
5. What should Ireland do now?

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a) Ireland tomorrow depends on decisions today

The shape of Ireland in the future will, in great measure, depend on decisions being made today. The decisions being made today depend to a great extent on understandings of the past and how the decisions taken in the past produced the Ireland of today.

b) Recoveries in Ireland don't last

Ireland has been through a number of serious economic crashes over the past century. In fact quite an amount has been written about what is called Ireland's ongoing cycle of boom and bust.³⁵ In each case a period of serious difficulty such as the mid to late 1950s or the mid to late 1980s has been followed by a recovery of substantial proportions. In a recent presentation³⁶ Professor Sean O'Riain has suggested that these cycles should be looked at in a different way i.e. recognising that every recovery has been followed by a bust. It is time that Ireland stopped this cycle and put in place a recovery that does not repeat the mistakes of the past and lead almost inevitably to a further crash.

One of the key reasons that Ireland's recoveries have tended to lead to crashes is the fact that as a country Ireland focuses on economic growth and trusts that this growth will solve all other problems. But a broader approach is required, as pointed out in the first chapter of this book by Clark and Kavanagh:³⁷

³⁵ See Nolan, B., Whelan, C., Calvert, E., Fahey, T., Healy, D., Mulcahy, A., Maître, B. and Morris, M. (2014) *Ireland: Inequality and Its Impacts in Boom and Bust*. Dublin: ESRI and O'Riain, S. (2014) *The Rise and Fall of Ireland's Celtic Tiger: Liberalism, Boom and Bust*. Cambridge.

³⁶ O'Riain, S. (2015) 'A Recovery is a Dangerous Thing', *Debating Austerity in Ireland*. Royal Irish Academy, 30th October 2015.

³⁷ Clark, C. and Kavanagh C. (2015) 'Social Progress in Ireland'. In: Healy and Reynolds eds. *Measuring Up? Ireland's progress: past, present and future*. Dublin: Social Justice Ireland.

Now more than ever, Irish citizens and policy makers need to go beyond the narrow economic growth will solve all problems approach that fuelled the Celtic Tiger economy while distracting policy makers from the real purpose of economic policy: improving societal well-being.

Clark and Kavanagh point out that sometimes economic growth can be an effective means of improving people's lives while at other times it can be decoupled from improving people's well-being.

Economic growth can mean more income, more jobs and more housing, but it can also mean more income for the very rich, more jobs that do not pay a living wage and more debt.³⁸

Ireland has seen very high growth rates, particularly during the Celtic Tiger years, and high economic growth rates are currently being forecast for the years immediately ahead. However, economic growth can hide growing inequality, environmental destruction and deep social disadvantage. It can also be the case that economic growth is little more than a transfer of resources from those on middle income to the richest in society. In environmental terms, high economic growth rates can simply be a transfer of costs to the next generation or to countries in the Global South.

If Ireland's current growing recovery is not to lead to another crash it is essential that a more balanced approach is taken to shaping the future. As Clark and Kavanagh have pointed out in chapter 1 of this publication:

The assumption that human happiness (utility) is most efficiently achieved through market transactions is central to neoclassical economic theory. This view of the human person reduces humans to a single dimension. ...Real humans are multidimensional, as are the social and economic processes that make up the economy.... excluding historical and social context from economic analysis means excluding what makes economic activity possible and understandable”.

³⁸ Ibid

c) The process of change

There are many theories of change and many understandings of how change happens. In the context of addressing the question of what Ireland should do now, the authors believe that vision and values are of critical importance. People's decisions are guided by their values and by the vision of the future that they would like to see. In turn, these decisions principally concern the resources (economic, social, personal) that people have. Finally this combination of a guiding vision producing decisions about resources creates the relationships at the core of people's lives and of society as a whole. To put it another way, it is the core meaning (values and vision) that guides the political (decision-making) processes which impact on the economic (resources) level, all of which in turn produce the social structures (relationships) of our world.

To illustrate this process we take a hypothetical example. If Ireland valued its people and wished them to get the best opportunities in life, then its vision of the future would include good education as a key component of their lives. This vision, and the values that underpin it, would lead society/government to make decisions to ensure Ireland moved towards that desired future. In practice those decisions would be about providing the resources to ensure good quality education was put in place for all children in the country and various initiatives were put in place to ensure that all children benefited as much as possible from that education. In turn, this would mean that when those children grew to be adults they would be well equipped to participate in society, to take up employment and to contribute to their own well-being and that of others. There would also be adequate provision to ensure areas such as adult literacy and lifelong learning were at the level required to ensure everybody could contribute to development and well-being and be the best they could be.

As stated above, this is simply an illustration to help readers understand how the authors understand the process of change.

With this understanding in the background, we now set out the vision and values we believe would produce a recovery in Ireland that would not lead on to another crash, as has been the pattern in the past. We will then identify five areas which should be the key focus of policy-making in the period ahead if this vision is to be realised. Finally, we will set out two over-arching contextual issues that must also be core to the decision-making involved.

d) Vision and values

The authors have argued previously that Ireland needs a new guiding vision to shape the future direction of Irish society. Ireland should be guided by a vision of becoming a just society in which human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected. The core values of such a society would be human dignity, equality, human rights, solidarity, sustainability and the pursuit of the common good.

Human dignity is central to our vision. It demands that all people be recognised as having an inherent value, worth and distinction regardless of their nationality, gender, ethnicity, culture, sexual orientation or economic and social position. The need for greater equality is closely linked to the recognition of human dignity and the desire for social justice. Great disparities in wealth and power divide society into the rich and the poor, which weakens the bonds between people and divides society into the lucky and the left-out, between the many and the few. A commitment to equality requires society to give priority to this value so that all people can achieve their potential.

The development and recognition of human rights has been one of the great achievements of the 20th century. In the 21st century, human rights are moving beyond civil and political rights to embrace social, economic and cultural rights. In this context, the authors believe that every person has seven core rights that should be part of our vision of the future i.e. the right to sufficient income to live life with dignity; the right to meaningful work; the right to appropriate accommodation; the right to relevant education; the right to essential healthcare; the right to real participation and the right to cultural respect. Policy decisions should be moving towards the achievement of each of these rights. Care should be taken that decisions are not moving society or the economy in the opposite direction.

Solidarity is the recognition that we are all bound, as human beings, one to another, within nations, between nations and across generations. Many policy decisions taken in recent years are unjust to future generations. Solidarity requires all people and all nations to recognise their duties to one another and to vindicate the rights of their fellow members of society.

Solidarity enables people and communities to become the shapers of their own destiny.

Sustainability is a central motif for economic, social and environmental policy development. Central to this is the recognition that economic development, social development and environmental protection are complementary and interdependent. None of these objectives can be achieved by ignoring any of the others. Respect for the natural environment is not a luxury to be indulged in but an imperative that cannot be ignored.

A commitment to the common good is also critical. The right of the individual to freedom and personal development is limited by the rights of other people. The concept of the 'common good' originated over 2,000 years ago in the writings of Plato, Aristotle and Cicero. More recently, the philosopher John Rawls defined the common good as 'certain general conditions that are...equally to everyone's advantage' (Rawls, 1971 p.246).

The authors understand the term 'common good' as being 'the sum of those conditions of social life by which individuals, families and groups can achieve their own fulfilment in a relatively thorough and ready way' (Gaudium et Spes, 1965 no.74). The common good, then, consists primarily of having the social systems, institutions and environments on which we all depend work in a manner that benefits all people simultaneously and in solidarity. A study by NESC states that 'at a societal level, a belief in a "common good" has been shown to contribute to the overall wellbeing of society. This requires a level of recognition of rights and responsibilities, empathy with others and values of citizenship' (NESC, 2009, p.32).

This raises the issue of resources. The goods of the planet are for the use of all people - not just the present generation but for generations still to come. The present generation must recognise it has a responsibility to ensure that it does not damage but rather enhances the goods of the planet that it passes on - be they economic, cultural, social or environmental. The structural arrangements regarding the ownership, use, accumulation and distribution of goods are disputed areas. However it must be recognised that these arrangements have a major impact on how society is shaped and how it supports the well-being of each of its members in solidarity with others.

e) Ireland should focus on five key areas

If Ireland is to move towards the vision of the future set out above and if the values identified are to be central to that movement, Ireland needs to develop a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability. We set these out in Table 5.1. Then these five key areas must be addressed comprehensively and in an integrated manner. These areas overlap but it's of value to separate them out for analytical purposes.

Table 5.1 Five key areas for Ireland to deliver a sustained recovery/fair future

Vibrant economy	Decent services and infrastructure	Just taxation	Good governance	Sustainability
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It is also important to recognise that these policy areas must be worked on simultaneously and not sequentially. The authors do not accept that the economy must be ‘fixed’ first and that other issues can be addressed subsequently. Instead we believe that decent services and infrastructure, just taxation, good governance and sustainability are essential if the economy is to be stable and vibrant and grow in a way that is most suited to the development of a society characterised by justice and well-being. Unless these areas are addressed simultaneously and in an integrated way then Ireland’s recovery is likely to follow the well-worn path of the past and lead in due course to another crash.

f) A stable and vibrant economy

Building and sustaining a stable and vibrant economy requires fiscal and financial stability, an adequate investment programme and a reduction of Ireland’s debt burden. All of these measures are connected.

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, and 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 militate against a European-wide fiscal expansion, though breaching the rules is allowed in ‘extraordinary circumstances’.

An investment programme will contribute to growth which would in turn further lower Ireland’s deficit and real debt burden. The government urgently needs to tackle the infrastructure deficit and low levels of public investment in Ireland. Sustainable employment growth can be underpinned by an investment programme that invests in both economic and social infrastructure. Domestic economic investment is sorely needed to provide employment and provide much-needed infrastructure; this would reduce short-term unemployment and increase the long-run productivity of the Irish economy.

Despite improvements in the debt to GDP ratio since its peak in 2013, Ireland still faces substantial debt challenges if it is to meet its commitments under the Stability and Growth Pact and the Fiscal Compact given the scale of the debt and its vulnerability to international developments.

The resources that Ireland will require to address its deficits in social services and public infrastructure are substantial. The situation is made even more challenging by debt commitments and demographic changes. It is important to remember that although Ireland’s population is young in comparison to those of other European countries, by 2031 almost one million people in Ireland will be over 65 with 136,000 being over 85.

Under section h) below we set out our views on how the necessary resources can be sourced through a combination of just taxation and off-balance sheet financing (particularly for infrastructure such as social housing). Without a substantial increase in public investment Ireland will go nowhere near achieving the vision set out above and will, more than likely, revert to bust in due course.

Delivering and managing a vibrant economy requires consideration of other issues. For a start, it requires an acknowledgement that economies cannot grow ad infinitum, and that finite natural resources are just that, finite. A vibrant economy which enables all members of society to participate, contribute and flourish requires Ireland to be forward thinking and to make long-term policy goals a priority. This means planning to meet future

expenditure needs now by designing policies that will deliver the required outcomes in the short, medium and long term. It means acknowledging that the state will need predictive and consistent revenue streams every year to fund public expenditure. This requires a broadening of the tax base in order to fund public services into the future when there is a reduced labour market base. It means ensuring that we do not waste our finite natural resources, and that we protect our biodiversity. It means recognising that we live in a world with finite resources that we need to use wisely now and for the future (NESC, 2009 p.xxi). It means embracing concepts such as the ‘performance economy’ and the ‘circular economy’³⁹ and organising our economy in a way that ensures it can meet the needs of present and future generations and that it improves the wellbeing of all. However, before a vibrant economy can be achieved, Ireland must be open to the discussion and formulation of explicit alternative scenarios for the future, and as President Michael D. Higgins has made clear, an orientation to alternative possible futures entails more than a return to ‘business as usual’.⁴⁰

g) Decent services and infrastructure

Ireland has serious deficits in services such as education and health and in infrastructure such as social housing and childcare. Most Irish people would like to see their services and infrastructure equal to the norm in Western Europe but, in practice, it falls short of that in many areas. There have also been significant cuts to social services and payments since 2008. The authors believe many of these cuts have been socially destructive and counter-productive. Future tax and spending policy should prioritise the building of Ireland’s social infrastructure. Adequate social infrastructure and services are necessary to achieve dignity and equality for all citizens, from children to older people, particularly in the context of an increased total fertility rate and gradually ageing population.

Unemployment has fallen below 10% in recent months. This is a major improvement on the situation at the height of the crisis when it exceeded 14%. However, it is a lot worse than the situation before the recession when it stood at 4.7% in 2007. It is worth considering the recovery in the context of the starting point for the recent recession - 2007. Table 5.2 compares

³⁹ For more detail see Healy et al (2015) pp.236-238

⁴⁰ <http://www.president.ie/en/media-library/speeches/toward-an-ethical-economy-michael-d.-higgins-dublin-city-university-11th-se>

where things were then and where they are now using a number of key labour market measures.

Table 5.2: Labour Force Data, 2007 and 2015 compared (Q2 each year)

	2007	2015	Change
Labour Force	2,243,600	2,169,900	- 73,700
Participation rate	64.1%	60.2%	-3.9%
Employment	2,136,100	1,958,700	- 177,400
<i>Full-time</i>	1,751,900	1,508,100	- 243,800
<i>Part-time</i>	384,200	450,600	+ 66,400
Unemployment	107,500	211,200	+ 103,700
Net Migration	+ 104,800	-11,600	- 116,400
Emigration	46,300	80,900	+ 34,600

Relative to 2007, participation rates remain almost 4% lower with nearly 74,000 less people in the labour force. Employment, though recovering, remains 177,000 below 2007 levels with there being 240,000 fewer full-time jobs today. Similarly, unemployment is falling but is still 100,000 higher than in 2007. Over the period, emigration has returned and overall more people are leaving the county than arriving.

The implications of persistently high levels of unemployment and under-employment pose significant challenges to Ireland. The dominant policy framework in Europe and elsewhere in response to persistent high unemployment focuses on the notion of full-employability and understands unemployment in terms of skills shortages, bad attitudes of individuals and/or disincentives to work that exist in welfare systems or other alleged rigidities like minimum wages or employment legislation (Mitchell and Flanagan 2014). Thus it is a supply-side understanding, which can be considered to ignore other causes – such as lack of jobs and spatial spillovers.

Various approaches to jobs policy are investigating how to achieve full employment, as a key to well-being (there being evidence that high well-

being is associated with low levels of unemployment and high levels of job security), something that involves satisfying work in the right quantities within a broader economy that respects environmental limits. Within this approach, care must be taken to ensure that the employment that is created produces quality jobs and decent work. Quality jobs would pay employees the ‘living wage’⁴¹ for example, have regular and predictable hours, and allow for career progression. ‘Decent work’ is now one of the seventeen Global Goals that Ireland signed up to at the United Nations on the 25th September 2015 with one of the targets being to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value⁴².

Basic questions are now being asked about whether the market economy, with its move beyond industry and manufacturing towards a ‘knowledge economy,’ is capable of delivering full employment. A constant component of Ireland’s development, and that of all other countries in the Global North, is long-term unemployment. In Ireland’s case there is ample evidence to show that a significant number of people are left without a job, despite wanting to be employed. The required number of jobs simply does not exist. This provides a significant additional challenge to a society that claims to respect every person’s right to meaningful work. If sufficient jobs do not exist and everyone has a right to meaningful work, how can that right be vindicated?

One approach to addressing this challenge would see government introducing a job guarantee which would ensure that people who are long-term unemployed are given access to a government-funded job. A strong argument in favour of this position can be made when it is recognised that long-term unemployment has damaging consequences for the well-being of individuals and of society.

However, the authors believe a far more radical approach is called for if the challenges of the twenty-first century in this context are to be addressed successfully. Ideas about who we are and what we value are shaped by ideas about paid employment and the priority given to paid work is a fundamental assumption of current culture and policy-making. There is a need to recognise all work, including work in the home, work done by

⁴¹ For more detail see www.livingwage.ie

⁴² <http://www.globalgoals.org/global-goals/good-jobs-and-economic/>

voluntary carers and by volunteers in the community and voluntary sector. Their contribution to society is significant in terms of social and individual well-being, and in economic terms. The European Commission estimates that the time spent on housework and care per day could represent +/- 830million hours per day in the EU or nearly 100 million full-time equivalent jobs.

The inability to tackle unemployment with conventional means has led to the idea of a basic income being discussed throughout Europe and more widely. A basic income involves giving everyone a modest, yet unconditional income, and letting them top it up at will with income from other sources (Van Parijs, 2000). It is paid directly with a smaller payment for children, a standard payment for every adult of working age and a larger payment for older people. It is never taxed but in essence replaces tax credits (for those with jobs) and social welfare payments (for those without jobs). Additional payments would be maintained for those with particular needs (such as those who are ill or have a disability). Proponents of basic income see it as an inclusion measure to address the problem of large numbers of people excluded from modern economies, including people who do not have paid work and in a world where paid employment cannot be permanently guaranteed for everyone seeking it – thus it is intended to provide meaningful participation by moving beyond a wage-based society.⁴³

There is a real danger that Irish society will permit those on the lowest incomes, and in particular those dependent on social welfare, to fall behind once again, as it did in the late 1990s. It would be a great mistake for Ireland, and Irish policy makers, to repeat this experience. An alternative approach is needed.

Social, economic and cultural rights should be acknowledged and recognised, just as civil and political rights have been. The need to develop these rights is becoming ever more urgent for Ireland in the context of

⁴³ The authors have written extensively on basic income. See:
Healy, S. and B. Reynolds. 2012. 'Ireland: Pathways to a Basic Income in Ireland' pp. 107-124 in R. Caputo (ed.) *Basic Income Guarantee and Politics*. New York: Palgrave MacMillan,
Healy, S. and B. Reynolds. 2012. 'Ireland and the Prospects for Basic Income Reform', pp.151-172 in Murray, M. and Pateman C. (eds) *Basic Income Worldwide – Horizons of Reform; International Political Economy Series* (IPE); Palgrave MacMillan; 2012.
Healy, S., Murphy, M., Reynolds, B. 'Basic income: an instrument for transformation in the 21st century'. *Irish Journal of Sociology*, Volume 21, Number 2, November 2013, pp. 116-130(15). Manchester University Press

ensuring lasting recovery. Such an approach would go a long way towards addressing the growing inequality Ireland has been experiencing. The authors believe seven basic rights should be acknowledged and recognised. These are the rights to sufficient income to live life with dignity; meaningful work; appropriate accommodation; relevant education; essential healthcare; cultural respect; and real participation in society. These rights are fundamental to the realisation of wellbeing and the common good. To be vindicated, these rights will require greater public expenditure and provision of services.

h) Just taxation

Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity and redistributing resources to enhance the fairness of society. Policy in this area will be severely constrained in the years immediately ahead, not least because the EU's fiscal rules now require that additional discretionary expenditure must be funded by additional discretionary revenue. Ireland faces significant challenges if it is to deliver a vibrant economy and decent services and infrastructure, as identified already in this paper. Government, however, is planning on reducing both its total expenditure (which includes interest rates) and total revenue (of which taxation is by far the major component) as a percentage of GDP in the years to 2021. Chart 5.1 has the details.

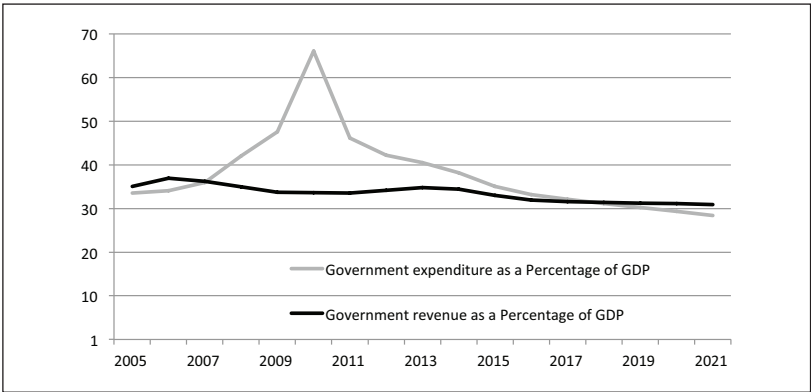
The Government's Budget documentation shows total expenditure falling from 35.1% of GDP in 2015 to 28.4% of GDP in 2021 on a 'no policy change' basis. In the same period Government is projecting a fall in total revenue from 33% of GDP to 30.9%. It is interesting to note that the EU is estimated to have total revenue of 45.3% of GDP and total expenditure of 47.9% in 2013 (Eurostat 2015).

These projected levels of revenue and expenditure for Ireland will need to be substantially increased and be augmented by off-balance sheet resourcing if Ireland is to build a future characterised by justice, well-being and sustainability.

The need for a wider tax base is a lesson painfully learnt by Ireland during the past number of years. Government decisions to raise or reduce overall taxation revenue need to be linked to the demands on its resources. These

demands depend on what Government is required to address or decides to pursue. The effects of the recent economic crisis, and the way it was handled, carry significant implications for our future taxation needs. The rapid increase in our national debt, driven by the need to borrow both to replace disappearing taxation revenues and to fund emergency ‘investments’ in the failing commercial banks, has increased the on-going annual costs associated with servicing the national debt.

Chart 5.1 – Total Revenue and Total Expenditure as a % of GDP, 2005-2021



Source: Eurostat (2015), Department of Finance (2015).

Notes: *Figures to 2013 are taken from the AMECO database.

**The cost of recapitalisation of banking institutions has been removed.

***Figures from 2014 to 2021 are taken from *Budget 2016, Table A.2.1.*

The American jurist Oliver Wendell Holmes once said that ‘taxes are the price we pay for a civilised society’. The authors have long argued that Ireland’s total tax-take is simply too low to pay for the services and infrastructure required to ensure human dignity for all. Policymakers should recognise the need to increase taxes towards 34.9% of GDP (a significant step towards the European average, but still considered ‘low tax⁴⁴’) in order to fund the public services that we need. Therefore, the overall tax take must rise and this must be done in such a way that the burden falls of those most able to bear it.

⁴⁴ For a more detailed discussion see chapter 4 in Healy et al (2015) *Towards a Just Society*.

Ireland can never hope to address its longer-term deficits in infrastructure and social provision if we continue to collect substantially less tax income than that required by other European countries. There should be a public debate on the level of public infrastructure and services Irish people want, how they wish these to be delivered and how they propose they should be financed. Future policy development will likely involve increasing public spending and tax levels as well as changes in how services are delivered. In a society characterised by good governance these questions would be openly debated and decided upon.

If Ireland is to increase its total tax-take, it must do so in a fair and equitable manner. This will involve shifting taxation towards wealth; ensuring those who benefit the most from Ireland's economic system contribute the most, in the most efficient manner. Reducing inequality must be a core objective of Government policy. Though the promotion of pre-distribution income equality is important, redistribution through tax and spending decisions should be used to achieve greater equality in Ireland. A key medium-term priority must be the reconceptualisation of the role of the Irish corporation tax regime. The authors advocate that Ireland change its stance towards the corporation tax debate in Europe and negotiate a Europe-wide minimum headline corporation tax of 17.5%. In the meantime there should be a minimum effective corporate tax rate as a step towards a fair resolution of the current unacceptable situation.

i) Good governance

It has been widely recognised that Ireland's governance was poor in certain areas prior to the economic crisis, particularly in relation to financial regulation. Moreover, the economic crisis has led to government making rash and hasty decisions without consultation, whether in relation to financial or budgetary policy, which have been recognised as damaging or – in the case of the bank guarantee – catastrophic. Reforming governance and widening participation are a necessity; below we comment on three immediate priorities required to achieve this.

Some of the decision-making structures of our society and of our world, allow people to be represented in the process. However, almost all of these structures fail to provide genuine participation for most people. The resulting apathy towards participation in political processes is hardly

surprising. The decline in participation is exacerbated by the primacy given to the market by many analysts, commentators, policy-makers and politicians. Many people feel that their views or comments are ignored or patronised, while the views of those who manage the economy and see the market as solving most, if not all, of society's problems are treated with the greatest respect. Modern means of communication and information make it relatively easy to involve people in dialogue and decision-making. The big question is whether those with power will share it with others?

To facilitate real participation a process of 'deliberative democracy' is required. Deliberative democratic structures enable discussion and debate to take place without any imposition of power differentials. Issues and positions are argued and discussed on the basis of the available evidence rather than on the basis of assertions by those who are powerful and unwilling to consider the evidence. Such debate produces evidence-based policy and ensures a high level of accountability among stakeholders. Deliberative participation by all is essential if society is to develop and, in practice, to maintain principles guaranteeing satisfaction of basic needs, respect for others as equals, economic equality, and religious, social, sexual and ethnic equality.

The authors believe a deliberative democracy process, in which all stakeholders address the evidence, would go some way towards ensuring that local issues are addressed. This process could be implemented under the framework of the Council of Europe's Charter on Shared Social Responsibilities (Council of Europe, 2011). The development of Public Participation Networks in each Local Authority has the potential to see a deliberative democracy process emerge at local level.

At a national level a new structure for Social Dialogue is required where the issues outlined in this publication may be discussed in a deliberative manner. Government needs to engage all sectors of society, not just trade unions and employers, in addressing the huge challenges Ireland currently faces in the areas of infrastructure and services. If government wishes the rest of us to take responsibility for producing a more viable future then it must involve the rest of us. Responsibility for shaping the future should be shared among all stakeholders. There are many reasons for involving all sectors in this process e.g. to ensure priority is given to well-being and the common good; to address the challenges of markets and their failures; to

link rights and responsibilities. When groups have been involved in shaping decisions they are far more likely to take responsibility for implementing these decisions, difficult as they may be. A process of Social Dialogue involving all and not just some of the sectors in Irish society would be a key mechanism in maximising the resources for moving forward.

Policy evaluation has been extremely poor throughout the years in Ireland's policy development processes. The authors welcome the steps taken by Government to increase their research and evaluative capacity. However, we believe that much more is required. Evaluation as a tool for ongoing learning should be a part of all Government initiatives. Government could, for example, take steps to increase the transparency of budgetary and other important decisions, which are often opaque. To this end Government should publish their analysis of the distributional impact of budgetary measures ex-ante, and engage in public debate in light of that analysis. The Government previously published Poverty Impact Assessment Guidelines provided by the Office of Social Inclusion (2008) in the budgetary documentation using the ESRI's SWITCH tax-benefit model which captures the distributional impact of changes in most taxes and benefits, but this practice was discontinued from Budget 2010. Government should resume this practice and also adopt a gender equality analysis and apply it to each budgetary measure. These are simply examples; we could cite many more where the use of an evaluation for learning process could have a very positive impact on the outcomes of Government initiatives.

j) Sustainability

Our environment is a priceless asset. It is also finite – a fact that is often ignored in current debates. Protection and conservation of our environment is of major importance as it is not just for our use alone; it is also the natural capital of future generations. Maintaining a healthy environment remains one of the greatest global challenges. The 2013 report by the Intergovernmental Panel on Climate Change (IPCC) outlines the global challenge of climate change. The report sets out the effect climate change and greenhouse gas emissions have had on the planet and the impact of human influence on the climate system. The report serves to highlight the challenges ahead for all countries in dealing with climate change. Climate change and implementation of climate policy have been challenges for Ireland. Despite two National Climate Change Strategies (one in 2000 and

one in 2007), there have been significant delays in implementing these policies. In some cases policies have still not been implemented. A case in point is the publication of the Climate Action and Low Carbon Development Bill 2015. While this bill is both welcome and long overdue, the omission of the Oireachtas Committee's proposal on the incorporation of principles of climate justice and the establishment of a national Green Climate fund to support climate mitigation and adaptation in developing countries is very concerning. In a welcome move, climate justice was added to the bill when it returned to the Dáil for report stage in July 2015. However a Climate Action and Low Carbon Development Bill without targets, and with a focus on cost-effectiveness means a significant opportunity to provide long-term leadership in this area has been lost.

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 (Meredith and van Egeraat, 2013). In order to prevent a two-tier recovery between urban and rural areas becoming embedded in Ireland, the authors believe that 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, which could be formulated through a deliberative national debate.

Sustainable development is development which meets the needs of the present while not compromising the needs of the future. In this regard financial, environmental, economic and social sustainability are all key objectives. Sustainable development is of critical concern, as has been shown by the recently published climate change study (IPCC, 2014). The future of the planet, including Ireland, depends on decisions taken now. Sustainable development is our only means of creating a long term future for Ireland. Environment, economic growth and social needs should be balanced with consideration for the needs of future generations.

This has to be a central concern when progress is being measured. Sustainability and the adoption of a sustainable development model present a significant policy challenge: how environmental policy decisions with varying distributional consequences are to be made in a timely manner

while ensuring that a disproportionate burden is not imposed on certain groups e.g. low income families or rural dwellers.

Promoting a sustainable economy requires that we place a value on our finite natural resources and that the interdependence of the economy, wellbeing and natural capital are recognised (EC 2011). A sustainable economy requires us to acknowledge the limitations of finite natural resources and the duty we have to preserve these for future generations. It requires that natural capital and ecosystems are assigned value in our national accounting systems and that resource productivity is increased. A successful transition to sustainability requires a vision of a viable future societal model and also the ability to overcome obstacles such as vested economic interests, political power struggles and the lack of open social dialogue (Hämäläinen, 2013).

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, 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. A set of Satellite National Accounts incorporating such indicators should be developed alongside current 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 (Marrone, 2009: 23). They would serve as a parallel benchmark for success.

Summary of five key areas

Table 5.1 summarises what has been presented in the preceding pages. If Ireland is to become a just and inclusive society, the authors believe these five areas are the key ones that should be focused on and the proposals listed under each of these areas should be given priority to ensure balanced development.

Table 5.3 Five policy areas to deliver a just and sustainable society

Vibrant economy	Decent services and infrastructure	Just taxation	Good governance	Sustainability
Fiscal and financial stability and sustainable economic growth	Secure services and social infrastructure	Bring Taxes towards EU average	Deliberative democracy & PPNS	Promote climate justice and protect the environment
Adequate Investment programme	Combat unemployment & underemployment	Increase taxes equitably and reduce income inequality	Reform Policy Evaluation	Balanced regional development
Reduce Ireland's debt burden	Ensure seven Social, Economic and Cultural rights are achieved	Secure fair share of corporate profits for the State	Social dialogue – all sectors in deliberative process	New indicators of progress and new Satellite National Accounts

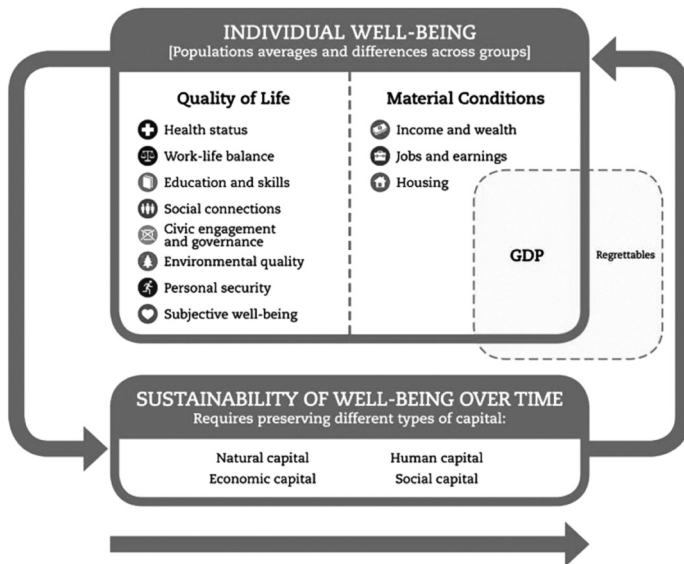
All of the issues addressed above should be focused on the over-arching purpose of improving the well-being of all, both at home and abroad. This over-arching purpose is often ignored or not given sufficient prominence. It needs to be placed at the centre of policy making if we are to see balanced, integrated development and the emergence of a just and sustainable world. In the rest of this chapter we address the issues of well-being and of Ireland's place.

k) The issue of well-being

Well-being has been the subject of much discussion and literature in recent years. The OECD has developed its Framework for Measuring Well-Being and Progress, based on the recommendations made in 2009 by the Commission on the Measurement of Economic Performance and Social

Progress. This framework comprises of quality of life indicators, material conditions indicators and a framework for measuring the sustainability of wellbeing over time.

Figure 5.1: OECD Framework for measuring well-being and progress



Source: OECD, 2013

The common theme emerging from the World Happiness Report 2015 is that at both the individual and national levels, all measures of well-being, including emotions and life evaluations, are strongly influenced by the quality of the surrounding social norms and institutions. These include family and friendships at the individual level, the presence of trust and empathy at the community level, and power and quality of the over-arching social norms that determine the quality of life within and among nations and generations (Helliwell et al, eds 2015).

The report notes that current measures focusing on GDP do not capture the stock of economic, environmental, cultural, spiritual and relational goods that a community should enjoy (Helliwell et al, eds p.133). It finds that wellbeing depends heavily on the pro-social behaviour of members of the

society. This pro-social behaviour involves individuals making decisions for the common good and not for short-term individual gain.

A study by NESC states that ‘at a societal level, a belief in a “common good” has been shown to contribute to the overall wellbeing of society. This requires a level of recognition of rights and responsibilities, empathy with others and values of citizenship’ (NESC, 2009, p.32). The study highlights that as individuals and societies we do better in fairer and more equal societies. It found that there is merit in putting a higher value on the common good through ensuring a more equal provision of services, a greater sharing of responsibilities and a greater sense of solidarity (NESC, 2009 p.xxi).

Wellbeing is at the core of the call for a new social settlement by the New Economics Foundation (NEF) (2015). The NEF call for a new social settlement has three goals: social justice, environmental sustainability, and a more equal distribution of power. NEF notes that reaching a new social settlement will require fair and equitable distribution of social, environmental, economic, and political resources between people, places, and – where possible – between generations (NEF, 2015 p.4). The Carnegie Trust has also completed a significant amount of research measuring what matters beyond GDP, examining wellbeing in Scotland and Northern Ireland and how to embed wellbeing into the policy process⁴⁵. Much of what is proposed by NEF in terms of a new social settlement (e.g. valuing unpaid work, investment, safeguarding natural resources) and Carnegie UK Trust (e.g. measuring beyond GDP, addressing unemployment and income inequality) in terms of wellbeing and measuring what matters are contained in the five policy areas outlined in table 5.3. The Deakin University in Australia and Australian Unity have developed the Australian Unity Wellbeing Index⁴⁶ which investigates satisfaction with economic, environmental and social conditions in Australia. This index has been used to measure satisfaction with economic, environmental and social conditions in Australia since 2001. In Canada, the Canadian Index of Wellbeing⁴⁷ examines progress in eight different areas such as education, democratic engagement, time-use and community vitality.

⁴⁵ <http://www.carnegieuktrust.org.uk/changing-minds/enterprise-and-society/measuring-progress,-measuring-wellbeing>

⁴⁶ <http://www.australianunity.com.au/about-us/wellbeing/auwbi>

⁴⁷ <https://uwaterloo.ca/canadian-index-wellbeing/about-canadian-index-wellbeing>

In 2009, Helen Johnston set out the framework for a well-being test (Johnston, 2009). We reproduce Johnston’s framework here, together with her comments explaining its various elements. It is based on the NESC 2009 report titled ‘Well-being Matters’.

In seeking to do things differently it is helpful to have underpinning principles or criteria driving the reforms. Based on the analysis contained in the report, a ‘well-being test’ is suggested based on a developmental perspective.

Table: Well-being Test

Well-being Criteria	Description
Capability	– a focus on what an individual can do with a view to developing capabilities
Agency	– respect for the capacity of individuals to make decisions about their lives
Purpose	– recognising the importance of having a sense of purpose by encouraging and supporting people to engage in meaningful activity
Social interaction	– the recognition that we operate in the context of a set of relationships – family, community and wider society
Common good	– as individuals and as societies we do better in more equal and fairer societies
Sustainability	– we live in a finite world and have to use our resources wisely now and for future generations

Each of the criteria set out in the table have been shown, from the literature and the analysis in the *Well-being Matters* report, to be important to well-being. By focusing on *capability* we are paying attention to what an individual can do rather than what they cannot do. Using this criterion we would focus on the developmental potential of all people from an early age – pre-education, through the education system and into life-long learning.

Agency is an important component of well-being where respect is given to the capacity of people to make decisions about their lives. In empowering people and taking into account their views, appropriate

and tailored services can be provided, with the individual also taking responsibility for their needs, in conjunction with service providers.

A related element of well-being is a sense of *purpose*. Having a purpose in life is a motivating factor which acknowledges people's contribution, whether this is in paid employment, household work, care work or voluntary work.

People are *social beings* characterised by their relationships and interactions with others – within families, within communities, and within institutions. While public policy recognises this dimension of people's lives in many of its programmes and initiatives it is helpful to take this wider context into consideration in the nurturing of children, in the sharing of responsibilities and in finding optimal work-life balances.

There is strong evidence to suggest that more equal societies contribute to individual and collective well-being through better health, better educational performance, less crime and greater levels of trust. The implication of this evidence is to put a higher value on the *common good* through ensuring a more equal provision of services, a greater sharing of responsibilities and a greater sense of solidarity.

Well-being and *sustainability* go hand in hand with a longer term view of what is important in our lives. This view recognises that we live in a finite world with finite resources that we need to use wisely now and for the future.

The authors believe this framework should be adopted and implemented by Government now.

In chapter 1 of this book, Clark and Kavanagh develop an index for Ireland based on the Sustainable Development Goals, the Index of Social Health and the Index of Social Progress⁴⁸. This set of indicators is designed to capture Ireland's performance on progress on a series of environmental, economic and social indicators. Clark and Kavanagh highlight the limited availability of data for certain indicators and pose the question as to whether Ireland should devote more resources to measuring social and environmental factors. The authors of this chapter are committed to update the index developed by

⁴⁸ See pages 36 and 37, chapter 1.

Clark and Kavanagh on an annual basis as a contribution. Government should make the necessary resources available to the Central Statistics Office to produce further studies of similar quality to the excellent SILC study which is produced every year to provide data on Ireland's progress.

1) Our place in the world

There is one further over-arching issue i.e. Ireland's place in the world. There are two aspects of this we wish to highlight because of their importance in the context of Ireland's role in building a just and sustainable world that promotes well-being of all in this and future generations i.e. (i) the model of society Ireland promotes and supports in various international arenas and (ii) the coherence of Ireland's various policies across the whole range of policy-making.

In the seven decades since the Second World War there have been various approaches to strengthening economic and social development. During the first quarter century of that period there was a steady growth in living standards across the Global North as the Bretton Woods agreement was accepted by the major powers as the key to avoiding another Great Depression. One prominent scholar has identified this system as a type of embedded liberalism, in which international economic institutions were constructed to encourage the creation of welfare states and the achievement of full employment through demand management (Ruggie, 1982). The period 1950-1973 – the 'Golden Age' of capitalism – was characterised by rapid growth, rising living standards and wages and full employment, facilitated by strong state intervention and demand management. The aims of monetary and fiscal policy were the maintenance of the stability of the Bretton Woods system and full employment. It was the era of the Keynesian state.

Since the early 1970s there have been various challenges to address and various solutions attempted.⁴⁹ The world has seen the emergence of globalisation and financialisation. Neo-liberalism became dominant public policy. Mark Blyth (2002:6) has referred to the transition to neo-liberal institutions, practices and ideas in the late 1970s and early 1980s as a 'Great Transformation' which brought back many of the nostrums discredited in the 1930s:

⁴⁹ For much greater detail on the authors' analysis of this period cf. Healy et al 2013, chapter 2.

... Both classical liberalism and neo-liberalism are characterised by high capital mobility, large private capital flows, market-conforming tools of macro-economic management, a willingness to ride out balance of payments and other disequilibrium by deflation, and if a view of the rate of re-employment as dependent upon the market clearing price of labour.

At present, throughout the European Union the austerities-focused neoliberal perspective is dominant. President Michael D. Higgins has argued that unaccountable forces removed from democratic control are in control in the European Union.⁵⁰

The present institutional structure of the European Union can be seen as reflecting the distribution of political power in recent decades, decades that have seen the emergence of a new financialised global order, where unaccountable agencies and forces removed from democratic oversight or control are in the ascendancy.

There is clearly a breakdown of trust between the citizens of the European Union and the institutions that control that Union. The same can be said for many other parts of the world. President Higgins argued that deep injury has been inflicted on people's moral outlook in recent decades by an extraordinarily narrow version of economics which had cut ties with its ethical and philosophical roots. There has been a huge lack of balance in which economic development has been prioritised over all else, where social development is side-lined and the environment is seriously damaged.

For the most part Ireland has supported these neo-liberal developments and the narrow focus that it promotes. If Irish people believe in the values set out earlier in this chapter then it is imperative that Ireland plays a proactive part in promoting the values and the policy initiatives that are required if a just and sustainable world is to emerge. The Irish Government plays a role in a wide range of international institutions. In all of these it should be promoting the development of a just, inclusive and sustainable world in which the well-being of this and future generations is at the core of all decisions made.

⁵⁰ Speech by President Michael D. Higgins at the launch of the Royal Irish Academy's Centre for the Study of the Moral Foundations of Economy and Society, November 13, 2015.

To be credible in this process Ireland needs to be sure that its policies are coherent. In an earlier chapter in this publication, Sheila Killian cites the OECD definition of policy coherence which is ‘a process through which governments make efforts to design policies that take account of the interests of other policy communities, minimise conflicts, maximise synergies and avoid unintended incoherence.’ She goes on to say that, ‘less ambitiously, it could be simply characterised as the absence of crossed lines, those accidental ways in which policies in different areas, such as health and development, or tax and welfare contradict each other or render each other less effective’. Killian goes on to show the lack of coherence between Ireland’s taxation policies on the one hand and its overseas development aid policies on the other hand. Ireland’s overseas aid programme is effective in delivering assistance and building capacity in its priority countries. However Ireland’s corporate tax system works to the detriment of these same countries. This is simply one example. Many more could be cited. Ireland is not unique in this lack of policy coherence. However, if Ireland is to be credible as a country that wishes to build a sustainable world characterised by justice and the well-being of all, then it must pay much greater attention to ensuring policy coherence is a central part of its policy development.

m) Conclusion

In October 2009 Tony Judt posed this question in relation to the United States:

We appear to have lost the capacity to question the present, much less offer alternatives to it. Why is it so beyond us to conceive of a different set of arrangements to our common advantage?⁵¹

This question is just as relevant to Ireland today. The authors believe that it is not beyond the capacity of us all to move towards becoming a society where environmental, economic and social progress are recognised as essential and equal components of a just and inclusive future. A society where wellbeing is valued and the common good is at the core of decision

⁵¹ <http://www.nybooks.com/articles/archives/2009/dec/17/what-is-living-and-what-is-dead-in-social-democrac/>

making is possible. Its delivery is a question of political will. The policy options outlined under five key headings above would move us towards becoming such a society. Moving Ireland onto this sustainable path is possible. Leadership, ambition and commitment are required.

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