The rising tide that failed to lift all boats: poverty, inequality and the “Celtic Tiger”
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The rising tide that failed to lift all boats: poverty, inequality and the “Celtic Tiger”

Louise Johnston
Law and European Studies

This paper highlights the derisory situation in respect of tackling poverty which continues to affect and exclude significant numbers of persons and the increasing inequalities prevalent within Irish society. The government’s attempts to equitably redistribute the benefits of economic growth have been negligible, particularly in respect of the impact of expenditure on health and education. Poverty’s presence continues to represent an acute barrier in terms of access to and experiences of these basic rights. The lived inequitable experiences of health and exclusion from adequate care are prominent features of the Irish health care system. Similarly, deprivation continues to constitute a key arbiter in respect of all aspects of the educational experience, with significant inequalities and exclusion remaining prominent in terms of access, participation and performance for deprived socio-economic and excluded groups. The consequences of the inequitable and exclusionary experiences determined by poverty in education and health are inherently linked and pervade all aspects of a person’s life, both personal and social. The idea of a ‘cycle of poverty’ is pertinent; despite Ireland’s economic success it continues to revolve and for those trapped therein, escape must appear impossible.

Introduction
The ‘Celtic Tiger’ had a transformative effect on the social, cultural and economic landscape of Irish society, a transformation which saw Ireland, after decades of underperformance, emerge as an exemplar of successful economic development within the region of Europe (Kirby 2002, p.1). Key to this accolade was an average annual economic growth rate of 6.5% between 1990 and 2007 (The Economist 2009, p.33), resulting from a combination of several factors: the arrival and entrenchment of multi-national corporations, attracted by a favourable fiscal regime, as leading employers in key industries such as the
pharmaceutical, chemical and high-tech sectors; the availability of a highly skilled and educated workforce; the initiation and continuance of a “Social Partnership” arrangement between the state, the business sector and the unions; and the benefits of EU membership (Fitzgerald 2000). The consequential effect was an overall increase in employment, production, wage levels and (for a period) relatively low rates of tax and inflation. Further, the standard of living for those in employment improved generally as increased disposable income combined with greater access to credit amplified consumer spending on household, lifestyle and “status” goods (Kirby 2002, pp.48-54). However, despite the perception that such growth would ‘trickle down’ to benefit ‘the poor’ or less advantaged (Callan and Nolan 1994 p.3) it is evident that “poverty” continues to reflect an inequitable and exclusionary characteristic of Irish society. As such this paper will examine how the ‘Celtic Tiger’ while benefiting some, has marginalized others, particularly those in poverty. This is particularly evident in respect of issues fundamental to quality of life, namely health and education. Prior to undertaking this discussion, it is instructive to first consider the often ambiguous concepts which form the basis of this paper, namely poverty, exclusion and inequality and their current situation in contemporary Ireland.

**Poverty, Exclusion and Inequality – Interconnected Concepts?**

While various conceptualisations of poverty can be proffered (Lister 2004, p.3), this paper views it as a recognition of a deprivation of the resources necessary to achieve an adequate standard of living (Sen 2001, p.87). Income may be its principal, but not only cause, since deprivation extends beyond material

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1 A model of social partnership was initiated in 1987 by the sitting government working in partnership with the business sector and the unions as a model for stimulating economic growth for the country. The first programme was called “Programme for National Recovery”. The agreements were re-negotiated every three years. The present agreement is called “Towards 2016” (Department of the Taoiseach 2006)
concerns of adequate shelter, health and education, to issues concerning people’s status and exclusion from societal participation (Sen 1992, p.110). Such an understanding of poverty which incorporates societal relations envisages a relative concept, given that what is regarded as adequate varies over time and across different societies.

Ireland’s National Action Plan for Social Inclusion (NAPS), the government’s main policy for addressing ‘poverty’ in a strategic framework, reflects such relativity. It states people are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and other resources people may be excluded or marginalized from participating in activities which are considered the norm for other people in society (Government of Ireland 2007, p.20).

The concept of poverty in the above context extends beyond income deprivation and requires an assessment of a person’s capacity to participate in society relative to others therein. Moreover, it explicitly acknowledges the marginalizing and exclusionary impacts such inadequate resources engender. Indeed social exclusion is intrinsically linked to this conceptualisation of poverty in that it prevents fuller participation in society (Farrell et al 2008, p.34). Furthermore, this relative formulation is similar to an understanding of inequality wherein inequality involves an unjust distribution of income, wealth, resources and power in society, which may result in the exclusion of those experiencing this inequity. As such were inequitable distributions of such material, cultural and social goods to increase this would probably exacerbate poverty. Inequality and poverty - and the exclusion they produce - may thus be seen as inextricably linked, for it is said that poverty “… leads to and can arise from unjust inequalities” (Cantillon et al 2001, p.xviii).
Economic Growth – Impact on Poverty, Exclusion and Inequality

Economic growth, such as that which occurred in Ireland, can only have a positive impact in the sense of reducing poverty where it is distributed in an equitable manner benefiting all members of society (Kirby 2002, p.47). However, Ireland’s comparatively high poverty rate by EU standards is of concern given the negative consequences which deprivation can generate (Whelan and Maître 2008, pp.24-5). It is evident that during the ‘Celtic Tiger’ no progress was made in respect of reducing the ‘at risk of poverty’ rate – the percentage of persons whose income is below 60% of median income. In 2007, that was an income equal to or below €228.65 a week for an adult (Combat Poverty Agency 2009).

Figure 1- ‘At Risk of Poverty’ Rates 1994-2005

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<tr>
<td>Rate</td>
<td>15.6</td>
<td>18.2</td>
<td>19.8</td>
<td>20.9</td>
<td>21.9</td>
<td>19.7</td>
<td>19.4</td>
<td>18.5</td>
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</table>

Source: Government of Ireland 2007

Figure one tracks the figures for those at risk of poverty over a ten year period. It demonstrates an increasing rather than decreasing trend in poverty rates during that time, a trend that is compounded by the most recent available “at risk of poverty” figures for 2007 – 16.5% (CSO 2008, p.5). Thus from the period of 1995-2007 the rate went from 15.6% – 16.5%, an increase of just under 1%. Further, this dynamic persisted despite the strategic policy initiatives of NAPS to decisively reduce these levels across successive partnership agreements (EAPN Ireland 2008). In respect of figures concerning consistent poverty, the combination of being below the 60% median income level and being deprived of
two or more items from a “deprivation index”\(^2\) considered essential for a basic living standard, a similar stagnancy is evidenced. Figure two highlights a slight decrease over the same ten-year period\(^3\) from 8.3% to 4.3.0% and again from 8.8 to 7%, with 2007 figures standing at 5.1% (CSO 2008, p.5).

**Figure 2 - Consistent Poverty Rates 1994-2005**

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</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>8.3</td>
<td>7.8</td>
<td>6.0</td>
<td>4.3</td>
<td>4.1</td>
<td>8.8</td>
<td>6.8</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: Government of Ireland 2007

Both data sets evidence a decrease in the consistent poverty rate, however, such modest progress occurred during a time where the eradication of consistent poverty constituted an objective of reoccurring NAPS initiatives (EAPN Ireland 2008). The government now aims to achieve this by 2016 (2007, p.13). Given its failure to achieve its targets during a period of unparalleled economic growth it is difficult to envisage this occurring in the current economic climate. Additionally, while the percentages may vary slightly, it is evident that particular groups are most vulnerable to experiencing consistent poverty and/or being at risk of poverty. These include the unemployed, people with disabilities

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2 The deprivation index used to consist of eight items but in recent times this has increased to eleven. Persons lacking two or more items from this index are regarded as being in consistent poverty - Two pairs of strong shoes; A warm waterproof overcoat; Buy new not second-hand clothes; Eat meals with meat, chicken, fish (or vegetarian equivalent) every second day; Have a roast joint or its equivalent once a week; Had to go without heating during the last year through lack of money; Keep the home adequately warm; Buy presents for family or friends at least once a year; Replace any worn out furniture; Have family or friends for a drink or meal once a month; Have a morning, afternoon or evening out in the last fortnight, for entertainment (Government of Ireland 2007)

3 It’s noted that the rates for consistent poverty in this table are not comparable with each other across the full time period as there was a change in 2003 in the method of data collection with the use of a different data retrieval instrument (SILC).
or long term illness; one parent households; and children (CSO 2008). It is apparent from the foregoing that economic growth has failed to benefit a sizeable number of citizens who continue to experience or be at risk of poverty because of derisory resources, insufficient to participate fully in society.

This unimpressive situation in respect of poverty is perhaps hardly surprising, given the high levels of inequality evident in Ireland. Several authors note that a salient feature of the ‘Celtic Tiger’ has been the corresponding increase in inequality – economic success has benefited some while excluding others (O’Hearn 1998; Cantillon et al 2001; Baker 2006; Nolan and Maître 2007). Indeed Ireland records particularly high levels of income inequality in relation to the most prosperous OECD nations (Smeeding and Nolan 2004, p.9). Figure 3 plainly demonstrates Irish income disparities which steadily increased during the 1990s:

**Figure 3 - Income Distribution in Ireland 1994/1995 – 1999/2000**

![Income Distribution Graph](image)

Source: Nolan and Maître 2007

Given the correlation between increased inequality and poverty (Wade 2007, p.115), such disparity will impinge upon the ability of the poor to participate fully in society and will negatively affect their life chances (Kirby 2001, p.21).
As such, unmoving poverty rates and rising inequality during ‘the boom’ means that many have been excluded from sharing in the benefits of economic growth and are marginalized in respect of income, health, education, housing and so forth. As Kirby and Murphy (2008, p.38) succinctly conclude

“[i]t is paradoxical indeed that the period which saw the most draconian and inegalitarian fiscal policy was when the state had the greatest resources it had ever enjoyed”.

Now, as the ‘boom’ deflates to ‘bust’, as the economy is estimated to contract by some 6.5% and as unemployment soars (The Economist 2009, p.33), a pessimistic view that the situation can only deteriorate further seems eminently plausible.

The foregoing overview demonstrates that the related concepts of poverty, inequality and exclusion remain prominent features for certain social groups in Irish society. It is said that

“[e]vidence of social inequalities in Ireland abounds, from levels of poverty to socio-economic disadvantage in educational attainment......such economic inequality pervades to other spheres of life and most notably to life itself” (Millar 2008, p.101).

The following discussion will therefore examine how poverty, often a catalyst and consequence of inequality, is a crucial determinant of the experience of inequity in the essential services (and indeed rights) of health and education, which leads not only to marginalisation and exclusion therein, but moreover from wider societal participation.

**Health**

It is undeniable that health is central to quality and as such fuller participation in society. Its fundamental importance is evidenced in the view that the availability of health care should not be predicated upon financial resources (Layte 2007,
The rising tide that failed to lift all boats

p.164). However its magnitude is not reflected in the reality experienced by many in society in terms of their chances of good health and ability to obtain adequate care. I argue herein that the inequitable experiences surrounding health marginalize many and often occur principally as a result of deprivation.

**Quality of Health**

Socio-economic conditions are a major contributing factor to a person’s quality of health (Farrell *et al* 2008, p.11). Indeed the World Health Organisation considers factors such as deprivation, inequality and exclusion as key ‘social determinants’ of many diseases and deaths (2008, p.1). As such, inequitable social conditions precipitate inequitable experiences of health and life expectancy (Burke 2009, p.4). Mortality rates relating to social class demonstrate this: members of lower socio-economic groups are considerably more likely to die from cancer, cardiovascular and respiratory diseases than higher socio-economic groups (Millar 2008, p.101). Disparities in terms of health are further evidenced by the fact that 85% of the non-poor have reported good health in contrast with just 66% of deprived persons (Layte *et al* 2007, p.5). The health of certain socially excluded groups may be acutely negatively affected. For instance, many of the illnesses which members of the Travelling Community suffer as well as their significantly lower life expectancy than the general population (ten to twelve years) (Barry *et al* 1989, p.18) are linked to their marginalisation, exclusion and resultant deprivation (Burke 2009, p.16-7).

While the previous substantiates the assertion that inequalities in terms of health and mortality are directly determined by socio-economic backgrounds, this correlation is reciprocal: poor health can also lead to poverty as evidenced by the number of people within the category of “ill/disabled persons” (CSO 2008). Further, its effects may very often occur indirectly, rather than more directly as in the latter case, since limited financial resources result in poorer diet, housing, living conditions and so forth (Farrell *et al* 2008, p.29). Furthermore, income
inequalities and resultant poverty influence poorer persons’ health outcomes particularly in relation to mental well being (O’Shea and Gillespie 2006). Indeed the mental health of groups such as lone parents, Travellers and other ethnic minorities is severely impaired arising from the “… stigma.....low self-esteem, anxiety, stress.....feeling of inferiority”, precipitated by their poverty, exclusion and discrimination (Burke 2009, pp.9, 17 and 20). Thus health inequalities very often occur largely as a result of unequal distributions of socio-economic resources (Layte et al 2007, p.9).

Health Care
Given the correlation between poverty and poor health, the implication of a greater demand for health care services among poorer persons arises. ‘Equity and fairness’ in access to treatment based on need not financial resources is said to be a guiding principle of the health care system (Department of Health and Children 2001, pp.17-18). However, this is not reflected in reality, where an individual’s income is especially likely to impact upon the level of treatment attainable (Layte 2007, p.164). This is most evident in the disproportionate subscription rates for private health insurance: 16% of persons in the lowest income bracket subscribe compared with 59% of the highest earners (Finn and Harman 2006, p.14). They note however that generally almost 50% of the population avail of such care (Ibid, p.3), primarily due to perceptions of increased speed of access and improved quality of care (Harkin 2001, p.11). The inaccessibility of private insurance for poorer persons may thus result in inequitable consequences, not solely in terms of the standard of care received, but also primarily in terms of access to treatment. For instance, Layte (2007, pp.174-5) observes private patients are overwhelmingly less likely than public patients to be placed on waiting lists for care. Additionally, the prohibitive nature of private care for lower income groups is particularly troubling when one considers the increasing ineligibility of many for free health care resulting
from the fact that eligibility criteria, as set by the states health services, are in of themselves exclusionary due to their restrictive access levels (Millar 2008, p.101). This may serve to exclude lower income groups from even primary care, which will unjustly compound their disproportionate health problems.

Lynch suggests government health expenditure of 7.5% of GDP in comparison to the EU average of 8.7% is unreflective of an increased and aging population during a period of unprecedented economic growth (2007, p.14). Coupled with recent trends to encourage greater private investment in health care (Kirby and Murphy 2008, p.22), this may further negatively impact upon accessibility of care for poorer patients. Given the perceived quality differences between the public and private sectors; inadequacy of public expenditure; disparities in terms of waiting lists; and an insurance system - encouraged by the state- that is mainly availed of by the well-resourced, there is a suggestion that policy, rather than reducing inequalities in health care, is actually compounding them (Finn and Harman 2006, p.32).

Corroborating the principal argument of this paper, inequalities endemic in Irish society are clearly reflected in terms of the disproportionate health problems of those living in poverty and their access to treatment. Finn and Harman suggest good health is linked to education, in terms of implementing health information, access to private insurance and improved life chances generally (2006, p.8). However as shall now be examined, education and the education system are themselves fraught with inequality and exclusion.

**Education**

Education’s impact upon societal participation cannot be understated. Educational qualifications can significantly influence an individual’s life chances (O’Connell *et al* 2006, p.313) in a country whose economic success is
partly attributable to such attainment (Fitzgerald 2000). The exclusion of many from this prosperity and the persistence of poverty, owing particularly to growing inequalities, are evidenced in the educational prospects and experiences of deprived persons. In other words, education is a key means through which inequalities and poverty are perpetuated (Archer 2001, p.225). This is so despite the National Anti-Poverty Strategy’s objective of ensuring that those living in poverty can “access, participate in and benefit from education of sufficient quality to allow them to move out of poverty and prevent others from becoming poor” (cited in McCoy and Smyth 2003, p.74).

**Educational Access, Participation and Achievement**

The opportunity to attain educational qualifications sufficient to improve economic prospects is inherently related to an individual’s socio-economic background. Such achievement is patently difficult without participation and it may be seen that an overwhelming majority of early school leavers emanate from poorer familial backgrounds. For instance in 2006 while over 75% of students from higher income groups completed education to Leaving Certificate level, just 32.5% of children whose father is unemployed did so (McCoy et al 2007, p.9). This is partly attributable to the cost of remaining in education, which is less attainable for those from lower income groups, whose parents are unable to provide the financial support required (Kirby and Murphy 2008, p.22). Smyth’s submission that inequalities between social classes in terms of educational completion have not diminished during the economic boom (1999, p.282) is entirely conceivable.

Educational performance is equally influenced by socio-economic backgrounds. This manifests itself early on for deprived children through literacy difficulties and persists through their educational progression, so the existence of a widening disparity in achievement based upon economic background
(Kellaghan cited in Archer 2001, p.206) is unsurprising. Figure four demonstrates the considerably lower average Leaving Certificate examination results for those from unemployed/manual backgrounds (16-33% achieved ‘honours’ in four or more subjects) than students from professional/employer backgrounds (58-62%) (McCoy et al 2007, p.15).

**Figure 4 - Leaving Cert Exam Results by Socio-economic background (2006) – Father’s Occupation**

<table>
<thead>
<tr>
<th>Father’s Occupation</th>
<th>1-3 Honours</th>
<th>4+ Honours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmer/Agriculture</td>
<td>23.5</td>
<td>50.5</td>
</tr>
<tr>
<td>H/L professional</td>
<td>17.2</td>
<td>62.5</td>
</tr>
<tr>
<td>Employer/manager</td>
<td>9.3</td>
<td>58.2</td>
</tr>
<tr>
<td>Intermediate non-manual</td>
<td>28.7</td>
<td>38.7</td>
</tr>
<tr>
<td>Skilled/semi/unskilled manual</td>
<td>30.1</td>
<td>33.6</td>
</tr>
<tr>
<td>Unemployed</td>
<td>20.8</td>
<td>16.5</td>
</tr>
<tr>
<td>Other/unknown</td>
<td>24.2</td>
<td>20.1</td>
</tr>
<tr>
<td>Total</td>
<td>25.0</td>
<td>41.7</td>
</tr>
</tbody>
</table>

Source: McCoy et al 2007

Such disparities cannot simply be attributed to differences in intelligence or capabilities; rather it is said that inaccessibility of resources (supplementary tuition and extra-curricular activities), can have a marked impact upon achievement levels, particularly for students from disadvantaged backgrounds (Kirby 2001, p.208).

Although poor performance in the main determinant of entry into third level is crucial, economic factors again constitute a key arbiter and barrier to progression. This is reflected in the fact that (despite the abolition of third-level tuition fees in 1996) school leavers from disadvantaged backgrounds are ‘under-
represented’ in terms progression to tertiary education (O’Connell et al 2006, p.327). Indeed during that decade inequalities in access may in fact have increased (McCoy and Smith 2003 pp.67-8). Figure five highlights the disparity in advancement rates by socio-economic grouping:

**Figure 5 - Rates of Progression to Higher Level (those who completed second-level) by Father’s Socio-Economic Group 2006**

![Diagram showing rates of progression to higher level by father's socio-economic group.](image)

Source: McCoy et al 2007

The nefarious presence of poverty and the inequitable and exclusionary educational experiences it elicits in terms of access to, participation and performance in education is patently obvious. Given this and given the disproportionate representation of deprived persons in terms of early school-leavers and their relative absence from third level education, one can clearly understand why it is said “level of education is a strong indicator of a person’s socio-economic status” (Farrell et al 2008, p.41). The role of government and public spending in attempting to combat these evident inequalities can be of great significance.
Public Spending

While Ireland’s educational spending (5.5% of GNP) is high by EU averages, given its relatively young population and thus larger student populace, greater investment may be required (Kirby and Murphy 2008, p.22). Expenditure occurs primarily in respect of tertiary education (fees/grants). While students from disadvantaged backgrounds profit from this, its distribution is inequitable, since its principal beneficiaries have been students whose families would otherwise have subsidised their progression (Archer 2001, p.226). The disparate spending at tertiary and primary levels, demonstrated by figure six, is of concern, not least because the former has failed to significantly assist those who benefit least from the education system, but moreover because tackling disadvantage early in children’s educational careers can facilitate significantly increased participation and attainment in the future (McCoy and Smyth 2003, p.75).

Figure 6 - Expenditure by Educational Level 1992-2002 (€ based on 2002 prices)

Where government spending does seek to address pre-third level inequalities, a narrow focus concentrated chiefly on retention levels has prevailed; however, this is inadequate in tackling substantial disparities that occur in terms of examination results outlined above. Furthermore this policy focus is said to be insufficient to provide a level playing field for students (McCoy and Smyth 2003, pp.73-4), due to the failure of policy generally to address the broader
societal inequalities which impact upon life chances even prior to entry into the education system. Without corresponding measures that address such inequalities, systemic educational inequalities may be reduced only to the extent that demand for particular levels of education amongst advantaged groups has been ‘saturated’ (Raftery and Hout 1993, p.57). It must be recognised at the same time that the impact of government spending can be limited as advantaged groups can maintain their position through the application of resources or ‘cultural capital’ (McCoy and Smyth 2003, p.66). However this cannot obscure the general ineffectiveness of public spending to substantially reduce the inequalities which are “reflected throughout the educational system from preschool right through to higher education and beyond” (O’Connell et al 2006, p.316).

Early school leaving and poor performance impinge upon a person’s life chances, not just in terms of possible exclusion from further education and marginalisation on the labour market (unemployment, job insecurity and low pay) but also socially in terms of health, crime, lone parenthood and so forth (McCoy et al 2007, p.ix). Thus, despite economic growth and increased government spending, the inequalities which persist in terms of educational access, participation and achievement continue to constitute major exclusionary impediments for those from poorer backgrounds.

**Conclusion**

It is difficult to avoid the conclusion that poverty does continue to reflect an inequitable and exclusionary characteristic of Irish society, despite the recent accolades of the ‘Celtic Tiger’. This paper has highlighted the derisory situation in respect of tackling poverty which continues to affect and exclude significant numbers of persons and the increasing inequalities prevalent within Irish society. The government’s attempts to equitably redistribute the benefits of
economic growth have been negligible, particularly in respect of the impact of expenditure on health and education. Poverty’s presence continues to represent an acute barrier in terms of access to and experiences of these basic rights. The lived inequitable experiences of health and exclusion from adequate care are prominent features of the Irish health care system. Similarly, deprivation continues to constitute a key arbiter in respect of all aspects of the educational experience, with significant inequalities and exclusion remaining prominent in terms of access, participation and performance for deprived socio-economic and excluded groups. The consequences of the inequitable and exclusionary experiences determined by poverty in education and health are inherently linked and pervade all aspects of a person’s life, both personal and social. The idea of a ‘cycle of poverty’ is pertinent; despite Ireland’s economic success it continues to revolve and for those trapped therein, escape must appear impossible.

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