

In Ireland, the economic impact of the crisis was severe on GDP, employment, public finances and household income. In 2011, GDP was 9% lower than in 2007; it recovered slightly afterwards but it was still 7% below the pre-crisis level in 2013. Similarly, employment was 13% below the 2007 level. Public expenditure increased in the first years of the crisis, but reverted with fiscal consolidation measures. In 2013, public revenue was still well below the 2007 level. Meanwhile, household disposable income fell 21% since the beginning of the crisis.

Macro and aggregate statistics, Ireland 2007-2013

Cumulative percentage change between 2007 and 2013 (2007 = 0)

	GDP	Employment rate	Public expenditure	Public revenue	HDI
2008	-3	-2	7	-14	-9
2009	-9	-11	7	-22	-11
2010	-9	-14	5	-24	-12
2011	-7	-15	0	-23	-21
2012	-7	-15	-2	-23	-
2013	-7	-13	-6	-21	-

Note: GDP: Gross domestic product by volume; Employment: employment rate of working-age population; Public expenditure: does not include general economic, commercial and labour affairs; Public revenue: only includes taxes and social contributions; HDI: mean household disposable income.

Source: OECD data from National Accounts Statistics, Labour Force Surveys and Income Distribution Database (IDD).

Fiscal measures included two income tax reforms (2009 and 2011). Several working-age social benefits (unemployment, housing, family and social assistance) and pensions were reduced in nominal and real terms, via fiscal drag. In-work benefits for families with children increased substantially in 2009. VAT standard rate increased in 2012.

Simulation results suggest that tax-benefit measures had a negative impact on family disposable income. Recipients of out-of-work benefits and higher-earnings households faced a larger burden than middle and lower-earnings families. Income tax reforms had a negative impact on the income of middle and higher-earning families. Cuts in unemployment benefits reduced the incomes of out-of-work families. Rises in in-work benefits mitigated the effect of other policies among lower and middle-earnings families.

Simulated effects of tax-benefit reforms on family disposable income, Ireland 2007-2013

Cumulate and annual percentage change of simulated family disposable income (2007 = 0)

	Total	Months in unemployment						% of AW								Pensions	VAT	
		0-12	13-24	25-36	37-48	49-60	0-20	21-40	41-60	61-80	81-100	101-120	121-140	141-160	161-180			181-200
Total	-7	-9	-10	-12	-12	-12	-3	-3	-3	-3	-5	-5	-7	-9	-9	-10	(-)i	(+)2
Taxes	-3	0	0	0	0	0	0	-1	-2	-4	-5	-5	-6	-7	-7	-8		(+)2
Benefits	-4	-9	-10	-12	-12	-12	-2	-2	-1	1	-1	0	-1	-2	-2	-2	(-)i	
2008	1	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0	(+)i	
2009	2	2	8	6	6	6	4	3	3	3	2	0	-3	-4	-3	-4	(+)i	
2010	-1	-3	-3	-3	-3	-3	-1	-1	-1	-1	0	0	-1	-1	-1	-1	(+)i*	
2011	-4	-6	-7	-7	-7	-7	-3	-3	-3	-3	-4	-3	-2	-3	-4	-4	(-)i	
2012	-3	-3	-9	-9	-9	-9	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	(-)i	(+)2
2013	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	(-)i	

Note: See Read Me.

Source: OECD Tax Benefit Model, OECD VAT database, DPS (2015).