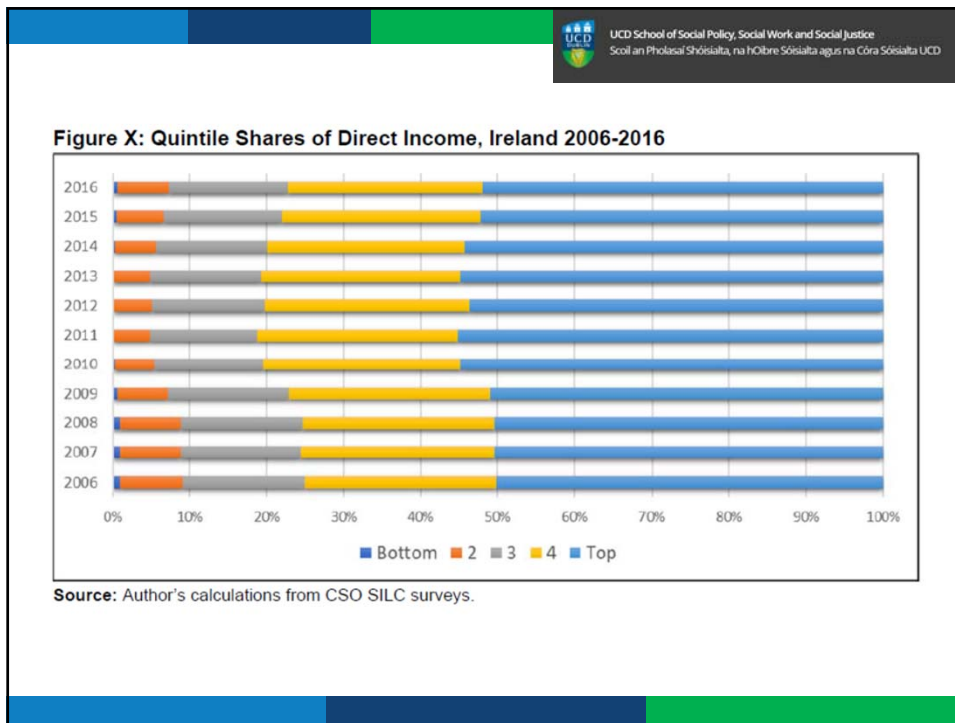
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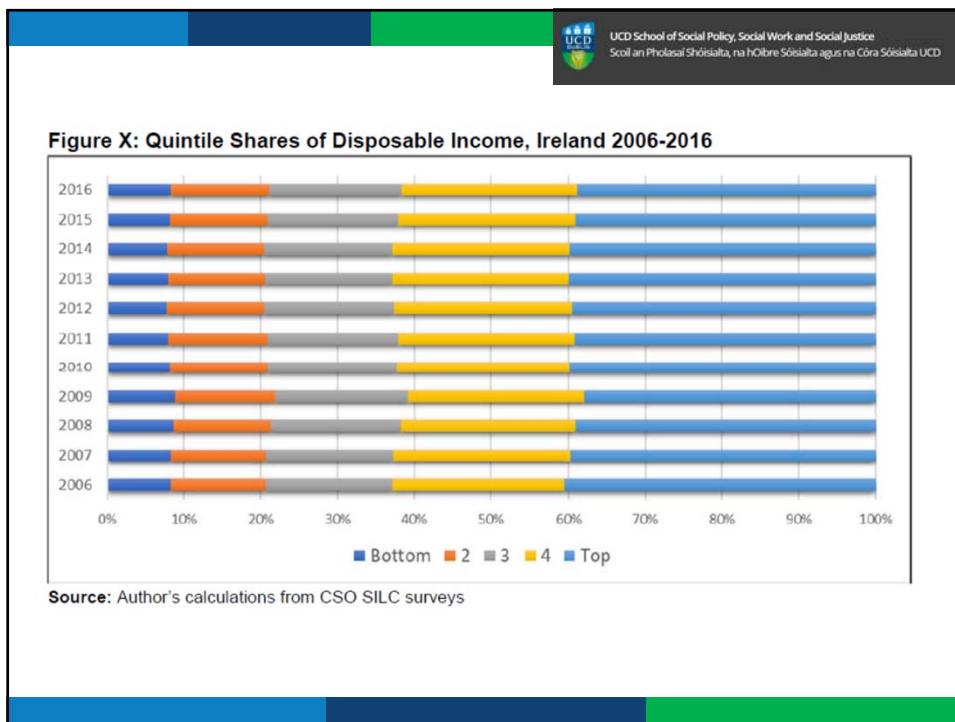
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2. Income & Income Distribution

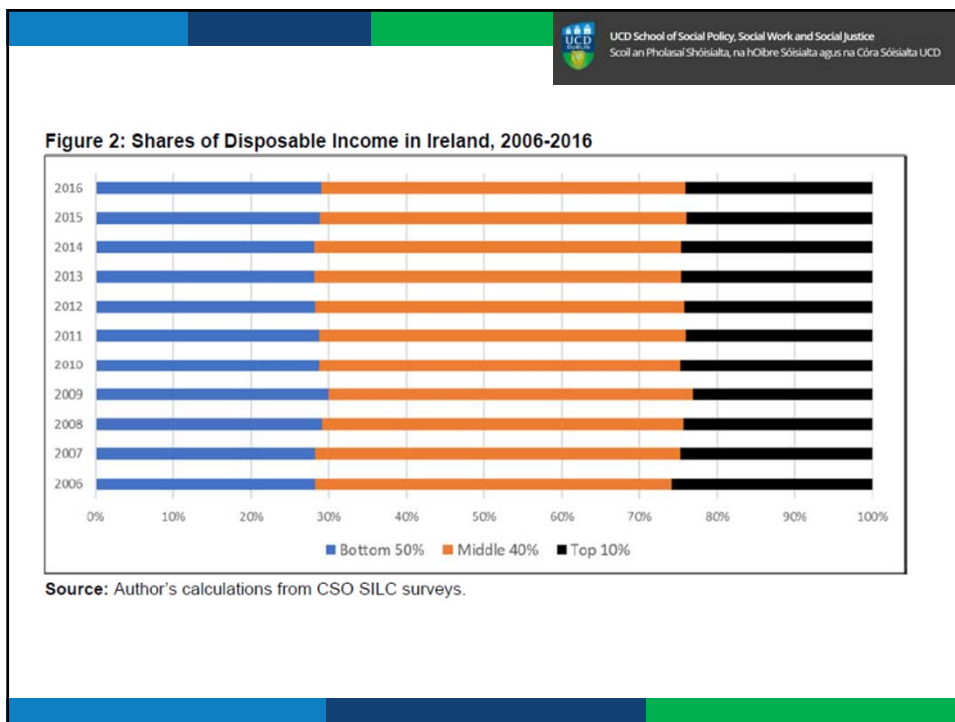
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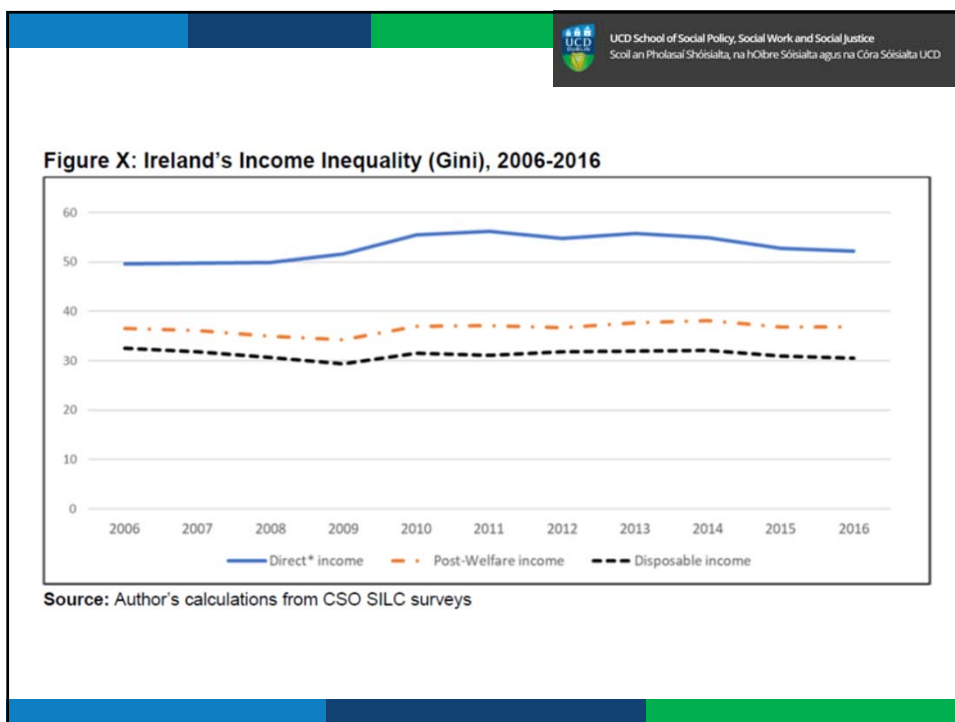
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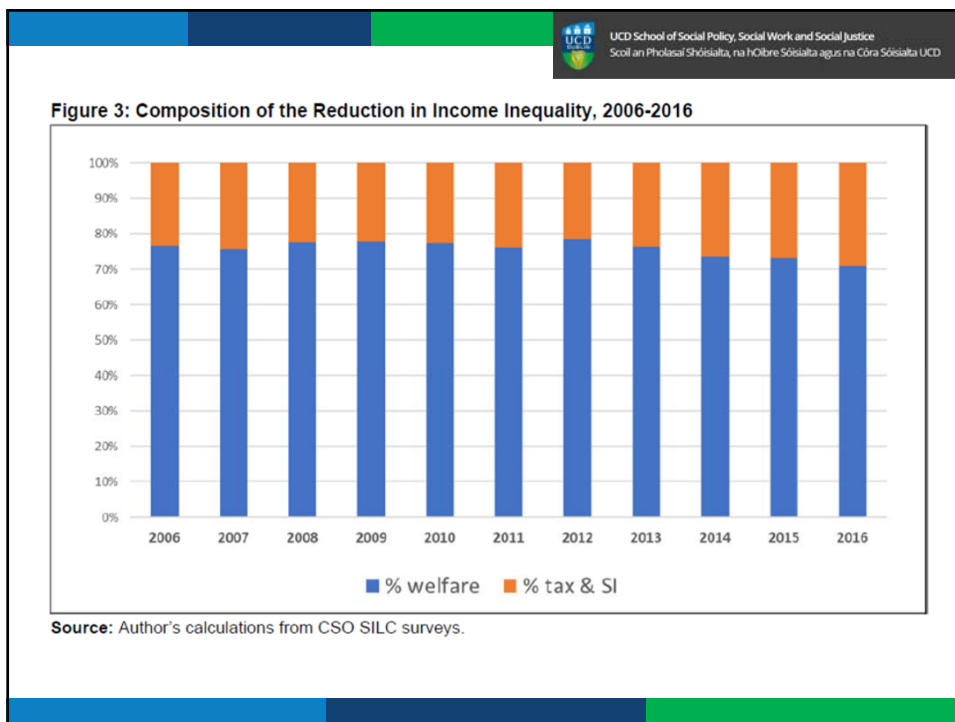
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3. High & Low Income

Table 3: Distribution of Individual Market Incomes in Ireland 2016

From €	To €	No. of individuals	% of total individuals	Average income €	% of all income
0	10,000	546,133	18.6%	4,949	2.9%
10,000	20,000	661,921	22.5%	14,820	10.4%
20,000	30,000	564,214	19.2%	24,872	14.8%
30,000	40,000	441,448	15.0%	34,616	16.2%
40,000	50,000	265,480	9.0%	44,593	12.5%
50,000	60,000	165,919	5.6%	54,563	9.6%
60,000	70,000	94,061	3.2%	64,622	6.4%
70,000	100,000	115,755	3.9%	81,768	10.0%
100,000	150,000	49,718	1.7%	119,259	6.3%
150,000	200,000	15,368	0.5%	171,551	2.8%
200,000	275,000	9,259	0.3%	231,198	2.3%
Over	275,000	10,224	0.3%	547,378	5.9%
		2,939,500	100.0%	32,170	100.0%

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Table 4: Rates of Low Pay among full-time workers in selected EU and OECD states, 2016

Country	% rate	Country	% rate
Belgium*	4.6%	Slovenia**	19.2%
Finland	7.1%	UK	19.3%
Italy	7.7%	Hungary	19.6%
Denmark	8.2%	Czech Republic	19.8%
France**	9.1%	Lithuania**	21.3%
Portugal	11.4%	Poland	21.7%
Luxembourg**	12.2%	Estonia**	22.1%
Netherlands**	14.5%	Ireland	22.5%
Spain**	14.6%	Latvia**	26.0%
Austria	15.4%	OECD average	15.8%
Greece	15.8%	US	24.9%
Germany	18.9%	Canada	22.3%
Slovakia	19.0%	Switzerland	10.2%

Source: OECD Database

Notes: Low pay is defined as those earning less than two-thirds of gross median earnings of all full-time workers. Comparable OECD data is only available for 22 EU states. All data is for 2016 unless indicated as *2015 and **2014.

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Table 3: Distribution of Individual Market Incomes in Ireland, 2016

From €	To €	No. of individuals	% of total individuals	Average income €	% of all income
Top 10%		294,385	10.0%	108,179	33.7%
Top 1%*		29,395	1.0%	323,906	10.1%
Top 0.5%*		14,698	0.5%	456,104	7.1%
Top 0.1%*		2,940	0.1%	1,120,145	3.5%

Source: Calculations based on Revenue Commissioners (2018)

Notes: *estimates of share accruing to top earners.

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4. A Basic Income

- Required:
 - To replace the income of those welfare dependent individuals and households at the bottom of the income distribution
 - To top-up (or replace) the income of those with low incomes
- In context:
 - big direct income divides ([address this](#))
 - a progressive income tax system ([keep this](#))
 - an effective existing social transfer system ([replace this](#))

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5. Wealth

- Ignored for a long time
 - no data
 - therefore doesn't count!
- HFCS
 - a bi-product of the recession
- An important context to remember

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Table 6: Distribution of Net Wealth, various EU states

	Ireland	Euro area	France	Germany	Austria	Netherlands	Finland
Median €000s	100.7	104.1	113.3	61.1	86.2	82.2	110.1
Mean €000s	216.3	223.3	243.1	214.3	258.4	151.1	195.3
Top 10%	53.8%	51.2%	50.7%	59.8%	55.5%	43.6%	45.2%
Top 5%	37.7%	37.8%	37.4%	46.3%	43.4%	28.7%	31.4%
p80/20	170.5	41.0	32.4	111.4	57.0	71.3	84.9
Gini	75.2	68.5	67.6	76.2	73.1	69.8	64.8

Source: ECB HFCS second wave results (2017)
Note: p80/20 is the ratio of the share held by the top 20% relative to that of the bottom 20%.

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Table 7: Age Distribution of Households Net Wealth, Ireland 2013

	Median Net Wealth, €000s	Mean Net Wealth, €000s	Share of Net Wealth
Under 35 yrs	4.0	38.0	3.5%
35-44 yrs	31.5	122.5	13.3%
45-54 yrs	157.1	283.4	25.1%
55-64 yrs	195.5	344.1	25.7%
65 yrs +	202.3	348.2	32.5%

Source: CSO Household Finance and Consumption Survey, 2013.

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Figure 5: Inequality of Income and Wealth in Ireland (Gini coefficients)

Category	Gini Coefficient
Wealth 2013	75
Direct Income 2013	56
Disposable Income 2013	32
Direct Income 2016	52
Disposable Income 2016	31

Source: Author's calculations from CSO SILC surveys and ECB (2017).

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6. Challenges

- For a Basic Income
 - Pensioners and their 'earnings'
 - Young workers in education etc
 - Ireland's low income earnings model
 - taxation effects and incentive effects
 - Earnings structure requires a progressive tax structure
 - flat tax approaches will not work
 - Breadth of the tax base (not just income...)