



Taighde, Idirphlé, Comhairle
Research, Dialogue, Advice

Social Dialogue, Inclusive Growth & Social Dialogue

Ireland's Economic & Social Council

Director Larry O'Connell



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Structure

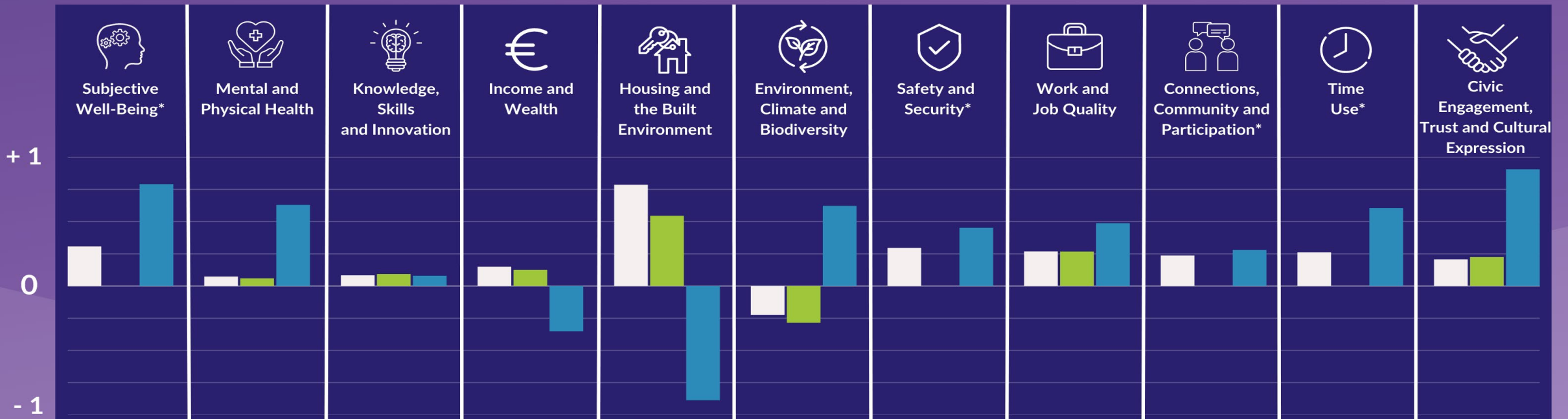
- Introduction
- Broad & Inclusive Growth
- Economic Case for Investment
- Work of the State
- Work of 'Better Work'
- International Input

Broad & Inclusive Growth

Ireland will become a resilient, sustainable, thriving net zero economy, environment, and society, using innovation and collective preparedness to shape the future we want to achieve.

Understanding Life in Ireland | A Well-being Perspective 2023

Trend over 5 years – International comparisons – Differences between groups



*Not all areas have sustainability indicators

Performance

Sustainability

Equality

[gov.ie/wellbeing-framework](https://www.gov.ie/wellbeing-framework)



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- Experience of poverty in childhood has profound effects on children across many dimensions including their sense of security, health and education AND that the effects continue to be significant through adult lives.
- **OECD study across 27 European countries shows that average cost of childhood disadvantage is 3.5% of GDP.**
- While there is variation, with Finland France and NL closer to 2% and Lithuania around 7%; all countries in this research are grappling with child poverty. This is an important point.
- In Ireland the cost is not far above the average at 4 % of GDP; or in monetary terms that is around 18bn euro.
- This is a recurring annual cost to our economy, society.

Economic Cost of Underinvesting in Inequality: Children

State Works Hard to Reduce Inequality: 'Universal & Tailored'

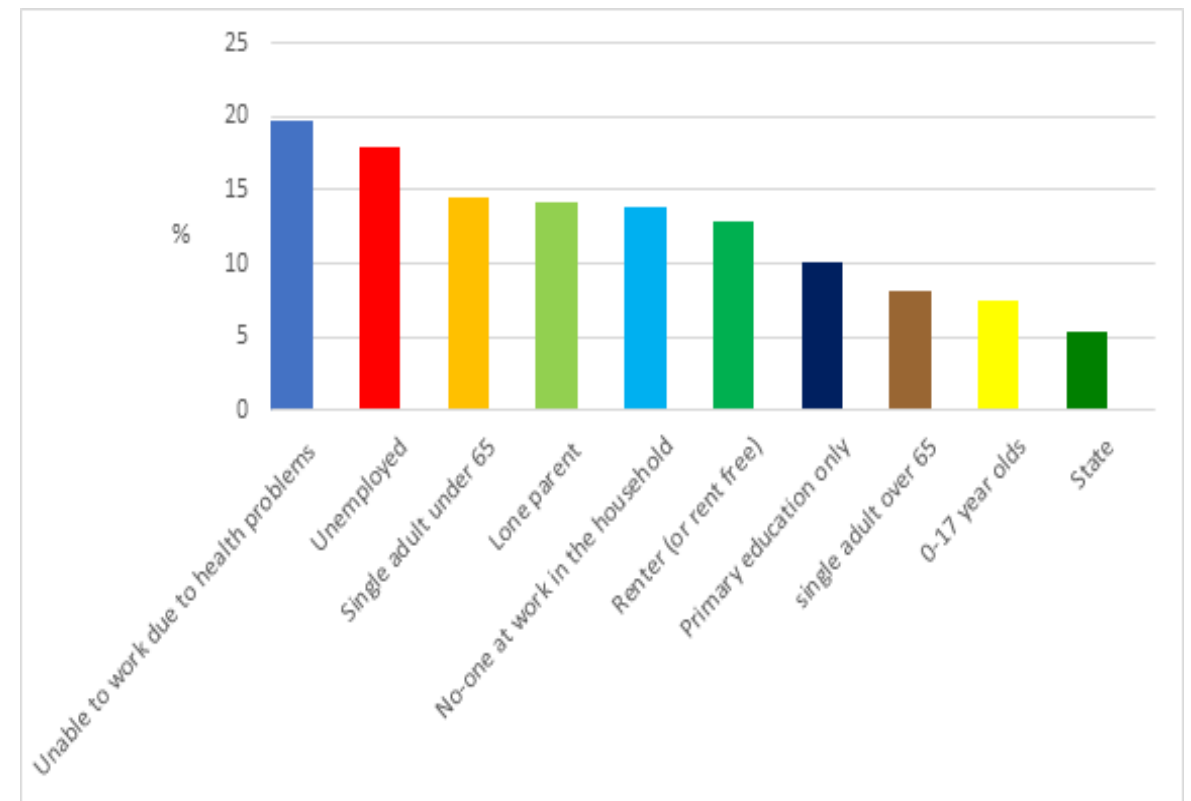
Gini coefficient

- Measures income equality: 0% denotes perfect equality and 100 % all income is held by one person
- The distribution of income in Ireland has become more egalitarian since 2000
- **2023: 27.5%, compared with 29% in 2000**
- This is before transfers (tax, social insurance contributions, pension contributions) are taken into account.
- In 2023, Gini coefficient before social transfers was 47%.
- This illustrates the income redistributive effect of the social welfare and taxation systems on reducing income inequality.

Poverty Rate

- In 2018 poverty rate before social welfare payments are included was 40.9 per cent, and 14.0 per cent after they are included.
- This is a proportionate **reduction in poverty of 66%**

Selected Groups – At Risk of Poverty



Better Work

Success of EU employment policies in boosting employment levels, prolonging working life, increasing the participation of women, driving productivity and innovation, and adapting to the digital challenge **depends** not just on changes in the external labour market but also **on developing good working conditions and job quality across all sectors.**

Eurofound

A good jobs economy framework would appear to have the capacity to incorporate a focus on both improving economic performance and productivity and also promoting individual and societal well-being. **OECD**



If society does not want to allow an ever-larger low-wage sector to develop, lawmakers must realise that cost increases in low-productivity services are unavoidable and must be adequately financed by the public sector.

Hartwig and Kramer, 2023

The problem of low pay



Figure 1.4: Weekly Paid Hours and AVG Hourly Earnings (€) by Economic Sector Q4 2023

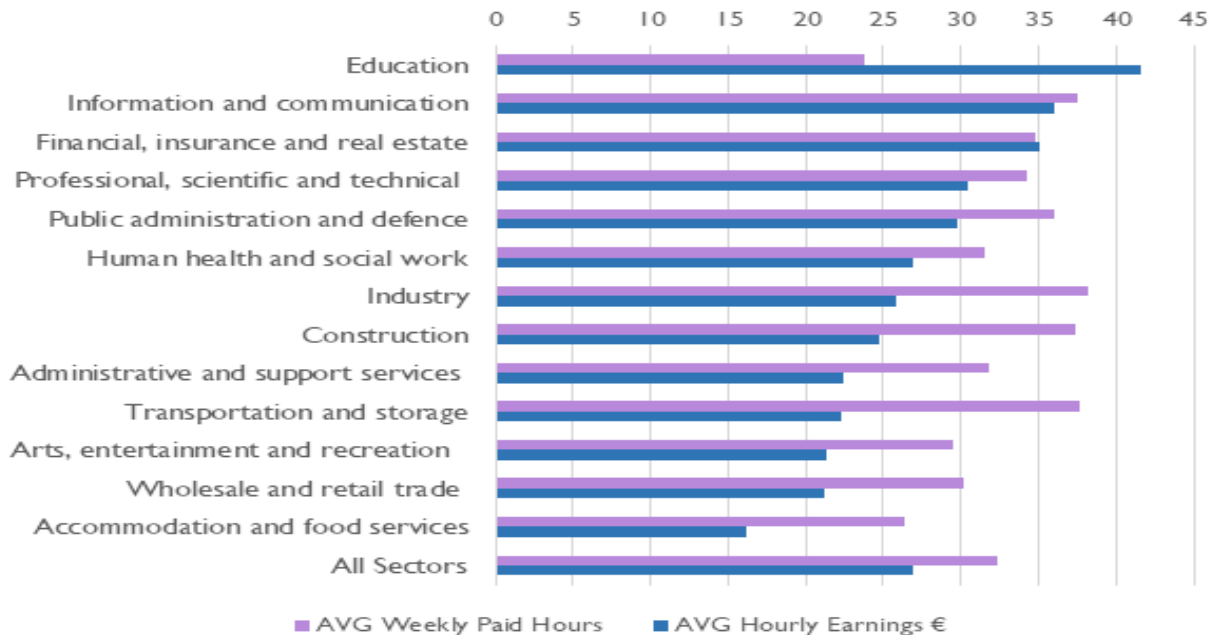


Table 1: At risk of poverty and consistent poverty rates

	At risk of poverty (%)			Consistent poverty (%)		
	2021	2022	2023	2021	2022	2023
State	11.8	12.5	10.6	4.2	4.9	3.6
Principal Economic Status						
Employed	4.5	5.3	5.8	1.2	2.0	1.5
Unemployed	23.7	32.1	25.5	10.5	14.3	9.4
Number of persons at work in the household						
0	30.2	36.7	22.6	12.7	14.4	8.9
1	13.9	15.3	15.5	4.1	5.4	5.5
2	3.3	3.7	5.3	1.0	1.4	1.3
3 or more	2.0	3.2	1.2	0.0	2.3	0.0

Source: CSO (2024) [Survey on Income and Living Conditions](#)

A National Strategy for Making Work Better



On an economy-wide basis, the payroll cost impacts range 1.8% to 2.2% by 2026, with the largest impact stemming from the introduction of a Living Wage and the auto-enrolment retirement savings scheme

Policy Area

- Employee Rights
- Social Dialogue and Voice
- Sectoral Approach
- Investing in Skills
- Knowledge Development & Advocacy
- Institutional & Policy Support

Policy Actions

- Labour Market Reforms
- Social Dialogue
- Collective Bargaining
- Employee Engagement
- Sectoral Taskforces
- Workplace innovation
- Management Development
- Better Work Research Programme
- Advocacy & Knowledge Transfer
- Collective Public Services
- Mainstreaming Better Work

Adequate Minimum Wage Directive (AMWD)



Due to be transposed into Irish law by November 2024, aims to improve living and working conditions in the EU by establishing a regulatory framework for:

1. Adequacy of statutory minimum wages with the aim of achieving decent living conditions;
2. Promoting collective bargaining on wage setting; and
3. Enhancing the effectiveness of workers' rights to minimum wage protection where provided for in national law and/or collective agreements.

The focus on promoting collective bargaining on wage setting reflects the key institutional role that collective bargaining plays in ensuring adequate minimum wage protection for workers.

Countries with high collective bargaining coverage tend to display a lower share of low-wage workers, higher minimum wages relative to the median wage, lower wage inequality and higher wages than the others (European Commission)

Directive seeks to give effect to this institutional relationship through a series of provisions that are designed to strengthen national systems of collective bargaining and increase collective bargaining coverage.



International Input

Assessing Progress Beyond GDP

- Support further dialogue about the mechanisms by which inclusive growth is measured on a global basis.
- For example, the potential to use a framework, such as the OECD WBF, to in more regions/ countries

Foresight and Preparation For Change

- Climate transition – all industries and sectors subject to enormous pressure to change and adopt to address climate change and biodiversity loss
- AI, and in particular the latest generative technology, will also expands the range of meaning that nearly every sector and occupation will be affected, including high skill jobs
- Changes to the international economic system – freindshoring, role and nature of industrial policy, links to defence policy
- Key challenge helping to anticipate and model changes and help the wider employment and education/ training system to respond

Just Transition

Key lens and possible institutional means of responding, to include:

- Principles
- Indicators
- Sectoral strategies
- Supports