

nesc

National
Economic and
Social Council

An Chomhairle
Náisiúnta Eacnamaíoch
agus Sóisialach

Social Welfare:
The Implications of
Demographic Change

**NATIONAL ECONOMIC AND SOCIAL COUNCIL
CONSTITUTION AND TERMS OF REFERENCE**

1. The main task of the National Economic and Social Council shall be to provide a forum for discussion of the principles relating to the efficient development of the national economy and the achievement of social justice, and to advise the Government, through the Taoiseach on their application. The Council shall have regard, *inter alia*, to:

- (i) the realisation of the highest possible levels of employment at adequate reward,
- (ii) the attainment of the highest sustainable rate of economic growth,
- (iii) the fair and equitable distribution of the income and wealth of the nation,
- (iv) reasonable price stability and long-term equilibrium in the balance of payments,
- (v) the balanced development of all regions in the country, and
- (vi) the social implications of economic growth, including the need to protect the environment.

2. The Council may consider such matters either on its own initiative or at the request of the Government.

3. Members of the Government shall be entitled to attend the Council's meetings. The Council may at any time present its views to the Government, on matters within its terms of reference. Any reports which the Council may produce shall be submitted to the Government and, together with any comments which the Government may then make thereon, shall be laid before each House of the Oireachtas and published.

4. The membership of the Council shall comprise a chairman appointed by the Government in consultation with the interests represented on the Council,
Ten persons nominated by agricultural organisations,
Ten persons nominated by the Confederation of Irish Industry and the Irish Employers' Confederation,
Ten persons nominated by the Irish Congress of Trade Unions,
Ten other persons appointed by the Government, and
Six persons representing Government Departments comprising one representative each from the Departments of Finance, Agriculture, Trade, Commerce and Tourism, Labour and Environment and one person representing the Departments of Health and Social Welfare.

Any other Government Department shall have the right of audience at Council meetings if warranted by the Council's agenda, subject to the right of the Chairman to regulate the numbers attending.

5. The term of office of members shall be for three years renewable. Casual vacancies shall be filled by the Government or by the nominating body as appropriate. Members filling casual vacancies may hold office until the expiry of the other members' current term of office and their membership shall then be renewable on the same basis as that of other members.

6. The Council shall have its own Secretariat subject to the approval of the Taoiseach in regard to numbers, remuneration and conditions of service.

7. The Council shall regulate its own procedure.

NATIONAL ECONOMIC AND SOCIAL COUNCIL

Social Welfare: The Implications of Demographic Change

by

**Damien Courtney
(Cork Regional Technical College)**

and

**Anthony McCashin
(University College, Cork)**

PUBLISHED BY THE NATIONAL ECONOMIC AND SOCIAL COUNCIL

Copies of this Report may be obtained from
THE NATIONAL ECONOMIC AND SOCIAL COUNCIL
Earl Court, Adelaide Rd., Dublin 2
or The Government Publications Sales Office.

Price: £2.00

NATIONAL ECONOMIC AND SOCIAL COUNCIL MEMBERS

Chairman: Dr. N. Whelan

Nominated by the Government

Mr. D. Condon	Prof. D. McAleese	Mr. T. F. O'Cofoigh
Mr. M. F. Doyle	Mr. B. McDonald	Mr. I. O'Fionnghalaigh
Prof. D. Hannan	Senator C. McGuinness	Mr. J. O'Mahony
Mr. J. Holloway	Dr. B. Menton	Mr. D. Turpin
Mr. A. Luke	Mr. N. Mulcahy	

Nominated by the Confederation of Irish Industry

Mr. F. A. Casey	Mr. T. P. Hardiman	Mr. C. Power
Mr. L. Connellan	Mr. J. McCabe	

Nominated by the Irish Congress of Trade Unions

Mr. P. Cardiff	Mr. D. Murphy	Mr. G. Quigley
Mr. J. F. Carroll	Mr. P. Murphy	Mr. R. Rice
Mr. P. Cassells	Mr. D. Nevin	
Mr. J. Hall	Mr. H. O'Sullivan	

Nominated by the Irish Co-operative Organisation Society

Mr. J. Buttimer	Mr. P. Kelly	Mr. G. Tierney
-----------------	--------------	----------------

Nominated by the Irish Creamery Milk Suppliers' Association

Mr. C. Dolan	Mr. P. Hourigan	Mr. T. J. O'Callaghan
--------------	-----------------	-----------------------

Nominated by the Irish Employers' Confederation

Mr. J. Jennings	Mr. P. Murphy	Mr. J. Walmsley
Dr. E. McCarthy	Mr. J. J. O'Reilly	

Nominated by the Irish Farmers' Association

Mr. D. Cashman	Mr. J. Murphy
Mr. P. Dunne	Mr. J. Richards-Orpen

CONTENTS

	<i>Page</i>
List of Tables	iii
List of Charts and Figures	vi
Council Preface	vii
Acknowledgements	ix
Chapter 1 Introduction	1
Chapter 2 Overall results, implications and recommendations	9
Chapter 3 Detailed projection results for major schemes	17
Appendix A Additional tables	35
Appendix B Details of projections of some specific welfare services	45
Appendix C Population and labour force projections	58
References	63

List of Tables

1. Projected percentage increases in beneficiaries of social welfare schemes in 1986 and 1991, for high and low assumptions of future needs.
2. Projected percentage increases in social welfare expenditure, 1986 and 1991, compared with 1981, for low and high assumptions of future needs, weighted by 1980 expenditure proportions.
3. Old age pensions, 1971-1981.
4. Projected numbers of persons aged 66 and over, projected number of old age pensioners, 1986 and 1991.
5. Projected numbers of persons aged 65 and over, projected numbers of old age pensioners on the assumption of a pension eligibility age of 65.
6. Projected percentage increases on 1981 in old age pensions beneficiaries, 1986 and 1991.

7. Contributory and non-contributory widows pensions, 1971-1981.
8. Actual (1971 and 1979) and projected (1986 and 1991) percentages of all widows in receipt of contributory and non-contributory pensions.
9. Projected number of widows and widows pensioners, contributory and non-contributory, 1986 and 1991, and increases on 1981.
10. Families in receipt of childrens allowances, numbers of children in respect of whom payments are made (31 December) 1970-1980.
11. Number of qualified children 0-14 plus 15 year olds, non labour force population, aged 16, 17 years and total qualified children 1986 and 1991.
12. Employment by sector, 1971 and 1979, changes 1971-79, and assumptions for employment growth, to 1986 and 1991.
13. Estimates of unemployment for low, medium and high assumptions of employment growth and various labour force assumptions.
14. Numbers and percentage increases on 1981 of beneficiaries of all unemployment payments, 1986 and 1991.
15. Projected insured labour force, ratio of payments to the insured labour force, number of disability payments, 1986 and 1991, and increase on 1981.

**APPENDIX A
TABLES**

- A.1. Sources of finance for social welfare expenditure, 1977-1981.
- A.2. Number of recipients of selected social welfare payments, adult dependants and child dependants, selected years.
- A.3. Growth in the numbers of welfare recipients and dependants standardised by population.
- A.4. Number of persons effectively insured under the social welfare acts in certain years.
- A.5. Expenditure on all social welfare services, certain years.
- A.6. Real value of selected social welfare payments, certain years.

- A.7. Amounts and distribution of social welfare expenditure on income maintenance categories ranked by size, 1980.
- A.8. Amounts and distribution of expenditure on social welfare payments in 1980, ranked by size.
- A.9. Total amounts and shares of social welfare expenditures, certain years.
- A.10. Population projections, with different assumptions on migration and fertility 1979-1991.
- A.11. Number of widows per 1,000 females 1979 and projected number of widows, classified by age 1986 and 1991.
- A.12. Numbers of married women in 1979 (actual) 1986 and 1991 (projected) classified by age.
- A.13. Projected number of recipients, adult and child dependants for all unemployment payments.
- A.14. Projected number of recipients of all unemployment payments, 1986 and 1991.

**APPENDIX B
TABLES**

- B.1. Retirement pensioners by birth cohort.
- B.2. Projected number of persons aged 65 years and over. Ratio of retirement pensioners to persons aged 65 years and over and projected number of retirement pension recipients plus adult and child dependants, 1986 and 1991.
- B.3. Projected insured labour force and projected number of recipients of invalidity pensions and adult and child dependants, 1986 and 1991.
- B.4. Projected insured labour force and projected number of treatment benefit payments, 1986 and 1991.
- B.5. Projected number of recipients of deserted wives benefit, 1986 and 1991.
- B.6. Projected number of recipients of deserted wives allowances and dependants, 1986 and 1991.

B.7 Number of females by year of age, aged 58-66, for 1979 (estimated) and 1986 and 1991, and projected numbers of single womens allowance recipients, 1986 and 1991.

B.8 Projected number of unmarried mothers allowance recipients and child dependants, 1986 and 1991.

B.9 Projected numbers of prisoners wives allowance recipients and dependants, 1986 and 1991.

APPENDIX C

TABLES

C1 Population classified by age group and sex, 1979 (actual) and 1986 and 1991 (projected).

C2 Labour force classified by age group and sex, 1979 (actual) and 1986 and 1991 (projected).

C3 Age and labour force dependency ratios 1979 (actual) and 1986 and 1991 (projected).

LIST OF CHARTS AND FIGURES

Figure 1 Illustration of relationship between social welfare services and population.

Figure 2 Growth of Irish social welfare: selected indicators.

Figure 3 Summary of population and labour force assumptions 1979-1991.

Figure 4 Assumptions adopted for 'low' and 'high', projections of social welfare needs.

Figure B1 Trends in invalidity pensions 1971-81.

Figure B2 Trends in the numbers of deserted wives allowance and deserted wives benefit recipients.

Figure B3 Number of recipients of unmarried mothers allowances 1974-81.

COUNCIL PREFACE

The study of the implications of demographic change for the social welfare services, published through this report, is one of a series of reports which evaluate the implications for the social services of the Council's recent report on population and labour force projections (1). The first report was concerned with the implications of demographic change for housing requirements (2). A second report examined the implications for education of the projections (3). A study of the implications of demographic change for the health services is in the course of completion. The study of the social welfare services was prepared by Mr. D. Courtney and Mr. A. McCashin (4). The Council intends to present its own views on the overall implications of the four studies in a separate report.

In their report the authors describe past trends in the social welfare schemes and give projections on the basis of particular sets of assumptions. They point out that their results must be seen in the context of factors other than demographic change which have had a greater influence on the growth in social welfare expenditure over the last decade. Demographic change will be a key factor in explaining the growth in the number of recipients under some programmes e.g., of old age pensions and child allowances. On the other hand it will provide little direct indication of the growth in unemployment payments or claims for sickness benefits.

The authors present projections on individual services and subsequently combine them, weighted by the present value of benefits, to project a trend in expenditure for the social welfare services. Their analysis concentrates on five categories of payments which account for nearly ninety per cent of total social welfare payments: old age pensions, unemployment payments, income maintenance for the ill, widows pensions and child allowances (Table A). These projections assume no change in the real value of benefits and no expansion in eligibility. On this basis it is estimated that the real cost of the major social welfare services would increase by between 24% and 34% between 1981 and 1991. The projected increases reflect both the increase in the numbers covered (recipients and dependants) and the increased share of more valuable benefits (5). During the same period the total population is projected to increase by between 5% and 13% (6).

The authors draw attention to the difficulty in seeking to identify an underlying trend to the growth in the number of recipients and the cost of social welfare expenditure. They say this reflects the piece-meal development of these services and the lack of adequate data available for analysis. It is necessary to make a judgement on the extent to which the past development of income maintenance schemes represented a catching up, or if the development was typical of a situation which might continue in the next decade.

It is clear that demographic change will be an important influence on the pattern of social welfare services over the next decade, particularly for age related benefits. In assessing the implications of the results of the study a key consideration will be the total amount of resources which are likely to be available for social welfare expenditure in the future. This will depend on the level of total public expenditure and the share devoted to social welfare. The Council will explore these issues further in its forthcoming report on the implications of this study combined with the implications of the three other reports on housing, education and health.

Table A

**Social Welfare recipients (1981) and expenditure (1980)
(Five main payment categories)**

Payment	Recipients (000)	Recipients and Dependants (000s)	Cost (1980)	
			£m	% of total social welfare expenditure
Old Age Pensions	197.4	232.4	293	34
Unemployment Payments	145.9	388.8	152	18
Income Maintenance for the Ill	89.2	182.6	137	16
Widow Pensions	71.7	91.8	100	12
Subtotal	504.2	895.6	682	80
Child Allowances	1,200	1,200	75	9
			757	89

NOTES TO PREFACE

- (1) NESC Report No. 63, *Population and Labour Force Projections by County and Region, 1979-1991, 1982.*
- (2) NESC Report No. 69, *Housing Requirements and Population Change, 1981-1991.*
- (3) NESC Report No. 71, *Education: The Implications of Demographic Change.*
- (4) Mr. Courtney is a lecturer in social and political studies at Cork Regional Technical College and a part-time lecturer in demography at University College, Cork. Mr. McCashin is a lecturer in social science at University College, Cork.
- (5) The increase in the average cost of payments reflects the increased importance of insurance based benefits relative to social assistance schemes.
- (6) In fact, the rate of increase in total social welfare expenditure (reflecting the number of beneficiaries and the value of benefits) over the period 1981-1983 has been significantly higher than the projected rate of population growth.

ACKNOWLEDGEMENTS

We wish to acknowledge in particular the assistance of Mr. J. Raftery of the NESC Secretariat, and the officials of the Research and Development Unit, Department of Social Welfare who provided data and helpful comments. The assistance of the following is also gratefully acknowledged: John Blackwell, J. J. Sexton, John FitzGerald, officials from the Central Statistics Office and the Department of Finance, and members of the Social Policy Committee of the NESC. The authors are, of course, responsible for the contents of this report, including any remaining errors or omissions.

CHAPTER 1

INTRODUCTION

The study

1. This study is one of a series undertaken by the National Economic and Social Council on the social planning implications of population projections on housing, health, education and social welfare services. Population and labour force projections for 1986 and 1991 (1) provide the basis for the studies. In this study we are concerned with the effect of projected population changes for the period 1979-1991 on the future provision of social welfare services, i.e. those services administered by the Department of Social Welfare. Almost all of these services are regular transfer payments to persons and households. The services consist of:

- (i) *insurance benefits* paid to categories of claimants who have fulfilled specified contribution requirements in the form of pay related social insurance contributions;
- (ii) *assistance* payments which are means tested payments to claimants who, for a variety of reasons, are not entitled to insurance benefits;
- (iii) *benefits in kind*, for example, free travel, free T.V. licence;
- (iv) *childrens allowances* which are universal (non-means tested) cash payments (monthly) to mothers in respect of dependent children.

One summary document is available as a guide to these services (2). In the analysis, where necessary, we refer to various details of the services and benefits. The social welfare services are financed partly by direct exchequer subvention and partly out of social insurance funds. The latter are in turn derived from the employers' and employees' contributions — a pay related social insurance contribution is the basis of the employee contribution. In recent years the balance of exchequer versus social insurance funds in the financing of expenditure has altered. The exchequer contribution as a percentage of total expenditure increased from 55% to 62% between 1977 and 1981 (Table A.1).

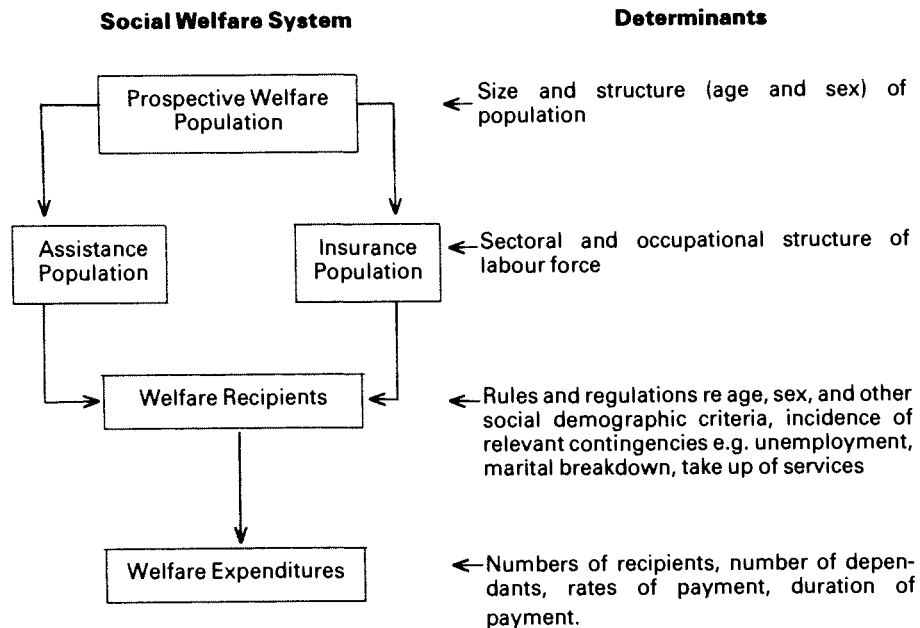
2. No research has previously been published on the topic of the implications for social welfare services in Ireland of demographic trends. There is now an acute need to examine the relationship between population change and social welfare services both because of the numbers of persons affected by the services, and the cost of providing the services.

Methodological issues

3. There are a number of difficulties entailed in a study of this nature. The first difficulty is conceptual: the relationship between social welfare services and population is not as direct as in other areas such as education and employment. For instance the number of young people of different ages can be directly related to the numbers of pupils in different levels of education. Therefore enrolment requirements for the present and the future can be relatively easily approximated given data on the size and structure of the population which can be combined with relevant assumptions regarding migration and the labour force. Social Welfare is much more loosely related to population. The relationship is illustrated in Figure 1.

Figure 1

Illustration of relationship between social welfare services and population



- (i) The size and demographic structure of the population determine the *prospective welfare population*. Thus the numbers of persons aged over 65 or under 18 determines the number of prospective recipients of old age pensions and childrens allowances.
- (ii) The structure of the economy and the occupational and industrial structure of the labour force will have a significant effect on both the prospective insurance *benefit* population and *assistance* population. For instance, the declining numbers of persons engaged in agriculture has meant that an increasing proportion of the labour force is employed in insurable employment.
- (iii) The *eligible* insurance and assistance population will, in turn, be determined by the numbers of persons who would meet the detailed criteria for the various payments in the event of a relevant income maintenance contingency arising. For instance, the numbers of persons eligible to receive non-contributory old age or widows pensions will be determined by the actual number of persons who meet the detailed requirements in terms of income, marital status, age, insurance record and so on.
- (iv) The numbers of welfare recipients, given the prior data, will be determined by the incidence of the various income maintenance contingencies which arise from social, economic, environmental and other factors. Thus, the numbers of deserted wives benefit beneficiaries will be related to the incidence of marital breakdown while the number of unemployment payments beneficiaries will relate to the level of unemployment in society and the economy.
- (v) Further, the *expenditures* on a welfare scheme will be a function, not only of the rates of payment and the numbers of recipients, but also of the personal and other characteristics of the welfare recipients. This is because factors such as the numbers of adult and child dependents, the age of recipients, whether they live alone, whether they have other incomes and the amounts of these incomes, whether they live in urban or rural areas and so on, affect the level of payment. The relevant characteristics vary from one welfare payment to another.
- (vi) The number of recipients and the costs of the services will be determined further by the extent of the *take-up* of the services. It is not known to what extent persons who are actually entitled to services in fact claim them, but it is generally accepted that many means-tested assistance payments have less than 100% take-up. The factors which are likely to affect take-up include: the amount or value of the benefit, whether it is means-tested, the extent of awareness among the public and prospective recipients of the benefit and the manner of claiming, the accessibility — geographical and otherwise — of agencies and the attitudes of both those administering and those eligible to receive the service.

At each of the above stages, detailed assumptions are required to relate aggregate demographic projections to specific projections of the numbers of welfare recipients and the amount of welfare expenditures.

4. A second conceptual difficulty concerns the relationship between social welfare services and demographic trends. Social welfare expenditure and recipient numbers are usually assumed to simply reflect demographic changes. This formulation is implied in the projections presented here, but it is important to note that the relationship may in fact be reciprocal. On the one hand social policy is being formulated under the influence of demographic change: on the other hand it almost certainly also influences demographic development (3). On a priori grounds, it is likely, for instance, that migration trends are partly determined by trends in certain welfare services — unemployment benefit and assistance. Equally, it is plausible to suggest that longevity among the aged is affected by improvements in the coverage and real value of old age pensions. Similar hypotheses could be formulated for other aspects of demographic trends. This is an important point to be borne in mind in reading the projections which follow — as well as a plea for more research in this area.

5. The third major difficulty concerns data availability. The reports of the Department of Social Welfare are the main sources of data on welfare recipients and welfare expenditure. These reports contain basic data on the numbers of recipients and dependants of each benefit at a given date. Aggregate expenditure on each benefit is also reported. However many of the more detailed figures required for projection purposes are not available. In the discussion below, data limitations are referred to in the context of specific categories of welfare recipients. At the end of the report specific recommendations are made in this regard.

6. Fourthly, the last two decades have involved considerable expansion and development in social welfare services, due in part, to non-demographic factors. Many new services were introduced, existing services were gradually extended and additional sectors of the population were brought under social insurance coverage. Any projections, therefore, which rely exclusively on past trends in the growth of recipients and expenditure may be misleading. (For instance during the 1970s the eligibility age for old age pensions was reduced on a number of occasions. This contributed to the growth in the number of old-age pension recipients. However, it could be misleading to assume that pensioner numbers will continue to increase at the same rate in future years). While past trends are used in this study as a guide to future possibilities, an attempt has been made to take account of the impact of policy, legislative and administrative developments on past trends. Future policy developments in social welfare services, such as the further lowering of the pension age (to 65) or changes in family income supports, may come to fruition in the coming decade, with significant implications for numbers of recipients and expenditure. It is impos-

sible to anticipate such developments, their timing, and the quantification of their implications, but in one or two instances we present alternative projections which reflect likely policy initiatives.

7. Fifthly, specific projections are seriously complicated by the intricacies of the social welfare system. It is difficult to separate apparent trends from statistical quirks resulting from administrative practices and complexities. In the discussions below of individual welfare benefits, many examples of this difficulty will arise. It is then necessary to make explicit judgements in order to proceed.

Projection work

8. Social welfare recipients and their dependents comprise 30% of the population and aggregate expenditure on these services was approximately £1,200 million in 1981 — almost 10% of GNP and over 23% of government current expenditure. This study is the first published attempt to project welfare numbers on the basis of population and labour force projections. Despite its limitations it is presented to demonstrate both the urgency and the complexity of the task as well as to indicate the trends and likely impact of demographic change. One point which will emerge more fully later, but worth emphasising now, is that separate projection exercises are required for the major areas of the social welfare system.

Past trends in numbers and expenditure

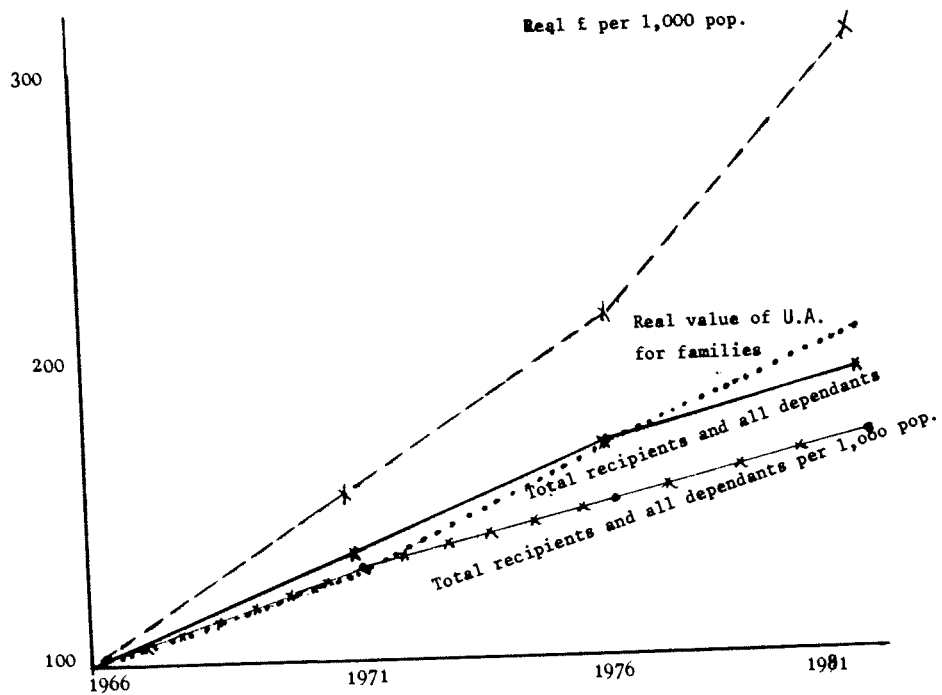
9. There has been an enormous growth in social welfare beneficiaries and expenditures. Some data on these trends are given in Appendix A (Table A1 to A5). Selected data are summarised in Figure 2. In 1981 the total of all recipients and their dependants was over one million — not counting children's allowances recipients. This is almost double the figure for 1966, 536,712, (Table A.2). In 1981 the largest single category of recipients/dependants was unemployment assistance (225,870), followed by unemployment benefit (162,938), disability benefit (143,544) and then old-age non-contributory pensions (140,850). These aggregate figures are standardised by population, and rates of change are also given for five year periods (Table A.3). There are now over 300 recipients and dependants per 1,000 of the population aged over 20 years. (Table A.3). The 'welfare' population is no longer a small minority, but forms approximately one third of the total population and this fraction is still growing.

10. More specific aspects of growth of the social welfare system are also given (Tables A.4, A.5, A.6). The number of persons with partial and complete social insurance coverage has grown to just short of 1 million in 1979, 80% of the labour force, compared with three quarters of a million in 1966, 72% of the labour force.¹ Aggregate expenditure data show that in 1981 the current expend-

¹These calculations are based on Sextons (4) labour force estimates for 1961-81 using labour force survey concepts and excluding first job seekers.

Figure 2

The Growth of the social welfare services — selected indicators.
(1966 = 100)



Notes: —x— is the index of the total recipients and adult and child dependants
 —o— is the index of total recipients and adult and child dependants per 1,000 population
 - - - is the index of the real expenditure per 1,000 population.
 is the index of the real value of unemployment assistance (man, wife and four children)

All data taken from Tables A.1 to A.5, Appendix A.

iture requirements exceed one billion pounds, or 16 times the 1966 figure in nominal terms per 1,000 population (Table A.5). When population increases and inflation are taken into consideration, there has been a threefold increase in social security expenditure: the index of real expenditures (1966 = 100) per 1,000 of population is 300 in 1981. The shares of both public expenditure and GNP accruing to social security expenditure have been rising significantly over the time period (Table A.4). There has been a significant growth in the real value

of social welfare payments (Table A.5). During the last five years the real improvements have been continuing despite persistently high levels of inflation.

11. The distribution of social security expenditure shows that payment to old age pensioners comprise the largest share of the expenditure, 34.3%, followed by payments in respect of unemployment and then disability (Table A.7). Over half of all social security expenditures in 1980 were accounted for by payments to the elderly and the unemployed. These payments are the total of the separate assistance (means-tested) and insurance types of payment. The largest single item of expenditure is the non-contributory old age pension which accounts for one sixth of the total. Contributory old age pensions are the second largest payments, followed very closely by the increasingly important disability benefit (including other sickness payments) (Table A.8). The rank ordering of these schemes is altered if the figures for pay-related benefit are disaggregated and apportioned to specific payments — disability benefit is then the second most expensive payment.²

12. Trends in the overall distribution of expenditures are reported in Appendix A (Table A.9). Detailed distributions are not given in this table, nor are year by year distributions, as these data would be difficult to interpret due to changes in the scope of social insurance, the continual introduction of new schemes, and the constant extensions and changes in the payments. The noticeable increase in the share of the insurance expenditures reflects the rising coverage of social insurance. The growth of the insurance system is further reflected in the slight decline in the social assistance share of expenditure. Benefits in kind, by contrast, have increased their share of the expenditure seven fold since 1966. This category is based on the "miscellaneous grants" sub-heading (in the annual reports of the Department of Social Welfare) and refers to non cash benefits such as free travel, free electricity, fuel vouchers and so on. In 1980 these benefits in kind totalled 3.7% of expenditure — in 1966 they were a mere 0.5%. Table A.8 shows that benefits in kind cost more than the total payments for social assistance allowances for women or the non-contributory payments to widows and orphans.

Population and labour force projections

13. The population and labour force projections used in this study are based on those in *Population and Labour Force Projections by County and Region 1979-1991*, NESC Report No. 63. The relevant aspects of this work are summarised in Appendix C, which also contains the projected population and labour force classified by age, sex, and marital status. The assumptions which are utilised in the paragraphs that follow are presented in Figure 3.

²The detailed figures for pay related benefit for 1980 are: Unemployment Benefit £17.7 millions; Disability Benefit £17.9 millions and Maternity Benefit £1.6 million.

Figure 3

Summary of population and labour force assumptions, 1979-91

External migration

Assumption I

Zero net migration for all ages combined.

Assumption II

Average net emigration of 5,000 per annum for all ages combined.

Fertility

Low Assumption

The legitimate fertility rates decline for all ages as in 1971-79, with the exception of the ages 35-49 where half that rate of decline is assumed.

High Assumption

The legitimate fertility rates decline for all ages at half that of the 1971-79 rate.

Labour Force Activity

Assumption A

That activity rates for most ages change in line with the 1975-79 trend, though at a lower rate of change.

Assumption B

That activity rates remain at their 1979 values.

Employment

It is postulated that employment in the public sector remains at the 1979 level while that in agriculture undergoes a net loss of 3,000 per annum. Assumption X, Y and Z differ in respect of manufacturing industries, private services and construction.

Assumption X

That growth in employment in manufacturing industries, private services and construction continues by the same amount annually as in 1971-79.

Assumption Y

That growth in employment in manufacturing industries, private services and construction is equivalent to half the annual amount experienced in 1971-79.

Assumption Z

That growth in manufacturing, private services and construction is zero, i.e. remains at the 1979 level.

CHAPTER 2

OVERALL RESULTS, IMPLICATIONS AND RECOMMENDATIONS

Overall results

14. This chapter provides an overview of the projection results. The detailed results for the major schemes (old age pensions, unemployment compensation, widows pensions, sick pay and childrens allowances) are presented with various assumptions in Chapter 3. Further results are given in Appendix B. We summarise below the choice of assumptions in relation to major variables in the analysis. The migration assumptions were applied throughout, and activity rate assumptions arise in relation to labour force estimates impinging on unemployment, disability, invalidity and treatment payments. Participation rate assumptions were applied to yield alternative estimates of childrens allowances payees. Alternative estimates of the level of unemployment were derived to obtain alternative figures for beneficiaries of unemployment compensation. Finally, various assumptions were adopted regarding likely future growth of disability payments. It is difficult to collate the individual projection exercises into overall results in view of the variety of the assumptions used. In Figure 4, we combine the assumptions into two somewhat extreme scenarios. One scenario entails a *high* incidence of need. This derives from large population and labour force figures due to zero migration and higher activity rates. In addition, a greater incidence of childrens allowances is assumed because of a high participation rate, and higher levels of unemployment and disability payments based on assumptions of zero employment growth and a continued increase in the rate of disability claims respectively. The converse set of assumptions results in a projected *low* incidence of need.

15. Table 1 itemises the projected increases in the demand for social welfare services, as measured by the projected increases on 1981 in total beneficiaries (recipients plus adult dependants plus child dependants). In total, old age pensions will increase by 7% or 8% by 1986 and by 16% or 18% by 1991. Very large increases in unemployment payment beneficiaries are projected, 45% by 1986 and 92% by 1991, if the high need option is adopted. Childrens' allowance payees will increase only slightly reflecting a slowdown in the number of births.

Figure 4
Assumptions adopted for 'low' and 'high' projections of social welfare needs
VARIABLES — ASSUMPTIONS

Incidence of need	Migration	Activity rates*	Participation rates*	Level of unemployment	Growth of disability
High	I Zero net migration	A Age specific rates change in line with 1975-79 trend, though at a lower rate	High Annual growth similar to the 1970's; for 16 year olds rates are constant in 1986-91 period	High Significant increase in unemployment arising from assumption of zero employment growth in the 1980's	High Large increase in payments due to an increase at half the 1975-80 trend, in the ratio of claims to the insured labour force
Low	II Average annual net emigration of 5,000 for all persons	B Activity rates remain at 1979 levels	Low Moderate growth rates; for 16 year olds rates are constant in 1986-91 period	Medium Moderate increase in unemployment arising from assumption of limited employment growth in the 1980's	Low Small increase in disability payments due to a constant (1980) ratio of claims to the insured labour force
Projection results affected by assumptions	All Results	Unemployment Payments, Disability Benefit, Invalidity Pension, Treatment Benefit	Childrens Allowances	Unemployment Payments	Disability Benefit

*Activity rates refer to labour force; participation rates to education.

Table 1

Projected percentage increase in beneficiaries (1) of social welfare schemes in 1986 and 1991, compared with 1981, for high and low assumptions of future needs

Social Welfare Services	1986		1991	
	High	Low	High	Low
Old Age Pensions (Contributory).	27.3	25.0	63.8	60.7
Old Age Pensions (Non Contributory).	-4.4	-5.4	-11.5	-13.6
All Old Age Pensioners	8.1	7.0	18.2	15.7
Unemployment Payment Beneficiaries.	44.7	23.8	91.9	55.7
Childrens Allowances	3.5	2.9	4.8	3.7
Contributory Widows Pensions.	12.4	11.3	27.2	24.7
Non Contributory Widows Pensions.	-47.2	-56.9	-62.5	-63.2
All Widow Pensioners	2.5	0.1	12.4	10.2
Invalidity Pensions	15.8	16.8	20.9	21.7
Retirement Pensions	-4.0	-5.0	-4.2	-6.0
Unmarried Mothers Allowance	63.0	62.0	185.5	178.9
Deserted Wives Benefit	139.4	137.2	415.0	407.1
Deserted Wives Allowance	5.4	5.4	17.5	14.8
Single Womens Allowance	5.1	3.8	0.9	-1.5
Prisoners Wives Allowance	34.5	34.5	49.1	45.4
Total Beneficiaries % change on 1981	12.8	8.2	25.7	17.7
<i>Number of payments</i>				
Treatment Benefit	6.6	7.0	12.5	13.0
Disability Benefit	9.7	0.7	24.7	6.3

Note: (1) Except in the case of Treatment Benefit and Disability Benefit for which the projected changes in the number of payments have been estimated.

The numbers of widow pensioners will grow slowly, and the modest growth derives from a significant fall in the non-contributory scheme offset by a growth in the contributory scheme. The numbers of recipients of unmarried mothers allowance and deserted wives benefit are projected to grow at a very rapid rate; in the former case an increase of about 180% and in the latter an increase of over 400%. These increases are, however, from a small base. The total increase in recipients is between 13% and 26% for the two projection years, if the high need assumption is adopted, and 8% and 18% respectively if the low assumption is adopted. These figures should be taken as conservative for three reasons: firstly, no significant policy developments are incorporated in the data; secondly, although all of the major schemes and most other schemes are included, a small number of relatively unimportant schemes¹ are not included in the analysis; thirdly, the total increase figures do not include disability benefit and treatment

¹The services which have not been included are: maternity benefit, maternity allowance, maternity grants, the "wet-time" scheme, occupational injuries/disablement benefits, benefits in kind.

benefit. Since those latter figures refer to payments rather than beneficiaries they cannot be added to the other results, and they are given separately at the bottom of the table.

16. The crucial aspect of the findings is the expenditure implications. Table 2 indicates the projected increase in total social welfare expenditures. The figures are disaggregated according to the major payment categories. The categories are given in descending order of their contribution to the total expenditure increase, and these results were derived by weighting the figures in Table 1 according to the percentage shares of the various schemes in social welfare expenditure (1980 expenditure data). Unemployment payments will make the most significant contribution to the growth in expenditure. For both high and low assumptions of need, the unemployment projections result in greater expenditure increases than the total of all other schemes combined (with the exception of the low need assumption for 1991). Old age pensions and disability payments are the second and third largest contributions respectively to the projected expenditure increases. As the final row of Table 2 shows, total expenditure, on the *high* assumption of need will rise 15.2% by 1986 and 34.2% by 1991; the *low* assumption gives results of 9.7% and 23.5% respectively. The figures for expenditure growth exceed the figures for the growth in beneficiary numbers, firstly, because the schemes with relatively large shares of expenditure such as unemployment, pensions and disability are projected to increase significantly and, secondly, there is a trend towards the more expensive contributory schemes and away from the non-contributory schemes.

Table 2

Projected percentage increases in social welfare expenditure, 1986 and 1991, compared with 1981 for low and high assumptions of future needs, weighted* by 1980-expenditure proportions

Category of Expenditure	1986		1991	
	High	Low	High	Low
Unemployment	8.9	4.7	18.3	11.1
Old Age Pensions	2.7	2.2	6.0	5.3
Disability Benefit	1.3	0.9	3.3	0.9
Deserted Wives Benefit	0.8	0.8	2.5	2.4
Other One Parent** Allowances	0.7	0.7	1.9	1.9
Widows Pensions	0.5	0.2	1.7	1.5
Childrens Allowances	0.3	0.2	0.4	0.3
Treatment Benefit	0.0	0.0	0.1	0.1
Total % Change on 1981	15.2	9.7	34.2	23.5

*See Table A.7 and Table 1

**'Other' includes Single Womens' allowance, Unmarried Mothers' Allowance, Deserted Wives Allowance, Prisoners' Wives Allowance.

Implications

17. An analysis of the financial and economic implications of these figures is

not strictly within the scope of this study, but a number of preliminary observations are necessary. It is likely that projected expenditure on social welfare services will increase faster than real GDP. For instance it is hardly possible that real GDP will grow as rapidly from 1981-1991 as the costs of the social welfare service if the *high* need assumption is adopted (34.2%). Therefore, if the real value of the social welfare payments remains constant, then the share of social welfare expenditures in real national income may increase.² A number of crucial policy questions can be posed as follows:

- Firstly, is it a policy objective that the real value of the social welfare payments should be maintained?
- Secondly, if the real value of social welfare payments is to be maintained (or increased) and if the demands on the services continue to grow, can the services be financed in the future and how?
- Thirdly, if tax revenues cannot be sufficiently increased to support social welfare services, and other social services, should significant cut backs in these services be considered, and, if so, which specific services?

18. The above questions can be distilled into the overall question of priorities. Given continuing population growth combined with modest economic growth and high levels of expectations regarding social and public services, what areas of social expenditure should receive priority? This question can be posed in terms of the relative priorities to be accorded to social welfare services as opposed to health or education (or other social services), and can also be posed *within* the area of social welfare services. We would argue that there is an urgent need to discuss the question of priorities which we have posed, and we would also argue that this discussion should incorporate social policy principles. It is important in our view that the question of social policy priorities should not be formulated only in terms of financial and economic stringency but also in terms of the aims of Irish social policy. The NESR Report, *Irish Social Policies: Priorities for Future Development*, (5) has outlined these aims in terms that relate primarily to the reduction in inequalities of income and wealth, and the provision of services to the disadvantaged groups in the community.

19. The background against which policy changes must be considered includes, on the one hand, the rising cost of social welfare services and, on the other, the need to consider policy within a coherent social policy framework. Can specific areas be pinpointed for critical scrutiny? One service requiring evaluation is Children's Allowance which is paid on a universal basis irrespective of the income of recipients or the employment or social insurance status of the recipient. Ostensibly there are grounds for a more selectivist approach with this

²We assume here that the real value of all welfare payments will remain constant. In this case the increase in the real costs of the services is approximated by the expenditure-weighted increases in total beneficiaries.

service but the difficulties of selectivist strategies are now well known (creation of poverty traps, non take-up, stigmatisation of recipients, administrative costs). The Council previously recommended reforms in the system of family income supports which could entail increased levels of childrens' allowances payments. (6) These proposals would therefore, *increase* the overall cost of the payments — even allowing for the savings which might result from the abolition of the tax allowances in respect of child dependants.

20. The data in the previous table indicates that the financial costs to the Exchequer of the projected levels of unemployment payments will be significant. Policies which make a significant inroad on the levels of unemployment will therefore greatly ameliorate the growth in expenditure on social welfare services.

21. Disability benefit expenditures have been growing rapidly in recent years and the benefit has been the subject of considerable controversy. Hughes' work (7) offers some support for the argument that the interaction of disability benefit with earned income, net of taxes and social insurance has contributed to a situation where a small number of individuals may be financially better off absent from work than working. This raises the question as to the desirability of taxing disability benefit. Clearly if the benefit were taxed it would lead to savings, but (as Hughes also points out) because of the cumulative nature of the tax system, a large increase in administrative resources would be required to implement the taxation of the benefit. Further policy consideration should be devoted to this issue. A change to a non-cumulative tax system raises wider considerations, as does the proposal to tax short term benefits. A comprehensive definition of income applied to the Irish tax code, as recommended by the *First Report of the Commission on Taxation*, (8) would offer a coherent framework within which taxation of short-term social welfare benefits could be considered.

22. Benefits in kind have absorbed an increasing share of social welfare expenditures in recent years. These benefits have been made available to widening groups of welfare recipients. These expenditures require re-examination, not only from a financial perspective, but from the point of view of the appropriate role of such benefits in an income maintenance system. It can be argued that direct cash supplements might be as effective and as economical as these various benefits in kind. Welfare recipients might prefer direct cash supplements. These issues should be examined.

23. It is important to note that it is very difficult to affect significant economies in social welfare expenditures. It is clear that many of the variables which affect demand for the services and expenditures on them are *not* amenable to policy manipulation (for example the incidence of marital desertion, the numbers of widows, the birth rate, all have a determining influence on the amount of social

welfare expenditures). Further, there are policy innovations and developments, currently at proposal or discussion stage, which will further increase expenditures. Examples of such innovations include the development of an income-related pension scheme, the reform of the system of family income supports, and the reduction in the eligibility age for old age pensions. (Our projections showed, for instance, that the lowering of the pension age to 65 would greatly increase the growth in pensioner numbers).

Recommendations

24. We recommend that further work be undertaken on the subject of this report with a view to updating the findings and developing a more refined methodology. More specifically, consideration should be given to the possibility of a series of co-ordinated studies on the major areas of social welfare expenditure for several reasons. Firstly, it is only in the context of such specific studies that the implications of particular policy developments and choices can be studied in detail. Secondly, the methodological issues and problems, which vary from one social welfare topic to another — can be more successfully tackled by in-depth studies of specific services. The major service areas worthy of separate, detailed analysis are: old age pensions, disability benefit, unemployment payments, widows pensions, childrens allowances, and deserted wives payments.

25. A prerequisite for any projection studies of the type attempted in this report is the availability of detailed data. As a matter of urgency, further data on social welfare services must be compiled and made available. The most important deficiencies include the absence of details of the age, sex, marital status and dependency distributions of both recipients and expenditure. Additionally it would be extremely useful to have demographic details of the duration of receipt of payments and socio-demographic details (age/sex/dependants/economic sector) of the insured labour force. It is vital to have available an annual (or more frequent) publication containing the detailed data on services, recipients and expenditure. This publication could be separate from the regular report of the Department of Social Welfare. The Department's report should be published annually. Finally it should be pointed out that the data requested above must exist, if not in the form of statistics and tabulations then in the basic form of records and files. Appropriate compilation and computerisation procedures could produce the necessary data at little extra cost.

26. We recommend that further studies be undertaken as a matter of urgency on the future of the social welfare services.³ Until now the services have been growing in an ad hoc, incremental and piecemeal fashion. In view of the likely resource constraints in the future, it is essential that the public, the clients of the social welfare services, and the policy makers attempt to articulate clear priorities

³At the time of going to print we understand that a commitment has been given by the Government that a commission will be established to examine the social welfare services.

for the future maintenance and development of the services. In the above comments we have highlighted some specific issues which arise from this study. The assessment of social welfare expenditures and priorities should not isolate social welfare services from the fiscal and occupational systems of welfare. Additionally, a critical analysis of social welfare services should entail an analysis of the nature and distributional effect of the method of financing the services. Finally, any review of social welfare priorities should play due regard to the objectives of the services as stated by the Department of Social Welfare: "The aims must be to ensure that social problems, including the problem of poverty, are dealt with effectively and that resources are concentrated where they are most needed, to meet objectives". (The *Department of Social Welfare: Its role in the Development of Social Policy in Conference on Poverty*, Council for Social Welfare, 1982, p/236). (9)

CHAPTER 3

DETAILED PROJECTION RESULTS FOR MAJOR SCHEMES

Presentation of results

27. In this chapter we present the details of the analysis for the five major social welfare services. Those services together comprise 90% of social welfare expenditure. We deal firstly with the services which are more directly demographic in nature; pensions, childrens' allowances and payments to widows, and then with unemployment payments and disability benefit.

28. The projections are presented in a roughly uniform manner. The calculations in respect of each benefit are summarised in one or two tables. These tables contain figures on relevant demographic parameters — sometimes with additional necessary data such as year of age figures, and the accompanying commentary indicates how projections of welfare recipients were derived on the basis of the population projections. The tables will show the projected number of recipients for 1986 and 1991 and where relevant, for adult dependants and child dependants. It was necessary to use various assumptions in calculating child dependants and these are briefly discussed for each separate exercise. The tables finally contain the numerical and percentage increases on the 1981 figures for total beneficiaries (recipients plus adult plus child dependants) since this is the key figure in relation to costs. Where appropriate, the data will be differentiated according to insurance benefits and assistance allowances. This style of presentation attempts to meet the somewhat conflicting requirement of, firstly, indicating the procedures followed and, secondly, of not clouding the approach and overall results with excessive details.

Old age pension

29. The two largest single items of social welfare expenditure are the contributory and non-contributory old age pensions. The former consists of payments to those with requisite insurance contributions. The latter is available to other elderly persons on a means tested basis. The combined share of these schemes on total social welfare expenditure was 34% in 1980. At present the age requirement for eligibility is 66 years — a point to which we shall return below. At the end of December 1981, the number of contributory and non-contributory pensions was 68,000 and 129,000 respectively. Both of these figures represent a culmination of a very rapid growth during the 1970s, as Table 3 shows. The most

TABLE 3
Old age pensions, 1971-81

Year	Pensions (000s)			Persons per 1,000 population 65+			Persons (per cent)		
	Contributory	Non-Contributory	Total	Contributory	Non-Contributory	Total	Contributory	Non-Contributory	Total
	1971	46.5	113.5	160.0	141.1	340.4	481.5	29.3	70.7
1972	48.4	106.5	154.9	145.0	319.3	464.3	31.2	68.8	100
1973	49.7	111.6	161.3	147.2	330.6	477.8	30.8	69.2	100
1974	52.3	121.8	174.1	153.1	356.5	518.6	29.5	70.5	100
1975	54.4	131.5	185.9	157.2	380.0	537.2	29.3	70.7	100
1976	55.2	129.5	184.7	157.7	369.7	527.4	29.9	70.1	100
1977	59.7	135.7	195.4	167.2	381.5	548.7	30.4	69.6	100
1978	61.8	133.7	195.5	172.8	373.5	546.3	31.6	68.4	100
1979	63.4	132.2	195.6	175.5	365.7	541.2	32.4	67.6	100
1980	65.4	130.1	195.5	177.0**	352.3**	529.3**	33.4	66.6	100
1981	68.0	129.4	197.4	184.1**	350.4**	534.5	34.4	65.6	100

*Figures for 1971, 1972, 1973 refer to end March. Other figures refer to end December.

**These figures are estimates derived by applying the proportion of 65+ year olds to the 1980 CSO population estimate and 1981 preliminary census figures.

important feature of the data in Table 3 is the continuing upward trend in the total number of old age pensions. The second feature of the data is the recent decline in the non-contributory pensions in absolute numbers, in relation to the elderly population, and in their share of total pensions. A discussion of these trends warrants more attention than can be given here. The overall increase in pensioner numbers is due to a combination of rising numbers of elderly persons, increased take up of pensions due to significant improvements in their real value (Table A.6) and other factors, as well as to continued reductions in the pension eligibility age. Factors which might feature in the explanation of the recent decline in non-contributory pensions include: a decline in the numbers of farmers and other non-insured persons retiring, the growth of occupational pensions and private retirement income schemes, and an increasing proportion of retired public servants with adequate pension arrangements among the retired population.¹

30. Data on the relevant population groups are given in the first row of Table 4. The relevant year of age estimates are based on 1978-80 survivorship ratios. Application of the ratio² of pensioners to the population aged 66+ for 1978 yielded the pensioner estimates in the third row. We divided these totals into contributory and non-contributory pensions by assuming that the 1977-81 trend in the share of contributory pensions will continue through to 1986 and 1991 (the share increased by 3.02% per annum during the 1971-81 period, and continuation of this trend yielded the shares shown in rows 4 and 12 of Table 4). In estimating the numbers of adult and child dependants we continued the 1977-81 trends in the ratio of dependants to recipients. We also include estimates of the numbers in respect of whom prescribed relative allowances and living alone allowances will be paid. Rows 11 and 20 show the key figures; a substantial rise of over 60% to 1991 in the numbers of contributory beneficiaries. A decline of about 12% by 1991 is projected in the case of non-contributory pensions. Combining the two schemes, total pension beneficiaries are projected to rise by about 8% by 1986 and 16-18% by 1991.

¹Two administrative details should also be noted: (i) In recent years recipients of deserted wives and widows non-contributory payments have had the choice, less frequently availed of in recent years, on reaching pension age, of continuing with those payments or receiving a non-contributory old age pension.

(ii) Some adult dependants of contributory pensioners had been better off financially claiming a separate non-contributory pension for themselves, but in recent years this financial advantage has been eroded. These two factors would also contribute to the decline in the number of non-contributory pensioners.

²We applied the ratio of pensioners to population aged 66 for 1979 (586 per 1,000) to the projected population figures for three reasons. There is no strong reason to presume that this ratio will rise significantly, as much of the past increase was due to legislative and administrative developments in the last decade. Secondly, any large increase which might arise from policy development will arise probably from a further reduction (to 65) in the pension age. We have completed separate projections for this eventuality. Thirdly, while it is true that there will be a continuing growth on the contributory side, we have incorporated this trend by adopting the trend of a rising share of contributory pensioners among total pensioner numbers.

TABLE 4

Projected numbers of persons aged 66 and over, projected number of old age pensioners, 1986 and 1991

	1986		1991	
	I	II	I	II
1. Persons aged 66 and over (000s)	332.5	349.2	369.9	362.7
2. Ratio of Pensioners per 1,000 Persons Aged 66 and over	586		586	
3. Number of Pensioners (000s)	206.6	204.6	216.7	212.5
4. Share of Insurance Pensions	40.0%		46.4%	
5. Old Age Contributory Pensioners (000s)	82.5	81.7	100.4	98.5
6. Adult Dependants (000s)	30.1	29.8	45.0	44.2
7. Child Dependants (000s)	4.0	3.9	4.6	4.5
8. Prescribed Female Relatives (000s)	0.1	0.1	0.1	0.1
9. Total Numbers (000s)*	116.6	115.4	150.0	147.2
10. Increase on Total on 1981 (000s)*	25.0	23.8	58.4	55.6
11. Increase on Total on 1981* (%)	27.3	26.0	63.8	60.7
12. Share of Non-Contributory Pensions	60.0%		53.6%	
13. Number of Non-Contributory Pensioners (000s)	124.1	122.9	116.3	114.0
14. Adult Dependants (000s)	8.6	8.5	7.7	7.6
15. Child Dependants (000s)	0.7	0.7	0.2	0.2
16. Prescribed Female Relatives (000s)	1.8	1.8	1.4	1.4
17. Living Alone Allowance (000s)	30.5	30.2	43.1	42.2
18. Total Numbers (000s)	133.4	132.1	124.2	121.8
19. Increase on Total on 1981 (000s)*	-6.2	-7.6	-16.2	-19.1
20. Increase on Total on 1981* (%)	-4.4	-5.4	-11.5	-13.6
21. Percentage Increase in All Pensioners and Dependants*	8.1	7.0	18.2	15.7

*These figures do not include the data for prescribed relative allowances or living alone allowances, as 1981 data for these benefits are not available.

31. These results are consistent with the brief analysis above of past trends in pensions. It is possible that the decline in the non-contributory figures is over-estimated due to our extrapolation of past trends in the share of the two services. A different assumption would alter the distribution of pensioners but not the overall total as shown in row 3. Undoubtedly these projections have significant implications for expenditure as these two pension schemes account for a significant share of social welfare expenditure. In addition there is at present a separate retirement pension available for persons aged 65 which is a contributory pension, conditional on retirement, and with different insurance contribution criteria. The calculations for this benefit are given in Appendix B. The projection is one of insignificant change in recipient numbers.

32. If policy develops along the lines indicated by recent history, it is entirely plausible that the eligibility age will be reduced to 65 years, with a significant impact on pensioner numbers and pension expenditures. It is important therefore to look at the likely effect of this policy initiative on the number of pensioners. If the pension age is reduced to 65, it is probable that the present retirement

pension — contributory pension distinction will be abolished and that a unified contributory pension entailing some form of retirement condition, will be introduced. We have incorporated this development into the projections which are given in Table 5.

TABLE 5

Projected numbers of persons aged 65 and over, projected number of old age pensioners on the assumption of a pension eligibility age of 65

	1986		1991	
	I	II	I	II
1. Persons aged 65 and over (000s)	380.2	370.0	396.0	388.4
2. Ratio of Pensioners per 1,000 Persons Aged 65 and over	668		668	
3. Number of Pensioners (000s)	254.0	251.6	264.5	259.5
4. Share of Insurance Pensions	49.7%		56.6%	
5. Old Age Contributory Pensioners (000s)	126.2	125.0	149.7	146.9
6. Adult Dependants (000s)	44.4	43.9	56.8	55.7
7. Child Dependants (000s)	7.7	7.6	9.1	9.0
8. Total Numbers (000s)	178.3	176.5	215.6	211.6
9. Increase on Total on 1981 (000s)	38.3	36.5	75.6	71.6
10. % Increase on Total on 1981	27.4%	26.1%	54.0%	51.1%
11. Share of Non-Contributory Pensions	50.3%		43.4%	
12. Number of Non-Contributory Pensioners (000s)	127.8	126.6	114.8	112.6
13. Adult Dependants (000s)	8.9	8.8	7.6	7.5
14. Child Dependants (000s)	0.7	0.7	0.2	0.2
15. Total Numbers (000s)	137.4	136.1	122.6	120.3
16. Increase in Total on 1981 (000s)	-3.5	-4.8	-18.3	-20.6
17. % Increase in Totals on 1981	-2.5%	-3.4%	-13.0%	-14.6%
18. Increase in All Pensioners and their Dependants (000s)	34.8	31.7	57.3	51.0
19. % in all Pensioners and Their Dependants	12.4%	11.3%	20.4%	18.2%

There would have been 668 total old age pensions per 1,000 of the population 65+ in 1979, if a pension eligibility age of 65 had been in force. This ratio³ (row 2, Table 5) was held constant for the projection period and applied to the population totals to yield the total pensioner numbers shown in row 3 of Table 5. Data for 1979 was used for reasons given above in the projections for the 66 pension age. The total for all pensions (retirement, contributory and non-contributory) was used since retirement pensions are collated with contributory pensions in this analysis. A share of this total was calculated for the "unified" insurance pension (row 5) and the non-contributory pensions (row 11), by assuming a continuation of the 1977-81 trend in the share of retirement plus

³This ratio was calculated by assuming that the 66+ ratio of 586 per 1,000 would apply to the 65-66 year of age; multiplying this by the actual number of 65 year olds in 1979 (27,516) gives a hypothetical figure for the "extra" pensioners. This figure (with other adjustments) was added to the actual number of pensioners in 1979. Finally, this total was divided by the 65+ population to yield the ratio given in row 2, Table 5.

contributory pensions (insurance) and non-contributory pensions. We extended the 1977-81 trend in the relationship of adult dependants and child dependants to recipients (rows 6 and 7, 13 and 14).

TABLE 6

Projected percentage increases on 1981 and old age pensions beneficiaries, 1986 and 1991

Type of Pension	1986				1991			
	Pension 65	Age 66	Pension 65	Age 66	Pension 65	Age 66	Pension 65	Age 66
Contributory/ Retirement*	27.4	16.5	26.1	15.3	54.0	40.3	51.1	37.6
Non-Contributory	-2.5	-4.4	-3.4	-5.4	-13.0	-11.5	-14.6	-13.6
All*	12.4	6.0	11.3	4.9	20.4	14.3	18.2	12.0

*These figures in the case of 65 pension age refer to the projected totals of the "unified" insurance pension, and in the case of the 66 pension age to the total of the separate retirement pension projection (appendix B) plus the contributory pension projection.

33. The figures in Table 5 show that, on the assumption of a pension age of 65, there will be a growth of over 25% by 1986 in a unified insurance pension, (retirement and contributory) and a growth in excess of 50% by 1991. This increase on the insurance side is somewhat mitigated by the projected decline in the non-contributory scheme; a decline of 2% or 3% is projected for 1986, and 13% or 14% for 1991. The final row of Table 5 shows the increases in respect of all pensions combined. Table 6 above compares the results of the 65 and 66 pension age assumptions. Clearly, the lowering of the pension age will significantly affect the rate of increase in pension numbers. In 1986 the increase will be *twice* what it would otherwise be (12% as against 5% or 6%), and in 1991 the difference is also very significant.

Widows' pensions

34. As with old age pensions there are contributory and non-contributory schemes for widows. Expenditure on those schemes amounted to 12% of total social welfare expenditure in 1980. Trends during the last decade in widows pensions are similar to the trends in old age pensions, with the contributory pensions share rising and the non-contributory falling. Table 7 shows that the total number of widow pensioners has risen from 64,000 to 84,000 over the decade, although the growth is less significant when standardised by the size of the female population. During this time, non contributory pensions have declined in number and in their share of the total.

TABLE 7
Contributory and non-contributory widows pensions 1971-81

Year*	Number of Persons (000s)		Total	Persons per 1,000 females 15+		Persons (per cent)	
	Contributory	Non-Contributory		Contributory	Non-Contributory	Contributory	Non-Contributory
1971	52.2	16.9	69.1	50.9	16.4	67.3	75.6
1972	55.1	16.0	81.1	52.8	15.4	68.2	77.4
1973	57.1	25.7	82.8	53.8	14.8	68.6	78.4
1974	59.4	13.7	73.1	55.0	12.7	67.7	82.0
1975	60.9	12.6	73.5	55.3	11.5	66.8	82.8
1976	63.0	12.6	75.6	56.2	11.2	67.4	83.4
1977	63.7	10.6	74.3	56.1	9.3	65.4	85.8
1978	65.5	10.0	75.5	56.8	8.6	65.4	86.8
1979	68.1	10.4	78.5	58.1	8.9	67.0	86.7
1980	70.0	11.2	80.2	59.7	9.7**	69.4**	86.0
1981	71.7	12.4	84.1	61.2*	10.6**	71.8**	85.2

*Figures for 1971, 1972, 1973 refer to end March. Other figures refer to end December.
**These figures were calculated using the 1979 data on numbers of females 15 years and over.

35. The starting point for the projections was Blackwell and McGregor's assumption about widowhood which we also adopted; "The respective proportion of females, and of males, in each age group who are widowed are assumed to remain at their 1979 level" (1). These proportions were then applied to the projected numbers of females in each age group. This yielded figures for the projected number of widows (Table A.11). It was then necessary to estimate the proportion of widows in receipt of the two types of pensions — Table 8 shows how this was achieved. The percentage of all widows in receipt of the pensions was calculated for 1971 and 1979; the annual rates of change in these percentage figures were derived and then projected to 1986 and 1991. For the projection year 1986, for example, the table shows that 56.1% and 4.6% respectively will be in receipt of contributory and non-contributory pensions. These percentages, applied to the projected number of widows, yielded the estimated number of pensioners. As regards the child dependants it was observed that there has been a gradual but continuous decline in the ratio of dependants to recipients, with no apparent levelling off in this decline. We therefore took the rates of change in the ratio of qualified dependants to recipients for contributory (-2.6 per annum) and non-contributory (-2.6% per annum) schemes and projected these rates of change forward to 1986 and 1991.

TABLE 8

Actual (1971 and 1979) and projected (1986 and 1991) percentages of all widows in receipt of contributory and non-contributory pensions

Per Cent of Widows in Receipt of:	1971 1979		% Change 1971-79	% Change Per Annum 1971-79	Projected 1986 1991	
	1971	1979			1986	1991
Contributory	41.0	48.5	+ 18.2	+ 2.1	56.1	62.2
Non-Contributory	13.0	7.4	- 42.9	- 6.8	4.6	3.2

36. Table 9 summarises these exercises and shows the increase on 1981 figures in the numbers of widow pensioners and child dependants. The number of contributory widow pensioners and their dependants are projected to increase by 12% by 1986 or about 25% by 1991. By way of contrast the non-contributory scheme is projected to decline significantly: by approximately 50% in the first five years and over 60% in the decade. This contributory/non-contributory difference was reported also in the data on old age pensions. Combining the two schemes, the overall projections show a modest increase by 1986 in the number of beneficiaries and an increase of approximately 10% by 1991.

Childrens allowances

37. This service is available to all mothers of dependent children aged up to 16 (18 if in full education, apprenticeship etc.) and the service consists of monthly payments in respect of each qualified child (with a separate rate of payment for the first five children and a higher rate for subsequent children). Because the

TABLE 9

Projected number of widows and widows pensioners, contributory and non-contributory, 1986 and 1991, and increases on 1981

	1986		1991	
	I	II	I	II
1. Number of Widows (000s)	147.8	146.3	154.5	151.5
2. Per Cent Contributory	56.1%		62.2%	
3. Numbers — Contributory (000s)	82.9	82.1	96.2	94.3
4. Child Dependants (000s)	20.3	20.1	20.6	20.2
5. Total (000s)	103.2	102.2	116.8	114.5
6. Increase in Total on 1981 (000s)	11.4	10.4	25.0	22.7
7. Per cent change in Totals on 1981	12.4%	11.2%	27.2%	24.7%
8. Per Cent Non-Contributory	4.6%		3.2%	
9. Numbers — Non-Contributory (000s)	6.7	6.7	5.0	4.9
10. Child Dependants (000s)	2.9	1.2	1.8	1.8
11. Total (000s)	9.6	7.9	6.8	6.7
12. Increase in Total on 1981 (000s)	(-8.6)	(-10.3)	(-11.4)	(-11.5)
13. Per Cent increase in Totals on 1981	-47.2%	-56.9%	-62.5%	-63.2%
14. Increase in Total All Widows 1981 (000s)	2.8	0.1	13.6	11.2
15. Per Cent Change, All Widows in 1981	2.5%	0.0%	12.4%	10.2%

Assumption I — zero net migration

Assumption II — 5,000 net emigration p.a.

service has been universally available, irrespective of income or employment status, it has comprised a significant but declining share of total social welfare expenditures. In 1980 childrens allowances accounted for almost 9% of total social welfare expenditure compared with 17% in 1976-77. In Table 10 below we show basic data for 1979-80 for the childrens allowances scheme. The number

TABLE 10

Families* in receipt of childrens allowances, numbers of children in respect of whom payments are made, (31 December) 1970-80**

Year	Families	Children	Average Children per Recipient
1970	336,200	992,500	2.95
1971	344,000	1,004,600	2.94
1972	353,100	1,013,600	2.87
1973	358,700	1,012,200	2.82
1974	381,900	1,113,100	2.91
1975	394,100	1,144,300	2.90
1976	402,200	1,152,600	2.86
1977	411,400	1,181,400	2.87
1978	420,600	1,196,600	2.84
1979	430,600	1,200,500	2.79
1980	427,500	1,179,400	2.76
% Change 1970-1980	+27%	+19%	-6.4%

**The 1981 figure for total children is 1,199,952; other data not available.

*These figures are rounded to the nearest hundred.

of families in receipt of payments has grown by 27% in the past decade, an average annual rate of increase of 2.4%. By 1980 the number of recipients' children was close to 1.2 million, having grown at an average annual rate of 1.7%. On average, the number of children per recipient family has declined somewhat, reflecting the general fall in family size in recent years.

38. The projection exercise for children's allowances is relatively straightforward. Blackwell and McGregor's projections of population were modified to provide year of age estimates for fifteen year olds. All children up to these ages are eligible to have payments made in their respect, but for 16 and 17 year olds payments are made only where they are in full time education or training. Since any estimate of the labour force/non labour force population depends on assumptions regarding participation rates in education, we incorporated various assumptions regarding the participation rates of 16 and 17 year olds into the analysis. The NESC study on population changes as it affects education (10) adopted two alternative assumptions which we have also adopted in the interests of consistency; the "low" participation assumption allows for relatively moderate growth while the "high" assumption allows for annual growth rates similar to those of the 1970s. In the case of 16 year olds, rates are held constant in the 1986-91 period because of their already high level and the opportunity cost of continuing education. The relevant rows of Table 11 give the "low" and "high" participation rates. In summary then, by adding the non labour force population of 16 and 17 year olds to the total projected population of 0-15 year olds we arrive at a total figure for qualified children in respect of whom payments will be made. This projection method does not include a projection figure for recipient families. It projects the number of children only. Thus no trend is indicated for average number of children per recipient family.

39. The results of the projections are given in Table 11, and they indicate a modest growth in the number of qualified children in respect of whom payments are made. For 1986 the projections are for increases ranging between 2.4% and 3.5%, depending on the combination of population projections and participation rates. Slightly higher increases are projected for 1991, ranging between 3.1% and 4.8%. This rate of increase is modest compared with the increase during the previous decade.

Unemployment benefit and unemployment assistance (including smallholders)

40. Insurance and assistance payments are payable to unemployed persons who are registered in Labour Exchanges as being capable of, and available for work. These payments comprised 10% of total social welfare expenditure in 1980. There are very detailed rules regarding disqualification from benefit, treatment of married females, contribution conditions and other aspects of these services which we do not describe here. The demand for these services is

TABLE 11

Number of qualified children 0-14 plus 15 year olds, non labour force population aged 16, 17 years & total qualified children 1986 and 1991

	1986			1991		
	L	H	%	L	H	%
1 0-15 (000s)	1,152.0	1,152.0		1,159.3	1,159.3	
2 Participation * Rate 16 year olds %	75.0	80.0	1,145.2	75.0	80.0	1,147.2
3 Participation * Rate 17 year olds %	53.1	56.1	56.1	56.1	62.5	56.1
4 Numbers of 16 year olds (000s)	50.4	53.8	50.2	52.0	55.4	51.4
5 Number of 17 year olds (000s)	34.5	36.5	34.3	39.2	43.7	38.7
6 Total Qualified Children (1+4+5) (000s)	1,236.9	1,242.3	1,229.7	1,250.5	1,258.4	1,237.3
7 Increase on 1981 (000s)	36.4	41.8	29.2	50.0	57.9	36.8
8 % Increase on 1981	3.0%	3.5%	2.4%	4.2%	4.8%	3.1%

Note: L and H refer to low and high assumptions about participation rates as explained in paragraph 38.

Assumption I — zero net migration

Assumption II — 5,000 net emigration p.a.

*The 1980 participation rates for the 16 year olds and 17 year olds are 68% and 50% respectively.

crucially dependent on the level of unemployment. The projection exercise must essentially consist of estimates of future levels of unemployment, translated into numbers claiming the relevant payments. Theoretically these projections should incorporate refinements on the pattern and duration of unemployment in the future, since these variables also have cost implications. However, the available data do not allow these refinements. The projection work in this case is less directly 'demographic'. While assumptions regarding migration and activity rates are adopted, the more important variables are economic in nature. Specifically we must look at likely employment growth in the future.

41. Our starting point was the labour force data compiled by Sexton, (4), which gave estimates of the labour force by sector between 1961-80, derived on the basis of labour force survey concepts. Sexton's data for the 1970s are given in Table 12 together with figures showing aggregate employment change in the sectors and also showing details of the assumptions regarding the 1979-91 period. Agricultural employment declined over the period by almost 35,000 while the public sector grew by 64,000 and private services by almost 39,000, manufacturing industry and building construction also grew, but by smaller amounts. Three alternative assumptions were adopted regarding future employment growth, denoted as X, Y, Z. The high assumption, entails a continuing loss of agricultural employment of 3,000 annually, public sector employment to be held constant at its 1979 level, manufacturing employment to grow at the same rate through to 1986/91 (3,600 annually) and private services and building/construction likewise (4,800 and 2,300 annually, respectively). The medium assumption, Y, incorporates two identical elements — a fall of 3,000 annually in agriculture and a constant figure for the public sector — but with the other sectors growing at half the rate of the 1971-79 period. The third low assumption,

TABLE 12

Employment by sector, 1971 and 1979, changes 1971-79 and assumptions for employment growth to 1986 and 1991

	1971		1979		Assumptions for 1979-1991 (000s)		
	1971	1979	Annual Change		High (X)	Medium (Y)	Low (Z)
			1971-79	1971-79			
Agriculture	258.1	223.0	- 34.9	- 4.4			(-3.0 annually)
Manufacturing	235.4	264.0	+ 28.6	+ 3.6	+3.6 annually	+1.8	No Increase
Building	82.4	101.0	+ 18.6	+ 2.3	+2.3 annually	+1.2	No Increase
Public Sector	150.3	214.3	+ 64.0	+ 8.0			NO CHANGE ON 1979
Private Services	304.0	342.7	+ 38.7	+ 4.8	+4.8 annually	+2.4	No Increase
Total	1,030.2	1,145.0	+114.8	+14.4			

Source: Sexton (11).

again entails an annual loss of 3,000 in agriculture and a constant figure for the public sector, but these assumptions are combined with an assumption of no increases in the other sectors on the 1979 figure. In adopting these assumptions we are attempting to estimate the effect on unemployment figures of different possibilities regarding employment growth, and as such the exercise is illustrative.

42. The approach we have adopted seems reasonable. Firstly, the assumptions regarding public sector and agricultural employment are plausible. It is highly unlikely that there will be significant growth in public sector employment and there are no grounds for assuming a complete halt or reversal of the downward trend in agricultural employment. As regards the latter, our assumption of an annual decline of 3,000 reflects the somewhat slower rate of decline of recent years. There is much more scope for discussion in relation to the other sectors. What we have attempted to do is to illustrate the effect on levels of future unemployment, of adopting various assumptions in relation to growth in these sectors. The assumptions therefore reflect the same employment growth as in the 1970s (high, X,) half the same as in the 1970s (medium, Y,) and no increases since 1979 (low, Z).

43. Table 13 summarises the next stage of the exercise. Employment totals for 1986 and 1991 were derived and set against the projected labour force figures

TABLE 13

Estimates of unemployment for low, medium and high assumptions of employment growth and various labour force assumptions

(000s)

Labour Force Estimates	Unemployment Assumptions		
	X (low)	Y (medium)	Z (high)
		1986	
(I, A) 1,332.4	133.2	170.8	208.4
(I, B) 1,348.6	149.4	187.0	224.6
(II, A) 1,321.5	122.3	159.9	197.5
(II, B) 1,337.5	138.4	176.0	213.5
		1991	
(I, A) 1,406.6	168.7	233.2	297.6
(I, B) 1,434.2	196.3	260.7	325.2
(II, A) 1,385.5	147.6	212.1	276.5
(II, B) 1,412.6	174.7	239.1	303.6

Assumption I — zero net migration.

Assumption II — 5,000 net emigration p.a.

Assumption A — Activity Rates change along 1975-79 trend.

Assumption B — Activity Rates remain at 1979 values.

Unemployment — The low, medium and high assumptions arise from the converse assumption about employment growth.

to calculate a figure for unemployment. The unemployment figures are given in Table 13 classified according to the combinations of assumptions, X Y and Z for levels of unemployment and the size of the labour force — as affected by the migration and activity rate assumptions. For 1986 the projected number of unemployed lies between 120,000 and 225,000 and the 1991 total ranges from 148,000 to 325,000. The central feature of the tables is that the unemployment totals, while somewhat responsive to activity rate and migration assumptions, are extremely sensitive to the assumptions about the rate of employment growth. Thus if there is no employment increase during the projection period, the resulting unemployment figures in 1986 will lie between 200,000 and 225,000. The figures for 1991 are about 300,000 and 325,000. At the time of writing the Live Register total is just under 190,000. Thus the high unemployment results for 1986 seem very plausible.

44. In Appendix Table A13 we developed the initial unemployment figures to include smallholders. The smallholder estimates were obtained by assuming that the projected decline in agricultural employment would apply equally here. This indicated a projected decline equivalent to approximately two thirds of that during 1976-81. The smallholder estimates were added to the initial unemployment figures, since they are recipients of payments. The results are given in Table A.13. The number of dependants was calculated for all recipients (smallholders included) on the assumption that the 1976-81 trends in the ratios of recipients/adult dependants and recipients/child dependants would continue. Table A.13 give the details of the projected number of dependants. Recipients were not disaggregated into 'benefit' and 'assistance' classifications.

45. Table 14 gives the projected percentage increases in all unemployment payment beneficiaries, classified according to the demographic and unemployment assumptions. The range of projected increases is wide and varies considerably according to the unemployment assumption which is adopted. For instance if the rate of employment growth is as high during the 1980s as the 1970s it will result in a 'low' figure for unemployment. This would be reflected in a modest increase or a slight decline in unemployment payment beneficiaries, as the first row of Table 14 shows. At the other extreme, if zero employment growth is assumed it would result in a projected increase in beneficiaries of between 38% and 55%, as shown in the third row of the Table. It seems realistic to adopt either the medium level or the high level of unemployment, as it is generally agreed by informed analysts that there is unlikely to be a significant fall in unemployment in the years immediately ahead. On the contrary, it is widely expected that there may be a continuing increase in the level of unemployment. Durkan, in his analysis of the economic prospects for the 1980s, stated: "The projection implies a fall in the growth of GNP from 3½% per annum in the 1970s to 2% per annum in the 1980s. As overall employment between 1971 and 1981 grew by 1.1% per annum the implication is, other things remaining

equal, that employment will not rise over the decade. What this means in terms of unemployment is that the level of unemployment would increase by over 300% between 1980 and 1991, given the age structure of the population", (11). Durkan's analysis, while not yielding an estimate of the numbers unemployed in the future, clearly supports the argument that unemployment will rise considerably.

TABLE 14
Numbers and percentage increases on 1981 of beneficiaries of all unemployment payments, 1986 and 1991

Numbers (000s) and Percentage Change in Total Beneficiaries	I		II	
	A	B	A	B
	1986			
Assumption X (low)	(-14.4)	(26.2)	(-41.6)	(-1.4)
	-3.7%	+6.7%	-10.7%	-0.4%
Assumption Y (medium)	(80.1)	(120.2)	(52.4)	(92.7)
	+20.6%	+30.9%	+13.5%	+23.8%
Assumption Z (high)	(173.8)	(214.2)	(146.4)	(186.4)
	+44.7%	+55.1%	+37.7%	+47.9%
	1991			
Assumption X (low)	(47.4)	(113.8)	(-3.3)	(61.9)
	+12.2%	+29.3%	-0.8%	+15.9%
Assumption Y (medium)	(202.6)	(268.7)	(151.9)	(216.7)
	+52.1%	+69.1%	+39.1%	+55.7%
Assumption Z (high)	(357.5)	(423.9)	(306.7)	(371.9)
	+91.9%	+109.0%	+78.9%	+95.7%

Note: The 'low', 'medium' and 'high' projections of unemployment respectively derive from the converse assumptions — high (x), medium (y) and low (z) about employment growth.

Assumption I — zero net migration.

Assumption II — 5,000 net emigration p.a.

Assumption A — Activity Rates change along 1975-79 trend.

Assumption B — Activity Rates at 1979 levels.

46. The medium or high projections of unemployment should therefore be adopted. On this basis, the increases by 1986 on the 1981 numbers of beneficiaries will be at least 38% if the high assumption is adopted. For 1991 the corresponding figures are 39% for the medium, and 79% for the high projection. The figure could be as high as, or higher than, 100%.

Disability benefit

47. Disability benefit is the insurance payment to employees who are absent from work due to illness, medical certification being the basis on which illness is established. These payments comprised 16% of total social welfare expendi-

ture in 1980. Normally the payment will be made up to a period of twelve months, at which point the recipient might be transferred to invalidity pension for long term sickness. There has been a continuous rise in the costs of this benefit due to a rapid increase in the number of claims and in their duration. Data on these aspects of the scheme have been comprehensively reported in a recent study by Hughes (7). His figures show that days of incapacity per person at risk (total days for which payment was made divided by number of persons insured for all benefits) rose from 19.4 to 33.8 during the 1954-78 period. Over the same time period spells of incapacity per 1,000 persons at risk (number of payments: numbers insured for all benefits) rose from 181 to 406. The rate of incapacity (number of recipients at end December — numbers insured for all benefits) increased from 6.6 to 10.4 (1977). Hughes' analysis of expenditure trends shows that in real terms disability benefit expenditure rose 6.5 times between 1953 and 1978 compared with 4.5 times for social security spending. The share of GNP accounted for by disability benefit expenditure rose from 0.4% in 1953 to 1.2% in 1978.

48. With most of the other services in this study we have attempted to project the number of recipients but in this case we have adopted a different procedure. Disability benefit, more than most other social welfare services, is a short term benefit which might be claimed a number of times in a given year by any one person. Thus, the number of recipients at a given date in the year is a very inaccurate guide to the trends in the demand for the service. If the purpose of the projection exercise is to draw implications for expenditure, then it is necessary to attempt an estimate of the future number of payments which can be derived from the annual figures on the number of disability benefit payments.

49. The approach adopted was, having calculated the trend in the ratio of claims to the insured labour force, to make a choice of assumptions about the future trend in this ratio. These assumptions were applied to an estimate of the insured labour force in 1986 and 1991. The latter calculation required some improvisation as the only consistent labour force series is that of Sexton, which utilises labour force survey (LFS) concepts, but this series does not include first job seekers. We therefore added the 1975 Labour Force Survey figures for first job seekers to Sexton's labour force total, and likewise for 1979. By assuming a continuation of the trend in this relationship to 1980 (between first job seekers and the labour force) we were able to calculate a revised labour force for 1980. The actual numbers insured in the labour force in 1980 were then expressed as a percentage of the revised labour force. This figure (88.0%) was assumed to remain constant for 1986 and 1991.

50. The next step was to estimate the number of payments relative to the insured labour force for a recent period. By dividing the number of payments by the total insured labour force for 1975 and 1980, the trend in the number of spells

of incapacity per 1,000 of the insured was derived.* The relevant figures are 242.5 and 281.2 for 1975 and 1980 respectively, representing an average annual rate of increase of 3.1%. It is important to note that if the past rate of increase in claims was to continue it would imply extremely large increases of 25% by 1986 and about 50% by 1991. However, there has been serious concern about the rapid growth of disability benefit claims. As a result a greater degree of administrative control has begun to be exercised over access to the benefit. Further, it is possible that policies will be introduced, which will reduce the net financial benefit of the payment to recipients.⁵ Therefore it seems unreasonable to assume that the past rate of increase in claims will continue. Two contrasting assumptions were adopted: firstly, a *high* assumption that the ratio of claims per 1,000 of the insured labour force would grow at half of the 1975-80 rate and secondly a *low* assumption that the ratio would remain constant during the projection period.

51. The results are provided in Table 15, where migration assumptions (I and II) and activity rate assumptions (A and B) follow the same format as the unemployment data. The results show marked High-Low contrasts. If the high

TABLE 15
Projected insured labour force, ratio of payments to insured labour force,
number of disability payments, 1986 and 1991, and increase on 1981
(000s)

	1986				1991			
	I A	II B	I A	II B	I A	II B	I A	II B
Insured Labour Force	1,172.3	1,186.5	1,162.7	1,176.8	1,237.6	1,261.9	1,219.0	1,242.8
Ratio of Payments per 1,000 Insured Labour Force	307.5				331.3			
Number of Payments — High	360.5	364.9	357.6	361.9	410.0	418.1	403.9	411.8
Number of Payments — Low	329.7	333.6	327.0	330.9	348.0	354.8	342.8	349.5
Per cent Increase High	9.7%	11.0%	8.8%	10.1%	24.7%	27.2%	22.9%	25.3%
Per Cent Increase Low	0.3%	1.5%	-0.5%	0.7%	5.9%	7.9%	4.3%	6.3%

Note: The 1981 figure for number of payments, on which the per cent increases are based, was estimated by applying the 1980 ratio of payments/recipients to 1981 recipient numbers. The migration (I and II) and activity rate (A and B) assumptions are the same as in the case of unemployment.

*These calculations are similar to the series given by Hughes (see (7), Column 1, Table 3). However, Hughes' denominator for this calculation was the number of persons insured for all benefits. Since we have not projected a figure for this series for 1986 and 1991 we used total numbers insured: he also adjusted his data in other ways (see 7 page 78, table A.1).

⁵Hughes (see (7)) has documented the relationship between the growth of disability payments and the replacement ratio: i.e. the interaction between the payment amounts on the one hand and the earned income net of tax and social insurance on the other.

assumption (half the rate of growth of the 1975-80 period) is adopted, it implies increases of about 10% to 1986 or 25% to 1991. The increases on the low assumption are much more modest. The variation in the results is very slight across the activity rate and migration assumptions. If the growth of payments is halved (high assumption) the demand for disability payments will still increase by a quarter to 1991. These projections rely on aggregate data for claims and for the insured labour force, although there are extremely marked variations in the claim rate according to sex and marital status. The average number of claims as a per cent of the insured labour force is 32% for married females as opposed to 6% for single males and married males and 4% for single females (12, Table 3.40). More reliable projections could be obtained if trend data were available for the insured labour force, and for claims classified by sex and marital status, and if the labour force projections were classified by marital status as well as sex.

Summary

52. In this chapter we have presented the projection work in relation to the major social welfare schemes. The results suggest that in the case of the old age pensions, widows pensions and childrens allowances there will be moderate growth in the number of beneficiaries. By 1991 the respective increases are estimated as 12% to 14%, 10% to 12%, and 3% to 5%. These overall figures combine divergent trends as between contributory and non-contributory schemes. Payments in respect of disability and unemployment payments are projected to increase relatively rapidly with an increase of 25% by 1991 in disability payments and possibly a 100% increase in unemployment payment beneficiaries. The latter result varies considerably in accordance with demographic assumptions about likely employment growth. Further projection results are given in Appendix B, which deals with most of the other social insurance and social assistance schemes.

APPENDIX A

TABLES

Table A.1

Sources of finance for social welfare expenditure, 1977-81

Year	Social Insurance Contributions	Exchequer	Other	Total
	%	%	%	
1977	44.5	55.3	0.2	100.0
1978	44.2	55.6	0.2	100.0
1979	43.5	56.3	0.2	100.0
1980	42.4	57.5	0.1	100.0
1981e	38.0	61.8	0.2	100.0

Note: 1981 figures are estimates.

Source: Reports of the Department of Social Welfare.

Table A.2
Number of recipients of selected social welfare payments, adult dependants and child dependants, selected years

	1966			1971			1976			1981		
	Recip- ients	Adult Depend- ants	Child Depend- ants	Total	Recip- ients	Adult Depend- ants	Child Depend- ants	Total	Recip- ients	Adult Depend- ants	Child Depend- ants	Total
<i>Social Insurance</i>	33,399	15,364	36,845	85,608	36,606	16,702	40,066	93,374	55,093	25,865	57,141	138,099
Unemployment Benefit	52,595	22,863	47,555	123,013	54,372	23,674	52,161	130,207	70,810	30,786	67,730	169,326
Disability Benefit	—	—	—	—	11,619	5,707	5,369	22,695	10,225	5,229	7,981	23,435
Incapacity Benefit	—	—	—	—	46,549	17,633	1,792	65,974	55,226	13,885	2,397	71,508
Old Age Pension	40,556	15,451	1,336	57,343	3,518	1,937	644	6,099	25,797	11,483	3,789	41,069
Retirement Pension	—	—	—	—	53,238	—	20,625	73,863	62,958	—	—	83,108
Widows	42,033	—	13,326	55,359	—	—	—	—	1,675	—	3,250	4,925
Deserted Wives	—	—	—	—	206,440	65,653	120,657	392,750	281,784	87,248	163,205	532,237
*Total Insurance	170,178	53,678	99,062	322,918	206,440	65,653	120,657	392,750	281,784	87,248	163,205	532,237
<i>Social Assistance</i>	—	—	—	—	—	—	—	—	—	—	—	—
Unemployment	20,555	10,647	28,540	59,742	42,792	24,919	69,237	136,948	47,488	22,587	60,353	130,428
Old Age	112,621	9,524	2,197	124,342	113,570	9,604	3,160	126,334	129,460	13,176	4,406	147,042
Widows	22,072	—	7,482	29,554	16,898	7,870	7,870	24,768	12,553	—	6,950	19,503
Deserted Wives	—	—	—	—	1,284	—	1,577	2,861	3,110	—	—	6,959
Unmarried Mothers	—	—	—	—	—	—	—	—	3,334	—	—	7,365
Single Women	—	—	—	—	—	—	—	—	3,490	—	—	3,490
Prisoners' Wives	—	—	—	—	—	—	—	—	111	—	—	461
*Total Assistance	155,404	20,171	38,219	213,794	190,415	37,287	93,772	321,474	216,440	35,763	92,258	344,461
*Total Insurance and Assistance	325,582	399,431	137,281	536,712	396,855	102,940	214,429	714,224	498,224	123,011	255,463	876,698
Childrens Allowance	319,080	—	944,455	—	341,990	—	990,472	—	402,215	—	1,152,618	—
												1,199,952
												147,421
												306,477
												1,036,34

Sources: Table 8.7, pages 149-151, NESR Report No. 25, and Department of Social Welfare.

*The figures in the columns do not add to the totals due to the exclusion of figures for very small schemes.

Table A.3

Growth in numbers of welfare recipients and dependants standardised by population

	1966	1971	1966-71 %	1976	1971-76 %	1981
1. Total Recipients & Adult & Child Dependants	536,712	714,224	33	876,698	23	1,036,348
2. Total Recipients & Adult & Child Dependants per 1,000 Population	186	240	30	272	13	301
3. Total Recipients & Adult Dependants per 1,000 Population aged 20+	420	292	-30	333	13	N.A.
4. Total Child Dependants per 1,000 Population aged 0-19	118	170	44	188	11	N.A.
5. Total Childrens Allowances Dependants per 1,000 Population aged 0-19	814	784	-4	847	8	N.A.

Table A.4

Number of persons effectively insured under the Social Welfare Acts in certain years (March)

Degree of Insurance Cover	1966	1971	1976	1979
1. All Benefits	688,410	732,943	825,973	820,000
2. All Except Unemployment Benefit	23,332	304	40	210
3. Members of Defence Forces	6,976	7,832	12,413	14,947
4. Widows & Orphans Pension and Deserted Wives Benefit only	53,237	5,871	10,412	11,774
5. Widows & Orphans Pension, Deserted Wives Benefit, Occupational Injuries only	—	48,006	104,828	125,180
6. Occupational Injuries Benefit only	—	6,885	14,628	12,536
7. Old Age (contb.) Pension Retirement Pension, Widows (contb.) Death Grant	2,122	6,450	2,079	1,044
8. Retirement, Old Age, Death Grant	—	—	103	66
9. All Benefits except Unemployment and Occupational Injuries	—	—	305	280
10. Total Insured Population	774,077	808,291	970,781	986,037
11. Estimated Labour Force	1,118,204	1,119,531	1,142,000	1,153,500
12. 1 as % of 11	62%	65%	72%	71%
13. 10 as % of 11	69%	72%	85%	85%

Note: Data on numbers insured from Dept. of Social Welfare Reports; 1976 Labour Force figures from 1976 LFS, and censuses of 1966 and 1971 (Total gainfully occupied over 14 years) for these two years.

Table A.5
Expenditure on all social welfare services, certain years

Year	Total Current Expenditure all Social Welfare Payments (£,000) (1)	Total Current Expenditure per 1,000 Population (£,000) (2)	Index of Real Expenditure per 1,000 Population in 1966 = 100 (3)	(1) As % of CGE (4)	(1) As % of GNP (5)
1966-67	59,910	20.8	100	19.6	5.5
1967-68	64,823	22.4	104	19.0	5.5
1968-69	73,362	25.2	112	18.8	5.4
1969-70	88,447	30.2	125	19.0	5.8
1970-71	108,740	36.9	141	19.5	6.5
1971-72	126,111	42.3	149	19.5	6.6
1972-73	143,556	47.5	155	18.8	6.2
1973-74	194,927	63.4	185	21.1	7.1
31st Dec.					
1975	350,485	110.3	223	22.2	9.3
1976	428,054	132.6	209	25.6	9.3
1977	488,231	149.2	228	24.9	8.8
1978	556,881	168.0	242	22.9	8.8
1979	638,432	189.5	292	21.9	8.7
1980	853,597	250.7	267	23.0	10.0
1981	1,133,654	329.6	300	N.A.	N.A.
1981 ÷ 1966/67	18.9	15.8	3.0		

Note: The first eight rows of the table use financial years to end March; subsequent rows use calendar years. In column (3) the data of (2) were deflated by the CPI for May in each year. Column (4) expresses (1) as per cent of current expenditure by public authorities, and column (5) expresses (1) as a per cent of GNP at current market prices. The 1981 expenditure figure includes the second supplementary estimate as provided by the Department of Social Welfare.

Table A.6
Real value of selected social welfare payments, certain years, (C.P.I. May 1966 = 100)

	1966	1971	1976	1981	1981-1976(%)
<i>Social Insurance</i>					
Old Age Pension (Couple aged 70-80)	100	116	130	189	45
Unemployment Benefit (Single Man)	100	106	114	149	31
Unemployment Benefit (Man, Wife & Four Children)	100	109	133	168	26
Widows Pension (Four Children)	100	107	161	221	37
Disability Benefit (Man, Wife, & Four Children)	100	109	133	168	26
<i>Social Assistance</i>					
Old Age Pension (Couple)	100	131	141	157	11
Unemployment Assistance (Single Man)	100	135	149	198	33
Unemployment Assistance (Man, Wife, & Four Children)	100	127	160	205	28
Widow's Pension (Four Children)	100	122	193	263	36
<i>Childrens Allowances</i>					
Two Children	100	115	151	222	47
Four Children	100	121	121	159	31
Six Children	100	123	116	247	27

Table A.7

Amounts and distribution of social welfare expenditure on income maintenance categories ranked by size, 1980

Income Maintenance Category	£m	%
Old Age	293.2	34.3
Unemployment	152.2	17.8
Sickness/Disability etc	137.2	16.1
Widows	100.1	11.7
Childrens Allowances	75.4	8.8
Benefits-in-Kind	31.9	3.7
Women/One Parent Families	20.4	2.4
Other Categories	43.5	5.1
Total*:	853.9	100*

Note: Other combines pay related benefit, maternity allowance, maternity grants, orphans contributory allowance.

Sickness/Disability includes disability benefit, invalidity pension, occupational injuries treatment benefit, disablement pension.

Old age includes retirement pensions as well as contributory and non contributory pensions.

*The percentages do not add to 100 due to rounding.

Table A.8

Amounts and distribution of expenditure on social welfare payments in 1980, ranked by size

Expenditure Category	£m	%
1. Non Contributory Old Age Pensions	140.2	16.4
2. Old Age Contributory Pensions	106.0	12.4
3. Disability Benefit	97.7	11.4
4. Widows Contributory Pension	86.2	10.1
5. Unemployment Assistance	81.7	9.6
6. Childrens Allowances	75.4	8.8
7. Unemployment Benefit	70.5	8.2
8. Retirement Pension	47.0	5.5
9. Pay Related Benefit*	37.7	4.4
10. Benefits-in-Kind	31.9	3.7
11. Invalidity Pension	23.4	2.7
12. Social Assistance Allowances for Women	15.0	1.8
13. Non Contributory Widows & Orphans	13.9	1.6
14. Injury/Disablement etc.	10.4	1.2
15. Treatment Benefit	5.7	0.7
16. Deserted Wives Benefit	5.4	0.6
17. Other	5.8	0.7
Total:	853.9	100**

*This figure is the total of £17.7m for unemployment benefit, £17.9m for disability benefit and the balance to maternity benefit.

**The percentages do not add to 100 due to rounding.

Table A.9

Total amounts and shares of social welfare expenditures, certain years.

Expenditure Category	1976-67		1971-72		1976		1980	
	£m	%	£m	%	£m	%	£m	%
Social Insurance	31.2	52.1	68.9	54.7	236.3	55.2	459.9	58.1
Social Assistance	18.1	30.2	37.5	29.7	135.4	31.6	250.8	29.4
Childrens Allowances	10.3	17.2	17.1	13.6	46.3	10.8	75.4	8.8
Benefits-in-Kind	0.3	0.5	2.5	2.0	10.1	2.4	31.9	3.7
Total:	59.9	100.0	126.0	100.0	428.1	100.0	854.0	100.0

Source: Department of Social Welfare Reports.

Notes: Social Insurance includes expenditures on Occupational Injuries and related benefits. Totals do not add exactly to the totals on original sources due to rounding. Benefits-in-kind include a small amount of income maintenance — Supplementary Welfare Allowances. Expenditure figures are in current prices.

Table A.10
Population projections, with different assumptions on migration and fertility, 1979-91
(000's)

Age Group	1979	1986		1991	
		I	II	I	II
<i>Males</i>					
0-4 Low	175.6	187.9	186.5	182.6	180.8
High		198.7	197.2	205.1	203.1
5-9 Low	179.1	183.9	183.0	190.4	188.1
High		183.9	183.0	201.1	198.7
10-14	172.3	183.1	182.2	186.6	184.8
15-19	162.3	168.9	168.0	177.6	175.8
20-24	135.8	151.0	150.1	153.1	151.3
25-29	121.6	134.9	134.0	145.2	143.4
30-34	112.7	131.4	130.5	140.2	138.4
35-39	91.8	124.4	123.5	136.6	134.8
40-44	81.8	98.9	98.0	123.2	121.4
45-49	77.8	83.2	82.3	97.2	95.4
50-54	75.6	74.7	73.8	80.5	78.8
55-59	76.1	70.5	69.6	70.6	68.8
60-64	67.8	67.8	66.9	66.2	64.5
65+	163.0	167.7	165.9	171.6	167.9
All Ages Low	1,693.3	1,828.4	1,814.3	1,921.6	1,894.2
High		1,839.1	1,825.0	1,954.8	1,927.1
<i>Females</i>					
0-4 Low	167.8	178.2	176.8	172.8	171.2
High		188.4	186.9	194.2	192.3
5-9 Low	171.1	176.2	175.3	180.8	178.6
High		176.2	175.3	190.9	188.6
10-14	164.0	175.3	174.4	179.0	177.2
15-19	155.1	160.0	159.7	170.1	168.3
20-24	130.5	145.6	144.7	146.3	144.5
25-29	117.8	131.1	130.2	141.3	139.5
30-34	107.4	126.3	125.4	134.8	133.0
35-39	86.7	117.8	116.9	129.9	128.1
40-44	77.6	94.1	93.2	117.0	115.2
45-49	74.7	79.1	78.2	93.0	91.2
50-54	76.1	71.9	71.0	77.5	75.7
55-59	77.9	71.4	70.5	69.6	67.9
60-64	69.9	73.0	72.1	69.8	68.0
65+	198.4	212.5	210.7	224.4	220.5
All Ages Low	1,674.9	1,813.1	1,799.1	1,906.2	1,878.8
High		1,823.2	1,809.2	1,937.7	1,909.9
<i>Persons</i>					
0-4 Low	343.5	366.2	363.3	355.4	352.0
High		387.0	384.1	399.3	395.4
5-9 Low	350.1	360.1	358.3	371.2	366.6
High		360.1	358.3	392.1	387.3
10-14	336.3	358.4	356.5	365.6	362.0
15-19	317.4	329.4	327.7	347.7	344.1
20-24	266.3	296.6	294.8	299.4	295.8
25-29	239.4	266.0	264.2	286.5	282.9
30-34	220.1	257.7	255.9	275.0	271.4
35-39	178.5	242.2	240.4	266.4	262.8
40-44	159.4	193.1	191.3	240.2	236.6
45-49	152.4	162.3	160.5	190.2	186.7
50-54	151.7	146.6	144.8	158.0	154.4
55-59	154.1	141.9	140.1	140.2	136.7
60-64	137.7	140.7	138.9	135.9	132.5
65+	361.4	380.2	376.7	396.0	388.4
All Ages Low	3,368.2	3,641.4	3,613.4	3,827.9	3,772.9
High		3,662.3	3,634.2	3,892.5	3,837.0

Source: NESG (1) pp 67-8.

Table A.11**Number of widows per 1,000 females 1979 and projected number of widows, classified by age 1986 and 1991**

Age Group	Widows per 1,000 Females 1979	Projected Number of Widows			
		1986		1991	
		I	II	I	II
15-19	0.32	51	51	54	54
20-24	0.94	137	136	138	136
25-29	2.59	340	337	366	361
30-34	5.93	749	744	799	789
35-39	12.50	1,473	1,461	1,624	1,601
40-44	25.91	2,438	2,415	3,031	2,985
45-49	56.21	4,446	4,396	5,228	5,126
50-54	99.44	7,150	7,060	7,707	7,528
55-59	165.43	11,812	11,663	11,514	11,233
60-64	252.09	18,403	18,176	17,596	17,142
65+	474.17	100,761	99,908	106,404	104,554
Total:		147,760	146,347	154,461	151,509

Table A.12**Numbers of married women in 1979 (actual), 1986 and 1991 (projected) classified by age (000s)**

Age	1979	1986				1991	
		I	II	I	II	I	II
15-19	4.1	5.2	5.1	6.1	6.1	6.1	
20-24	43.9	52.3	52.0	54.9	54.2	54.2	
25-29	84.7	97.9	97.3	108.4	107.0	107.0	
30-34	91.2	112.4	111.6	120.0	118.4	118.4	
35-39	75.2	104.8	104.0	115.6	114.0	114.0	
40-44	65.7	82.8	82.0	102.9	101.4	101.4	
45-49	59.4	65.2	64.4	78.4	76.9	76.9	
50-54	56.0	54.5	53.8	60.1	58.7	58.7	
55-59	51.0	48.1	47.5	47.8	46.6	46.6	
60-64	38.4	41.7	41.2	41.0	39.9	39.9	
65+	57.1	62.1	61.5	66.2	65.0	65.0	
Total 15 and over	626.7	727.0	720.4	801.4	788.2	788.2	

Table A.13**Projected number of recipients, adult and child dependants, for all unemployment payments, 1986 and 1991**

	(000s)					
	1986					
	A	I	B	A	II	B
<i>Assumption X (low)</i>						
Recipients	148.9	165.1	138.0	138.0	154.1	154.1
Adult Dependants	62.8	69.7	58.3	58.3	65.0	65.0
Child Dependants	162.7	180.2	150.9	150.9	168.3	168.3
Total:	374.4	415.0	347.2	347.2	387.4	387.4
<i>Assumption Y (medium)</i>						
Recipients	186.5	202.7	175.6	175.6	191.7	191.7
Adult Dependants	78.7	85.5	74.1	74.1	80.9	80.9
Child Dependants	203.7	220.8	191.5	191.5	208.9	208.9
Total:	468.9	509.0	441.2	441.2	481.5	481.5
<i>Assumption Z (high)</i>						
Recipients	224.1	240.3	213.2	213.2	229.2	229.2
Adult Dependants	94.6	101.3	89.9	89.9	96.6	96.6
Child Dependants	243.9	261.4	232.1	232.1	249.4	249.4
Total:	562.6	603.0	535.2	535.2	575.2	575.2
1991						
<i>Assumption X (low)</i>						
Recipients	180.7	208.3	159.6	159.6	186.7	186.7
Adult Dependants	71.7	82.6	63.4	63.4	74.1	74.1
Child Dependants	183.8	211.7	162.5	162.5	189.9	189.9
Total:	436.2	502.6	385.5	385.5	450.7	450.7
<i>Assumption Y (medium)</i>						
Recipients	245.2	272.7	224.1	224.1	251.1	251.1
Adult Dependants	97.2	108.1	88.9	88.9	99.5	99.5
Child Dependants	249.0	276.7	227.7	227.7	254.9	254.9
Total:	591.4	657.5	540.7	540.7	605.5	605.5
<i>Assumption Z (high)</i>						
Recipients	309.6	337.2	288.5	288.5	315.6	315.6
Adult Dependants	122.7	133.6	114.3	114.3	125.0	125.0
Child Dependants	314.0	341.9	292.7	292.7	320.1	320.1
Total:	746.3	812.7	695.5	695.5	760.7	760.7

Assumptions I — Zero net migration.
 Assumptions II — 5,000 net emigration p.a.
 Assumptions A — Activity rates change along 1975-79 trend.
 Assumptions B — Activity rates at 1979 levels.

Note: The 'low', 'medium' and 'high' projections of unemployment respectively derive from the converse assumptions; high (z), medium (y) and low (x) about employment growth.

Table A.14**Projected number of recipients of all unemployment payments, 1986 and 1991**

Unemployment Payment	(000s)			
	I		II	
	A	B	A	B
1986				
Unemployment Benefit and Assistance X (low)	133.2	149.4	122.3	138.4
Y (medium)	170.8	187.0	159.9	176.0
Z (high)	208.4	224.6	197.5	213.5
Smallholders Assistance	15.7	15.7	15.7	15.7
Total X (low)	148.9	165.1	138.0	154.1
Y (medium)	186.5	202.7	175.6	191.7
Z (high)	224.1	240.3	213.2	229.2
1991				
Unemployment Benefit and Assistance X (low)	168.7	196.3	147.6	174.7
Y (medium)	233.2	260.7	212.1	239.1
Z (high)	297.6	325.2	276.5	303.6
Smallholders Assistance	12.0	12.0	12.0	12.0
Total X (low)	180.7	208.3	159.6	186.7
Y (medium)	245.2	272.7	224.1	251.1
Z (high)	309.6	337.2	288.5	315.6

Note: The 'low', 'medium' and 'high' projections of unemployment respectively derived from the converse assumptions; high (z), medium (y) and low (x) about employment growth.

Assumptions I — zero net migration.

Assumptions II — 5,000 net emigration p.a.

Assumption A — Activity rates change along 1975-79 trend.

Assumption B — Activity Rates at 1979 levels.

APPENDIX B**DETAILS OF PROJECTIONS OF SOME SPECIFIC WELFARE SERVICES:**

Retirement Pension

Invalidity Pension

Treatment Benefit

Deserted Wives Benefit/Allowance

Social Assistance Allowances

for Women (Single Women, Unmarried Mothers, Prisoners' Wives)

Introduction

In this Appendix we give the projection work for many of the services not included in Chapter 3 in the main text. The services covered here account for just over 11% of the total expenditure in 1980: the most important of them are the retirement pension and invalidity pension which account for 5.5% and 2.7%, respectively of total expenditure. Schemes which are directed towards categories of women recipients are the most frequent schemes dealt with here — allowances for single women, prisoners wives, deserted wives and unmarried mothers. These schemes accounted for just under 2% of total expenditure.

Retirement pensions

This payment, which accounted for 5.5% of social welfare expenditure in 1980, is a separate old age pension payment made to persons at 65 years of age conditional on their being retired. The payment is a contributory one and has different contribution requirements to the contributory old age pension payable at 66. Recipients often transferred onto contributory old age pension at age 66. This left us with the choice of calculating a ratio of pensioners to those aged 65-66 or to all persons aged 65 and over. We choose the latter procedure as the age distribution of retirement pensioners, as given in Table B.1 shows that they are not confined to the 65-66 year of age. Initially, we calculated the ratio of retirement pensioners to all persons aged 65 and over, in 1979. This ratio (0.085) applied to the projected population in that age group yielded the recipient

Table B.1

Retirement pensioners (August 1979) by birth cohort

Birth Cohort	No	%	Cumulative %
1914	660	2.2	—
1913	2,383	7.9	10.1
1912	2,758	9.2	19.3
1911	3,798	12.6	31.9
1910	3,842	12.8	44.7
1909	3,728	12.4	57.1
1908	2,605	8.7	65.8
1907	2,546	8.5	74.3
1906	2,163	7.2	81.5
1905	2,007	6.7	88.2
1904	1,910	6.4	94.6
1903	1,461	4.9	99.5
1902	187	0.6	100.1
1901	10	0.0	100.1

Table B.2

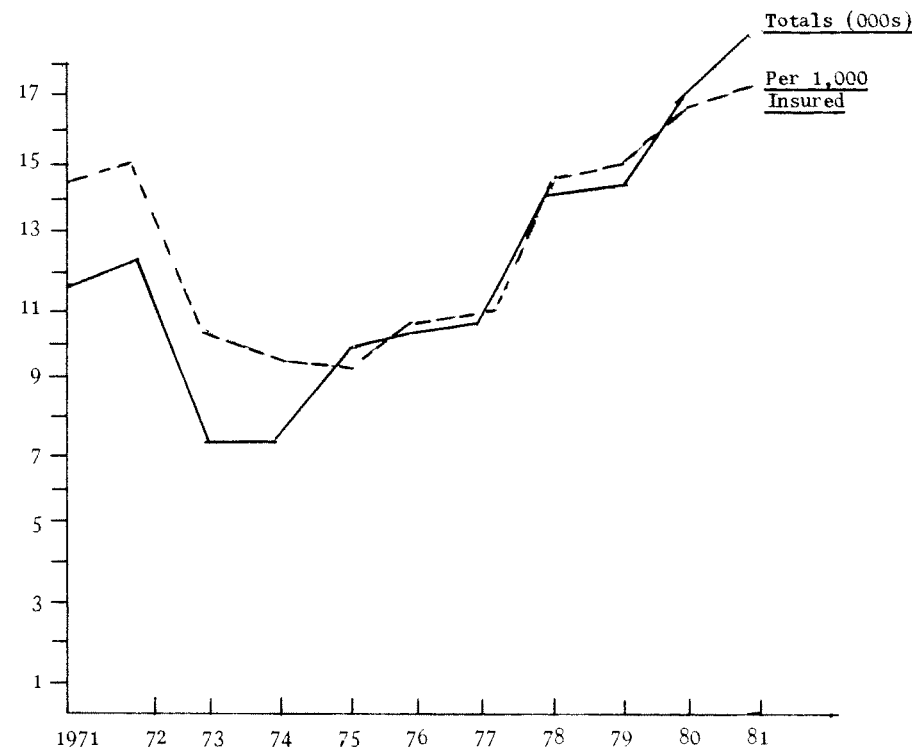
Projected numbers of persons aged 65 years and over. Ratio of retirement pensioners to persons aged 65 years and over and projected number of retirement pension recipients plus adult and child dependants, 1986 and 1991

Category	1986		1991	
	I	II	I	II
1. Number of Persons Aged 65 Years and over (000s)	380.2	376.6	396.0	388.4
2. Ratio of Retirement Pensioners to Persons Aged 65 Years & Over	8.51%		8.51%	
3. Projected Number of Recipients (000s)	32.4	32.0	33.7	33.0
4. Projected Adult Dependants (000s)	11.2	11.1	10.4	10.2
5. Projected Number of Child Dependants (000s)	2.9	2.9	2.3	2.3
6. Projected Total Number of Recipients and all Dependants (000s)	46.5	46.0	46.4	45.5
7. Increase on 1981 Totals (000s)	-1.9	-2.4	-2.0	-2.9
8. Percent Increase on 1981	-4.0%	-5.0%	-4.2%	-6.0%

estimates for 1986 and 1991. To project the number of dependants we assumed a continuation of the 1977-81 trend in the relationship of dependants to recipients. There was an annual rate of decline of 2.2% and 4.2%, respectively, in the ratio of adult and child dependants to recipients. Table B.2 gives the results of the exercise. The figures indicate a slight fall in the totals of recipients and all dependants on the 1981 figures. This decline is accounted for partly by the assumption of declining dependency ratios and partly by the projected contraction of the older age groups. The results should be read with caution in view of the fact that absolute numbers of retirement pensions have been *rising* in recent years. The figure for the end of December 1981 was 32,198, a rise of over 2,000 on the 1979 figures. As Table B.2 shows, the projection indicated only a very slight fall in *actual recipients* from 1981 to 1986. The 1986 figure is 30,000

approximately, and there is a very slight increase in recipients to 1991. The difficulty with our projection method was that, in the absence of age related census population data we could not estimate a figure for *trend* in the ratio of recipients to the relevant population. Hence our adoption of the 1979 ratio. Finally, in the main text we have also looked at the implications for old age pensions of a reduction to 65 in the eligibility age for all old age pensions. In the analysis we assumed, that with a pension age of 65, the retirement pension would be combined with the contributory pension into a unified contributory pension, entailing a retirement condition.

Figure B.1
Trends in invalidity pensions 1971-81



Invalidity pensions

This pension is paid to insured persons who are permanently incapable of work. Recipients of this pension receive disability benefit initially. Normally after a period of approximately one year they become invalidity pension recipients if they are deemed permanently ill. Figure B.1 shows the recent trends in the numbers of these recipients and the figures reveal a significant increase. The difficulty with these trends is that they are complicated by the possibility that

some recipients transfer to old age non contributory pensions on reaching the required age. This *could* have been the case during the early and mid 1970s. Recently however many of the benefits-in-kind available to the elderly have been extended to invalidity pensioners, thus reducing the likelihood of transferring to old age pensions, although the latter still has a higher rate of payment.

Since the pension was introduced (in 1970) there has been an overall increase in recipients. The increase in recipient numbers has been significant since 1974 — the rate of growth per annum was approximately 14%, but it is questionable whether we should assume a continuation of this trend. We have adopted the more conservative assumption that the annual average rate of change in the numbers per 1,000 insured from 1971-81 (1.7%) will continue in the two five year periods. The insured labour force is calculated in the same manner as for the disability benefit projections. Table B.3 sets out the projections. An annual growth rate of 1.7% in the recipient numbers per 1,000 of insured labour force yielded the ratios of 18.5 and 20.1 for 1986 and 1991 respectively. These ratios, applied to the projected insured labour force, result in the data for estimated recipients shown in row 3. We assumed that the 1981 ratio of adult dependants to recipients will apply in 1986 and 1991, and the 1981 ratio of child dependants to recipients will apply in 1986 and 1991, and the 1981 ratio of child dependants to adult dependants. These ratios yield the estimates for adult dependants and child dependants in rows 4 and 5 respectively.

As the final rows of the table indicate, there will be an increase of approximately 6,000 in total beneficiaries by 1986 and 9,000 or 10,000 by 1991. In summary an increase of about 16% (one sixth) by 1986 and an increase of 20% (one fifth) by 1991, is projected.

Treatment benefits

Treatment benefits form an extremely small part of the income maintenance services, costing less than 1% of expenditure in 1980 (see Table A.8). The benefits consist of part payment or full payment of the cost of dental or optical treatment or the provision of spectacles, hearing aids and other appliances. Entitlement to the benefit is determined by social insurance contribution conditions. Table B.4 shows the projected number of claims in 1986 and 1991 for the alternative labour force projections: four projections are given arising from the combination of two migration assumptions and two assumptions about activity rates. The insured labour force was derived on the basis calculated for the disability benefit projections. We assumed that the ratio of claims paid divided by the insured labour force (.2773) would be the same for 1986 and 1991 as for 1981. Using this ratio gives the estimates of claims shown in Table B.4. This assumption seems valid as the ratio of claims to the insured labour force has fluctuated annually by only one or two percentage points. The estimates need not take account of the dependency/marital status of claimants as the

Table B.3

Projected insured labour force and projected number of recipients of invalidity pensions and adult and child dependants 1986 and 1991

	1986				1991			
	I		II		I		II	
	A	B	A	B	A	B	A	B
1. Insured Labour Force (000s)	1,172.3	1,186.5	1,162.7	1,176.8	1,237.6	1,261.9	1,219.0	1,242.8
2. Recipients per 1,000 Labour Force	18.5				20.1			
3. Number of Recipients (000s)	21.7	22.0	21.5	21.8	22.9	23.3	22.6	23.0
4. Adult Dependants (000s)	9.6	9.7	9.5	9.7	9.9	10.1	9.8	10.0
5. Child Dependants (000s)	13.9	14.1	13.8	14.1	14.4	14.6	14.2	14.5
6. Total (000s)	45.2	45.8	44.8	45.6	47.2	48.0	46.6	47.5
7. Increase on 1981 (000s)	6.2	6.8	5.8	6.6	8.2	9.0	7.6	8.5
8. Per Cent Increase on 1981	15.8%	17.8%	14.8%	16.8%	20.9%	23.0%	19.4%	21.7%

Note: Figure 2 contains details of the migration (I and II) and activity rate (A and B) assumptions.

Table B.4

Projected insured labour force and projected number of treatment benefit payments 1986 and 1991

	1986				1991			
	I		II		I		II	
	A	B	A	B	A	B	A	B
Insured Labour Force (000s)	1,172.3	1,186.5	1,162.7	1,176.8	1,237.6	1,261.9	1,219.0	1,242.8
Number of Claims Paid (000s)	325.1	329.0	322.4	326.3	343.2	349.9	338.0	344.6
Increase on 1981 (000s)	20.1	24.0	17.4	21.3	38.2	44.9	33.0	39.6
Per Cent Increases on 1981	6.6%	7.8%	5.7%	7.0%	12.5%	14.7%	10.8%	13.0%

Note: Figure 3 contains details of the migration (I and II) and activity rate (A and B) assumptions.

dependants of insured persons are not eligible for the benefit. Finally, arising out of the activity rate assumptions there are four figures for 1986 and for 1991. For 1986, the projected increase ranges between 6% and 8% and for 1991 the range is 11% to 15%.

Deserted wives benefit and allowance

These services are the contributory and the assistance (means tested) payments respectively to women whose marriages have culminated in desertion or separation. In the case of the contributory benefit, entitlement may be obtained by virtue of the contributions of her spouse or of her own contribution record. Women under 40 must have at least one dependent child to be eligible for either payment and must have been "deserted" for a minimum of three months, and be without the financial support of her husband. These payments were introduced in 1970 (allowance) and 1973 (benefit).

We calculated the numbers of married women in each 5-year age group for 1986 and 1991, by applying Blackwell and McGregor's estimated proportions of females married in these age groups (see Table A.12). Additionally we calculated the numbers of recipients per 1,000 of married women aged under 65 in the years 1975 and 1979. The annual average rate of growth in this ratio for these four years was then assumed to continue, yielding a ratio for the two projection years. By applying this estimated ratio to the married females estimates we obtained the estimated numbers of recipients. More contentiously, perhaps, we adopted for 1986 and 1991 the same ratio of children to recipients as 1981 for the child dependants estimates. These exercises were completed separately for the benefits and allowances and are reported separately in tables B.5 and B.6 respectively.

The use of the married females under 65 ratio seems reasonable. An alternative method, relying on trends in recipient numbers per 1,000 married males/females under 65 who are *insured*, seems more appropriate, but data on the insured labour force are not available in marital status/age/sex cross classifications. The estimates of child dependants might be questioned. Our view is that the aggregate decline in fertility, which is assumed in the demographic projections, is most unlikely to pertain to this segment of the welfare population. Recipients of this benefit are probably in younger age groups, lower socio-economic groups and more likely than others to have children. The crude method adopted here may over-estimate child dependants but this section of the welfare population is relatively insignificant and the overall effect of overestimation is thus very slight.

In Table B.5 the results show that by 1986 there will be a projected overall increase in total beneficiaries of over 135%; the 1991 increase is of the order of 400%. These projections are extremely high, but it is important to emphasise

Table B.5

Projected number of recipients of deserted wives benefits 1986 and 1991

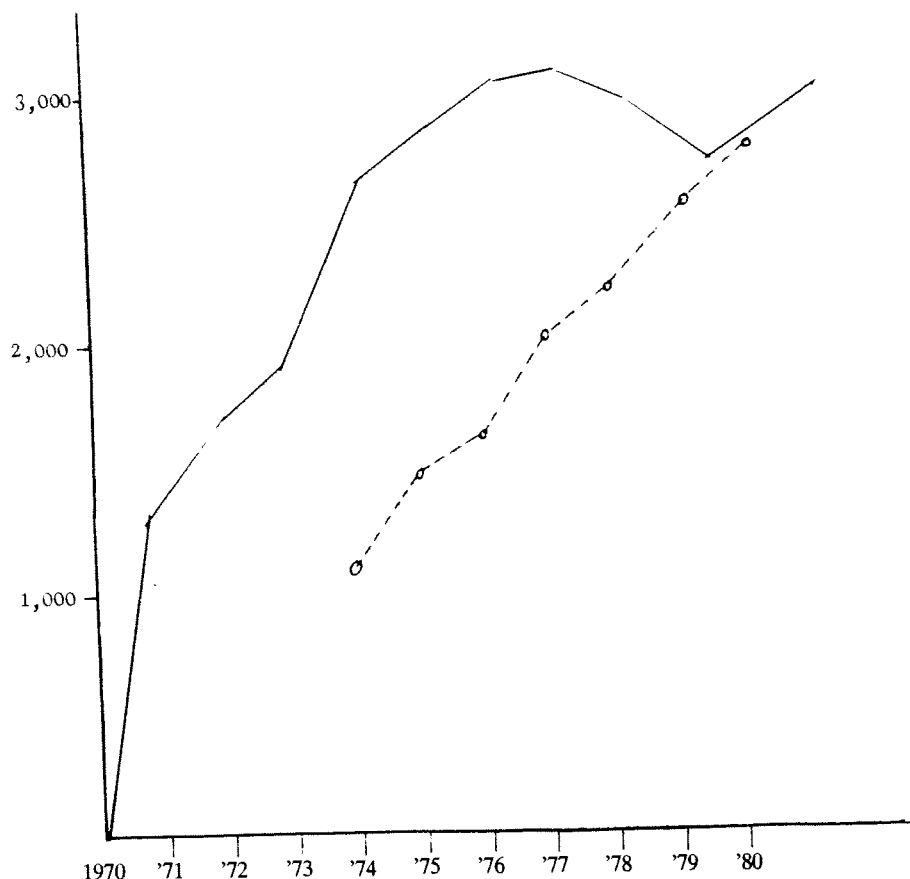
	1986		1991	
	I	II	I	II
1. Estimated Numbers of Married Women Under 65 (000s)	664.9	658.9	735.2	723.1
2. Projected Rate of Recipients per 1,000 Married Women under 65	11.2		21.8	
3. Estimated Number of Recipients (000s)	7.4	7.4	16.0	15.8
4. Estimated Number of Child dependants (000s)	13.8	13.6	29.6	29.1
5. Estimated Numbers of Recipients and Dependants (000s)	21.2	21.0	45.6	44.9
6. Increase on 1981 Total (000s)	12.4	12.2	36.8	36.0
7. Per Cent Increase on 1981	139.4%	137.2%	415.0%	407.1%

that they merely continue a trend in the growth of recipients per 1,000 married women. For instance in the two year period 1979 to 1981 there was an increase from 2,525 to 3,124 in the number of recipients, an increase of almost a quarter. It may be that the past trend incorporates an element of "catching up" by long-standing, deserted spouses who became increasingly aware of the new benefits during the 1970s which was a period of enormously greater debate and publicity about welfare issues affecting women. However in using the 1975-79 (rate of growth per 1,000 married females) period, we are *excluding* the initial 2 years of the benefits availability and so any "catching up" in the figures is likely to be small. The use of the five-year period 1976-81 would be more suitable but there are no data available for these years on the numbers of married women. We should of course expect a significant and continuing growth in the extent of marital desertion/separation in Ireland on sociological and cultural grounds which cannot be explained here. This growth pattern, intrinsic to wider social and cultural changes, may in fact be reinforced by the very introduction of welfare services designed to cope with the consequences of these changes which is an example of the circular relationship between social welfare provisions and demographic patterns.

The data on deserted wives allowance presents a different picture. From 1970, when this service was first introduced, until 1977, there was a continual rise in the number of recipients. For two subsequent years the numbers fell and most recently the figures for 1980 and 1981 indicate a resumption of the upward trend. Figure B.2 illustrates these developments which can be summarised as a very rapid increase on the early years and a slower increase more recently. If we had applied the same procedure as with deserted wives benefit i.e. the assumption of a continuation of the trend in recipients per 1,000 married women under 65, 1975-79, it would have implied a fall during the 1980s in the number of recipients. This seemed implausible given the assumption made earlier that the

Figure B.2

Trends in the numbers of deserted wives allowance and deserted wives benefit recipients



Note: Data to 1974 are for 31st March; for subsequent years date is 31st December.
 — Refers to Allowances; - - - o - - - Refers to Benefits.

rate of marital breakdown is likely to rise. It is equally implausible to assume that the rate of increase in recipients during the 1970s will be repeated in the coming years, the early years being years of "catching up". Moreover, much of the growth in social welfare services for deserted women is likely to accrue to the benefit payment because of the rising proportions of the labour force insured for the benefit.

We opted therefore to use a figure for the number of recipients per 1,000 married women (under 65) for a recent year, and to hold this figure constant for 1986 and 1991. The figure we have used refers to 1979, in the absence of marital status data for females for 1981. As the graph in Figure B.2 shows the 1979 year is at

Table B.6

Projected numbers of deserted wives allowance recipients and dependants, 1986 and 1991.

	1986		1991	
	I	II	I	II
1. Projected Number of Married Women under 65 (000s)	664.9	658.9	735.2	723.1
2. Number of Recipients per 1,000 Married Women under 65	5.0		5.0	
3. Number of Recipients (000s)	3.3	3.3	3.7	3.6
4. Number of Child Dependants (000s)	4.6	4.6	5.1	5.0
5. Total Recipients Plus Dependants (000s)	7.9	7.9	8.8	8.6
6. Increase on 1981 Totals (000s)	0.4	0.4	1.3	1.1
7. Per Cent Increase on 1981 Totals	+5.4%	+5.4%	+17.5%	+14.8%

the trough of the temporary decline and thus the projections may understate the numbers of recipients in 1986 and 1991. The understatement would be extremely slight as the numerical differences between the 1979 recipients (2,856) and the 1981 recipients (3,063) is a mere 207. As with deserted wives benefit we applied the 1981 ratio of child dependants to adult recipients. Table B.6 summarises the calculations and the results are shown in the lower part of the table. The projection is for an increase of 5% in the number of recipients and their dependants by 1986. By 1991 the increase is projected to be 17.5% on assumption I, or 14.8% on assumption II.

Single womens allowance

This service is one which was introduced relatively recently (1974). It caters for elderly single women aged between 58 and 66 and is a means-tested allowance. At end-year 1974 the number of recipients was 2,882 and since then the figure has fluctuated at around 3,000, with no discernible long run trend.¹ We therefore opted to calculate a ratio of recipients per 1,000 of the total relevant population (females, aged 58-66) for a recent year and to hold this constant for the projection years 1986 and 1991. The most recent year for which this data was available was 1979, and the ratio of recipients per 1,000 females aged 58-66 was 26.9.

The year of age data for 1979, 1986 and 1991 were derived using the appropriate survivorship ratios from the most recent life tables. It was assumed that there was an equal distribution of migration between individual years of age within the age groups. The year of age estimates for 1979, 1986 and 1991 are given in the upper rows of Table B.7 and in the last rows the results of the calculations are given. In brief, it is projected that by 1986 there will be a modest increase in the number of recipients, a growth of either 5.0% (assumption I) or 3.8%

¹The figures are as follows; 1974, 2,882; 1975, 3,230; 1976, 3,490; 1977, 3,115; 1978, 3,208; 1979, 3,104; 1980, 3,142; 1981, 2,953.

(assumption II). By 1991 a very slight decline or no change on 1981 is projected, in line with the projected fall in the relevant age groups in the population.

Table B.7

Numbers of females by year of age, aged 58-66, for 1979 (estimated) and 1986 and 1991, (projected) and projected numbers of single womens allowance recipients 1986 and 1991

Year of Age	1979	1986		1991	
		I	II	I	II
		(000s)			
58	15,750	13.6	13.4	14.4	14.1
59	15,756	14.4	14.3	12.8	12.5
60-64	69,872	73.0	72.1	69.8	68.0
65	14,207	14.6	14.4	14.0	13.7
Total:	115,585	115.6	114.2	111.0	108.3
Recipients per 1,000 Females Aged 58-66	26.9	26.9		26.9	
Estimated Recipients (000s)		3.1	3.1	3.0	2.9
Increase on 1981 (000s)		0.1	0.1	0.0	-0.1
Per Cent Increases on 1981		+3.3%	+3.3%	0.0%	-3.3%

Note: (1) The percentage increases were calculated on absolute numbers before rounding. The 1981 figure was rounded to 3.0 thousand in calculating the increases.

A final point about the above calculations is that the ratio of recipients to population should ideally be specific to single women. Marital status classifications are available for 1979 but for 1986 and 1991 we can only estimate the numbers of married females (by age group) using Blackwell and McGregor's marriage rate data for these years. This would also leave us with figures for the unmarried population for the relevant age group, but these would be inclusive of widows. We suspect that with this particular age group (58-66) the projections would be distorted by the inclusion of widows in the figures. Using aggregate data for all females, while not entirely satisfactory, is more satisfactory than the available alternative.

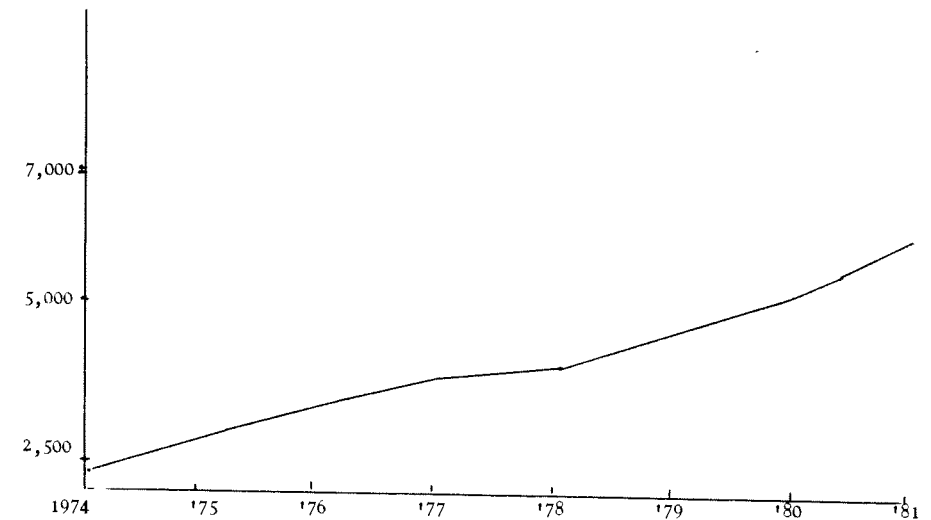
Unmarried mothers allowance

This allowance was just introduced in 1973 at a time when there was considerable discussion and development in the welfare field as it affected women. Since then the numbers of recipients of this allowance has grown extremely rapidly. At end 1981 the recipients totalled 6,222 — an 18% increase on the figure for the previous year. The trend is shown in figure B.3. In the first year the numbers rose to over 1,000 and since then the figure has continued to rise rapidly.

In projecting the figures for recipients we related the numbers of recipients in previous years to the numbers of women in the 15-45 year age group. When

Figure B.3

Number of recipients of unmarried mothers allowance 1974-'81*



*All figures refer to 31st December.

standardising the number of recipients per 1,000 of women in this age group, the growth of recipients is also very rapid. This of course is due partly to the "catching up" effect in the first year or so of the benefit's availability. We therefore calculated the rate of growth (per annum) in the number of recipients per 1,000 females aged 15-45 years for the years 1975-79 and adopted this rate of growth 10% for the 1981-86-91 periods. Ideally we should have chosen 1976-81 or 1975-80 as the base periods but absence of age related data for females for 1980 and 1981 precludes this. Use of the 1975-79 years also excludes the "catching up" period from 1973. The ratio of recipients to females (15-45) for 1986 and 1991 are projected at 13.2 and 21.3 respectively. By applying these figures to Blackwell and McGregor's population data we arrive at recipient totals for the two projected dates.

These calculations are shown in the upper rows of Table B.8. To derive totals for child dependants we first observed that in the base period (1975-79), the ratio of mothers to child dependants was increasing at a rate of 0.26% per annum, suggesting a very slow rate of increase in the numbers of recipients with more than one child. We assumed this rate of increase in the dependants-recipients ratio to continue during the 1981-86-91 periods. This assumption yielded the dependants estimates shown in row 4 of the table.

As the table shows the projected increases are very large — over 60% to 1986

and about 180% to 1991. A preliminary check of these results with Blackwell and McGregors projections of the rate of illegitimacy would also suggest very large increases (1, Table 12). Considering the fact that the single year to year increase in recipients for 1981/1980 was 18%, the projection results for both years do not seem unrealistically high. In line with our general observations regarding desertion claims, there are strong sociological grounds for expecting significant increases in this category of welfare claimant. Moreover the existence of the allowance will undoubtedly increase the likelihood of unmarried mothers caring for their children rather than resorting to adoption or fostering. Developments in family law may also reinforce the trend.

Table B.8

Projected number of unmarried mothers allowance recipients and child dependants, 1986 and 1991

	1986		1991	
	I	II	I	II
1. Numbers of Females Aged 15-45 (000s)	775.5	770.1	839.4	828.6
2. Projected Rate of Recipients per 1,000 Females Aged 15-45	13.2		21.3	
3. Projected Number of Recipients (000s)	10.2	10.2	17.9	17.6
4. Projected Number of Child Dependants (000s)	12.3	12.2	21.1	20.9
5. Total Recipients Plus Dependants (000s)	22.5	22.4	39.0	38.5
6. Increase on 1981 (000s)	8.7	8.6	25.2	24.7
7. Per Cent Increase on 1981	63.0%	62.3%	182.5%	178.9%

Prisoners wives allowances

This allowance which cost less than £200,000 in 1980, is paid to married women whose spouses are imprisoned for six months or more, women under 40 who do not have dependant children are ineligible for the allowance. The number of recipients at end 1980 was 182.

Table A.12, in Appendix A shows the numbers of married women by age in 1979 and the projected numbers for 1986 and 1991. The ratio of recipients of this benefit was 0.274 per 1,000 married women. This ratio was applied to deduce a number of recipients for 1986 and 1991. This crude procedure cannot be refined in the absence of an age breakdown of recipients. The ratio of child dependants to recipients for 1981 was 2.7. Assuming the continuation of this trend the number of child dependants is given for 1986 and 1991 in the third row of Table B.9. Data on the numbers of recipients by family size are required to facilitate more accurate projections.

As the results in Table B.9 show, the projected numbers of recipients of this allowance are very small, relative to recipients of other allowances. All the projections result in a figure for recipients not greatly different from 200. It is projected that the total number of recipients and dependants will increase by

about a third to 1986 and by somewhat less to 1991. The calculations unfortunately take no account of crime trends or of trends in court sentencing, both of which affect the demand for this service.

Table B.9

Projected numbers of prisoners wives allowance recipients and dependants, 1986 and 1991

	1986		1991	
	I	II	I	II
1. Ratio of Child Dependants to Recipients	2.7		2.7	
2. Estimated Recipients	199	198	220	216
3. Estimated Child Dependants	537	535	594	583
4. Estimated Total	736	733	814	799
5. Increase on 1981 Total	185	182	263	248
6. % Increase on 1981	33.6%	33.1%	47.7%	45.0%

APPENDIX C

POPULATION AND LABOUR FORCE PROJECTIONS

1. Using the NESCS¹ population projections, Assumption I is based on zero external migration whereas Assumption II allows for a net loss of 5,000 per annum for all ages combined. In each case it is assumed that there will be net emigration among the population age 15-29 years, especially those in their early twenties. A continuation of the historically significant net immigration of the period, 1971-79, is unlikely during the 1980s, as had already become apparent from the returns of the 1981 Census of Population.² Many of the reasons given for the unusual migration patterns of 1971-79 are no longer valid.³ Equally, the real improvements experienced in existing social welfare schemes and the innovative addition of others is unlikely to be repeated in the short term given the increasing attention and scrutiny of public expenditure. Thus, net migration is projected to be less significant as a determinant of population movement than at any time since the foundation of the state. The two assumptions represent a small variation, one more optimistic, the other more pessimistic, of the small amount of net emigration sustained in the last inter-censal period, 1979-81. Whereas nuptiality is expected to increase at the same rate as in 1971-79, two alternative assumptions are made concerning fertility. The *low* assumption is derived from a continuation of the 1971-79 trend for those women under 35 years of age, with lower rates of decline for those aged 35-49. The high assumption allows for half that decline at all ages. Such variations are of particular relevance in the projection of children's allowances recipients and the projection of child dependants of other social welfare recipients.

2. The labour force is defined as those who are employed together with those who are seeking a job, including first job seekers in this instance. Accordingly,

¹NESC Report No. 63 *Population and Labour Force Projections by County and Region 1979-1991*. The population projections, using the "demographic component" method, are derived from the product of assumptions concerning future patterns of net migration, nuptiality and fertility. Apart from infant mortality and that of those aged 65 years and over, whose mortality is assumed to decline, 1978-80 survivorship rates are applied to the remainder of the population. Separate assumptions are made both for internal and external migration as projections are made at regional and county level as well as for the state.

²*Census of Population of Ireland 1981*, Volume I indicates a net loss of 3,000 per annum through migration since 1979.

³Blackwell and McGregor indicate why the 1971-79 period was an aberrant one with regard to migration. See (1) paragraph 19, page 10. This line of reasoning is accentuated by Durkan in (11), page 21.

labour force projections are influenced by changes both in the population and in activity rates, and are important in determining the demand for certain social welfare schemes. The demographic impact is evident from the above. The NESCS study (1) also deals with changing activity rates. Assumption A. is based on a continuation, though at a lower rate of change, of the 1975-79 trend, whereas assumption B holds the 1979 values constant. A summary of the different population and labour force assumptions is provided in Figure 3.

3. Table C1 provides the projected total population and also its distribution by sex and age group (greater detail is given in Table A10, Appendix A). The total

Table C1
Population classified by age group and sex, 1979 (actual) and 1986 and 1991 (projected)
(000s)

Age Group	1979 (Actual)	1986		1991	
		I	II	I	II
<i>Males</i>					
0-14 (L)	527.0	554.9	551.7	559.6	553.7
(H)		565.7	562.4	592.8	586.6
15-29	419.7	454.8	452.1	475.9	470.5
30-44	286.3	354.7	352.0	400.0	394.6
45-64	297.3	296.2	292.6	314.5	307.5
65+	163.0	167.7	165.9	171.6	167.9
(L)	1,693.3	1,828.4	1,814.3	1,921.6	1,894.2
(H)		1,889.1	1,825.0	1,954.8	1,927.1
<i>Females</i>					
0-14 (L)	502.8	529.7	526.5	532.6	527.0
(H)		539.9	536.6	564.1	558.1
15-29	403.4	437.3	434.6	457.7	452.3
30-44	271.7	338.2	335.5	381.7	376.3
45-64	298.6	295.4	291.8	309.9	302.8
65+	198.4	212.5	210.7	224.4	220.5
(L)	1,674.9	1,813.1	1,799.1	1,906.2	1,878.8
Total: (H)		1,823.2	1,809.2	1,937.7	1,909.9
<i>Persons</i>					
0-14 (L)	1,029.9	1,084.7	1,078.1	1,092.2	1,080.6
(H)		1,105.5	1,098.9	1,157.0	1,144.7
15-29	823.1	892.0	886.7	933.6	922.8
30-44	558.0	693.0	687.6	781.6	770.8
45-64	595.9	591.5	584.3	624.3	610.3
65+	361.4	380.2	376.7	396.0	388.4
(L)	3,368.2	3,641.4	3,613.4	3,827.9	3,772.9
Total: (H)		3,662.3	3,634.2	3,892.5	3,837.0

Note: I and II represent assumptions of annual net migration of zero and -5,000, respectively, for all age groups combined.

(L) and (H) represent different assumptions about fertility which affect only the population aged 0-4 years in 1986 and that aged 0-9 years in 1991. See Figure 2 for explanation.

Some of these aggregate figures may differ from the sums of the components given in Table A.10 due to rounding.

population is projected to increase substantially in the range 3,613,400 to 3,662,300 in 1986 and 3,772,900 to 3,892,500 in 1991, with the growth occurring almost exclusively in the projected population under 45 years of age. The greatest increase is expected in the age group 30-44 years. The effects of such change are clearly seen in Table C3 which indicates a significant decline in the age dependency ratio from 70% in 1979 to between 67% and 68% in 1986 and between 64% and 67% in 1991. This ratio (those under 15 years, plus those aged 65 years and over, to those aged 15-64 years) is an important socio economic indicator used for inter-country comparisons. The dependency ratio of other states of the European Economic Community lay generally within the range of 49-59% in 1977 (13), which indicates the relatively small population in the active age groups in Ireland and the narrowness of the tax base with direct implications for the financing of social welfare services.

4. The labour force is projected to number between 1,321,500 and 1,348,600 in 1986 and between 1,385,500 and 1,434,100 in 1991, with most of the increase projected to occur in the age group 25-44 years, (Table C2). The labour force projections are not particularly sensitive to the range of assumptions either on migration or on activity rates. This is further indicated in labour force dependency ratios in Table C3B, especially concerning the migration assumptions. This ratio (of the population which is not part of the labour force to the numbers in the labour force) is an important determinant of income per head and is used in comparing statistics of the European Economic Community. In 1977 Ireland's ratio was third highest of the nine member states at the time (13). This ratio will increase only if the high assumption on fertility is used together with a change in the trend of labour force activity rates (assumption A).

5. We have endeavoured to project the numbers of recipients and adult and child dependants of the various social welfare schemes of benefits and allowance in 1986 and 1991 by relating them to the evolving population and labour force. In this respect the population has been classified according to the three principal demographic criteria, namely age, sex and marital status. The labour force has been disaggregated into its insurance and assistance share. The age distribution of the population is employed in the case of childrens allowance, retirement and old age pensions. We use the number of persons under 16 years of age and those aged 16-18 years who are outside of the labour force in determining the childrens allowance projections. The number aged either 65 years and over, or those 66 years of age and over, is utilised for the projection of retirement and old age pensions. The population is classified both by age and sex in womens' schemes covering unmarried mothers (15-45 years), deserted wives (women under 65 years) and single womens allowance (58-66 years). The female population in general is used for the projection of single womens' allowance and widows' pensions, as it is impossible at present to differentiate between widows and single women for 1986 and 1991. We have utilised projected numbers of

Table C2
Labour force classified by age group, 1979 (actual) and 1986 and 1991 (projected)

(000s)

Age Group (Years)	1979	1986				1991			
		I		II		I		II	
		A	B	A	B	A	B	A	B
15-19	146.3	140.0	151.7	139.2	150.9	139.0	160.1	137.6	158.4
20-24	213.4	235.2	234.1	233.8	232.7	237.2	235.0	234.3	232.2
25-34	302.3	343.5	337.9	341.2	335.6	368.2	357.5	363.6	352.9
35-44	203.7	259.7	257.8	257.6	255.7	299.6	295.4	295.4	291.3
45-54	176.0	176.1	178.2	174.1	176.1	194.2	198.9	190.3	194.9
55-64	141.7	129.9	135.7	128.2	133.9	122.6	132.7	119.5	129.4
65+	51.5	47.9	53.2	47.4	52.6	45.8	54.5	44.8	53.4
Total:	1,234.9	1,332.3	1,348.6	1,321.5	1,337.5	1,406.6	1,434.1	1,385.5	1,412.5

Note: See Figure 3, Page 11 for explanation of assumptions A and B. Data include first job seekers.

Table C3
Age and labour force dependency ratios, 1979 (actual) and 1986 and 1991 (projected)¹

3A Age Dependency Ratios					
Dependency %	1979 (actual)	1986		1991	
		I	II	I	II
Young (Low)	52.1	49.8	49.9	46.7	46.9
(High)		50.8	50.9	49.5	49.7
Old	18.3	17.5	17.5	16.9	16.9
Total: (Low)	70.4	67.3	67.4	63.6	63.8
(High)		68.3	68.4	66.4	66.6
3B Labour Force Dependency Ratios					
Dependency	1979 (actual)	1986		1991	
		A	B	A	B
Low	1.73	1.73	1.70	1.72	1.67
High I		1.75	1.72	1.78	1.71
II				1.77	1.72

Note: "Young" dependency is the ratio of the population aged under 15 years to the active population (aged 15-64 years).

"Old" dependency is the ratio of those aged 65 years and over to the active population.

Total dependency is the young and old combined as a ratio of the active population.

Labour Force dependency is the ratio of the population which is not part of the labour force to the numbers in the labour force.

¹See Figure 3 for explanation of assumptions, I and II, Low and High, A and B.

married women in determining the incidence of unmarried mothers, deserted and prisoners wives.

6. Labour force data have also been used in our projections, especially with regard to unemployment, as a means of estimating projected shortfalls in employment and accordingly, levels of unemployment. The agricultural employment trends are used in deriving projected numbers in receipt of smallholders assistance. As many of the labour force related schemes consist of insurance benefits, we have projected numbers in the insured labour force to derive the incidence of disability, invalidity and treatment benefit.

7. Finally, as well as determining the number of recipients of the above schemes, it has also been necessary to obtain the number of child dependants for widows, unmarried mothers, deserted and prisoners wives. In addition, the number of adult dependants as well as child dependants is obtained in the case of the unemployed, invalidity, retirement and old age pensioners.

References

- (1) NESC, *Population and Labour Force Projections, By County and Region, 1979-1991*, Report No. 63, 1982.
- (2) Department of Social Welfare, *Summary of Social Insurance and Social Assistance Services*, Dublin, Annually.
- (3) Buxton, M and Craven, E. (eds), *Demographic Change and Social Policy: The Uncertain Future*, Centre for Studies in Social Policy, London, 1976.
- (4) Sexton, J. J., 'Sectoral Changes in the Labour Force over the period 1961-80 with particular reference to Public Sector and services employment'. *Quarterly Economic Commentary*, Economic and Social Research Institute, Dublin, August 1982.
- (5) NESC, *Irish Social Policies: Priorities for Future Development*, Report No. 61, 1981.
- (6) NESC, *Alternative Strategies for Family Income Support in Ireland*, Report No. 47, 1978.
- (7) Hughes, J. G., *Social Insurance and Absence from Work in Ireland*, Economic and Social Research Institute, Paper 108, 1982.
- (8) First Report of the Commission on Taxation, *Direct Taxation*, Stationery Office, Dublin, 1982.
- (9) The Council for Social Welfare, *Papers of the Kilkenny Conference on Poverty*, Dublin, 1981.
- (10) NESC, *Education: The Implications of Demographic Change*, Report No. 71.
- (11) Durkan, J., 'The Macro Economy in the 1980's', *The Irish economy and society in the 1980s*, Economic and Social Research Institute, Conference, October, 1981.
- (12) NESC, *Economic and Social Policy 1982, Aims and Recommendations*, Report No. 70, 1983.
- (13) NESC, *The Socio-Economic Position of Ireland within the European Economic Community*, Report No. 58, 1981.

NATIONAL ECONOMIC AND SOCIAL COUNCIL PUBLICATIONS

NOTE: The date on the front cover of the report refers to the date the report was submitted to the Government. The dates listed here are the dates of publication.

<i>Title</i>	<i>Date</i>	
1. Report on the Economy in 1973 and the Prospects for 1974	April	1974
2. Comments on Capital Taxation Proposals	July	1974
3. The Economy in 1974 and Outlook for 1975	Nov.	1974
4. Regional Policy in Ireland: A Review	Jan.	1975
5. Population and Employment Projections 1971-86	Feb.	1975
6. Comments on the OECD Report on Manpower Policy in Ireland	July	1975
7. Jobs and Living Standards: Projections and Implications	June	1975
8. An Approach on Social Policy	June	1975
9. Report on Inflation	June	1975
10. Causes and Effects of Inflation in Ireland	Oct.	1975
11. Income Distribution: A Preliminary Report	Sept.	1975
12. Educational Expenditure in Ireland	Jan.	1976
13. Economy in 1975 and Prospects for 1976	Oct.	1975
14. Population Projections 1971-86: The Implications for Social Planning — Dwelling Needs	Feb.	1976
15. The Taxation of Farming Profits	Feb.	1976
16. Some Aspects of Finance for Owner-Occupied Housing	June	1976
17. Statistics for Social Policy	Sept.	1976
18. Population Projections 1971-86: The Implications for Education	July	1976
19. Rural Areas: Social Planning Problems	July	1976
20. The Future of Public Expenditures in Ireland	July	1976
21. Report on Public Expenditure	July	1976
22. Institutional Arrangements for Regional Economic Development	July	1976
23. Report on Housing Subsidies	Feb.	1977
24. A Comparative Study of Output, Value Added and Growth in Irish and Dutch Agriculture	Dec.	1976
25. Towards a Social Report	Mar.	1977
26. Prelude to Planning	Oct.	1976
27. New Farm Operators, 1971 to 1975	April	1977

28. Service-type Employment and Regional Development	July	1977
29. Some Major Issues in Health Policy	July	1977
30. Personal Incomes by County in 1973	July	1977
31. The Potential for Growth in Irish Tax Revenues	Sept.	1977
32. The Work of the NESC: 1974-1976	Sept.	1977
33. Comments on Economic and Social Development, 1976-1980	July	1977
34. Alternative Growth Rates in Irish Agriculture	Oct.	1977
35. Population and Employment Projections 1986: A Reassessment	Oct.	1977
36. Universality and Selectivity: Strategies in Social Policy	Jan.	1978
37. Integrated Approaches to Personal Income Taxes and Transfers	Mar.	1978
38. Universality and Selectivity: Social Services in Ireland	June	1978
39. The work of the NESC: 1977	June	1978
40. Policies to Accelerate Agricultural Development	Sept.	1978
41. Rural Areas: Change and Development	Sept.	1978
42. Report on Policies for Agricultural and Rural Development	Sept.	1978
43. Productivity and Management	Feb.	1979
44. Comments on Development for Full Employment	Dec.	1978
45. Urbanisation and Regional Development in Ireland	June	1979
46. Irish Forestry Policy	Sept.	1979
47. Alternative Strategies for Family Income Support	April	1980
48. Transport Policy	Mar.	1980
49. Enterprise in the Public Sector	May	1980
50. Major Issues in Planning Services for Mentally and Physically Handicapped Persons	Oct.	1980
51. Personal Incomes by Region in 1977	July	1980
52. Tourism Policy	Dec.	1980
53. Economic and Social Policy 1980-83: Aims and Recommendations	Nov.	1980
54. The Future of the National Economic and Social Council	Feb.	1981
55. Urbanisation: Problems of Growth and Decay in Dublin	Sept.	1981
56. Industrial Policy and Development: A Survey of Literature from the Early 1960s to the Present	Feb.	1981
57. Industrial Employment and the Regions 1960-82	May	1981
58. The Socio-Economic Position of Ireland within the European Economic Community	Sept.	1981
59. The Importance of Infrastructure to Industrial Development in Ireland — Roads, Telecommunications and Water Supply	Sept.	1981
60. Minerals Policy	Oct.	1981
61. Irish Social Policies: Priorities for Future Development	Nov.	1981
62. Economic and Social Policy 1981 — Aims and Recommendations	Oct.	1981

63. Population and Labour Force Projections by County and Region, 1979-1991	Oct.	1982
64. A Review of Industrial Policy (A Summary of this report is available separately)	Oct.	1982
65. Farm Incomes	Nov.	1982
66. Policies for Industrial Development: Conclusions and Recommendations	Oct.	1982
67. An Analysis of Job Losses in Irish Manufacturing Industry	June	1983
68. Social Planning in Ireland: Its Purpose and Organisational Requirements	Apr.	1983
69. Housing Requirements and Population Change, 1981-1991	Aug.	1983
70. Economic and Social Policy 1982: Aims and Recommendations	Apr.	1983
71. Education: The Implications of Demographic Change		
72. Social Welfare: The Implications of Demographic Change		
73. Health: The Implications of Demographic Change		
74. Irish Energy Policy		

ISBN 0-907116-53-1

1

