Alternative Social Security Scenarios: A Response to 'Social Security in a Unified Ireland' by Mike Tomlinson

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This research is both welcome and important, as the costs of social security provision in a reunified Ireland will be a central issue for debate in the run-up to any future border poll on constitutional change. The social welfare system has immediate implications for individuals and households through a range of mechanisms including, for example, state pensions, child benefit, unemployment assistance and in-work benefits as well as various types of tax reliefs and credits. Any changes arising to social security entitlements because of constitutional change will be of concern to most voters. Furthermore, social welfare payments account for a large proportion of total public spending and any changes arising from a transition to unity may have implications for future taxation, which will also be an important component in the discussion.


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The paper is the first attempt to address key empirical questions including the following.

1. How much of total expenditure in both regions is allocated to social welfare and how is it distributed?
2. How do key welfare payments such as child benefit and the state pension compare North and South?
3. How much better or worse off would northern employees be under the Irish social insurance and tax regimes?
4. How do employers’ social insurance contributions vary across the two jurisdictions by income decile and household type?
5. What is the scale of social security costs likely to be in any transition to unity?

A key takeaway from the study is that while social welfare payments are generally much more favourable in Ireland, the differences with respect to taxation and social insurance payments are less clear and vary by income level.

Key areas addressed by the paper are the impact on taxation receipts if the Irish tax code were applied in Northern Ireland and the overall fiscal implications of transferring social security obligations under a reunification process. It is found that taxes yielded from income tax and social insurance paid by individuals and employers in Northern Ireland would increase by 11 per cent if the (arguably more progressive) Irish tax code were applied. The projected increase would be driven primarily by higher tax receipts among the top third of earners and higher social insurance contributions from employers of the low paid. The finding is important as it provides yet another reason for factoring down subvention estimates, reinforcing the argument that subvention costs are unlikely to represent a major barrier to unification.²

The author concludes that the cost of transferring existing social security spending to the new Irish government would be £3.3bn lower than under partition, based on the assumption that pension liabilities will remain a responsibility of the UK government after any transition to unity. He provides a legal basis for expecting that Northern Ireland’s pensions liabilities will not transfer to the Irish exchequer. The social security treaty the author identifies

² John Doyle, 'Why the “subvention” does not matter: Northern Ireland and the all-Ireland economy', *Irish Studies in International Affairs* 32 (2) (2021), 314–34.
was signed post-Brexit between the British and Irish governments and guarantees the protection of reciprocal social security rights. The identification of the legal obligations specified under the UK–Irish treaty is a very important contribution to what has become a somewhat contentious debate. The treaty provides legal protection that ensures that Irish citizens living in Ireland can benefit from social insurance contributions accrued while working in the UK and vice versa. Furthermore, the treaty means that the question of pension rights under Irish reunification is likely to be much clearer than is the case for Scottish independence, where no such legal protocols exist.

In terms of the social security liabilities that would eventually transfer to the new Irish government at the point of unification, I believe that a number of possible scenarios could occur other than the one specified in the paper. On the issue of pensions, the author correctly identifies an existing treaty obligation that put an onus on a UK government to honour the UK social security entitlements of Irish citizens domiciled in Ireland. Furthermore, Doyle points out that the failure of any UK government to accept pension liabilities under reunification would create serious inequalities compared to pensioners domiciled in other countries outside of the UK. While the legal and equality arguments for the retention of pension liabilities by the UK government are clear, an alternative outcome is still possible. The current British government has continuously signalled a willingness to renege on treaty obligations, for instance with respect to the Northern Ireland protocol, meaning that it is possible, if not likely, that the British government of the day will contest any legal obligations and seek a negotiated settlement. A negotiated outcome could result in positive pension costs transferring to the new Irish state. There is also a possibility that the cost of other aspects of the social welfare budget could be higher than estimated here.

The study largely assumes that levels of social welfare payments will remain constant for citizens in Northern Ireland at the point of reunification, although some adjustments are included to allow for supplements on child benefit and pensions. This would imply that recipients of similar

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5 Doyle, ‘Why the “subvention” does not matter’. 

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benefits would be paid different rates in the two regions following reunification. While a regime of differential welfare entitlements is entirely possible, particularly in the short run, it is may also be useful to consider a scenario where Irish welfare rates are applied universally at the point of reunification. Related to this, the assumption that the British government will continue to pay some share of disability and incapacity benefits following reunification is less than certain to hold, and this could be relaxed. Such an equalisation of welfare rates would again lead to a higher cost scenario than those shown in the paper.

Social security costs under reunification could also be lower than shown in the current study, which represents the likely transfer of current liabilities under existing demographics, implying that reunification will occur somewhat instantaneously following a border poll. However, McGuinness and Bergin⁶ argue that any properly planned transition to unity should contain an adequate transition period that will allow for both a smooth transition of authority and the implementation of policies that will maximise the benefits of constitutional change to all citizens. One could imagine that a transition period could be as short as two years or last for up to ten or more years. Demographic changes occurring over any transition period are likely to lower estimated costs, particularly in the area of disability and incapacity payments, which are currently much higher in Northern Ireland due to the legacy impacts of the Troubles. A transition period should also see the implementation of policies aimed at improving Northern Ireland’s low productivity and economic growth rates, which could also see some reductions in social welfare costs as unemployment rates fall and economic activity rises.

There are grounds to build on this excellent research by using microsimulation tools to provide further insights by modelling a range of possible future scenarios, so that the most appropriate policy pathway can be identified and developed as part of any government White Paper on reunification.