

The Rise in Living Standards

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There are different ways to measure living standards. None are entirely satisfactory, nor do they always tell the same story. Today that rather artificial statistical construct, 'the average Irishman', is three or four inches taller than his counterpart a century and a half ago, and reaches physical maturity a few years earlier. These are two sure indicators that childhood and adolescence are healthier and less stressful now than they were then. Today's 'average Irishman' lives about twice as long as his ancestors of five or six generations ago. Our health and how long we live to enjoy life are clearly important ingredients in the standard of living. The 'average Irishman' may not consume all that many more calories now than he did then – leaving the famine years out of the reckoning, of course – but his calorific needs are less because his lifestyle is more sedentary and his working day shorter. His diet is also much tastier, more balanced and more varied.

Rate of progress

Today our 'average Irishman' earns, after allowing for price inflation, ten or perhaps even twenty times as much as his ancestor of five or six generations ago. Consider briefly a farm labourer or servant on £6 to £10 a year just before the Famine compared with, say, a semi-skilled worker in the 1990s on an annual income of £8,000 to £10,000. The latter's salary could buy six to eight times as many potatoes or ten times as much beef, if he chose to spend his money that way. But his command over other goods and services has risen by much more. Today

he could buy, say, twenty times as many shoes, easily twenty times as much cheese, and thirty times as much coal as the farm labourer could in the 1840s. A return journey to New York would have more than exhausted the labourer's annual wage, and would have taken several weeks; today an unskilled worker's wage would buy twenty round-trips, each requiring less than twenty-four hours. The postage stamp, which cost an hour's wages then, can be had for a few minutes' labour now. Similarly with newspapers and popular books.

Comparing the lot of the 'average Irishwoman' then and now would produce even greater betterment. Not only have women's wages risen relative to men's, but so have their literacy rates and their average life span. One hundred and fifty years ago women, on average, died younger than men; now they live about five years longer.

To a considerable extent these changes mirror changes occurring elsewhere (see Fogel, forthcoming), but there is more to the story. Statistical evidence of the poverty of the Irish masses on the eve of the Great Famine is buttressed by a stream of official inquiries and by the accounts of visitors to Ireland who put their impressions to paper. For the bottom one-third or even half of the population, life was harsh and comfortless even by mid-nineteenth century British or West European standards. A German who visited here just before the Famine noted that 'until one has seen the west of Ireland he has no idea that human beings can live in a state of greater misery ... or that a people and cultivated land can look wilder'. What another traveller saw as 'human nature degraded to the lowest state of misery', a third deemed 'shocking for humanity to contemplate'. For the Devon Commissioners, who diagnosed the Irish land system just before the Famine, 'the sufferings borne with exemplary patience' by the Irish poor 'were greater than the people in any other country in Europe had to sustain'. And yet despite all this we should add that, comparatively speaking, the Irish poor were healthy, given their poverty. They were sturdier and they lived longer lives than, say, the Italians or the French at the time (for more on Irish living standards before the Famine see Mokyr, 1985; Ó Gráda, 1994).

Since the Famine, living standards in Ireland have not only risen, they have almost reached the average of an EU-defined Europe. But the pace of change and convergence was very uneven. How uneven? Some measures of the standard of living fit certain periods better than others. In an era when virtually everybody can read and write, literacy rates are of little use; in an age when the number of cars in a country could be numbered in hundreds, vehicle ownership conveys little information. But the big rises in the consumption of tea, sugar, and tobacco in the half-century or so after the Famine – luxury items for the poor in mid-nineteenth century – tell their own stories, as do the improvements in housing conditions and in literacy. The increasing variety of goods bought in village shops, as reflected in surviving ledgers and daybooks, also imply betterment. Let's take the example of a pub grocery in the village of Kilkelly in East Mayo. In 1880 a small range of items, such as sugar, tea, tobacco, flour, Indian meal, and whiskey, dominated its transactions. Less than four decades later the same five items accounted for only one-fifth of transactions, and the shop was supplying customers with quantities of bacon and jam, ready-made clothes and fabrics, and brand name goods such as Jeyes Fluid and Clarendo.

Wage data offer another way of answering the question. The trouble is to obtain information that compares like with like. Some jobs become relatively more skilled or less dangerous over time; others may become more unionised or more exposed to unemployment. Such caveats aside, real wages (i.e. money wages adjusted for changes in the cost of living) rose much more before the early 1920s and again since the 1950s than they did in the interim. Indeed the rise in real wages between the mid-1920s and the mid-1940s was minimal.

National income

Historical estimates of the income or output of the country as a whole offer another useful way of answering questions about changing living standards and convergence. In their favour, they refer to the whole population and make for comparisons not just over time but across countries too. On the other hand, they arguably give too much weight to the incomes of the rich,

and thus ideally need to be complemented by information about the distribution of income. Comparing national income over time and with other economies can tell us a few interesting stories.

Our best-guess estimates of Irish national income in the wake of the Famine and on the eve of World War I imply considerable convergence on neighbouring countries in the interim. Between 1845 and 1914 Ireland gained in the standard-of-living stakes not only on Britain, but also on countries such as Belgium, Norway and Spain. Population had a lot to do with this. On the eve of the Famine, it is worth remembering that Ireland contained more people than the whole of Scandinavia, that is Denmark, Sweden, Finland and Norway, put together. Yet by 1914, Scandinavia would outpeople Ireland by a ratio of three to one. The same applies for Belgium and Holland combined. Portugal and Scotland, with far fewer people than Ireland in 1845, would contain more in 1914. The population of England and Wales, less than double that of Ireland in 1845, was eight times as high by 1914. Ireland's dramatic demographic adjustment was largely responsible for the convergence in living standards.

The same best-guess estimate of national income on the eve of World War I underpins Professor Joseph Lee's critique of Irish economic performance since independence. In *Ireland 1912-1985: Politics and Society* (1989), Lee argued that Ireland had slid down the European income league table after 1922. Lee's work, published in the wake of several years of fiscal retrenchment and falling living standards, was the best-known of several studies arguing that 'independent Ireland' had failed, for whatever reason, to deliver the goods. The outcome becomes plausible once one remembers that Lee's six decades include the 1920s and 1930s, when there was very little growth; the Emergency years, when the economy contracted; and the 1950s, another dismal decade of near-zero growth.

Still, the rise in living standards since the 1960s has been impressive enough. The extraordinary performance over the last decade or so has been enough to compensate, and perhaps more than compensate, for the 'also ran' status of an earlier era. National accounts imply catch-up both vis-à-vis the UK and the

rest of the EU. The message conveyed by the national accounts is confirmed by other indicators, such as spending on consumer durables and foreign holidays, and by lower infant mortality rates. Moreover, unemployment insurance, public and private pension schemes, and medical care have greatly reduced the privation attendant on job loss and illness.

National income data also provide an answer, though a necessarily crude one, to a question that often crops up: how did life for the Irish poor a century and a half ago compare to that of the poor of, say, Somalia or Ethiopia today? Linking historical Irish and contemporary Somalian and Ethiopian national income estimates to British estimates offers a round-about answer. This indicates that the Irish on the eve of the Famine were better off than the people of Ethiopia in the recent past, and about on a par with the people of Somalia. But by the same reckoning, living standards in Great Britain then, were roughly on a par with those of Indonesia or Egypt today.

One further curious implication of recent national accounts data is that the traditionally backward economy of the Irish Republic has now overtaken that of Northern Ireland, in terms of output per head and output per worker. If sustained, this achievement marks quite a remarkable historic reversal. This chapter, however, is examining living standards, and exchequer transfers from London mean that living standards remain higher in Northern Ireland than in the Republic. Indeed, reckoned in terms of consumer durables, such as cars, microwaves, central heating, video recorders and telephones, the gap in living standards between Northern Ireland and the rest of the UK is now small. But the South has been gaining not only on Northern Ireland: the latest OECD data suggest that Ireland's private consumption per head rose from 57 to 84 per cent of British levels between 1987 and 1995.

Though the correlation across countries between national income, on the one hand, and other proxies for living standards, such as literacy and health and longevity, on the other, is good, it is far from perfect. Some countries, very poor in terms of gross domestic product per head, perform much better in terms of literacy or life span. The human development index (HDI), devised by the United Nations, is an admittedly crude indicator

of living standards that seeks to take account of these considerations. It combines measures of longevity, level of education and income. The measures of life span and schooling tend to be more equally distributed than income; this measure implicitly gives heavier weighting to the welfare of the poor. HDI data, reported in a recent study by Professor Nick Crafts of the London School of Economics, suggest that gross domestic product may underestimate human development in Ireland in both 1913 and 1950.

The distribution of income

The national accounts can tell us about averages, but distribution matters too. In Ireland it seems self-evident that the rich are, and always have been, better educated and healthier than the poor. In the past health differences were reflected in height differences: in the mid-nineteenth century the illiterate poor were, on average, about half an inch to an inch smaller than the not-so-poor who could read and write. Differences in longevity by socio-economic background in the same period are unavailable, but they were almost certainly greater than they are today.

A recent account describes Ireland before 1914 as extremely unequal, in ways that we cannot, perhaps, nowadays easily imagine. Though this claim is not backed up by any data, there is no denying that the gap between rich and poor was greater then than now. Labour was cheap then and capital expensive; that is why professional people could afford menservants, maids and gardeners in a manner impossible for even the very rich now. Daniel O'Connell's earnings as a leading barrister, £6,000 to £7,000 a year, would have been enough to hire sixty or seventy servants; though today's barristers enjoy comforts O'Connell would not have even dreamed of, they probably would be unable to emulate him in that respect. Unlike O'Connell, they pay income tax. The gap between professional incomes and the wages for semi-skilled work is still great, but certainly not as great as in O'Connell's time.

Poverty and inequality have spatial, historical and interpersonal dimensions. In Ireland trends in the regional or

spatial aspect, long highlighted, are perhaps the easiest to capture. The Great Famine of the 1840s killed one person in four in parts of the west, while parts of the east and north escaped relatively unscathed. The contrast highlights an east-west regional problem, which persisted long into the period reviewed here. While the Famine reduced regional inequality in brutal fashion it by no means eliminated it, and in subsequent decades repeated attempts were made to attenuate regional disadvantage. The rhetoric of public representatives and community organisations in the west continues to be one of under-privilege.

Yet if Ireland's regional problem is defined in terms of the gap in standards between those living in advantaged and disadvantaged counties, then it has been virtually eliminated during the decades reviewed here. Transfers and subsidies both from Dublin and from the EU played a part in this – by increasing purchasing power, improving infrastructure and providing better health care and transport – but emigration from the poorer counties has been mainly responsible for closing the gap. At the outset, the higher emigration from the west was due to relative poverty. That emigration in turn reduced the income gap between counties. In 1936 the poorest of the four provinces, Connacht, contained 17.7 per cent of the South's population, but in 1971 its share was down to only 13 per cent. Since the 1970s the west has almost managed to maintain its share of the population, and in 1991 Connacht's share was still 12 per cent. Emigration rates across counties have also converged in striking fashion.

The strong negative association across counties, between the rate of population change and the rise in the number of consumer durables per head, supports the role played by emigration in the convergence in living standards. Where population fell most is, by and large, where housing conditions improved most. Unemployment and emigration, two other correlates of poverty, are also much more evenly spread across the country now than they were two or five decades ago. In Ireland today poverty and deprivation are not only more visible, but also probably more intense, in Dublin and Cork working-class suburbs than in the rural west.

As the regional convergence in living standards has come about mainly through emigration, it has affected the viability of many parish and village communities in the west. Emigration (and partition) has left the Irish Republic with a rather lopsided population distribution, with Dublin city and its hinterland accounting for nearly one-third of the total. But could it have been otherwise without further sacrifices in average living standards? In agriculture it seems fair to say that there was little that policy could achieve in the west, in the face of an average farm size too small to allow the requisite productivity change. Nor have decades of public spending through agencies such as Údarás na Gaeltachta and the Industrial Development Authority, and the continued subsidisation of communications, produced much of enduring value on the manufacturing front. Of course, there are exceptions: Galway city has done particularly well. But probably more effective in redressing the regional imbalance would have been a commitment from the outset to locate more government services and more educational institutions outside Dublin.

The limited data available on regional incomes suggest significant convergence. Other information confirms this outcome. For instance, as late as 1961, nearly 75 per cent of houses in Leitrim lacked any sanitary facilities, as did over 60 per cent of houses in Clare, Kerry, Longford and Roscommon. Three decades later, Roscommon was worst placed, but its 20 per cent marked both a big improvement and relative catch-up. Official data on radio and television licences and on car ownership also register both improvement and regional convergence. In 1951 Ireland had 110 radio licences per thousand population. In 1991 radios no longer required licences, but there were over twice as many television licences per thousand population as there had been radio licences in 1951.

The evolution of private car ownership serves as another handy informal index of living standards across countries. It can also provide a rough ranking of the trend in living standards across Irish counties. In Ireland, the number of cars per thousand population rose from 14 in 1936 to over 100 in the mid-1960s, and over 300 in 1997. Differences across counties in the ratio of cars to people have plummeted since the 1930s.

Nor is there much similarity between the pattern thirty or forty years ago and now. If one compares new registrations of bigger cars, the levelling effect across counties has been more marked (for more on this see Ó Gráda, 1997).

In Northern Ireland too, the regional gap in living standards has narrowed over the last half-century. Administrative boundary changes in 1971 rule out continuous comparisons, but the data on housing amenities in 1971 and 1991 tell an important part of the story. In Fermanagh in 1971 half of all households still depended on outside toilet facilities, as did nearly 40 per cent in Strabane, compared to about 5 per cent in North Down. By 1991 nearly all had indoor toilets. The gap between the best and worst-off districts was still considerable in 1971, but had almost vanished two decades later. In Northern Ireland too, emigration and transfers were mainly responsible for the reduction in regional inequality.

Public policy

Public policy can influence the distribution of wealth and income and help to reduce poverty. In this sense the policies of the pre-1932 Cosgrave administrations are likely to have increased the gap between rich and poor. It is true that they were fiscally constrained by the needs to repair civil war damage and to establish an economic reputation, but there was a hard edge too to the pronouncements of government spokesmen. Social Welfare Minister, P.J. Burke, supported the cut in the old age pension in 1924 with the claim that 'one of the most serious defects of the Irish character is this tendency to dependence of one kind or another'. 'The number of people who lead a parasitic existence', he continued, including the unfortunate old age pensioners, '[was] increasing relative to the number of people who are striving to make an honest living'. But that was mild stuff compared with Patrick McGilligan's announcement in the Dáil a few months later, in the course of a debate on unemployment, that 'people may have to die in this country and die of starvation'. Cumann na nGaedheal abolished assistance to the uninsured unemployed – the dole – at the end of 1924.

The first detailed estimate of income distribution in Ireland refers to the 1938–44 period. The data on personal incomes are incomplete, but they are still useful. Though the revelation that the top 3,000 or so took 5 per cent of all income in 1943 must have made UCD economist George O'Brien's assertion, that 'the distribution of income in Éire is not marked by any high degree of inequality', hard to swallow, O'Brien was probably not far from the truth in comparative terms.

Insofar as economic and social policy was concerned, the young Fianna Fáil was far more indulgent and populist in its attitude to welfare than its predecessor. Nor was this merely a matter of rhetoric: soon after gaining power, de Valera's party extended the dole to small farmers and increased the old age pension and disability benefits. In 1944, it introduced a system of family allowances to families with three children or more. The inter-party administration that succeeded Fianna Fáil in 1948 was also more welfare-oriented than pre-1932 Cumann na nGaedheal. Systematic ideological differences between subsequent administrations in this sphere are difficult to detect. Fianna Fáil's introduction of free second-level education in 1966 was matched by big increases in social welfare spending after 1973, under the late Labour leader Brendan Corish.

Yet in recent comparisons of income distribution in European countries, Ireland emerges in not such a favourable light; in one study of income distribution in the 1980s, Ireland came last out of fourteen. In mitigation, it might be argued that Ireland's income distribution was not unduly unequal, given its stage of economic development. Suppose that relative poverty rates were a good deal higher in Ireland than in more developed EU countries, but not unlike those found in Greece, Portugal and, to a lesser extent, Spain. Besides being out of date, that defence ignores the fact that in the 1980s all these countries had only recently emerged from fascism. Besides, its rather disheartening implication that reformist politics cannot reduce income or wealth inequality, since they are tightly constrained by a country's degree of development, is not corroborated by other studies. And even if they were, that excuse is no longer there for the 'greyhound economy' of the late 1990s.

Finally, a caveat. I have focused on what people had and have, rather than how they felt or feel about it. Insofar as people's command over material goods influences how happy they are, the strategy is justifiable. But measuring happiness directly is a much trickier business. For what they are worth, national and international surveys of happiness indicate that it has not grown in tandem with income. Had Gallup or MORI been around in, say, the 1850s and 1860s and asked a sample of Irish people to describe themselves on some happiness scale, they might well have declared themselves to be, on average, as happy as a sample similarly chosen today. In the words of the song, 'you don't know what you've got till it's gone'; happiness is more about what we are used to, and what we see others having, than simply what we ourselves have.

FURTHER READING

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