

Elections 2014

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Cast your vote on May 23rd.	

The European and local elections scheduled for May 23 are taking place at a time of great change. The crises of recent years have made many people sceptical about the capacity of the political system to build a fairer, more just and sustainable future. Two challenges of the years immediately ahead are: firstly, to prove that this scepticism is not valid; and secondly, to show that democracy can enhance the wellbeing of all.

Those who are elected in the upcoming elections need to recognise that development of a fairer future across the EU in general and in Ireland in particular will be possible only when priority is given to the common good. Futures based on the primacy of the market are not likely to be just or fair.

Of course the market is important and an efficient market is crucial for development of the Union and the country. But there is far more to progress than getting the market right. A balance is required between the various aspects of life if the well-being of this and future generations is to be secured. Failure to recognise the need for such balance has produced the present lop-sided approach to policy development.

In these pages *Social Justice Ireland* identifies some key issues we believe are critical to shaping a fairer future. We also identify actions that should be taken if we are to see the emergence of a just society in Ireland and across the EU. These are among the key issues identified.

Social inclusion

Given the growing inequality and social exclusion being experienced by so many across the EU and in Ireland it is crucial that political leaders take action to:

- Reduce poverty and income inequality,
- Combat unemployment and
- Secure services and infrastructure.

The Economy

Given the need to have the economy serve people, there should be action to:

- Ensure corporations pay a fair share of tax through, e.g. a Financial Transactions Tax.
- Increase Investment.
- Ensure the financial sector can never again repeat the crash of 2008.

The Democratic Deficit

As more and more decisions are made without real engagement from those impacted by them, action is required to:

- Strengthen democracy and promote solidarity (including with the Global South)

Sustainability

Given the challenges posed by demands on the environment and depleting natural resources, action is required to:

- Tackle climate change
- Develop new indicators of progress and well-being

This is a key moment. The future will be built by the decisions made in the years immediately ahead. So, before Election Day, *Social Justice Ireland* urges all voters to reflect on these issues and to cast their votes on the basis of how candidates propose to secure the wellbeing of this and future generations.

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Securing the wellbeing of this and future generations

Why is change required? The simple answer is that the current approach to policy is not securing the wellbeing of all either in Ireland or in the EU as a whole.

Divisions continue to grow. Inequality increases. Poverty and unemployment are not given the priority they deserve. Most decisions are taken on the basis of what is good for business rather than on what is good for the wellbeing of the total population.

It is widely acknowledged that Gross Domestic Product (GDP) is 'an inadequate metric to gauge wellbeing over time, particularly in its economic, environmental, and social

dimensions, some aspects of which are often referred to as sustainability' (Stiglitz Commission 2009:8).

A new scorecard or metric model is needed which measures the effects of policy decisions on people's lives as well as the environmental, social and economic costs and benefits of those policies.

The United Nations High Level Panel on Global Sustainability recommends that the international community measure development beyond GDP.

They argue that national accounts should measure and include the cost of social exclusion, unemployment and social inequality and the envi-

ronmental costs of growth and market failures.

Social Justice Ireland believes that development of such an alternative should be a priority in Ireland and the EU in the years immediately ahead.

Actions

- At a local level the newly-elected Councils should put wellbeing at the core of their new plans.
- At an EU level development of 'satellite' or 'shadow' national and EU-wide accounts should be a central initiative of the new Parliament and Commission.

Democratic deficit at the heart of the EU

Decisions made during the economic crisis since 2008 have raised serious questions concerning the democratic legitimacy of the processes by which these decisions are made, both in Ireland and in Europe.

In Ireland, decisions allocating vast resources to the financial sector were made by a few senior politicians and officials, sometimes without a meeting of the full Cabinet, and without a full debate. The establishment of NAMA is a prime example; NAMA was established rapidly, and its operations were initially extremely opaque. In its disposals of assets, NAMA makes decisions affecting communities throughout Ireland, but those communities have little power to influence NAMA.

At the European level, the structural adjustment programmes have been overseen by the IMF, European Commission and the European Central Bank, none of which have a directly elected component.

The Troika are involved in making major decisions about resources and economic policy areas which were traditionally the preserve of democratically accountable national governments. Often represented as mere technocrats, Troika members actually have

differing and very political views on the role of government in society, the functioning of the labour market, and the appropriate level of social security. For example, the President of the ECB, Mario Draghi, informed the Wall Street Journal in February 2012 that 'The European social model has already gone'.

The stricter European fiscal rules were adopted in 2012 with relatively little national public debate, and their implications – particularly the increased supervisory powers of the Commission – have not been fully absorbed, except perhaps when the German Bundestag sees elements of the Irish budget before the Dáil does. There is a real danger that these increased powers may lead to citizens in the EU – particularly in the Bailout countries – viewing their governments as nothing but the agents of the Commission, ECB or the IMF.

The comment by Mario Draghi noted above raises serious concerns about the decision-making in the EU and how the European welfare state is being dismantled without any democratic mandate.

In these economically turbulent times it is essential to focus on the shape of the society we wish to see emerge. The welfare state has been in existence in

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Ireland for about a century and for somewhat longer in some parts of the EU. Do we wish to see it continue? If so, what form should it take? What are the key challenges it faces? How might these be addressed effectively and efficiently?

Social Justice Ireland strongly believes that the EU is both a social and an economic project. Commitment to the European social model is essential if the wellbeing of this and future generations is to be secured. We also believe that decisions on its future should be in the hands of the EU electorate and not be controlled by the economic elite represented by Mr Draghi.

Social Inclusion Issues

Reduce Poverty

There is a real danger that the EU in general and Ireland in particular will not address the reality of growing poverty. From 2006, Ireland's poverty levels had been slowly falling, driven by increases in social welfare payments delivered in Budgets 2005-2007.

However, these advances have been reversed since 2009 with the at-risk-of-poverty rate rising from a low of 14.1% in 2009 to 16.5% in 2012, consistent poverty has risen from a low of 4.2% in 2008 to 7.7% in 2012 while the deprivation rates has risen from a low of

11.8% in 2007 to 26.9% in 2012 (CSO, 2014).

Between 2010 and 2011, the number of people at-risk-of-poverty or social exclusion in the EU increased by 3.7 million (+0.7%), reaching the number of 121.2 million people in 2011 (24.3 % of the entire population). In 2012, it increased further to reach 124.5 million people (24.8 %).

Despite the commitment in the *EU2020 Strategy* to reduce the numbers in this situation by 20 million the trend is in the opposite direction. Children continue to be most at risk of poverty. It is long

past time for the EU to give real priority to tackling poverty.

Actions

- Ensure the EU meets its commitments on poverty and social exclusion contained in the Europe 2020 strategy.
- Ensure child poverty and intergenerational poverty in Ireland and across Europe are tackled by promoting and supporting the European Commission recommendation *Investing in Children: breaking the cycle of disadvantage*.

Combat Unemployment

Unemployment has risen rapidly since 2008 across the EU. While there has been some reduction in the past year it is still unacceptably high. The number of jobs is also much lower in the EU than it was at the start of the crisis.

While there are some hopeful signs there is no denying that the EU in general and Ireland in particular have a long way to go before the issue of an employment is addressed effectively. Long-term unemployment is a significant challenge for both Ireland and the EU. Likewise, the high level of youth unemployment and the lack of hope among older people

who have become unemployed that they will ever again get a job are also of major concern.

Addressing such a crisis is a major challenge. It is clear that reskilling many of the unemployed, in particular those with low education levels, will be a key part of the response. The introduction of a Youth Guarantee by the European Council in June 2013 was a step in the right direction but the amount allocated (€6bn) is far lower than what is required. The International Labour Organisation (ILO) estimates a comprehensive Youth Guarantee would require €21bn. Struc-

tural funds should be increased to address these issues effectively across the EU.

Actions

- Launch a major investment programme focused on creating employment and prioritise initiatives that strengthen social infrastructure.
- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrated training and labour market programmes.

Secure Social Services and Infrastructure

There have been significant cuts to social services and payments since 2008. *Social Justice Ireland* believes that many of these cuts have been socially destructive and counter productive.

Investment in social infrastructure is required now to ensure that recently starved services are fit for purpose. In Ireland gross capital expenditure has fallen from €9bn in 2008 to €3.3bn in 2013, and a social infrastructure deficit will inevitably emerge in a climate of underinvestment as the population continues to grow.

The experience across the EU particularly in countries most at risk has been very similar.

Adequate social infrastructure and services are necessary to achieve dignity and equality for all citizens, from children to older people.

The goal of universal provision for all must remain, particularly in the area of health, where inequalities persist between the insured and the uninsured population, as well as within the uninsured population.

Actions

- Focus policy on ensuring that there is provision of, and equality of access to a level of public services regarded as acceptable by both the EU and Irish society.
- Enhance the process of planning and investment so that social infrastructure can cope with the increase and diversity in population throughout the life cycle across the EU

Economic Issues

Corporations should pay a fair share of tax

The corporate sector does not pay a fair share of tax in the EU. In recent years under international pressure from the G20 and the OECD, controversial loopholes that enabled large-scale corporate tax avoidance have been closed but a lot more needs to be done to ensure that major corporations pay a fair share of tax.

One approach could be the introduction of a minimum corporate tax rate and/or a minimum *effective* corporate tax rate for all EU countries.

Another initiative that would move in the right direction would be the introduction of a Financial Transactions Tax (FTT). A very high proportion of all financial transactions traded are speculative currency transactions which are completely free of taxation.

An FTT is a progressive tax designed to target only those profiting from speculation. It is levied at a very low rate but given the scale of these transactions globally, it has the ability to raise significant funds.

Actions

- Move to negotiate an EU wide agreement on minimum corporate taxation rates (a rate of 17.5 per cent would seem fair in this situation).
- Develop a Financial Transactions Tax across the EU and use the proceeds for national economic and social development and international development co-operation purposes.

Fiscal and Financial Stability are crucial

The connection between fiscal policy, output and employment has been at the heart of the austerity debate in Ireland and Europe. Reducing government expenditure and/or increasing tax revenues are not the same thing as reducing the deficit. Meeting deficit reduction targets requires rapid underlying growth.

Ireland should make the case for a European-wide approach to growth, one that takes account of the spill-over effects of combined fiscal consolidation. Unfortunately the fiscal rules introduced mitigate against a

European-wide fiscal expansion, though breaching the rules is allowed in 'extraordinary circumstances'.

The Fiscal Compact does not address what is essentially a balance of payments crisis created by persistent and excessive private credit creation.

To compound the problems the Compact is undemocratic, removing decisions about resource allocation and tax and spending from national parliaments. However, it is likely that these rules will be enforced.

Given the operation of the 'Expenditure benchmark', any increase in expenditure above the benchmark will require discretionary revenue increases.

In light of these restrictions there should be a serious debate about the level of revenue required to finance public expenditure over the coming years.

Action

- Adjust the Fiscal Compact to take account of the spill-over effects of combined fiscal consolidation.

Increased investment is essential

Without investment there won't be jobs. Without jobs there won't be recovery.

Domestic economic investment is sorely needed to provide employment and provide much-needed infrastructure; this would reduce short-term unemployment and increase productivity of the Irish economy in the long run.

The government has created a new investment fund – the Ireland Strategic Investment Fund (ISIF) – using the NPRF's €6.4bn discretionary in-

vestment portfolio. However, the fund is orientated towards commercial investment opportunities such as energy, broadband and water.

Social Justice Ireland believes there must be an off-balance sheet investment programme in Ireland in the years immediately ahead.

This would directly create employment and also enhance growth, which would contribute to reducing the deficit by reducing unemployment and increasing tax returns. We propose that the investment programme target both economic and

social infrastructure, including the construction of social housing units, investment in water infrastructure, and investment in primary care facilities.

Actions

- Develop investment programmes that recognise the importance of social services and infrastructure.
- Remove the political blockages that currently hinder such programmes being developed in Ireland and across the EU.

Democratic Deficit Issues (see also p.2)

Solidarity should be central

Solidarity was at the core of the establishment of the European Union which also sought to promote pluralism, non-discrimination and tolerance. These were seen as promoting human dignity, freedom, democracy and respect for human rights.

A key dimension of solidarity at the EU level concerns social protection and social inclusion. More than 80 million people in the EU were at risk of poverty before the recent economic crisis. We deal with these issues on page 3 (cf. item on future of the wel-

fare state). But there are other aspects to solidarity in the EU.

Solidarity among EU States

Structural funds and cohesion funds were put in place as a concrete symbol of solidarity between the richer and poorer regions of the EU. Ireland benefited greatly from these funds.

It is very important that the regional disparities, which have increased enormously, are addressed with sustained and well-resourced action.

Solidarity with the wider world

Looking beyond the EU's borders the Union's solidarity should be expressed with policies that promote peace, human rights and democratic development.

In practice this would require Europe to use its huge economic, political and scientific capacities to promote just and collaborative international relations. It has used its resources to promote positive development across the EU. It should do the same across the planet which has so many people in great need.

Changes to Local Government

'Putting People First' outlines the changes to local government which come into effect after the elections. We outline some of the main changes below:

Structures

- Reduction in the number of local authorities from 114 to 31 City and County Councils with integrated areas called 'Municipal Districts'.
- Council seats will be reduced from 1,627 to 950 or less. Members elected at local level will represent the district at county level.

- Three new regional assemblies will replace the current 10 regional authorities and assemblies.

Funding and accountability

- Services administered by local authorities will be funded by the local property tax.
- The National Oversight and Audit Commission will scrutinise local government performance and efficiency.

Economic development

- Local Enterprise offices will provide support for local businesses.

- There will be a Strategic Policy Committee for Economic Development in every local authority.

- Economic Development Plans will form part of the City or County Development Plan.

Efficiency

- New measures to monitor performance of local authorities will be implemented. There will be an emphasis on customer service and value for money.
- Service plans will be approved by elected members in each authority.

Structure of the European Parliament

The European Parliament in 2014 will be made up of 751 members (11 from Ireland) elected in the 28 member states of the enlarged European Union. MEPs sit in political groups. There are currently seven political groups in the European Parliament.

- Group of the European People's Party (Christian Democrats)
- Group of the Progressive Alliance of Socialists and Democrats in the European Parliament
- Group of the Alliance of Liberals and Democrats for Europe

- Group of the Greens/European Free Alliance
- European Conservatives and Reformists Group
- Confederal Group of the European United Left - Nordic Green Left
- Europe of Freedom of Democracy Group

Parliamentary Committees

Members are divided up among 20 specialised standing committees which prepare work for Plenary sessions. The committees draw up, amend and adopt legislative pro-

posals and own-initiative reports and consider Commission and Council proposals.

Plenary

Plenary sittings represent the culmination of the legislative work done in committee and in the political groups. The plenary sitting is also the forum in which MEPs take part in Community decision-making and express their standpoint vis-à-vis the European Commission and the European Council.

Sustainability Issues

Addressing climate change must be a major priority

Climate change remains the largest long-term challenge facing Ireland today. The challenge of reducing Ireland's fossil fuel emissions should not be postponed in the face of the current recession. We believe that Ireland should adopt ambitious statutory targets regarding the limitation of fossil fuel emissions, and introduce taxation measures necessary to compensate for the full costs of resource extraction and pollution. While the publication of the *General Scheme of a Climate Action and Low Carbon Develop-*

ment Bill 2013 was welcome, it only committed to already existing EU2020 and Kyoto Protocol targets. Additionally, there are not adequate sectoral targets or quantitative measures against which individual stakeholders can measure their progress.

The economic crisis has, for obvious reasons, focused attention on economic growth and financial stability. This should not come at the expense of the physical environment, as the failure to tackle climate change now will have significant impacts into the

future, including on food production, regional and global ecosystems, and on flood-prone countries.

Actions

- A detailed roadmap towards the development of a low carbon sustainable economy, with targets to be met towards 2020 and beyond, should be adopted and published.
- The economic value of biodiversity must be accounted for in all environmental policy decisions.

Balanced regional development is necessary

A sustained recovery requires balanced regional development. The boom years saw an attempt to redress growing regional imbalances in socio-economic development through National Spatial Strategy (2002-2020), though it failed to do so, partly because of Government's own initiatives such as the decentralisation programme for public servants.

During the recession, particular regions of Ireland have suffered more than others. The unemployment rate in Dublin is the lowest in the country at 12% while the South-East remains

the hardest hit with an unemployment rate of 18.3% (CSO, 2013).

Rural areas have been severely impacted by cuts in services. The at-risk-of-poverty rate in rural areas is over five percentage points higher than the at-risk-of-poverty rate in urban areas.

Policy must ensure balanced regional development through the provision of public services – including cultural, economic and social services – and through capital spending projects, and the adoption of a new National Spatial Strategy. This could be formu-

lated though a deliberative national debate.

Actions

- Decisions around services and the provision of services must be made in the context of a national spatial strategy.
- Develop a rural and regional employment strategy as part of a new national spatial strategy to promote the development of sustainable regional development throughout Ireland.

New Indicators of Progress and Well-Being are required

Creating a sustainable Ireland requires the adoption of new indicators to measure progress. GDP alone as a measure of progress is unsatisfactory, as it only describes the monetary value of gross output, income and expenditure in an economy.

The *Report by the Commission on the Measurement of Economic Performance and Social Progress*, led by Nobel prize winning economists Amartya Sen and Joseph Stiglitz and established by President Sarkozy, argued that new indicators measuring environmental and financial sustainability,

well-being and happiness are required.

The National Economic and Social Council (2009) has published the *Well-Being Matters* report, which suggested that measures of well-being could be constructed that capture data on six domains of people's lives that contribute to well-being including: economic resources; work and participation; relationships and care; community and environment; health; and democracy and values.

We believe that a new social model should deploy such indicators alongside national accounting measures.

The OECD Global Project on Measuring the Progress of Society has recommended a use of such indicators to inform evidence-based policies. They would serve as an alternate benchmark of success.

Actions

- Shadow national accounts should be developed to move towards a more sustainable, resource efficient model of growth.
- A common understanding of sustainable development must underpin all public policy decisions.

Pledge to Stand for Social Justice

Trocaire, SVP and Social Justice Ireland call on all MEP candidates to sign pledge

Social Justice Ireland has worked with Trocaire and the Society of St Vincent de Paul to develop a Pledge to Stand for Social Justice which we have asked all candidates in the European Parliament election to sign in advance of the election.

This pledge identifies five key areas in which the European Parliament has the potential to play a major role and which, if addressed, would provide a more socially and economical-

ly just society for the EU's 500 million citizens.

The pledge, if implemented, would also have a major impact on the billions of people living in the Global South who are particularly vulnerable to the impact of EU policies.

These issues together with the other issues raised in this Briefing all form part of a just society.

Other Local Government issues

In the newly-elected Local Authorities the councillors will have responsibility for a range of issues. These include:

- **Housing** - provision and management of social housing, traveller accommodation, housing standards and controls. This area is of crucial importance as there are more than 90,000 households on waiting lists for social housing and there has been a dramatic increase in the numbers of homeless people. The Government's response has been nowhere the scale required to address the huge rise in the waiting lists. New investment is urgently required.
- **Roads and transport** - upkeep of local roads, motor tax, traffic management, public lighting and safety education. The reduction in capital expenditure in recent years has led to major deterioration in local roads. Ireland seems to be repeating the mistakes of the 1987-89 retrenchment period when the same policy was followed. At that time roads were not maintained and a proliferation of potholes were testament to the undermining of road foundations which cost a great deal to repair subsequently. This is not a sensible approach to road maintenance.
- **Environmental protection** - waste collection, fire protection, pollution control, safety structures and related matters. These are of critical importance to the quality of life of local communities. Local Authorities are also responsible for developing and overseeing Economic and Social development plans. These plans should be underpinned by the core principles of sustainable development and be focused on securing the well-being of this and future generations (cf. p.2).
- **Citizen Engagement** - The introduction of new Local Government Structures following these elections (cf. p.5) will be accompanied by the establishment of Public Participation Networks in each Local Authority and in each Municipal District. These Networks will be the main conduit for communication between the Local Authority and social inclusion, environmental and voluntary organisations within their area. They will also be the mechanism through which these organisations will choose all representatives from their sectors to represent them on all local authority structures such as the Local Community Development Committee, Strategic Policy Committees and County Committees.

Pledge to Stand for Social Justice

1. *Ensure child poverty and intergenerational poverty in Ireland and across Europe are tackled by promoting and supporting the European Commission recommendation Investing in Children: breaking the cycle of disadvantage.*
2. *Ensure the EU meets its commitments on poverty and social exclusion contained in the Europe 2020 strategy.*
3. *Ensure the EU meets its commitment to the world's most vulnerable people by reaching 0.7% of GNP in its Overseas Development Aid (ODA) budgets and also ensuring timely and adequate funding for humanitarian crises.*
4. *Ensure greater transparency and legal accountability of European companies operating in developing countries, to avoid instances of human rights abuses, tax evasion and avoidance, corruption, conflict and environmental degradation.*
5. *Ensure the EU moves forward with adequate climate and energy policies that set it on a pathway to a more equitable and sustainable future for all, specifically by ensuring the EU 2030 Climate and Energy Package includes a greenhouse gas emission reduction target of at least 55%.*

Towards a new guiding vision

The dominant world view that produced the recent global crisis is highly problematic. A great part of that crisis was rooted in a philosophy of individualism that sees the individual as the primary unit of reality and refuses to acknowledge the importance of communitarian connectedness.

This philosophical approach sees the person principally in economic terms and considers the market to be the key place of advancement/development. In this understanding a person can measure his/her worth by discovering what he/she is worth in the marketplace.

The consequences of this approach were clear for all to see during the past decade and Irish people have paid a heavy price as they bailed out the high-paid gambling bankers. *Social Justice Ireland* believes that an alternative to the present dominant view of the world and how it should function is required.

We need to move from a world that is built on individualism, anxiety and greed to a world that is built on the reality of abundance, the need for generosity, the dignity of the person and the centrality of the common good.

It is not enough for economic activity to be profitable. It is also essential that it promote the common good. One example of this in practice would be a recognition of the fact that economic development and social development are two sides of the one coin. Economic development is required to produce the resources needed to provide good social services. At the same time, however, it has to be acknowledged that good social services are required if the economy is to develop to its potential. The common good also requires that all development be sustainable economically, socially and environmentally. The well-being of this and future generations should be at the core of policy development.

CAST YOUR VOTE ON MAY 23, 2014

On May 23rd Ireland will hold elections for the European Parliament and for all Local Authorities throughout the country. We ask all our readers to consider the issues set out in this Briefing and to raise them with candidates and canvassers before casting their vote.

We also urge readers to vote. People are often critical of politicians saying they ignore the will of the electorate. However politicians pay great attention to how people vote.

Elections are important for democracy. So we urge you to vote.

Recent Publications and Research from *Social Justice Ireland*

Ireland and the Europe 2020 Strategy - Shadow Report (published May, 2014)

Steps Towards a Fairer Future - Socio Economic Review 2014 (published April 2014)

The European Crisis and Its Human Cost - A Call for Fair Alternatives and Solutions. (Research by *Social Justice Ireland* for Caritas Europa; published March 2014)

A Future Worth Living For - Sustainable Foundations and Frameworks. (published November 2013)

*All of these are available on our website at www.socialjustice.ie
Printed copies can be purchased from the Social Justice Ireland offices.*

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Social Justice Ireland is an independent think tank and justice advocacy organisation that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.

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