

# Inter-Regional Income Differences in Ireland: Real or Perceived Regional Divides?

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## Regions of the Republic of Ireland (NUTS 3)



### Ireland's population and disposable income distribution, by region

Region	% National Population	Mean disposable household income, 2008 (€)	Mean disposable individual income, 2008 (€)
Dublin	27.5	61,724	30,234
Mid-East	11.7	57,759	27,477
South-West	14.4	46,002	23,307
Border	10.9	41,958	21,160
Mid-West	8.3	40,120	20,867
South-East	11.0	40,836	20,548
West	10.0	41,368	20,485
Midland	6.2	37,379	18,552
<b>National</b>	<b>100.0</b>	<b>49,055</b>	<b>24,384</b>

**Source:** CSO, Census of Population and calculations from SILC 2008 microdata

**Note:** Individual income data is calculated using the national equivalence scale

## Research question

- “ Ireland's regional income profile: underlying regional income effect?
- “ Can the income differences be explained by individual and household characteristics?

## Data

- " Survey of Income and Living Conditions (SILC)
- " 2008
  - " Nationally representative sample
  - " 12,551 individuals
  - " 5,247 households
  - " Income data linked to tax returns (92% cases)
  - " Income data equivalised

## Model

- " OLS
- " Dependent variable: log of equivalised income
- " Explanatory variables:
  - " Region dummies
  - " Age
  - " Education level
  - " Gender
  - " Health status
  - " Working/not working
  - " Tenure
  - " Urban household
  - " Children in household
  - " Number of people at work in household

	log_eqinc	log_eqinc	log_eqinc
Mid-East	-0.03		
South-West	-0.037		
	-0.13***		
Border	-0.028		
	-0.19***		
Mid-West	-0.058		
	-0.16***		
South-East	-0.032		
	-0.17***		
West	-0.036		
	-0.21***		
Midland	-0.04		
	-0.23***		
Dublin+Mid-East	-0.041		
		0.16***	
Dublin		-0.022	
			0.15***
Age	0.00***	0.00***	0.00***
	0	0	0
Education level	0.05***	0.05***	0.05***
	-0.003	-0.003	-0.004
Male	0.01	0.01	0.01
	-0.01	-0.01	-0.01
Health status	0.04***	0.04***	0.04***
	-0.009	-0.009	-0.009
Working	0.12***	0.12***	0.12***
	-0.014	-0.014	-0.014
Tenure	0.20***	0.20***	0.20***
	-0.024	-0.024	-0.024
Urban hh	0.08***	0.09***	0.09***
	-0.022	-0.022	-0.022
Children in hh	-0.11***	-0.11***	-0.12***
	-0.021	-0.021	-0.021
Number at work in hh	0.18***	0.18***	0.18***
	-0.013	-0.013	-0.013
Constant	9.09***	8.90***	8.90***
	-0.066	-0.058	-0.058
R-squared	0.361	0.359	0.353

Notes: Standard errors in parentheses  
\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

## Assumption

- “ Symmetric prices
- “ Buying power of income same across regions
- “ Questionable
  - “ Survey of consumer prices (CSO 2008)
  - “ Survey of national house price indicators (Department of Environment, Heritage and Local Government 2011, CSO 2011)

## Next steps

- “ Generate a regional cost-of-living index
  - “ None currently for Ireland
  - “ Household spending data from HBS
    - + House price indices
- “ Re-weight the income data to correct for purchasing power
- “ Re-estimate model

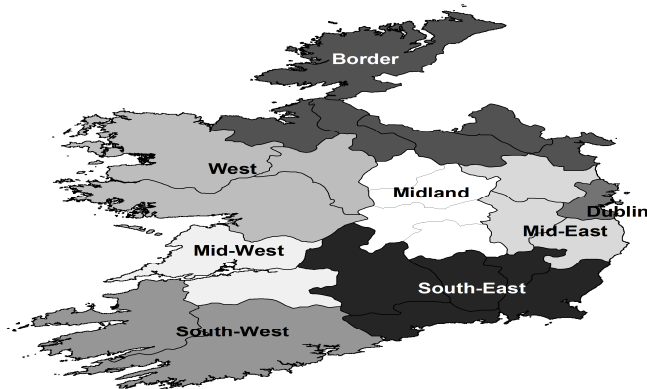
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**Chart 1: Regions of the Republic of Ireland (NUTS 3)**



**Source:** Generated by the authors using Stata.

**Note:** Ireland's NUTS2 regions comprise the BMW region (Border, Midland and West) and the S&E region (Dublin, Mid-East, South-West, Mid-West and South-East).

**Table 1: Ireland's Population and Disposable Income Distribution, by Region**

Region	% National Population	Mean disposable household income, 2008 (€)	Mean disposable individual income, 2008 (€)
Dublin	27.5	61,724	30,234
Mid-East	11.7	57,759	27,477
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**Source:** CSO, Census of Population and calculations from SILC microdata.

**Note:** Individual income data is calculated using the national equivalence scale.

**Table 2: Regression Results**

VARIABLES	(1) log_eqinc	(2) log_eqinc	(3) log_eqinc
mideast	-0.03 (0.037)		
southwest	-0.13*** (0.028)		
border	-0.19*** (0.038)		
midwest	-0.16*** (0.032)		
southeast	-0.17*** (0.036)		
west	-0.21*** (0.040)		
midland	-0.23*** (0.041)		
age	0.00*** (0.000)	0.00*** (0.000)	0.00*** (0.000)
educ category	0.05*** (0.003)	0.05*** (0.003)	0.05*** (0.004)
sex	0.01 (0.010)	0.01 (0.010)	0.01 (0.010)
health status	0.04*** (0.009)	0.04*** (0.009)	0.04*** (0.009)
tenure	0.20*** (0.024)	0.20*** (0.024)	0.20*** (0.024)
urban/rural	0.08*** (0.022)	0.09*** (0.022)	0.09*** (0.022)
children in hhld	-0.11*** (0.021)	-0.11*** (0.021)	-0.12*** (0.021)
number at work in hhld	0.18*** (0.013)	0.18*** (0.013)	0.18*** (0.013)
working	0.12*** (0.014)	0.12*** (0.014)	0.12*** (0.014)
dublin + mideast		0.16*** (0.022)	
dublin			0.15*** (0.024)
Constant	9.09*** (0.066)	8.90*** (0.058)	8.90*** (0.058)
R-squared	0.361	0.359	0.353

**Notes:** Standard errors in parentheses