



Combat Poverty Agency

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Submission to the Government and
Social Partners on the Inadequacy of
Social Welfare Payments

September 1987

1. The Commission on Social Welfare

In Ireland, there is no official definition of poverty. The Report of the Commission on Social Welfare (1986) acknowledges that there is no accepted minimum income level. It advocates that any calculation of a minimum payment should be based on the principles of adequacy, redistribution, comprehensiveness, consistency and simplicity. The report clearly shows that existing social welfare payments are proving inadequate for some households to live on. It emphasises that the risk of poverty is greatest for the unemployed, for those with children particularly the larger families, and for single people in late middle age. Social Welfare payments for these groups are seen as being low, not only relatively to earned incomes, but also relative to the level of welfare payments to other groups. It judges that the present level of unemployment assistance is too low. It estimates an "adequate income" to be between £53.55 - £64.26 (1987 values) and recommends immediate steps to bring the basic personal rates of the lowest levels of payment up to £45 weekly, with a corresponding adult dependant rate of £27 and a child dependant allowance of £10 weekly per child. Other immediate steps recommended by the Commission included additional child income support measures, an additional quarterly payment for families long-term dependent on social

welfare, the extension of free fuel allowance and the extension of electricity allowance.

The Commission on Social Welfare used seven different methods to calculate a minimum adequate income. These methods included: The U.S. Budget Method, the institutional budget method, a percentage of average industrial earnings, a percentage of aggregate personal disposable income, implicit of official judgements of income adequacy, i.e. medical card, minimum pay legislation, and average weekly disposable income calculated from The Household Budget Survey 1980.

Several criticisms arise in relation to the methods used to calculate the basic payment level. Firstly, the U.S. Budget approach (on which one of its calculations is based) is closely linked to an absolute concept of poverty. The U.S. Budget Method was adopted by the Commission without being adjusted for Irish requirements. In the U.S. dietitians are used to calculate the numbers of calories needed for healthy survival and social researchers then quantify the cheapest method of purchasing these calories. A sum is added for rent and other necessities such as clothes and fuel and this final sum constitutes what is officially considered adequate for survival. The problem with this approach is that researchers and policy makers concern themselves with ideas and

quantifications that are essentially value laden. Value assumptions are inherent in the choices which they make. They take little account of cultural or class preferences in terms of food, clothes, lifestyles and they do not compare the lifestyle that an "adequate" income gives with the average lifestyle in the society. Secondly, basing the minimum payment on an administratively defined criterion such as the medical card does not allow us to assess how this payment relates to peoples actual needs. Thirdly, basing a minimum payment on The Household Budget Survey allows us to relate the minimum payment to actual expenditure patterns; it does not, however, allow us to assess the adequacy of income.

While the calculations undertaken by the Commission were useful in arriving at a minimum income, they were based on expenditure patterns, experts value judgements and administrative definitions. They are not related to the actual needs of people. In order to arrive at an adequate minimum income it would be necessary to supplement this approach with an assessment by the recipients themselves and by the public at large of what is an adequate income.