Society Matters
Reconnecting People and the State

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INTRODUCTION

Ireland has changed considerably in the last 30 years. It is part of a dramatic global shift of ideas, values and priorities. With a generational shift in politics also taking place, questions concerning what values will emerge as dominant in this country and what kind of society it is hoped will emerge in the coming years are of crucial importance.

While there is much to praise following Ireland’s recovery from the economic crash of 2008, serious concerns persist about the choices being made and the vision of a future society that is guiding these choices.

Among the major social and political issues dominating people’s attention as we finalise this publication are the housing and homelessness crisis; the tracker mortgage scandal; and the surrounding debate about banks and corporations, and their accountability to Government and to the citizens of this country. These are issues of crucial political importance that people feel they have little or no say over. It is in this context that we need to realise that society matters and engaging people and the State becomes critically important.

Irish society is faltering on a range of fronts. Most recent available figures suggest that almost one in six people, or 790,000 Irish people, are at risk of poverty. More shockingly, in excess of one in four (or about 1.2 million) are experiencing deprivation. Almost a third of those at risk of poverty (roughly a quarter of a million people) are children (CSO, 2017).

There are now more than 91,000 households – that’s households, not people – waiting on local authority housing. Entire families are living in hotel rooms, and Ireland’s homelessness numbers are at an all-time high, with a 27 per cent increase in homeless families in the last year, and over 3,000 homeless children according to the Department of Housing.

Our commitment to achieving our climate targets\(^1\) has been less than distinguished according to the Environmental Protection Agency, and if

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\(^1\) See EU Effort Sharing Decision No 406/2009/EU for 2013-2020 (European Union, 2009)
current emissions projections are met, Ireland will likely be fined hundreds of millions of Euros in the years ahead. Ireland’s social contract is broken.

As in many countries, Government’s response to the financial crisis has undermined confidence in the fairness and legitimacy of the way we have structured our society. Regressive budgets have increased the gap between the better-off and the least well-off in society. Banks and bondholders have been bailed out, while ordinary citizens lost their jobs or their homes.

Ireland needs to look to the type of society and economy it wishes to see emerge; at the core values it wishes to support; and at its decision-making processes that currently are seen as excluding many from having a real voice in shaping the society in which they live.

The global shift in political ideas across Western Europe and the United States, has seen a rise in populist politicians and political parties offering often xenophobic and isolationist visions for their countries that seek to dismantle some of the important social gains that western society has made over more than a century. This has been driven in large part by disillusionment among electorates, with many feeling socially or economically isolated, and therefore willing to take a chance on something new and unknown, albeit potentially socially dangerous. To counteract this, there needs to be a progressive alternative put forward to ensure that Ireland does not go down the same path.

The chapters in this book, which were first presented at a policy conference on the topic of ‘Society Matters – Reconnecting People and the State’ address these key issues. Chapters 1 and 2 address the need for a new social contract if we are to see a fairer future. Chapters 3 and 4 address the connected issues of equality and society. Chapters 5 and 6 look at the future through the eyes of employers and trade unions. Chapters 7, 8 and 9 address the challenges of building a society that balances rural, regional and sustainable policies and ensures real participation for all sectors in decision-making processes.

The leaders of the rebellion just over a century ago, which eventually led to the establishment of the Republic of Ireland, proclaimed in their founding document guarantees of religious and civil liberty, equal rights, and equal opportunity for all citizens, and declared their resolve “to pursue the happiness and prosperity of the whole nation and of all its parts”. The
following pages provide a wealth of ideas on how such a future might be delivered.

*Social Justice Ireland* expresses its deep gratitude to the authors of the various chapters that follow. We wish to thank them as they have made this publication possible. They brought a great deal of experience, research, knowledge and wisdom to their task and contributed long hours and their obvious talent to preparing these chapters.

This work is partly supported by the SSNO funding scheme of the Department of Rural and Community Development and Pobal. A special ‘thank you’ to them.

*Social Justice Ireland* 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. We work to build a just society through developing and delivering credible analysis and policy to improve society and the lives of people. We identify sustainable options for the future and provide viable pathways forward. In all of this we focus on human rights and the common good. This publication is a contribution to this process.

In presenting this volume we do not attempt to cover all the questions that arise around this topic. This volume is offered as a contribution to the ongoing public debate around these and related issues.

Brigid Reynolds
Seán Healy
November 21st, 2017
“OF THE DISCOURSE THAT WE NEED”
President of Ireland Michael D. Higgins

Keynote Address at Social Justice Ireland Annual
Social Policy Conference
Croke Park, Dublin, 21 November 2017

...At the heart of our present discontents lies a deep and growing disjunction in the distribution of power and authority, not simply between the citizen and the state, but between the state and legally protected concentrations of wealth and power....

Justin [Kilcullen],
May I thank you for your kind introduction, and may I thank also Social Justice Ireland for their invitation to address this conference today.

A Chairde,
I was very pleased that Dr. Healy included a quote from the late T.K Whitaker in the preface of the programme. Last year, I had the opportunity to reflect on his life - a life dedicated to the service of this society and its citizens- and I quoted then, and may again quote now, his vision of economic expansion as means not an end:

“Let us remember that we are not seeking economic progress for purely materialistic reasons but because it makes possible relief of hardship and want, the establishment of a better social order, the raising of human dignity, and, eventually, the participation of all who are born in Ireland in the benefits, moral and cultural, as well as material, of spending their lives and bringing up their families in Ireland.”

The theme of this conference echoes such a vision. – Addressing the changes and the fracture in the relationship between the citizen and society has been a matter of great importance for me throughout my Presidency.
It is a relationship that was fraying long before the onset of the Global Financial Crisis, but it has markedly lost cohesion in these last ten years, aggravated by a global macro-economic policy response that saw the losses in so many economics socialised while the gains of the financial sector were not just privatised, but concentrated at the peak of the wealth and income pyramid. Unprecedented programmes of austerity became mainstream for citizens and countries reeling from the consequences of an era characterised by a new form of lightly regulated speculative capital.

May I contend that at the heart of our present discontents lies a deep and growing disjunction in the distribution of power and authority, not simply between the citizen and the state, but between the state and legally protected concentrations of wealth and power, namely incorporated and non-incorporated organisations, and then in turn between the citizen and the actions and policies of those same organisations. In short, we are coming from a period when the state has retreated, or been ideologically pushed to retreat, or redefine its role, the citizen’s social opportunity to fully participate or flourish, as many social philosophers would put it, has been diminished, and unaccountable sources of wealth and power have advanced.

In place of public or common modes of allocating resources, we have witnessed the expansion of what is often simply referred to as, in a form of shorthand, as ‘responding to the market’. This is offered as the pre-eminent justification for a taken for granted method of determining and distributing wealth and power in our society.

Such phrases come from a strategic, and in so many places hegemonic, discourse, one that rewards a small set of wealth owners, or managers ‘compensated’ for speculative skills, and at the same time serves as a form of mystification, one aimed at hiding a suggestion of inevitability, but in recent times has come to be simply perceived as harsh by an increasing number, for example on the European Street.

The transition, in its day, between The Theory of Moral Sentiments (1759) of Adam Smith and his Wealth of Nations (1776) drew a more extensive debate in the eighteenth century than the changes in contemporary international economies, that are in our time presented as near inevitable, and that are being delivered as their sole policy choice to publics suffering the burden of what Pope Francis has called a ‘plague of indifference’. This in-
cludes not just the authors of policies but weary publics that are looking away, averting their gaze from deepening inequalities, the welfare of workers, the plight of migrants. He was referring to publics that, in the absence of technical literacy, felt they could not initiate change, were forced to accept what was socially damaging as ‘inevitable’.

Responding to the necessary transformation of this relationship between economy and society is an urgent priority, in times that are marked, in the absence of an adequate and inclusive discourse, and I believe as a consequence, by the rise of an ever more rancorous rhetoric, often sourced in despair, alienation, anomie, exclusion, which produces statements that seek to divide us against one another on the grounds of ethnicity, religion and nationality.

The persistence of a failure to critique or challenge a political economy which maintains and even deepens existing inequalities of income, wealth, power and opportunity within societies and between nation-states is eroding social cohesion. These inequalities in wealth accumulation are often delivered to the public as celebrations of individual genius. The absence of an inclusive discourse has in too many places led to the recrudescence of a vicious politics of the far-right - that in form, content and iconography – many of us had hoped never to see again.

I do not wish to speculate at length here today on the origins, trajectory or destination of these terrifying new political forces - all of which raise complex questions – except to reflect that political formations of the far-right draw, in part, on the support of those who feel disconnected from the democratic political communities of which they are putatively members, and disenfranchised in their social and economic lives.

I do want to urge caution on misuse use of concepts such as ‘populism’. To dismiss the excluded simply as negative carriers of populism is wrong. There have been after all popular movements that initiated change in the form of achieving or deepening democracy, towards universal health provision, housing and social protection.

I sense that this issue of the missing critical discourse that we need is now coming to the fore.
The silence is being broken.

I believe we are entering a period of time in which, for the first time in many years, the future shape of the European Union will become a matter of contestation and everyday debate.

As we begin to listen, or are induced to listen, to the European Street, the voices may at first appear as inchoate, discordant and incoherent to those of us who may have had the advantage of decades of occasional or adequate engagement with the institutions of the European Union.

We must not be afraid. In the coming debates, we will have an opportunity to draw on the best moments of our national and European histories, including those significant moments of our most egalitarian and humane traditions, and on the rich sources of solidarity, humanism, innovation and capacity which can inform and transform the experience of the European Street.

We are reaching a critical juncture, for we are indeed at a moment when it is clear that the Union cannot adequately be reconstructed from above, but rather must be renewed and rebuilt from below. This is necessary if we are to recover even a semblance of authenticity for the concept of ‘Union itself’, if the concepts that were invoked at the founding, offered as legitimation of its Treaties, are not to be construed as an empty rhetoric. Again, I use the term rhetoric with care. It has, and can be, emancipatory, if it reveals an authentic intention or purpose and is delivered with consistent practice.

One of our tasks in the next decade must be to restore the cohesiveness of our communities here at home in this country and in the European Union, to elevate, once again, the project of the universal citizen, the welfare and the role of participating citizens in making and shaping their own lives and the lives of their communities.

This necessary task, if undertaken with ethical intent, can contribute to rebuilding and sustaining our capacity and our willingness, as citizens and human beings, to work together to lead fulfilling lives in all spheres of human activity. For it is only by restoring social cohesion that we can confront the great challenges that lie ahead: the requirement for just and sustainable development; the urgent necessity to address the causes and
consequences of climate change; and the imperative of welcoming those fleeing war, persecution, famine and natural disasters.

I often feel like asking the difference it would make if we were to consider the concept given to us by Immanuel Kant – ‘cosmopolitanism’ – as a source of our thought, reconciling as it does the best of internationalism with ethical practice at home; if we had made that reflection rather than relying on an uncritical acceptance of the term ‘globalisation’ which really is interconnected trade.

To achieve any new departure, we must be very clear of the causes of our present distempers, and so I am very pleased that many of the papers presented here today reflect on and describe some of the manifold sources of the fracturing of the triadic relationship between citizen, state and society: growing inequalities in wealth and income within and between nations and regions, the rise of new forms of work characterised by precarity, and the threat to, or even curtailment of some of the most foundational elements of our systems of social protection.

May I suggest that we must first acknowledge that these changes in our society are not natural phenomena – the result of the inevitable laws of history or economics – they are the result of a distinctive set of policies and a political philosophy which has been pursued over the past forty years to the point that it has become what the French call the pensée unique, the single permitted form of political and economic thought.

In acknowledging this, we are challenging a discourse which assumes, and often baldly asserts that, amongst all the means, the models of theory and practice, by which we may organise the distribution, consumption, production and exchange of resources in our societies, there are only a few options as sources of policy which may even be countenanced.

I am speaking of course of the theory of politics we know as neoliberalism, a term initially used by a very small group of radical economic thinkers to describe a distinctive and marginal economic and social philosophy.

Developed as a minority view in an age when governments of left and right defended, at home, the consensus of the Keynesian welfare state and, abroad, the international economic order as symbolised by the Bret
ton Woods agreement, neoliberalism offered a radical alternative vision of human society, simultaneously drawing on a version of the liberalism of the past and the technological possibilities of the future.

Neoliberalism is now widely recognised as a term which describes a philosophy of government, one which has elevated the simplifying assumption of man as a utility-maximising economic agent motivated by a form of instrumental rationality as was suggested in neo-classical economics to now, being as advocated by more fundamentalist adherents, to an organising credo of all human activity.

‘Self-interest’ is elevated into the status of uncontestable assumption, and perhaps often claimed as the only, moral ideal. Its ethic of liberty is, in Milton Friedman’s dictum in Capitalism and Freedom, ‘the absence of coercion of a man by his fellow man’.

Based upon these two foundational principles, Friedrich van Hayek took from Ludwig von Mises a term ‘catallaxy’, from its use in antiquity, to describe the process by which relative prices guide and co-ordinate production and consumption revealing and satisfying the preferences of ‘the rational individuals’ imagined by neoliberals.

It was an alternative usage to Aristotle’s ‘Oikonomia’ which meant a direct a single household. Hayek’s term was to refer to a group of individuals interacting in accordance to their shared self-interest.

The accuracy of prices, it was suggested, is considered necessary to ensure the most efficient use of resources, and such accuracy is of course considered to be created by competition and competitive exchange. Decision-making in this model is devolved, at least in theory, to the rational utility maximising individual, so that any notion of the ‘common good’, that is revealed, or might evolve, by deliberative discourse, is to be regarded as suspect.

Some distinguished economists did of course engage with this and went on to expose the tenuous basis of this assumption pointing, for example, to what was a galaxy of asymmetries of information in the practical delivery of the market.

This version of economic thought, neoliberalism, which became hegemonic in many political settings in recent decades implied and required a
retreat for the state and other non-market mechanisms from any role in the allocation of resources. Accordingly, it implies the extension of the utilisation of the price mechanism to allocate resources – or to put it another way, the creation of markets – to ever more realms of public life.

I recognise that only a minority of economists subscribe to the Hayekian or Friedmanesque extremes of this political theory, and fewer still would elevate it to the status of the organising principle of human society. Nonetheless, ‘neoliberalism’ appeals to neo-classical economic theory for validation, as it seeks to subsume legitimate questions of public policy under supposedly unchangeable or immutable laws of what it suggests is human nature. Reductionist in its assumptions, the problem is that the assumptions and the consequences of its overreaching influences on technocratic policy shapers have not been subjected to sufficient scholarly critique.

We can describe whole policy programmes based on the political theory I have outlined as neoliberal. I speak of those programmes which are concerned with the creation of markets where there were none, the demand for markets where they are damaging to social protection or participation, or the retreat of the state from control of or intervention in, the operations of markets.

This evaluation of what was once a marginal theory has required an affirmative decision to withdraw on the part of the state, and often, following this to the erection of elaborate mechanisms to reregulate market operations along the lines elaborated in theoretical economic models. As the scholar of international economics Susan Strange said, ‘it is very easily forgotten that markets exist under the authority and by permission of the state, and are conducted on whatever terms the state may choose to dictate, or allow’.

If I may, I wish to illustrate this point by examining the policy-induced changes in international monetary system over the past forty years, and to compare and contrast the policy regime of the post-war years, adopted during the thirty-year expansion of employment, output and productivity adopted between 1945 and 1973, with the neoliberal policy regime which gradually replaced it, and which still today is embedded in the thinking about international financial markets. For example, when we speak of ‘globalisation’, a usage that trips easily off tongues, far from introducing a con-
ceptual system open to scrutiny, we are really referring to the outcome of the policy of liberalisation of capital markets.

At the heart of the post-war policy regime lay the Bretton Woods currency system, which represented a compromise between the visions of the British representative John Maynard Keynes and the New Dealers of the United States.

As part of this compromise, a fixed currency based on the dollar – which itself would be convertibility to a fixed quantity of gold – was established, protected and policed by a system of capital controls with the addition of flexibility in the adjustment of exchange rates from time to time.

The international relations scholar Professor John Ruggie has referred to this regime as a form of ‘embedded liberalism’, as it enabled an element of domestic autonomy to allow governments pursue national goals and construct national welfare states without the kind of sudden adjustment shocks imposed by balance of payment disequilibria which so affected national economies under the gold standard regime of the nineteenth century.

We must recall that this compromise relied on a dramatic suppression of the role of financial firms in the allocation of resources and it effectively subordinated the operation of financial markets to state control through the use of control of movements of capital. As John Maynard Keynes stated, capital controls were to be ‘not merely as a feature of the transition, but as a permanent arrangement, the plan accords to every member government the explicit right to control all capital movements. What used to be a heresy is now endorsed as orthodox’.

Time and time again during the Bretton Woods period, governments would use capital controls to maintain their domestic policy autonomy and, for example, the objective of full employment rather than raise interest rates or reduce government expenditure by way of response to periodic balance of payments crises.

The Bretton Woods system came to an end in 1971, as a result of what has become known as the ‘Triffin’ dilemma. As foreseen by Maynard Keynes in 1944, the use of the dollar as the international reserve currency led to a constant current account deficit on balance of payments of the United States as
it was required to supply the necessary liquidity to ensure, for example, the operating of the global trading system.

Successive governments United States were, unsurprisingly, unwilling to reduce domestic economic activity through expenditure cuts, interest rate rises or tax increases to reduce the current account deficits, and instead relied on the imposition of capital controls.

These controls were in turn undermined by the promotion, by certain governments, of the growth of the ‘Eurodollar’ market, which became centred in the City of London. The large quantity of dollars built up by US private and public investment were deposited in international branches of the US banks, at interest rates higher than those allowable by the Federal Reserve in this era.

These Eurodollars created a quasi-international capital market and pool of freely-tradable dollars outside the control of the Federal Reserve. Unable to devalue because of its role as the international reserve currency, unwilling to reduce military adventures abroad or social programmes at home, the United States was placed under increasing pressure during the late 1960s by other states, some of whom threatened to redeem their dollar reserves for gold.

The pool of Eurodollars became a weapon of speculators, who were gradually restoring themselves after decades of financial suppression, to attack an overvalued dollar.

Under such intense pressure and unable to compromise any domestic economic autonomy, the United States, the anchor of the Bretton Woods system and under some pressure from a piece of adventurism by President de Gaulle, presided over its dissolution in 1971, by suspending convertibility of dollars into gold and imposing emergency import tariffs, and price and wage controls.

The collapse of Bretton Woods in 1971 and the Oil Shock of 1973, a sharp increase in oil prices experienced as a result of the embargo imposed by the Organisation of the Petroleum Exporting Countries, brought an end to historic period of economic expansion in the capitalist world.
The ‘petrodollars’ held by the residents of the oil-producing countries were recycled through the Eurodollar market, which in turn, as those of us who were familiar with South American realities in the 1980s will recall, were used to purchase the debt of governments of the Global South.

There was always, throughout the 1970s and the 1980s, among some leaders, the consequences of a possibility of international co-operation that might address the joint economic challenges facing both East and West, North and South. We might recall the Declaration for the Establishment of a New International Economic Order, adopted by the United Nations General Assembly in April 1974.

I recall Willy Brandt coming to Dublin promoting its vision, based as it was on ‘theory of interests’ but open to redefining international economic relations.

It demanded the right of developing countries to regulate and control the activities of multinational corporations within their territory; the freedom to nationalise foreign property; freedom to establish associations of primary commodity producers; the provision of economic and technical assistance; the transfer of technology; and an international trade order based on the stable prices for raw materials and generalised non-reciprocal and non-discriminatory tariff preferences. This, to our ears, sounds utopian now, such is the enclosure of the imaginative space.

As we know, the policy response which came – and the political forces behind that response – took a quite different path. The biographers of Julius Nyerere tell us of his meeting on a return from Canada: ‘They mean nothing of it’, and he went on to say, ‘we have lost an opportunity for change.’

The alternative came to be, and the international monetary system was re-founded upon the principles of international capital mobility and financial deregulation, based on the assumption and assertion that private financial institutions would ensure the most efficient distribution of resources internationally, and that newly emboldened financial markets would discipline wayward governments through the changes to price of government debt or through capital flight.
This ‘re-emergence of the global finance’, as the scholar Eric Helleiner has termed it, occurred far more rapidly than trade liberalisation, partly because there were few costs to a state to it unilaterally allowing an unregulated international financial market such as the Eurodollar market to emerge.

The creation and re-creation of financial centres thus facilitated a transfer of accountability, involvement and thus power from the democratic state to the market, and more specifically to new financial conglomerates. These are new phenomena unamenable to influence in many ways and the influence of previous forms of mediating institutions, treaties or advocacy. Capitalism had changed form and its counter-balancing forms were slow to adapt.

The answer to the impossible trilemma posed by economists – that a country must choose, between free capital movement, a fixed foreign exchange rate, and an independent monetary policy – was decisively answered by the renunciation of capital controls.

Central banks were tasked with controlling inflation, and full employment targets were abandoned. Those countries in fixed currency regimes, such as the Exchange Rate Mechanism of the European Monetary System, opted to effectively hide their anti-inflationary efforts behind a commitment to the Mechanism. This became a quasi-constitutional principle, the most often quoted appeal for a solidarity of interests within the Union.

Though some of the initial interest rate increases and monetary policy manoeuvres of the early nineteen-eighties were undertaken under the cover of the monetarist fallacy – one quickly abandoned - that one could control inflation by restricting growth of the money supply I am inclined to agree with the late Tommy Balogh who saw in this policy simply the tolerance of high levels of unemployment to reduce wage inflation, or what he called ‘the incomes policy of Karl Marx’.

Beginning in the Anglophone world in the late 1970s, a programme of neoliberal restructuring was pursued through the removal of all constraints on the growth, use and flows of capital and wealth, the privatisation and contracting out of state assets, the redistribution of income through sharp reductions in the taxation of capital income and increases in consumption taxes and charges for public services, and the use of high interest rates and dismantlement of collective bargaining to control inflation. John Kenneth
Galbraith pithily summed up ‘the doctrine of the eighties, namely that the rich were not working because they had too little money, the poor because they had too much’.

As we may recall, one of the effects of the decision to dramatically increase interest rates in the United States – the so-called ‘Volcker Shock’ – was to increase the cost of repaying the recently issued dollar denominated debts of the developing world which had been purchased with petrodollars often recycled through the Eurodollar markets.

This forced many countries, throughout the 1980s and 1990s, to turn to the International Monetary Fund to service this dollar denominated national debt. In return, as we are all too familiar, they were forced to accept ‘structural adjustment programmes’ based on the ‘Washington Consensus’, the now familiar neoliberal policy prescriptions of privatisation, liberalisation of capital markets, and the imposition of what is euphemistically called labour market flexibility.

The results are well known: reductions in economic expansion, exposure to the volatility of international capital markets; and increased precariousness for working people.

It was only in the late 1990s that senior officials in the International Monetary Fund and World Bank began to doubt the efficacy of the ‘Washington Consensus’, and it is only now that those institutions are beginning to return to some elements of the wisdom of their founding father, John Maynard Keynes, and to recognise that the control by the state of capital flows in the public interest should not only be permitted, but should at times be actively encouraged.

Many of the sources of the fractured relationship between citizen and state that will be discussed here today - increasing inequality in income, power and wealth, the breakdown, in some countries of a positive relationship between productivity and wage growth, the continuing power of overmighty financial markets in misallocating and distorting investment, the increased precariousness of employment, particularly for young people, and even the reduction in the labour share of the proportion of national income - may be traced to the retreat and transformation of the role of the state in the neolib-
eral era. As I have outlined I believe that this commenced in the 1970s and still, without perhaps the same self-confidence as before, continues today.

I would add one more major player to this list of sources, one which is perhaps indeed one of the most important phenomena of the neoliberal era, and that is the growth of the power, wealth, income and influence of the multinational company.

This should give us pause for thought, for if we return to the idealised ‘catalaxy’ of Friedrich von Hayek, there is an implicit assumption that most economic interactions occur between individuals and firms, rather than within firms.

This lies at the heart of the prescriptions of the role of the market in ensuring individual freedom that one hears from time to time from neoliberals. As the great polymath Herbert Simon observed, a large amount of economic activity takes place within firms, through the lines of authority between company boards, managers, and workers.

The most powerful, and insufficiently transparent and accountable, economic organisation of our time is the multinational company, and the role of such companies in organising production and shaping consumption patterns continues to grow. The United Nations Conference in Trade and Development has estimated that 80% of global trade takes place in value chains linked to multinational firms, or as they accurately describe them, transnational corporations.

One can understand therefore, why much of the present public debate about this power and influence has focused on what would be an appropriate manner in which to tax large corporations, and perhaps more contentiously, in which state the right to tax appropriately resides. I think, however, that the larger challenge before us is to ask the deeper question about why and how some of these organisations earn such extraordinary profits, and why they wield such power over the lives of citizens. We must always recall that when we speak of the market, that we speak, as Herbert Simon reminded us, of large companies with very significant power, power that is not very transparent and as so many instances tells us can claim a new immunity for its actions, for example, in relation to ecological impact.
and the threats to the health, and indeed lives, of such as indigenous communities.

My friends,
I have, in recent months, had cause to return to the works of thinkers writing in the tradition to which the term ‘Enlightenment’ has been affixed, which, in its Scottish expression, through thinkers such as Adam Smith and David Hume, affirmed that mutual sympathy - the capacity to imagine ourselves in the place of others - and natural sociability constitute the heart of human motivations.

This natural tendency for mutual sympathy, empathy and understanding of the fellow-feeling of others is said, by Adam Smith in The Theory of Moral Sentiments, to be the foundation for our conception of justice. Humanity’s concern for justice is, in turn, conceived by Adam Smith to be, in a famous passage of that same work, ‘the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society... must in a moment crumble into atoms’.

This concern for justice in the moral philosophy of Adam Smith underpins his answer to the question of what constitutes a market economy. It is a type of society. We must recall that any distinction between the market and society was alien to many of the eighteenth century thinkers – for which the actions of autonomous individuals were assumed to have the result of producing and distributing resources with an end of meeting the demand of justice in the absence of a central authority to coordinate economic activity.

The contrast of course is between the ‘self-interested’ individual, and the imaginative, ‘sympathetic’ individual. That is the difference between Adam Smith’s two great texts and it is a difference that would be distorted and exploited in its distortion. As that great economist, the late Kenneth Arrow, reflecting on the Wealth of Nations, observed:

‘we can take it for granted that for society to operate at all, and to function successfully in any sense, we must have an ethical code, that is, some sense of justice. Conduct of an economy of even the most self-interested type requires a recognition of others, or it will not function on its own terms.’
Reflecting on this, we can begin to see that one of the most fatal flaws of neoliberal programmes, whether it be through programmes of disciplinary welfare restructuring or the creation of internal markets in public health systems, is the assumption and imposition of a model of human behaviour which is quite antithetical to our sense of justice, and of ethics.

Relocating economic theory within pluralist cultures that can carry a variety of proposals for the inclusion of a test for justice and ethics suggests itself as basic. I question the capacity of the present, albeit hidden, paradigm of policy which prevails for example in the European Union, to deliver the changes so many of your papers seek. You must make your efforts with the material thrown to you but surely you must provoke a critique of its grounding assumptions.

It is surely appropriate that we reflect on the ethical basis of the modern business corporation, and the moral environment that is created by the often-conflicting expectations regarding corporate behaviour, the frequent setting of expectations of shareholder value against the moral and ethical demands of the wider community.

Dear friends,
What I have said reflects a strong belief, one that I offer with humility. It is that the democratic state as an agent in coordinating economic activity is required-to play an important role in these times, that the need for role has advanced, become urgent even, again, whether those who have responsibility for states and our Union want to discuss it or not. That is a consequence of the financial crisis.

Our new circumstances have emerged almost on a form of auto-pilot. A glaring vacuum faces us as the theory of neoliberalism, which has been incrementally but dramatically emptied of its content, still retains some of its form as policy residuals which have served as an obstacle to the necessary tasks of reconstruction. For example, we simply have not had the kind of public discussion regarding the appropriate mechanism to distribute credit in our country which I believe the crisis should have occasioned.

This State has, in recent years, been well served by our enterprise agencies, IDA Ireland and Enterprise Ireland, who have pursued successful interventionist policies – including the provision of sites - to promote domestic Irish
enterprise and in the case of IDA Ireland so as to ensure that multinational
corporations locate their facilities here.

As Professor Mariana Mazzucato has written, the entrepreneurial state ac-
tively creates and shapes market outcomes. We might reflect, at a time of
acute housing shortage, and at a time when the most efficient use of the
current stock of housing and of residential land is not being made, whether
an enterprise agency of similar character to those in other areas might not
be warranted, released and resourced to play a role in the market, one that
would show the same urgency and the same élan as IDA Ireland or Enter-
prise Ireland, which I recently witnessed during my recent State Visit to
Australia and New Zealand, does in its own activities.

There is today, in this State, a fixed supply of residential building land –
fixed by nature but defined by the planning laws of the State, and good
planning with provision of housing is a necessary part of a social cohesion.
There is a stock of housing, some of which is empty. There is residential
land, which much like agricultural land in this country in the nineteenth
century, constitutes in some settings, and much like that time, a limited
resource. How are we to balance the responsibility of a just use of such for
social usage with the absolutist claims of inviolable private title and usage?
During the first sixty years of the history of the State, the Land Commiss-
ion – first established by the British Government in 1881 – continued its
programme of intervention in agricultural land, compulsorily transferring
under-utilised lands to former tenants. The interventionist role of the State
was accepted. The interventionist role of the State has to be adequate for cir-
cumstances that change, circumstances that affect the cohesion of society
at home and in the European Union.

The European Council, Commission and Parliament last week proclaimed
the European Pillar of Social Rights in Gothenburg, which I am pleased
includes a right to housing, and now I hope that we can look forward,
throughout the European Union, to leadership and an ambition equal to
the needs of our citizens and demands of the present moment.

Dear friends,
We must, as Leonard Cohen told us, ‘ring the bells that can still ring’.
We must not despair. We should not despair, for markets can be made and unmade, shaped, where required, to serve the citizen, and modified or indeed suppressed, when necessary, to serve the interest of the public good. States have, over the past forty years, I have suggested, shaped markets based on an insufficient political theory, insufficient in its conception of human welfare, and insufficient in the capacity to monitor its outcomes. The challenges of the coming decade cannot be met by the outdated orthodoxies.

I believe that in our own country such challenges can be met by drawing on ethical core that is lodged in the best of our political traditions, forged in the long struggles for national independence, for universal suffrage, for economic, social, and civil equality, for the rights of labour, the rights of women, and the rights of ethnic and religious minorities.

These struggles, throughout our history, have only been given their fullest expression, and their most authentic expressions, through the demand for a republic of equal citizens, a citizenship which is inclusive, open, generous and relentlessly committed to - through deliberation, disputation and participation in democratic politics – to discerning and achieving the common good.

Internationally, we have a foundation for such action in the agreement signed at the Paris Climate Conference in December of 2015, an important moral milestone, as imperfect as it may be, in recognising the demands of climate justice, and in the agreement of the Sustainable Development Goals in New York in September of 2015, in which over 193 states resolved to end poverty and hunger, combat inequalities in income and opportunity, to build peaceful, just and inclusive societies, and to create conditions for a shared welfare or prosperity. This is ‘cosmopolitanism’ in the best sense of the better Kantian writing. In embarking on the great effort required to achieve goals, we must not, and we cannot, rely on a ‘globalisation’ whose freedom extends only to the liberties of the market, and whose vision is so narrow that it can contain but a single ideal of humanity: one formed its own image.

Our gaze must be ‘cosmopolitan’, encompassing humanity in all its cultural diversity, for as Immanuel Kant wrote two centuries ago, our ‘innate right to freedom’ derives from our humanity, our capacity to invent and educate
desire, our creative use of imagination and reason, our powers to remember and to anticipate the future, and our universal feelings of sympathy.

Let us then found our efforts on that great ethical imperative he suggested which is to ‘treat humanity, whether in your own person or in the person of any other, never merely as a means to an end, but always at the same time as an end’ in itself.

The challenges of the future can only be met by a narrative of hope, a recognition that we can and will, change our own destinies and our own societies. The horizons of our hope must be ‘cosmopolitan’ in character, extending to all the peoples of globe and across the generations, recognising that all of us on this planet owe to each other a moral duty to remedy, and to prevent, the recurrence and endless rebirth of the injustices of this world.
A New Social Contract for a Fairer Future
1. Reconnecting People and the State: Elements of a New Social Contract

Seán Healy and Eamon Murphy

Introduction

T.K. Whitaker once noted that “there are values, moral and intellectual, which are higher than just mere economics. But it makes for a happier and more contented society if everybody has some basic share in wealth and well-being.” (Chambers, 2015).

As Ireland enters its second century of independence, it is clear that not only does the society envisaged by the man voted greatest Irish person of the 20th century not exist, but the country has no coherent pathway to get there.

Among the major social and political issues dominating people’s attention as we write this paper are the housing and homelessness crisis; the tracker mortgage scandal; and the surrounding debate about banks and corporations, and their accountability to Government and to the citizens of this country. These are issues of crucial political importance that people feel they have little or no say over. It is in this context that the topic of engaging the Citizen with the State becomes more important.

It is not only in these areas that Irish society is faltering. Most recent available figures suggest that almost one in six people, or 790,000 Irish people, are at risk of poverty. More shockingly, in excess of one in four (or about 1.2 million) are experiencing deprivation. Almost a third of those at risk of poverty (roughly a quarter of a million people) are children (CSO, 2017).

There are now more than 91,000 households – that’s households, not people – waiting on local authority housing. Entire families are living in hotel rooms, and Ireland’s homelessness numbers are at an all-time high,
with a 27 per cent increase in homeless families in the last year, and over 3,000 homeless children (Department of Housing, 2017).

Our commitment to our climate targets\(^2\) has been less than distinguished (Environmental Protection Agency, 2016), and if current emissions projections are met, Ireland will likely be fined hundreds of millions of Euros.

All of this serves as evidence that Ireland’s social contract is broken. As in many countries, Government’s response to the financial crisis has undermined confidence in the fairness and legitimacy of the way we have structured our society. Regressive budgets have increased the gap between the better-off and the least well-off in society. Banks and bondholders have been bailed out, while ordinary citizens lost their jobs or their homes.

It must also be acknowledged that the recovery Ireland is experiencing is not being experienced by all equally. *Ireland 2040*, our current National Planning Framework, is an opportunity to build the society that all citizens and residents of this country desire. It is an opportunity to build a new consensus on what our society should look like, what type of economy should support it, and how we are going to deliver and fund the services that will provide a decent standard of living for all.

This is particularly important in the current political context. We are in the midst of a global shift in political ideas. Across Western Europe and the United States, there has been a rise in populist politicians and political parties offering often xenophobic and isolationist visions for their countries that seek to dismantle some of the important social gains that western society has made in the last century. This has been driven in large part by disillusionment among electorates, with many feeling socially or economically isolated, and therefore willing to take a chance on something new and unknown, albeit potentially socially dangerous. To counteract this, there needs to be a progressive alternative put forward to ensure that Ireland does not go down the same path.

In this regard, as we write this, we stand at a particularly opportune moment. In the first months of a Government led by a new Taoiseach, and with a new cabinet in place, there is potential to move in a new direction in

many respects, but particularly with regard to engaging people in their role as citizens. Can the “New Politics” deliver a different relationship between Citizen and State? Political will is required to ensure this opportunity is not lost.

As part of its second century of political independence, Ireland needs a new social and economic model. Ireland also needs a new means of engagement between Citizen and State; Ireland needs a new Social Contract.

**Elements of a New Social Contract**

2016 saw wide commemoration of the centenary of events which kick-started the journey to Irish independence. The beginning of a new century of Irish independence is an opportune time to re-think the structures upon which Irish society is built. It should be clear that the social contract on which Ireland is built is broken, and something new is needed. But what will that look like?

We argue that this new Social Contract should have as its aim the achievement of the common good. We understand the term ‘common good’ as “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, 1965:64).

This understanding recognises the fact that the person develops their potential in the context of society where the needs and rights of all members and groups are respected. The common good, therefore, depends on having the social systems, institutions and environments on which we all depend working in a manner that benefits all people (Healy and Reynolds, 2011).

In seeking to deliver the common good, a new Social Contract – relevant for the next few decades – must anticipate many developments, including future technological progress and the changing world of work; demographic changes; migration; and the need to care for the environment. But it must also tackle the problems Ireland currently faces; problems for which we have yet to provide a solution. It must have equality, fairness and social justice at its heart, and it must ensure that nobody is left behind.
As part of the new Social Contract, Ireland as a society should aim to deliver public services and social infrastructure equivalent to those delivered by the similarly developed economies of Western Europe, i.e. the EU-15. Irish people expect these standards. These services and infrastructure would include properly funded and efficiently delivered universal healthcare for all age groups. They would include appropriate accommodation for all citizens, as well as a well-subsidised and properly functioning public transport network. They would also include an adequately funded education system; a system of social welfare which, while protecting society’s most vulnerable, is also fit for the 21st century; and a childcare infrastructure equivalent to those in other developed Western European countries.

It is only through the delivery of adequate services that the inequalities that prevail in Irish society can be overcome. We believe that most Irish citizens would aspire to living in the society we are proposing. A progressive Social Contract for Ireland’s second century of independence would rest on a number of pillars: economic, political, cultural, and social. All facets of these pillars should have sustainability at their heart. We now address each of these facets in turn.

**Economic**

*Sufficient resources are required to ensure all can live life with dignity.* It goes without saying that this is fundamental to a successful Social Contract. To achieve this, Ireland needs a vibrant economy that generates the resources required to build the society we desire, and generates sufficient employment for those who want it. Ireland also needs an economy that is not only well run, but is run in the interests of society. For the Social Contract to function, macroeconomic and financial stability are essential, as are: an equitable distribution of resources; sufficient levels of investment; and a fair system of taxation to fund it. The economic structures must be fair, and the institutions that form the backbone of the system must act justly.

Many of the facets of a well-run vibrant economy are interconnected. A vibrant economy requires sufficient levels of public investment. Despite a historically long period of low interest rates allied with low government bond yields, Ireland’s public investment as a percentage of national income
has declined dramatically since the late 2000s. Governments never really cut infrastructure investment; they merely postpone it. Doing so over a prolonged period creates an infrastructural deficit that can hinder the delivery of public services, depress domestic demand, and lower general living standards. The level of capital spending is a good illustration of whether Government really has a vision for the kind of country it wants to create, and Ireland’s level of public investment as a proportion of national income is well below the European average and in fact was the lowest in the entire European Union in 2015 (Eurostat, 2017).

While it is welcome that public investment is increasing\(^3\), it is increasing from an extremely low base, and further increases will be required in the coming years\(^4\). The lack of public investment in recent years is further evidence of a broken Social Contract. The effects of inadequate investment can be seen everywhere, from the current crisis in housing to the lack of an adequate rural broadband network to the lack of sufficient flood defences in towns and communities across the country. Earlier this year, the American Chamber of Commerce in Ireland published a report warning that Ireland’s current housing crisis is so severe that it could damage Ireland’s competitiveness (American Chamber of Commerce in Ireland, 2017). While there are certainly other, more socially worthy, reasons for investing in Ireland’s productive social and economic infrastructure, there is perhaps no clearer or more obvious example of the need for large-scale government investment to maintain Ireland’s medium-to-long-term growth potential, given the prevailing economic circumstances. Well-targeted social investment would create employment and also enhance growth, which would contribute to robust public finances, reducing unemployment and increasing tax returns.

_The organisation and distribution of the available resources must be such as to ensure the required level and quality of services and infrastructure can be delivered._ Our infrastructure deficit is a result of low public investment over a number of years. Under a properly functioning social contract, this must change. Without adequate social infrastructure and services, it is impossible to achieve the minimum standard of living to which all citizens,

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\(^3\) In Budget 2018, total voted capital expenditure was increased by €790m (17 per cent) on the previous year, from €4.5bn to €5.3bn. Public investment is scheduled to increase from €3.7bn to €7.8bn over the period 2015 to 2021.

\(^4\) Increases are necessary not just to “catch up” on deficits that have developed due to postponed investment, but because Ireland’s changing demographics require it.
from children to older people, aspire. This is particularly so in the context of an increased birth rate and a gradually ageing population. If demographic trends continue to be ignored by policymakers, Ireland will find itself in serious difficulty in a few short years, as great strain will be put on our social infrastructure including hospitals, schools and other services. Not enough is being done to prepare for the society that will emerge in Ireland in the coming years.

In order for the necessary infrastructure and services to be delivered, *fair and sustainable taxation is essential to ensure sufficient resources are collected so that this desirable future can be created*. Perhaps the greatest lesson of the 2000s was that our small open economy is prone to shocks that can cause large swathes of revenue to disappear very quickly. The narrowness of the Irish tax base resulted in almost 25 per cent of tax revenues disappearing in a very short space of time in the latter part of the decade, plunging the exchequer and the country into a series of fiscal policy crises. A sustainable revenue stream requires a broad and sustainable tax base. For the tax base to be sustainable, it must begin to move closer to the European average. The current trajectory of government policy is for reductions in total revenue (of which tax revenue is by far the largest component) as a percentage of national income\(^5\) and a corresponding reduction in expenditure (Department of Finance, 2017: 45). Such an approach will not provide the revenue that Ireland needs to increase expenditure in order to achieve the same level of public service and infrastructure provision as our European counterparts. It is simply not possible to provide the high-quality public services Irish people aspire to while failing to collect adequate revenue to pay for them. Allowing total expenditure to fall as a proportion of national income will only result in a further infrastructure deficit compared to our EU counterparts.

As part of a new Social Contract, it must be recognised that *European-average levels of services and infrastructure cannot be delivered without close to European-average levels of taxation*. Increasing the overall tax-take (from all sources) towards the European average would raise the additional revenue required, while still maintaining Ireland’s status as a low-tax country as defined by Eurostat. The tax-take must also be increased in such a way

\(^5\) We are well aware of the limitations of Ireland’s measurement of GDP. However, regardless of the measure of national income used, Ireland’s tax-take is well below the European average and will have to rise in order to meet the demands created by demographic changes.
that the burden falls on those most able to bear it. This will involve shifting taxation towards wealth and higher incomes, ensuring that those who benefit the most from Ireland’s economic system contribute the most.

Central to fairness in taxation is that all sectors of society contribute their fair share. The current system of corporation tax in Ireland allows for many large operators to pay a disproportionately low contribution, or avoid paying tax altogether. The European Commission’s decision on Apple’s tax arrangements has caused reputational damage, as have the contents of the recently released “Paradise Papers”, and Apple is not the only multinational corporation using the Irish tax regime to avoid taxes on their profits. A key medium-term priority must be the re-conceptualisation of the role of the Irish corporation tax regime. There has been a growing international focus on the way multi-national corporations (MNCs) manage their tax affairs. The OECD’s Base Erosion and Profits Shifting (BEPS) examination has established the manner and methods by which MNCs exploit international tax structures to minimise the tax they pay. Similarly, the European Commission has undertaken a series of investigations into the tax management and tax minimisation practices of a number of large MNCs operating within the EU, including Ireland.

Ireland should change its stance towards the corporation tax debate in Europe, and take the lead in negotiating a Europe-wide minimum headline corporation tax rate of 17.5 per cent with a minimum effective rate of 10 per cent. Until that point, Ireland should implement a minimum effective rate of 6 per cent. Were such a rate in place in Ireland in 2017, corporate tax income would have been between €1bn and €2bn higher; a significant sum, given the socio-economic challenges being experienced and the need for resources with which to address them.

Aggressive tax planning by corporations relies on exploiting mismatches between the tax rules of individual countries. Such actions should not form any part of a progressive Social Contract. Corporations should contribute their fair share to the building of a society that works for all. However, many of these mismatches can be removed; leadership, cooperation, and political will are what are most required.

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6 See www.oecd.org/ctp/beps.htm
If a country is setting social and economic goals, it is important that taxation policy supports these goals. Tax justice must be a key building block of any future Social Contract. \textit{Economic structures must be fair if people are to accept the economic changes required to underpin a new Social Contract.} If ever there was to be a catalyst to generating discussion on the justice underlying our taxation system, it should be the ‘Apple arrangement’.

The new Social Contract should also shift the lens through which we view the economy. Karl Marx believed that capitalist society tends to undermine its own foundations, to the point at which it will ultimately self-destruct (Fourcade and Healy, 2007). In many ways, the Social Contract is a protection against the failures of market economies. It should provide a level of social provision that ensures a minimum standard of living below which no citizen may fall. It should also mean that Government is the ultimate guarantor of the best interests of its citizens, guiding concepts of what constitutes fairness in prices, wages, competition, and trade (Healy and Reynolds, 2011: 145-146). After the crash of 2007/8, Governments and international bodies such as the International Monetary Fund, the European Central Bank and the European Commission made huge efforts and invested enormous resources in rescuing financial institutions which had gambled recklessly and lost. This was done unfairly (Kelpie, 2013), and at the expense of people who played no part in the market’s failure. There must be a removal of the implicit assurance of financial bailouts and Government must ensure the finance industry behaves in a socially responsible manner.

The activities of corporations often have big impacts on social, environmental and intergenerational justice. In their search for competitive advantage they may ignore the values and needs of local communities (Healy and Reynolds, 2011: 171). The Council of Europe’s (2014) Charter on Shared Social Responsibilities encourages companies to adapt their forms of governance to incorporate the general principles of shared social responsibility, re-thinking their aims and operational principles in a context of social, environmental and intergenerational justice, bearing in mind all the costs and impacts of their activity. Corporations must acknowledge that as part of the Social Contract they benefit from Ireland’s social and economic infrastructure; most obviously roads and telecommunications, and Ireland’s highly educated labour force. They should therefore behave with the interests of society in mind, in line with the principles stated
above. It is time to ensure that the Irish economy is truly working in the interests of Irish society, and not the other way around.

**Political**

*Decision-making structures, and democracy itself, are under threat as people have lost trust in, or are alienated from, a wide range of institutions and political systems.* Proof of this is being seen in the United Kingdom (and the decision of the electorate to leave the European Union) and the United States (with the election of President Trump), as well as across Europe, as increasing numbers of citizens reject the status quo in favour of risky and unknown options.

These trends are a manifestation of a political and social discontentment that has, sadly, been directed to entirely the wrong place. They are the result of a combination of misconceptions of national identity, and failed social and economic policies. There is an element of desperation to it all; people have lost faith in politicians and institutions, and part of that desperation can be blamed on a failure of more progressive-minded politicians and parties to present a coherent and realistic vision for a viable alternative.

One startling statistic emerging from the U.S. Presidential election of 2016 is that the counties carried by President Trump contributed just 36 per cent of the country’s GDP in 2015, in comparison to 64 per cent from those voting for Hillary Clinton (Brookings, 2016). These numbers highlight very starkly the economic divide between supporters of the two candidates. Many of those who voted for Trump did so out of a sense of social or economic isolation, or a feeling that their voice was not being heard. It has also been noted that one of the ironies of Brexit is that many of the votes that helped push the referendum result over the line were from people who will now, to a great extent, find themselves in a worse position outside of the European Union. Perhaps feeling socially and economically neglected, some used their vote to protest against the political establishment. The resulting economic fallout and disappearance of European subsidies for economically depressed regions will now likely see them suffer further.

A great many decision-makers within politics and in other areas have no real clarity about the ‘good society’ or ‘just society’ worth working for. Meanwhile, Bauman (2011a) has written that social democracy has lost
its own separate constituency – “its social fortresses and ramparts, the enclosures inhabited by people at the receiving end of political/economic actions, waiting/yearning to be recast or lift themselves from the collection of victims into an integrated collective subject of interests, political agenda and political agency all of its own. Such constituency has been all but pulverized into an aggregate of self-concerned and self-centred individuals, competing for jobs and promotions, with little if any awareness of the commonality of fate and even less inclination to close ranks and demand solidary action”.

Today, in many countries, the political agenda is set from a neo-liberal perspective, with priority given, first and foremost, to economic issues. The ongoing failure to address the housing and homelessness crises is a good illustration of this in practice, with Government repeatedly turning to market-based solutions, rather than direct intervention.

The problems, however, run even deeper than this. Political institutions at local, regional, and national level are ineffective in coping with the challenges that emerge with the current breakdown in the relationship between power (by which we mean the ability to do things) and politics (by which we mean the ability to decide in which directions power should be used). Many of those who benefit from current political/power arrangements have no great reason to care about local people in the areas in which they operate and have even less reason to invest in building a better future for these people.

With this in mind, the EU needs to rebalance its policy focus and give far greater prominence to social priorities, which were neglected during the 2008-13 financial crisis. That crash, combined with longer-term economic developments linked to globalisation, made employment more precarious and reduced social protection and services. The failure to address key aspects of social policy has resulted in many people moving towards Eurosceptic populist movements and demanding stronger national borders.

For more than a decade, organisations such as the International Monetary Fund, OECD, International Labour Organisation and even the World Economic Forum have issued stern warnings that the global trend of increased inequality will harm growth, social cohesion and the business community. But little to no action has been taken. As noted by Bosch (2017),
for a long time, many have restrained their criticism of the European Union and its free market policies for fear of being considered anti-European or outright xenophobic. However, the lack of open debate of these policies proved a huge mistake, as right-wing populists stepped in to fill the gap. If the European project reasserted its credibility by strengthening its social foundations, then EU critics would have no basis for their arguments. This is where the need for a coherent vision for a better society is needed most.

The President of the European Commission has proposed five alternative visions of the EU’s future. Incredible as it may seem, the ten criteria applied to each doesn’t contain a single reference to social policy. More and more, the EU has become an economic project driven by an elite which has failed to address issues of poverty, deprivation and social exclusion, as well as others related to health, education and taxation.

The debate on the future shape of the EU must not be overshadowed in Ireland by our preoccupation with (a most important) Brexit process.

**A real partnership approach to decision-making is required to address the current impasse.** However, such a partnership becomes increasingly difficult as the current democratic deficit grows and becomes commonplace. The roots of the malaise lie in the breakdown in communication between the holders of political office and the people. The economic crisis of 2008-2013 has been largely responsible for laying bare the political crisis of Europe. Trust in the capacity of the state to solve such crises once rested on the supposition that both conditions of effective management of social realities – i.e. power and politics – rested in the hands of the state; the sovereign master within its own territorial boundaries. However, in Europe, the state has been losing a large and growing part of its past genuine or imputed power. The present crisis differs from its historical precedents in as far as it has come about in a situation of a divorce between power and politics (Bauman, 2013). Politicians may well make decisions or wish for particular outcomes but their capacity to deliver is limited by the fact that much of the power now rests with globalised entities; entities which in many cases have little or no interest in promoting a fairer future or delivering well-being for all.

An alternative option for the future of the EU should also ensure that the European Commission protects small countries against their larger, stronger
members. It was this way once, back when Ireland joined the European Economic Community. But that situation has changed over the years; it needs to be reversed again, back to its original form. Otherwise, the reality of growing alienation from decision-making processes and structures will continue and the Union itself will be at risk.

**Engagement of all sectors of society in decision-making processes is essential for the type of real partnership that is required.** Rights and responsibilities are two sides of the same coin in a cohesive society. If an individual has a right, then that implies a responsibility on the part of some other person, group or institution to (i) allow the freedom to exercise that right, (ii) provide the mechanism to protect that right, and/or (iii) make positive provision so that right can be realised (Ife, 2004). This implies a similar responsibility on the individual to make similar provision for others in the same society, that the rights of all might be vindicated.

Rights come with responsibilities for all citizens, and we all have a shared responsibility in shaping our collective future, and sharing in the outcomes produced7. As far back as Plato it was recognised that the person grows and develops in the context of society. “Society originates because the individual is not self-sufficient, but has many needs which he can’t supply himself”8. This shared responsibility covers all spheres of life: economic, political, social, cultural, and environmental. This is the basis of any progressive social contract.

As part of this social contract arrangement in a modern democratic society, citizens may expect participation in civic life and in shaping the decisions that affect them. For a Social Contract to be legitimate, it must embody the will of the people. One of the key things underpinning a viable Social Contract is that there must be engagement with citizens, on an ongoing basis, on where society is moving. Citizens have a right to be involved in the shaping of decisions concerning the future of their society, and there should be recognition of the full range of stakeholders and the implementation of a process for deliberative discussion. A deliberative decision-making process is one where all stakeholders are involved but the power differentials are removed (Healy and Reynolds, 2011).

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7 For more on this, see Sharing Responsibility for Shaping the Future – How and Why? (Healy and Reynolds, 2011)
8 Plato, in Lee 1987, p58, cited in George, V. 2010, p6
Elster (1998) claims that a deliberative approach would produce better outcomes for four reasons:

1. The emphasis placed on open dialogue may unlock untapped knowledge about the strengths and weaknesses of existing methods of doing things.

2. Those involved in the policy-making process have the opportunity to acquire new skills and greater know-how about particular policy methods.

3. The promotion of collaborative and joint action may induce a richer mode of decision making, by encouraging participants to justify the positions they adopt with high quality reasoning. More informed better thought-out decisions not only foster shared understandings between the different participants, but also deepen the wider legitimacy of policies.

4. The encouragement of consensus building and trust-enhancing modes of interaction may atrophy the boundaries between the different constituencies that are involved in a policy network. New relationships of interdependence may emerge that strengthen the collaborative ethos of the process.

The question for Ireland, in drawing up a new Social Contract, is how are we to deliver each of the desired outcomes, and more, in the 21st century? There is a need to reconfigure the Social Contract to encourage participation and collective responsibility; an acknowledgement that at different points in the lifecycle each of us will be a key contributor or a key beneficiary, or both. We must ask ourselves: what type of social contract will encourage collective responsibility and joint-ownership, reimagining the relationship between citizens, the community, the state, and the environment?

Cultural

A new social contract must have social justice at its core and must be focused on building a just society. Amartya Sen is blunt in his examination of what happened following the 2008 economic crash. He points out that it was the poorest people, people ‘at the bottom of the pyramid’ that were
most impacted on. “Families who were already worst placed to face any further adversity have often suffered from still greater deprivation, in the form of lasting joblessness, loss of housing and shelter, loss of medical care, and other deprivations that have claimed the lives of hundreds of millions of people.” Sen is correct when he states that examining the severity of the current global crisis requires that we examine “what is happening to the lives of human beings, especially the less privileged people - the well-being and the freedom to lead decent human lives” (Sen, 2014).

Zygmunt Bauman (2011b) has proposed that a ‘just society’ “is a society permanently sensitive and vigilant to all cases of injustice and undertaking to take action to rectify them without waiting for the search of the universal model of justice to be completed. In somewhat different and perhaps simpler terms a society up in arms to promote the well-being of the underdog; the well-being including in this case the capacity of making real the formal human right to decent life; freedom ‘de jure’ into freedom ‘de facto’”.

The debate on whether certain rights are universal (United Nations, 1948) or are culturally relative (Ignatieff, 2001) is an important one. Each civilisation, through its own history and cultural norms, holds certain rights to be self-evident in their society, and these will differ from country to country. However, we believe that every person has seven core rights, whose vindication are essential to the development of a just society and which should be part of any future Social Contract. We also believe that these rights are so fundamental to the experience of Irish citizens and their expectations of what our well-off democracy should provide that there will be almost universal agreement on these rights among Irish people.

These core rights are:

- 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.
The achievement of each of these rights should form the basis of a new Social Contract. As well as this, equality must be a central component of any new social contract. Income inequality, gender inequality, and inequality of opportunity are problems in Irish society. They produce a range of negative outcomes for those who are poor and/or excluded. Wilkinson and Pickett (2009) have pointed to the negative consequences of inequality for all sections of society; their evidence shows that more equal societies produce better outcomes in everything from subjective well-being to lower crime rates. A new Social Contract for our society must reverse the effects of many of Ireland’s post-crash policies which served only to exacerbate already existing inequalities.

Inequality has been at the heart of much of the upheaval faced by the world in the last few years. Some of this has been caused by economic changes that were either inevitable or the downside of desirable developments; technological progress cannot be arrested, nor can the improving competitiveness of emerging economies of the Global South. But failure to ensure the gains from these trends are more widely shared has led to political and social upheaval in other countries and a new Social Contract would require action be taken to avoid similar outcomes here.

The economy cannot be treated in isolation. A thriving economy is not an end in itself; what counts is what the fruits of that economy are used for. Certainly, great disparities in wealth and power divide society, weakening the bonds between people and undermining social solidarity. But they are also bad for the economy, as a greater proportion of income and wealth concentrated in the lower income groups of society would result in a more powerful economic multiplier. A lot of the present political instability and social unrest is as a result of inequalities in society. Ireland is not immune to this. As noted earlier, most recent available figures suggest that almost 17 per cent of the population are at risk of poverty. Almost a third of those at risk of poverty (roughly a quarter of a million) are children.

In addition, the Irish labour market has developed in such a way that even a job is no longer a guaranteed way out of poverty. Approximately one in eight of those in poverty and one in four of those experiencing deprivation are in employment. That corresponds to about 100,000 people who are experiencing poverty and 300,000 people who are experiencing deprivation who actually have a job. This is a particularly distressing trend, given the
growing instance of low-paid employment in Ireland. These trends, and the record levels of homelessness being experienced in Ireland as noted already, are situations that simply cannot be allowed to persist in a well-off society like Ireland and are further evidence of a broken Social Contract.

Social

The emergence of the ‘precariat’ has seen a fundamental change in the relationships within society and between labour and capital. We have referred already to the precarious nature of employment for many people and how this reality has been growing over the past decade. This creates a situation of uncertainty, impotence and what Bauman calls an “inexhaustible source of humiliation”. (Bauman, 2011c). This situation is dividing and separating people from each other and undermining attempts at solidarity in addressing the changing reality.

At the core of this new reality of precariousness lies the fact that, for the first time in history, those with power and resources can move their wealth to other parts of the world where there are a great many people ready, without complaint, to suffer any kind of employment regime no matter how poorly paid, no matter how terrible their working conditions. When this was not the case in the past, both sides had an interdependent interest in negotiating solutions to their disagreements and finding ways of getting along. Failure to find such solutions would lead to mutual destruction, so there was a ‘natural’ emphasis on finding mutually-agreeable solutions to disputes and both sides had an interest in ensuring the other side continued their engagement.

This, in practice, meant that there were built-in limits to inequality and social exclusion. The welfare state emerged as, among other things, a process for ensuring that labour was always in a good position to take up employment. The excesses of capitalism were also controlled as the need for minimum wages and limits to the hours one had to spend on the job were agreed either by consent or by law. In practice this reduced the widening of the gap between rich and poor. This uneasy balance survived for more than a century. Today, however, this situation has changed dramatically. A pauperised ‘precariat’ is emerging and its numbers are growing dramatically. A society with a precariat is not just an economic problem; it is also socially unsustainable.
As noted earlier, a Social Contract is built on solidarity between citizens. This includes solidarity between citizens living in different parts of the country. **Balanced urban/rural and regional development is essential if a Social Contract is to be accepted and to persist over time.** However, in Ireland, people living in rural communities have never had the same level of services as people living in urban areas, and the gap in services and infrastructure between urban and rural Ireland has been growing steadily. Poverty rates are consistently higher in rural areas, compared to urban, while there has been an increasing deficit of employment in rural and regional Ireland. A new Social Contract should ensure a balancing of the benefits and resources of society across all regions.

The new Social Contract must correct the growing disparity in the standard of living in rural Ireland versus that in urban areas. It must also re-balance Ireland’s current development path. The proportion of the population living in and around the capital city is already very high by international standards, and this is continuing to grow; Dublin already accounts for half of economic output in Ireland (National Planning Framework, 2017). Yet we are continuing to model our growth path, and design our public services, in a way that encourages, rather than discourages, such concentration. By continuing to locate a disproportionate amount of our best health, education, and cultural institutions in the greater Dublin area, we are driving a model of development that precludes the kind of regional balance required for Ireland to thrive.

The absence of effective broadband in rural areas has major negative economic and social impacts, skewing the distribution of economic gains towards large urban areas. As part of the necessary programme of investment referred to earlier, a proper broadband network in the country must be delivered.

The boom years saw an attempt to redress growing regional imbalances in socio-economic development through a National Spatial Strategy (2002-2020). This failed, partly because of Government’s own initiatives such as the decentralisation programme for public servants which undermined the Strategy (Meredith and van Egeraat, 2013). We believe that policy must ensure balanced regional development through the provision of public services and through capital spending projects. *Ireland 2040*, our new National Planning Framework, has created a forum for deliberative national
debate where a new National Spatial Strategy can be formulated. This has the potential to re-balance Ireland’s development strategy but greatly depends on whether the shaping of this strategy genuinely takes on board the views of all stakeholders. The framework should provide a roadmap to a society in which human rights are guaranteed, human dignity is respected, human development is facilitated and the environment is protected; to the society we are describing in this chapter. Capital investment, infrastructure development, and service provision must all be aligned with this direction if it is to succeed.

*A key part of the Social Contract is solidarity between generations.* At different points in the lifecycle, all of us will be either net beneficiaries from, or net contributors to, society (Hills, 2015). This differs, depending on whether we are children, adults of working age, or pensioners. It depends on whether we are in full-time education, engaged in caring work, in paid employment, or volunteering in the community. But at all times, we are contributing to and benefiting from society in different ways.

With this in mind, Ireland needs a long-range plan to address demographic trends, and support our young but gradually ageing population. There must be an intergenerational commitment which ensures that children, people of working age and older people recognise their interdependence and are in a position to vindicate the seven rights set out above. The Social Contract is not just about generations alive today. It must also apply to future generations who will inherit the world that is emerging under our stewardship. Care for the environment is a key aspect of this. The rights of future generations must be respected in present-day decision-making if we are to have a sustainable society in the future.

*Another key part of the Social Contract is solidarity with other peoples.* At a time of large-scale migration, Ireland should remember not just our duty to our fellow humans, but the long-term economic benefits of inward migration. Broadly speaking, immigrants are net contributors to European economies when allowed to work, and are on average better educated than the general population (OECD, 2014). They also tend to be more concentrated in the younger and economically active age groups and thus reduce dependency ratios, particularly in Western European countries with ageing populations (Gagnon, 2014). As noted already, the long-term
sustainability of a relevant social contract is dependent, in part, on a well-educated economically active workforce.

Immigration also results in a more diverse workforce, which has a positive effect on productivity as workers are exposed to the ideas and knowledge of others, increasing the diffusion of ideas and making new innovations more likely. For this reason, efforts to better integrate immigrants should be seen as an investment, rather than a cost. Such facts often are not acknowledged in the public discourse on the matter. Diversity should be a strength that allows societies to flourish. A positive approach to the current refugee crisis will actually have long-term benefits for Ireland economically and socially, while allowing us to discharge our social responsibilities to other people.

**Sustainability**

A progressive and economically sustainable Social Contract would rest, in part, on the principle that benefits derived from things like technological development, economic growth, and societal advancement are shared. But, to a great extent, the opposite has happened, and the political repercussions are to be seen in many Western democracies. There is a point when people conclude that their society is unfair, that the voice of ordinary people is not heard, that the new resources becoming available are not fairly distributed, and that the benefits are accruing to those already better off.

Ireland had a vibrant economy in the years leading up the crash of 2007/2008, but it did not have a sustainable one. At the only time in the history of the state where full employment was achieved, it turned out that the foundations on which it was built were wholly unsustainable. The need for a broad and sustainable revenue base has already been addressed. But in order to enhance economic and financial sustainability, the new Social Contract should reconceptualise the interaction of employment and work, taxation, and welfare.

The economy of the future needs to recognise people’s right to meaningful work and must operationalise this right even when sufficient jobs are not
available for all those seeking employment. A Basic Income\textsuperscript{9} system would go some distance towards addressing the new world of work and should, therefore, be part of a new Social Contract for the 21\textsuperscript{st} century. It would be particularly apt, given the aforementioned technological progress – which will see many skills and jobs become obsolete – as well as changing demographics and the need for a fairer distribution of economic resources. A move towards such a system might include initiatives like making tax credits refundable, making low-paid work more rewarding whilst helping to further integrate welfare system, taxation, and the labour market. As part of the social contract, how our society organises income, work and participation should be a key focus for policymakers over the coming years.

As noted earlier, the Social Contract is not just about generations alive today. It must also apply to future generations who will inherit the world that is emerging under our stewardship. \textit{Taking steps to ensure environmental sustainability is a key aspect of securing the world for future generations.} The rights of future generations must be respected in present-day decision-making if we are to have a sustainable society in the future.

Sustainable development is development which meets the needs of the present while not compromising the needs of the future. Climate change remains the greatest long-term challenge facing Ireland today. With this in mind, the challenge of reducing Ireland’s fossil fuel emissions should not be postponed in deference to the goal of economic growth. As part of a new Social Contract, Ireland should adopt ambitious statutory targets limiting fossil fuel emissions, and introduce taxation measures necessary to compensate for the full costs of resource extraction and pollution. 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 regions.

Unfortunately, Ireland does not have a good record as an international leader. For example, according to a report by the Sustainable Energy Authority of Ireland (2016), if Ireland were to reach its 2020 renewable energy and emissions reduction targets it would avoid the associated compliance costs; between €65m and €130m per percentage shortfall on the

\textsuperscript{9} For further information on how a system of Basic Income could be implemented, see Costing a Basic Income for Ireland (Murphy & Ward, 2016) at https://www.socialjustice.ie/sites/default/files/attach/policy-issue-article/4642/chapter9.pdf
overall binding target. However, if the Environmental Protection Agency’s current projections are met, Ireland’s fines could amount to around €1bn.

The issue of well-being is central to the social sustainability of a society and consequently should be part of a new Social Contract. Well-being is about human flourishing. Helen Johnston summarises this well when she states

“...a person’s well-being relates to their physical, social and mental state. It requires that basic needs are met, that people have a sense of purpose, that they feel able to achieve important goals, to participate in society and to live the lives they value and have reason to value.

People’s well-being is enhanced by conditions that include financial and personal security, meaningful and rewarding work, supportive personal relationships, strong and inclusive communities, good health, a healthy and attractive environment, and values of democracy and social justice. Public policy’s role is to bring about these conditions by placing the individual at the centre of policy development and delivery, by assessing the risks facing him/her, and ensuring the supports are available to address those risks at key stages in his/her life.”

(Johnston, 2009: 133-4)

To ensure that society is viable into the future there are six core domains that must be secured:

- Environment and Sustainability including the local built and natural environment, natural resources, ecological footprint, waste management, pollution, energy, biodiversity, wildlife, relevant education etc.
- Social and Community Development including access to services and infrastructure, social inclusion, community cohesion, community facilities and resources, volunteering, community development and relevant education
- Economy and Resources including enterprise, employment, unemployment, prosperity, poverty, living standards, infrastructure.
- Health including mental health, physical health, access to appropriate services, care services, disability, health promotion etc.
• Values, Culture and Meaning including arts, sport, spirituality, equality, resilience, and inclusion, accompanied by a long term vision.
• Participation, Democracy and Good Governance including involvement, belonging, participation in community, volunteering, local identity and pride, participation in decision making, voting, transparency, and accountability of local structures.

These clearly include many aspects of the Social Contract we have already outlined in this paper. However, they all are required if we’re to ensure people’s well-being and to secure social sustainability as part of that Contract.

**New indictors and indexes are required to track development comprehensively and effectively.** Financial and economic, environmental, and social sustainability are all key objectives and are all interlinked. To reflect this, Ireland needs new indicators measuring both well-being and sustainability in society, to be used alongside measures of national income.

Creating a sustainable Ireland requires the adoption of new indicators to measure progress. GDP and GNP are limited to measuring the monetary value of gross output, income, and expenditure in an economy, and includes many activities that are in fact detrimental to society and incompatible with the common good. The *Report by the Commission on the Measurement of Economic Performance and Social Progress* (Stiglitz, Sen & Fitoussi, 2009), led by Nobel Prize winning economists Amartya Sen and Joseph Stiglitz, argued that new indicators measuring environmental sustainability, financial sustainability, well-being, and happiness are required, and we are fully supportive of such a conclusion.

*Social Justice Ireland* recently published a *Sustainable Progress Index 2017* (Clark and Kavanagh, 2017) based on the Sustainable Development Goals (United Nations, 2015). This Index moves beyond national income as a measure of societal advancement, encompassing environmental and social indicators of progress as well as economic ones. The index looks at economic, social and environmental development, comparing Ireland’s present performance with the past, as well as with other countries in the EU-15 at present, and ranks the 15 countries on each of the three dimensions, as well as overall. This index will be published annually.
The use of such an index by Government would ensure that issues such as climate justice and balanced regional development, among other key indicators of well-being, are given the priority they deserve by policymakers. Well designed and comprehensive indicators will help Government and society measure our progress in achieving the goals of the new Social Contract.

**Conclusion**

Ireland has changed considerably in the last 30 years. We find ourselves in the middle of a global shift of ideas, values and politics. With a generational shift in politics clearly taking place in Ireland, the question of what values will emerge as dominant in this country over the coming years is of crucial importance. With the rise of populism around the world Ireland needs to prove itself a leader in responsible and informed democratic participation. We should do this as an example to other countries, but also to ensure that the political trends being experienced globally do not begin to occur at home. Finally, we must do so because democratic participation is a right of our citizens; this is necessary for the creation a Real Republic.

We need clarity about what kind of Ireland we want to shape. We also need clarity on the role of the Citizen and the shape of a new Social Contract. Our proposed new Social Contract is based on a vision for Irish society that incorporates fairness and equality with respect for human rights and the protection of human dignity. It envisages an Ireland where Government works in the interest of all; where social cohesion and the common good are the primary measures of progress, and the economy is nurtured for the benefit of society; a society where economic growth is not a goal in itself, but a means to social development and well-being.

The leaders of the rebellion just over a century ago, which eventually led to the establishment of the Republic of Ireland, proclaimed in their founding document guarantees of religious and civil liberty, equal rights, and equal opportunity for all citizens, and declared their resolve “to pursue the happiness and prosperity of the whole nation and of all its parts”. We believe we have illustrated a vision of such a society; a society in which most Irish people aspire to live. Today, our political leaders talk about a “Republic of Opportunity”. This must be made a reality. It is time for them to show the leadership required, engaging with civil society and all stakeholders in order to move Ireland in the direction of becoming a Real Republic.
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2. A Paradigm Shift in the World Economy
Manuel Muñiz

For a while now macroeconomic data of advanced economies has contained some puzzling figures. There are in particular three areas where the data are truly mystifying. The first is that of employment and labour wages. Despite the US and many European countries having recovered pre-crisis GDP levels, and despite some of these economies having approached full employment, average salaries have in most instances remained stagnant. Increases in employment have not led, either, to a slow down, let alone a reversal, of the decline in the labour share of total national income. It should not be surprising, therefore, to see most of the post-crisis wealth creation accruing to capital holders, which has indeed been another economic trend of the last decades. This might, in turn, explain the low levels of consumption we see in most advanced economies and the failure of extremely lax monetary policy to produce a pick up in inflation.

The second area where the economy seems to be performing in anomalous ways is that of job growth. Indeed, job creation, where it has taken place, has followed a different path to the one seen in the past. Almost all recent jobs have been created in the high-skilled/high-remunerated and the low-skill/low-remunerated categories, leading to a hollowing out of the middle of the jobs distribution. This polarisation of the jobs market has produced clear winners and losers. Many of the people that constituted the western middle class are now part of the middle-lower and lower class and live today under significant economic precariousness.

The last set of macroeconomic developments that are hard to explain are connected to productivity growth and to its impact on the wider economy. It is unclear if aggregate productivity growth has stalled as of late although most of our metrics seem to suggest it has. Be that as it may, what is truly surprising is that, according to the OECD, in the last decade the productivity of “frontier firms” (the top 5% of firms in term of productivity growth)
increased by over a third while the rest of the private sector saw almost no growth at all. So a reduced number of companies have made great efficacy gains over the last years but we have witnessed no diffusion of these to the broader economy. It is unclear why this is occurring although it is highly likely that the incidence of technology on how corporations do business and the impact of network effects go a long way in providing an explanation.

At the macro level, and this is far more significant, we have seen aggregate US productivity of goods and services increase by over 250% since the early 1970s while hourly wages remained stagnant. This means that productivity growth has not only been concentrated on a very narrow set of corporates but also that productivity and market labour income have decoupled. This should not have happened and its fundamental consequence is that wages are no longer playing the central redistributive role they played for decades. Simply put, gains in capital productivity are not trickling down to wages. Some of us have referred to this change as a breach of our social contract as it undermines one of the central pillars of our economic development model.

It should be evident by now that our economies are undergoing some form of structural change. The point of contact of all of these changes is the jobs-productivity-income distribution space; this is where the metal meets the meat. It should also be evident that the political economy of these changes is perverse. The main consequence of this paradigmatic shift has been the erosion of the western middle class and the rise of the precariat; a new socio-economic class made up not just of those who cannot find a job but also of those who are precariously employed. We now have abundant evidence on the strong connection between the widespread perception of economic insecurity and anti-elite sentiment, political radicalization, and attacks on minorities. So much so that the political dynamics observed in 2016 and 2017 with the rise of extreme left and extreme right parties across the western world would be unexplainable without factoring in the economic pathologies enumerated above and their effects on the average worker in the US and many European countries.

One of the great questions of our time for economists and political scientists is, therefore, why has this paradigm shift occurred. The fact is that it is almost impossible to provide an answer to this question without looking into the effects of technology on jobs. It is surely advanced technology, and in particular advanced computing and robotics, that has
enabled productivity gains without increases in labour wages. Wealth is accruing to capital holders because it is in their hands, as the owners of these technologies, that productivity is concentrating. It is, in turn, the automation of fairly sophisticated routine jobs that is driving the polarisation of the jobs market. What remains are unskilled but hard to automate tasks and the most sophisticated jobs in the market that still require significant human involvement. Most of those occupations happen to be in frontier firms that are leveraging the effects of technology to both outperform direct competitors and to enter a growing number of markets.

The evidence that supports this diagnosis is growing. If it is indeed correct we would be left with an enormous challenge: how can one address the externalities produced by rapid technological change and re-introduce economic and political sustainability into the system? How can we construct a new social contract for the digital age? Perhaps applying old economic recipes will simply worsen the trends indicated above. Perhaps implementing further “structural reforms” and designing a narrow macroeconomic policy aimed exclusively at gaining productivity will only produce further precariousness as it will force western workers to compete with technology in a more ruthless way. Perhaps our current economic policies will succeed in producing growth at the aggregate level but also a great deal of economic pain within our societies.

The truth of the matter is that the debate about solutions has only just begun. These will require changes to our education system, quite probably to the taxation system, which will have to shift focus from taxing labour wages to taxing capital, and also the creation of new redistributive mechanisms that supplement the declining role of labour wages. Policies will need to be tested and assessed but what is important is that the right diagnosis is reached and that it is done swiftly. The data is now overwhelming. Our economy is undergoing a systemic shift and new inclusive growth models need to be designed if we are to contain the political convulsion we are currently living and put the world economy back on a sustainable growth track.
Theme 2

Equality and Society
3. Addressing inequality in a changing world

Lorenza Antonucci

There has been a renewed attention on inequality in social sciences, in policy-making and in the public debate in the last five years. If at first the focus has been on presenting evidence regarding the increase of inequality in our societies, most recently the debate seems to have shifted on the consequences of inequality, in particular in respect to the recent political shifts and the popularity of anti-establishment parties in politics. The first part of my essay will revolve therefore on the discussion of the new politics of inequality. It will attempt to decipher Brexit and try to clarify how inequality plays a role in the current rise of anti-establishment politics. The core argument of this part is that, instead of witnessing a rebellion from the working class, these shifts are determined by the impoverishment of the intermediate classes.

The second part of this essay covers the decline of the middle in the Western World, discussing two fundamental drivers: the long-term shifts in the world economy; and the changing nature of work and the rise of precarity. In the third part I discuss more specifically three popular areas of debate in reforming public intervention to the spreading inequality amongst the low and middle classes in our societies: the basic income, with its strengths and limitations; the potential reforms of the labour market protection systems; and the reforms of the EU’s European Semester, with the introduction of a new Pillar of Social Rights. I conclude by stressing that, while some evolutions of inequality in our society reflect inevitable global shifts in the distribution of wealth and capital, there are a number of policies that could mediate these long-term processes and lead to a more equal distribution of resources in our societies.
A Brexit effect? Understanding how inequality plays a role in the current political drifts

Several commentators have ‘resuscitated’ old class analysis to explain the recent political drifts. Brexit and Trumpism have been both interpreted as a symbol of the historical shift towards anti-establishment politics by the angry working classes. This trend is also visible looking at the electoral results in France, the Netherlands, Germany and the UK. The increasing political support gained by anti-establishment parties (populist, extremist or simply new-comers in the electoral system) has been well-reported in the literature before Brexit\textsuperscript{10}, but seems to have now gained momentum. According to several commentators the Brexit vote even reflected a broader European trend consisting in the re-awakening of class politics. If we are really witnessing a ‘Brexit effect’ across Europe, it is crucial to clarify what Brexit really meant for the new politics of inequality.

The initial interpretations of the Brexit vote have depicted Leave voters as marginalised segments of the population (in both education and economic terms) who channelled their discontent through the referendum\textsuperscript{11}. A similar narrative followed for the election of Trump, which was accompanied by several analyses on the rise of working class communities in the Midwestern and Rust Belt states. The current political drifts occurring across Europe, be those in the shape of Brexit or of the rise of the National Front in France, are often explained using Rodrik’s concept of “globalisation losers”\textsuperscript{12}. This term indicates a segment of the population which is affected by the increasing competition in the global markets and that would move away from traditional politics as a result of its dissatisfaction. According to this idea, those who support anti-establishment parties and those who continue to support traditional parties would reflect two sharply divided social profiles: leave voters that represent globalisation losers lacking education and employment opportunities, while Remain voters are globalisation winners and reflect the profile of the educated urban voter. This idea is increasingly


employed to understand the evolutions in current European politics: those who continue to support centrist agendas would be the globalization winners, while voters experiencing a declining socio-economic position would be drifting towards more radical political proposals.

Another popular view of recent political drifts links the current shifts to the re-appearance of a resurgent ‘working class’, representing a distinct class identity politics (see the view of Brexit as the voice of the working class). The working-class identity is often built around a mythological vision of the past and rooted in shared consumption habits and tastes. An acrobatic inference is frequently made on the material conditions of this category of people, who might share cultural traits. This confusion is already producing a number of intellectual paradoxes, which are found to be very popular in particular in the British media. For example, David Goodhart, a public commentator who has endorsed Liberal policies inside the centre-left, has abandoned his liberal stances in favour of a new post-liberal vision of British society. According to Goodhart, cleavages in British society emerge between the ordinary British people who have rooted identities (the ‘Somewheres’), and university-educated people without cultural roots (the ‘Anywheres’). Goodhart believes that the failure of Labour in the UK consisted in supporting the agendas of Anywheres, such as investment in higher education, instead of listening to the needs of Somewheres.

This view can be easily problematized in two ways. Firstly, using the distinction established by Houtman et al (2009), we need to distinguish between cultural voting (voting for similar cultural features, such as nationalism) and class voting (defined as voting on the grounds of economically egalitarian political values generated by a weak class position). The current developments could signal the presence of cultural voting on the basis of identity recognition, rather than class voting. It is also relevant to stress that most of the people in the UK self-identify as working class, even when they hold middle-class jobs – a process called the ‘working class of the mind’. Their identification with the working-class identity reflects cultural features rather than class solidarity behind class voting.

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Secondly, the dichotomous language used does not seem to explain the most recent political drifts and, in particular, what occurred during Brexit. The rigorous analysis by Swales showed that the profile of the Brexit voter is way more heterogeneous than initially thought, and much more diverse than the left-behind: in addition to a group of people with low education and in lower-class positions, it also comprises voters with high education and ‘middle-class’ jobs\textsuperscript{16}. The popularity of Brexit among middle-class communities has also been reported by newspapers\textsuperscript{17}. How can we make sense of this apparent contradiction?

Certainly, there are profound socioeconomic processes associated with Brexit, in particular in relation to the effect of austerity\textsuperscript{18}. Unconvinced by the dichotomous language used until now to explain Brexit (e.g. globalisation winners vs. globalisation losers, working classes vs. middle classes), we ran a new study that paid attention to a category of British society that more closely represents the experiences of ‘ordinary Brits’: namely, the intermediate class\textsuperscript{19}. Rather than representing the voice of the ‘left-out’, we found that Brexit was the voice of the intermediate classes with a declining financial position. This category of voters represents a group of high sociological relevance, labelled as ‘the squeezed middle’: a category of ordinary workers with intermediate incomes whose position is rapidly declining. We found this to be true in respect to different areas: education, perceived change in personal finances, emotional feelings, income and class identification. Part of our argument is based on the idea of overcoming the link between voting for Brexit and being at the bottom of the social scale.

Regarding education, for example, our findings confirmed a negative relationship between education and voting Leave: in general terms, the higher the level of education, the lower the predicted proportion of Leave voters. The findings rejected, however, the dichotomous view of the low-


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Addressing inequality in a changing world

educated Brexiter vs. the high-educated Remainer. Indeed, they showed that the Leave vote was not more popular among the low skilled, but was more prevalent among individuals with intermediate levels of education (A levels and high GSCE grades), in particular when their socioeconomic position was perceived to be declining and/or stagnant. Regarding the relationship between income and voting for Brexit, our study confirmed previous reports’ findings that higher income linked to the Remain vote. However, we found that only the top quantile – the richest respondents – slanted significantly to Remain. Looking at class, we found the Leave vote to be associated with middle-class identification and the more neutral ‘no class’ identification, but found no evidence behind a link with working-class identification.

These evidences do not deny the popularity of the Leave vote among working-class communities, but show that the Leave vote is far from being the expression of a conscious working-class vote, as several commentators assume. They also confirm that the middle-class support was very relevant to the outcome of the Brexit vote and supports the idea, initially formulated by Dorling, that ordinary voters in intermediate positions could be the predominant group behind Brexit\textsuperscript{20}. Overall, the trigger behind the most recent voting pattern seem to have little to do with cultural identifications and more to do with emotional subjective feelings about perceived declining material circumstances. These ‘feelings’ are not exclusive to poor segments of the population and marginalised communities, but are part of a more generalised sense of dissatisfaction in the society (including the New Middle Class examined by Evans and Tilley\textsuperscript{21}). A similar conclusion to the analysis presented above has been reached, for example, by Williams, in her discussion of the relationship between class and the rise of populism in the US. According to Williams much of the elite’s analysis of the white working class is rooted in class cluelessness\textsuperscript{22}. She explains that many people have conflated “working class” with “poor”, while the working class represents, in fact, the elusive disappearing middle class in the US (or the ordinary citizens).

We are yet to understand if the perceived declining economic position (and attached malaise) of supporters for non-traditional politics is rooted

in fears or in experienced material changes. Certainly, the wave of reforms that occurred in the 1990s have been centred on job creation at the price of wage negotiation, redistribution and improving working conditions, affecting therefore ‘ordinary’ citizens. The sense of dissatisfaction with the system that can be found in very different groups could well reflect their increasingly similar material conditions. In order to understand this, we need to focus on the declining position of ordinary citizens (the so called ‘squeezed middle’).

The declining position of the middle in Europe

The ‘squeezed middle’ is a term originally coined in the United States, which describes the situation of ordinary workers coping with the increasing cost of living and inflation\(^23\). The convergence of the socio-economic conditions of Europeans post-2008, and the rising level of inequality across the Continent, allows us to think about the existence of a squeezed middle across Europe. The squeezed middle constitutes an intermediate social position that is slowly declining these are ‘ordinary’ families with intermediate/upper-intermediate levels of education, stable jobs, but which face an increasing challenge in maintaining their lifestyle. This group is experiencing a decline in economic circumstances due to the widening inequalities between classes which rewards those at the top\(^24\) and the declining capacity of contemporary welfare states to protect the ‘middle’ against social risks\(^25\). Two trends need to be considered in order to understand the declining material conditions of the squeezed middle: the changing positions of the middle in the recent evolutions of global inequality and the relevance of precarity on a global scale.

The emergence of left behind feelings in the western world can be directly linked to the evolution of the world economy and to the way the balance of resources and power is currently being shifted from the hegemonic parts of the world economy to the semi peripheral places. Only a few years ago


Wallerstein was commenting in the following way the sentiments of the ‘left behind’ in the peripheral parts of the world economy:

[The states in those countries] have said to their own working classes that they were ‘developing’ their economies, and these working classes must be patient while the fruits of economic growth eventually improve their life situations. They have preached patience not only about standards of living but also about the absence of political equality.

It seems like now the western states are preaching patience to their own working and middle classes while they try to revert an inevitable turn in the world economy. Such dynamic goes against our current understanding of inequality in relation to economic development: income inequality according to Kuznets curve was supposed to rising first as societies grew, while the large pool of un/underemployed poor people kept wages low, but then to fall as countries reach full employment and wages start to rise. The present dynamics go against this theory.

Recent commentators have found different ways to interpret this anomaly. For Streeck the rising inequality is indicative of the end of capitalism. For Piketty the downslope of the U was an unusual event driven by the destruction of capital by two world wars, and it has now been replaced by the normal rise of inequality which can only be addressed by a radical change in state intervention. For Milanovic the historical evolution is that of a long wave with various forces alternative – some that lead to an increase inequality (growth, differentiation and elite) and some that decrease it (war, welfare and progressive politics).

Whichever the economic sources, Milanovic has shown that there is a convergence between rich and poor countries which is returning the world to the status quo of 1820, when the main source of inequality was class rather than location. Importantly, looking at 1988-2008 there has been a progressive rise of the emerging world (mainly Asian) middle class and the global plutocracy - accompanied by the hollowing out of the Western

middle class and the declining position of those at the bottom. In this new
dynamic of the world economy, therefore, the globalization losers in the
western world are not just the poorest parts of the population, but also
the middle classes of the western world, affected by a change in economic
dynamics and a shift in welfare state interventions.

The second element that could be connected to the declining (material
and perceived position) of the squeezed middle is the changing nature
of work. The diffusion of precarity is an effect of macro-changes, such as
the passage to post-capitalism and the informatisation of the economy
during the fourth industrial revolution\textsuperscript{30}. It is also an effect of specific
policies adopted in European countries. While in the previous welfare
state era, social protection was mostly managed by social security policies
which were dedicated to those out of work (as individuals in work were
automatically protected) labour market insecurity is now widespread also
amongst those in work. After the crisis, even in EU’s most developed welfare
states, minimum income protection systems for work-poor households
with children fall short compared to the poverty threshold (defined as
60\% of the equalized median household income)\textsuperscript{31}. Social protection
systems have focused on job growth since the 90s and have neglected the
importance of direct cash redistribution\textsuperscript{32}. As an effect of those changes in
protection systems, precarity is now widely diffused also amongst those in-
work, touching more ample segments of the population than only the ‘left
behind’.

While not all those belonging to the squeezed middle are in irregular
and casual contracts, an increasing number of workers are affected by
precarity in the broad sense. For example, indicators of precarity affecting
the squeezed middle would be: the stability of employment income; the
capacity of finding a similar job in the labour market; and the benefits paid
in case of illness and the effects of precarity on health and mental well-
being. These are all areas that not only affect the ‘left behind’ (defined as
those out of work), but they affect the majority of people in work. From a
political point of view, this general diffusion of precarity asks for solutions


poor? The dynamics of low wages, minimum income packages and median household incomes”
Discussion Paper No. 15/03.

\textsuperscript{32} Marx, I. (2013) “Why Direct Income Redistribution Matters if We Are Really Concerned with Reducing
Poverty” \textit{Intereconomics : review of European economic policy}, Vol. 48., 6, p. 350-356
that speak to the majority, even though the diffusion of precarious jobs might not be a majority issue. This means overcoming the insider-outsider politics that has dominated during the 90s, considering that new political actors are mobilising widespread frustrations experienced by insiders and outsiders in the labour market by focussing on the common areas of dissatisfaction, which often involve labour market conditions.

The emergence of the squeezed middle interestingly poses new challenges, but also new opportunities in the new politics of inequality. An area of opportunity concerns the potential new cross-class coalitions that could arise between the traditional working class and the squeezed middle based on the converging material conditions of these two social groups. In order to catalyse these potential cross-class coalitions, the policies strategy should focus on tackling the areas of widespread insecurity and precarity described above.

**Strategies and policies to address inequality**

One of the most interesting aspects of the new politics of inequality concerns the emergence of new policy tools and policy solutions. I will review in this section three popular areas of debate in reforming public intervention to address inequality: the basic income debate; the reforms to the labour market protection system; and the current changes to the European Semester policies, with the introduction of a new Pillar of Social Rights.

**Basic income**

Looking at the growing mismatch between European lives and European policies described above it is not hard to understand why a basic income strategy, as a universal and unconditional form of support, is becoming so appealing for a large section of the electorate. A basic income policy would offer direct cash and its unconditionality would break the costly (and often counterproductive) spiral of our social protection systems towards means-testing. A basic income policy would (partially) address the gaps of the current systems of social protection by providing support for ‘the precariat’, namely providing a safety-net for those who experience frequent spells of unemployment in current precarious labour markets. There is of course an issue of feasibility around the implementation of basic income, in particular

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at the European level. How can the EU agree on a basic income policy, when it fails to agree on a European minimum level of social assistance? Creating a European basic income policy would present several challenges, not least for the need of establishing different national definitions of ‘basic income’.

Basic income can take many different shapes and there is nothing inherently progressive on basic income per se. Not surprisingly, the basic income has recently gained momentum among venture-capitalist circles, which have promoted a Silicon Valley Version of a basic income, providing welfare without the welfare state as a form of ‘Venture Capital’ for the people. The venture capitalists-initiative Y Combinator is working to create a market-based basic income measure. This private version of a basic income without a welfare state, however, would not be allowed to exploit a key feature of a basic income strategy: its capacity to de-commodify people’s lives, namely to make people able to survive without having to rely on the market.

If universally implemented, a basic income would reverse the trend towards means-testing, creating the basis of universal policies. Basic income can, however, hardly be considered an all-solving strategy and one of its major caveats is that it does not deal with labour market failures, such as the presence of low wages. A basic income policy will not directly address one of the main drivers of social exclusion: in-work poverty generated by the declining level of wages. A basic income policy which is not combined with a strategy to ‘making work pay’ would end up using public resources to absorb social externalities created by the market, such as falling wages. For this reason, a basic income strategy would need to be put forward as a complementary social security measure introduced to reverse the trends towards means-testing in contemporary social security systems. Other solutions for people in work have to be put in place to tackle precarity in a more direct way.

**Updating labour market policies**

Another solution that I believe should have the priority in this debate would revolve around updating the current system of labour market protection. In this respect, Pisany-Ferri has proposed the creation of Individual Activity Accounts (IAAs) for each new entrant in the labour market, where points are earned on the basis of the type of job and are fully portable across sectors.

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and jobs. According to this scheme, rights and benefits would be attached to individuals, not to companies or employment status. An individualised system of social protection might overcome the limits of those who have fragmented trajectories in the labour market. An idea put forward by this proposal is that those points can be ‘spent’ across the various areas of welfare provisions, e.g. for receiving training, for pension benefits etc. This is an idea of welfare state interventions which promotes choice over rights and would mean affirming a welfare state model deprived of its collective roots. Such a system would not, however, exploit the benefits of a collective social protection system which offers ‘risk pooling’ across generations and groups of workers.

In order to address the limitations of these recent proposals, I have elaborated a new proposal in forthcoming policy publication for the Foundation of European Progressive Studies (FEPS), which aims to update the current labour market protection system to respond to the needs of workers, while, at the same time, keeping the collective roots of the labour market protection systems. A reformed system could take the shape of a contemporary version of Birmarck’s kasse (a ‘scheme’ aimed at pulling resources from employers and workers) for precarious workers to cover short-term spells of unemployment and transitions from education to work. These forms of labour market protection will be intended for those in work and in temporary contracts which face spells of unemployment and irregular patterns of income. These funds will cover the period where the worker is finishing an employment and looking for another. An important difference with the previous forms of labour market protection is that they cannot be, by definition, available after long periods of work (this should be covered by traditional social security) and they would be available also to those with few years of contributions in the labour market. Employers and those with more regular working patterns should contribute in funding those systems in order to operate a ‘risk-pooling’ of precarity across employers and workers.

The current progressive debate on reforming state intervention and tackling inequalities has been focusing on taxation on capital. Following Piketty’s

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proposal of a global tax, Atkinson, for example, has proposed to intervene on capital income by establishing a sovereign wealth fund so that the public has a collective claim on returns to capital. Another way to intervene on this issue would be intervening on capital income by creating a tax that funds the system of kasse described above, so that the beneficiaries of this revenue would be specifically workers. Finally, such systems could be funded by putting a tax on automation which permits to socialise the benefits made by companies in using automatic production, rather than people. Initiatives regarding the ‘revenues’ of the new labour market protection systems are already starting to be proposed around Europe. For example, there is a current discussion on the so-called ‘tax on robots’, namely taxes that allow the state to get a societal revenue from companies which are IT-intensive and rely heavily on automation. These ideas have been put forward in a recent recommendation for the European Parliament, and are spreading across countries. For example the Machine Tax, or Maschinensteuer, is currently discussed in Austria and a tax on robots to fund Universal Basic Income has been proposed by the Socialist candidate Hamon at the French national elections. These measures tend to attract much criticism by right-wing groups claiming they are anti-economic and discouraging IT innovation. The success of these proposals would depend on how they are framed: they are more likely to be adopted if framed as a contribution from employers to society in the form of a new kasse (where workers, the state and employers all contribute) and less likely to be supported to have universal basic income for people out of work. In other words, this form of revenue should be framed to benefit people in work. Overall, a modern kasse would permit us to re-define the conversation between employers and workers, re-insert capital into the economy, and recast the relationship between income and capital in current European economies.

Reforms to the EU Pillar of Social Rights
The third and final debate concerns the potential of tackling inequality at the EU level. In the framework of the existing European Semester, there is the possibility of sustaining bargaining strategies asking for national living wages to be included in Country Specific Recommendations. Employers should also be involved in a debate regarding forms of social protection to sustain those in work and with low-wages: if the levels of salary do not

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increase employers and workers could agree on forms of contributions to top-up the current level of salaries for them to reach the living wage.

Probably the most relevant area of debate in EU affairs concerns, now, the direction of the Pillar of Social Rights and the possibility of asking the EU to monitor and address inequality through the European Semester. In March 2016 the Commission published its Communication on the Pillar of Social Rights, with the explicit aim of deepening the EMU and add a social component on the economic focus of the European Semester.\(^{38}\)

The Recommendation’s Annex outlines the 20 principles behind the Pillar, ranging from equal opportunities and non-discrimination in the labour market to adequate social protection, encouraging social dialogue, the right to a healthy work environment and adequate income as well as long-term care, unemployment benefits and access to essential services (European Commission 2017). The language used in this Pillar is not new and reproduces some of the old language used in EU policy-making referring to: equal opportunities and access to the labour market; dynamic labour market and fair working conditions; and social protection and inclusion. In other words, there is no specific mentioning of inequality and instruments to address spreading inequalities.

A parallel process has been also set up entailing the creation of a social Scoreboard, whereby 12 indicators are used to measure member states’ performances on labour market access, poverty and social exclusion, inequality (including gender-based discrimination), living conditions, childcare, healthcare and digital access.\(^{39}\) Due to the limitations of the current process, and the lack of the explicit reference to inequality at the EU level, the Committee on Employment and Social Affairs of the EU Parliament is currently discussing a Communication for the Commission on ‘Combating inequalities’.


Conclusion

I have argued here that one of the most striking features of contemporary European societies is the widespread discontent, due to declining *material conditions* of the middle or the ‘ordinary’ people. This discontent is tangible when assessing the Brexit effect across Europe, consisting in a rising support for anti-establishment positions and parties in politics. I have also discussed how the increasing malaise in European societies is affecting not only the traditional left out groups, but also the declining middle.

The increasing similarities between the intermediate groups, and those at the bottom, should drive a re-think of policies and politics. A labour market protection system for the current times should address the lowering capacity of labour markets to sustain people’s livelihoods and the fact that salaries are declining compared to the cost of life. We should also take into consideration that the decline of the middle in our societies reflects long-term processes regarding the historical (and inevitable) shift in the distribution of wealth and power towards other areas of the world. Is there something to do to counter-balance the trends of the rising inequality? Certainly, the popularity of the basic income shows that there is still an untapped potential for pursuing universal policies that can create a bond between different social groups in our society. A priority should be developing modern systems of labour market protection, which are able to transfer the resources from wealth creation to the labour market, and that consider the current non-linear and fragmented labour market experiences. There is a wider scope for pursuing these policies not only at the national level, but also in EU policy-making. While at the moment the EU Pillar of Social Rights does not mention inequality, monitoring and addressing inequalities across European Member States should be made a priority. Without these instruments and policy innovations, we risk witnessing a further detachment of citizens from the existing established institutions.
Europe is suffering from multiple crises: the aftermath of the financial and Euro crisis with its high levels of unemployment, the refugee crisis, and the Brexit. Behind these crises is a common denominator: economic and social inequality. Inequality has led to the build-up of debt, deleveraging and austerity destroyed jobs and prosperity, income disparities let people migrate from low-income to high income destinations and the frustration and disgruntlement of the impoverished British regions and people provided the majority for the Brexit.

This chapter will take a closer look at inequality in Europe. Thus, it will neglect the much larger global inequalities and the huge disparities between Europe and its neighbours, in particular in Africa. Instead it will focus on the European Union, which has made the cohesion, the reduction of disparities in income and living conditions one of its main goals.

1. Inequality in Europe: complex and multidimensional

Talking about inequality in Europe one faces a complex pattern of possible issues and dimensions, which can be measured in different ways. As Table 1 shows, inequality exists regarding different qualities such as income, wealth or life expectancy between different entities such as persons, households, sexes, labour and capital, regions or countries. Economics and statistics provide various indicators to measure these inequalities and the choice of indicator is by no means value-free.
Table 1: Dimensions of inequality

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Of what</th>
<th>Between whom</th>
<th>Measured by</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income</td>
<td>Persons</td>
<td>Gini indicator</td>
</tr>
<tr>
<td></td>
<td>- market income or disposable income</td>
<td>Households</td>
<td>Theil indicator</td>
</tr>
<tr>
<td></td>
<td>- net equivalent income</td>
<td>Gender</td>
<td>S80/S20 ratio</td>
</tr>
<tr>
<td></td>
<td>- exchange rates or purchasing power</td>
<td>Production factors</td>
<td>Palma ratio</td>
</tr>
<tr>
<td>Wealth</td>
<td>Regions</td>
<td>Countries</td>
<td>Standard deviation</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>Countries</td>
<td>Max/Min</td>
<td></td>
</tr>
</tbody>
</table>

Note: Each cell can be combined with each cell in a different column; thus, the cells in one row are not exclusively referring to each other.

This chapter focuses mainly on income inequality although the inequality of wealth is by far more appalling. But even if we focus on income inequality, caution is required, since income and prosperity, their development and distribution, point to many problems and pitfalls that also appear in Europe’s development, especially from an international point of view. Income is often defined as Gross Domestic Product (GDP) per capita or as household income based on household surveys. In the EU that is the EU Survey of Income and Living Conditions (SILC). The market income of households is much more unequally distributed than the disposable income, which includes transfers and social benefits while subtracting taxes. Household income can be further adjusted by taking into account household size (net equivalent income) or the non-monetary benefits resulting from public goods or services.

The three dimensions of European inequality

Inequality in Europe has three main dimensions: within member states, between member states and in the European Union (EU) altogether. Within member states, inequality has increased in most countries over the last decades. This is the well-known phenomenon that Piketty (2014) has drawn attention to and that contributed to the rise of populism. Between member states, the analysis has to take into account the effects of changes in the exchange and inflation rates, too. Accordingly, when comparing real incomes, the use of purchasing power parities (PPP) makes more sense than a comparison at exchange rates.
The income per capita in PPP is usually higher in poorer member states than
the one measured in exchange rates, since many things, in particular rents
and services, are cheaper there. Thus, inequality between countries is lower
if measured at PPP. In the context of a catch-up process, when between-
country inequality decreases, and the income level of poorer member states
comes closer to that of the richer ones, a real re-evaluation usually takes
place, mostly accompanied by a nominal currency appreciation and/or a
higher inflation rate, thus tending to reduce the difference between the
purchasing power and the exchange rate.

Three concepts of Europe-wide inequality
Determining Europe-wide inequality requires analysing the distribution
of income within and between countries. Analogue to Branko Milanovic’s
three concepts of inequality (see Figure 1) on can differentiate between
international inequality, which disregards the different sizes of populations,
(concept 1), population-weighted international inequality (concept 2)
and true global inequality, which compares all people regardless of their
nationality (concept 3).

Figure 1 Three concepts of inequality defined

Source: http://heymancenter.org/files/events/milanovic.pdf
In order to measure concept 3 inequality for the EU, one has to consolidate all national SILC household survey data. A shorter approximation uses the S80/S20 ratio (see below section 3) and constructs the quintiles of the EU population using the appropriate national quintiles (for example Dauderstädt/Keltek http://library.fes.de/pdf-files/id/ipa/12668.pdf). The EU-wide inequality is determined by the gap between poorer and richer member states and the inequality within member states. The level of inequality increases from concept 1 to concept 3.

**Measuring inequality depends on distributional preferences**

To measure the distribution of income, one can use a variety of indicators (see last column of Table 1). The Gini ranges between Zero (equal distribution) and 1 (or 100), when one person gets all the income. The Theil is useful because it can be decomposed between inequality between and within member states. The S80/S20 ratio is the relation between the income of the top 20 percent and the bottom 20 percent of the income distribution. The Chilean economist Palma has introduced a similar ratio of the relation between the top 10 percent and the bottom 40% as he had observed that the share of the middle 50 percent remains relatively constant while overall inequality varies dramatically.

While these latter indicators measure relative inequality, others such as standard deviation look at absolute inequality. The picture of the development of inequality can appear quite different depending on the use of indicator. When lower incomes grow faster than higher incomes (economists call that “beta convergence”), the distance between the lower and higher incomes can continue to grow for a while (depending on the original relationship). In this case, the standard deviation increases, too (so no “sigma convergence” in economists’ terminology). Thus, the use of an indicator involves moral and political preferences: Are you more concerned with the absolute difference between income levels or their relative ratio?
2. Reducing European Inequality: Cohesion through Convergence

Inequality within member states has become a much debated and researched issue over the last decade (OECD 2011, 2015; Ostry/Tsangarides 2014). Reducing the inequality between member states (i.e. convergence) is a target the European Union (EU) has set itself in its treaties and monitors through its cohesion reports. When founded in 1957, the European Economic Community, the European Union’s predecessor, comprised six relative prosperous countries, albeit including a very poor region, the Italian Mezzogiorno. With the first enlargement in 1972, poor Ireland joined the Community, which caused it to start its regional policy to promote growth in its poorer regions. This effort had to be strengthened substantially after the Southern enlargements (Greece in 1981, Spain and Portugal in 1986). But these challenges pale in comparison with the impact of the Eastern enlargements in 2004, 2007 and 2013, when much poorer post-communist countries joined the EU.

Convergence: the record so far
When Ireland and the Mediterranean countries joined the EU, their Gross Domestic Product (GDP) per capita was about 60 to 70 percent of the EU average at purchasing power parities (PPP). Measured at exchange rates, they reached about 30 to 60 percent with Portugal being by far the poorest and Ireland the relatively richest country of the periphery. Joining the EU did not trigger a rapid catching-up process. Greece and Ireland fell back after their entry. Portugal and Spain performed better thanks to more favourable global economic circumstances in the late 1980s. The only true success has been Ireland after 1990 when it turned into the famous “Celtic tiger” overtaking all other EU countries except super-rich Luxemburg by the end of the 1990s.

The GDP/capita of the post-communist countries of Central and Eastern Europe (CEE) has been even lower than that of the Southern peripherals. Measured at exchange rates their income in 2004 ranged from about 10 percent of the Euro area average to about 30 percent with Bulgaria and the Baltics being the poorest new member states. At purchasing power parities,
the picture improves reaching between 30 and 50 percent of the Eurozone average.

Table 2 presents the development of the GDP/capita in three subsets of member states since 1998, differentiated in the period before and after the crisis: The rich North West (NW) of the EU provides the benchmark; the Southern periphery (SP) comprises the poorer Mediterranean countries that have been subject to austerity programs, and the CEE plus Cyprus and Malta (CEE+) are the new member states that joined after 2004.

Table 2: Convergence and divergence in Euro (PPP) 1998-2015

<table>
<thead>
<tr>
<th>Level (in €)</th>
<th>Change (in%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>98-15</td>
</tr>
<tr>
<td>NW GDP/cap</td>
<td>22,800</td>
</tr>
<tr>
<td>SP GDP/cap</td>
<td>15,000</td>
</tr>
<tr>
<td>CEE+ GDP/cap</td>
<td>10,627</td>
</tr>
<tr>
<td>NW - SP</td>
<td>7,800</td>
</tr>
<tr>
<td>NW - CEE+</td>
<td>12.173</td>
</tr>
<tr>
<td>NW/SP</td>
<td>1.52</td>
</tr>
<tr>
<td>NW/CEE+</td>
<td>2.14</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>7,501</td>
</tr>
</tbody>
</table>

Source: Eurostat; author’s calculations (unweighted averages of the country groups)

NW = Sweden, Finland, UK, Ireland, Belgium, Netherlands, Luxemburg, France, Germany, Austria, Italy
SP = Greece, Portugal, Spain
CEE+ = Baltics, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Bulgaria, Romania, Croatia, Cyprus, Malta

As table 2 shows, growth in both poorer regions has been stronger than in the rich core until 2007. But while the three Southern countries fell back afterwards due to austerity, CEE’s growth continued to outpace the core’s. Economists call this kind of convergence “beta convergence”. It leads to a better relative quotient, improving the relation between the GDP/capita in CEE+ and NW from 2.14 to 1.7. Perhaps surprisingly, this does not imply “sigma convergence”, i.e. a decline in the absolute inequality measured by the standard deviation (last line in table 2) or the absolute difference between the GDP/capita (NW-CEE+ or NW-SP in table 2). These absolute
measures are still increasing despite higher growth in the poorer member states.\footnote{Measures of relative inequality (e.g., $\text{S}_80/\text{S}_20$-ratio) embellish the bleaker picture of inequality given by other indicators of absolute inequality (e.g., standard deviation); see also Nino-Zarazua et al (2016).}

The cruel mathematics of slow convergence show that absolute inequality will increase for a long time even when relative inequality is declining (Dauderstädt/Keltek 2017). Let’s assume that at the beginning (for example, on EU accession) the per capita income of the poorer country is a fifth of that of the richer country (in the EU often even less). Subsequently, it grows – a rather optimistic long-term prognosis – by 5 per cent a year, while the GDP of the richer country increases by only 2 per cent (beta convergence). Then the absolute gap between the two countries still grows for 25 years, only after 56 years is income equality achieved (see Figure 3). The standard deviation also increases for 25 years before falling again (sigma convergence). The most shocking fact is the divergence between the core and the Southern periphery, which reverses decades of convergence.

**A look at wages**
The disparities of income between member states are caused to a large extent by the inequality of wages. Wages in poorer member states are far lower than in rich countries. An impressive indicator is the discrepancy between the levels of the minimum wage that exists in most member states. While the statutory minimum wage per hour is 11.10€ in Luxembourg, it is only 1.04€ in Bulgaria. Measured at purchasing power parities the differences are smaller: In Luxembourg it is and in Bulgaria 2.14€.

Despite these huge disparities the convergence of wages has made substantial progress during the early 2000s. While in the 1990s wages in most East European member states were less than 20% of the EU average the had increased to 30% or more by 2008. For instance, wage levels in the Czech Republic climbed from about 15% of EU average in 1995 to almost 40% in 2008. In the wake of the global crisis this process did not continue, and relative wage levels stagnated mostly.

**Causes: real and nominal convergence**
The major cause of the gap between different countries’ GDP/capita is the different level of labour productivity (per hour or per employee). Actually, employees in poorer member states tend to work more hours (often more
than 2000 hours per year) than those in rich countries (mostly less than 1500 hours). Still much lower productivity (at about 20% of the more advance countries) leads to a big gap in income levels (Dauderstädt 2014).

Labour productivity depends primarily on the amount of capital used, the technologies employed and on the speed of innovation. Thus, capital flows into poorer member states, in particular when they incorporate better technologies, should accelerate productivity growth. Structural reforms are supposed to alleviate adjustment and change from less productive companies and industries to more productive ones. Securing the poor countries’ access to capital remains crucial. The regional funds and cohesion policies are not sufficient to counteract private flows, driven by volatile market sentiments.

Successful catching-up growth processes (as in most countries of the European periphery until the crisis) depend on these structural changes leading to real convergence. But catching-up requires nominal convergence, too. Nominal incomes must appreciate in comparison to richer countries by the way of currency appreciation or higher inflation. The latter is a necessary feature of catching up as incomes and prices in industries with slower or no productivity growth must increase in step with the average productivity growth of the whole economy. Thus, the request for low inflation and stable exchange rates is a recipe to stop or slow down cohesion.

3. Europe-wide inequality

But what about the EU as a whole? If we consider the EU as a single economy, society and polity in the making, how large is the inequality in this Union and how did it change over time? There is far less analysis considering EU-wide inequality. But some studies on income inequalities in Europe exist (Vacas-Soriano/Fernandez-Macias 2017, Bönke/Schröder 2015, Goedeme et al 2014), which provide an overview over other studies as well.

Measuring EU-wide inequality
To measure Europe-wide inequality can be cumbersome as one has to take into account the distribution of income between and within member states. The most exhaustive approach takes all 28 national (or EU-SILC) household surveys and orders the households according to their income. This way one
can calculate the EU-wide Gini, which ranges from zero (complete equality) to one or hundred (one person gets all the income) or other indicators of inequality. Current studies give values of about 0.336 for the EU-wide Gini of disposable income in 2014 (USA: 0.39), down from 0.355 in 2004. National Gini values are lower for most member states.

Since the Gini is hard to grasp, one can use another indicator, which is easier to understand: the S80/S20 ratio that gives the relation between the income of the richest and poorest quintile (20 percent) of the population. The European average of the national value of that ratio is about 5 (see figure 2, lowest line). That average hides substantial differences: While in Scandinavia and some Central European countries, the rich earn less than four times as much as the poor, in Romania, Bulgaria or the Baltic countries the value is above 6.

To calculate the EU-wide value, we built the approximate top and bottom quintiles of the whole EU (each comprising approximately 100 million people) out of the national quintiles. Table 3 shows all the average per capita income of all 135 national quintiles (Croatia is not included). The poorest quintile of the EU is composed of all the red national quintiles in table 3, the richest of all the green ones.

Then we summed up the quintile incomes to calculate the total income of the poorest and richest EU quintile respectively and compared these income levels at purchasing power standards (PPS) and at exchange rates. The resulting EU-wide S80/S20 inequality was 6.26 (PPS) and 9.47 (exchange rates) for the EU-27 (see figure 2).
Table 3: The income of the poorest (red) and richest (green) quintiles in the EU (in € and PPS)

<table>
<thead>
<tr>
<th>Member state</th>
<th>2015 Euros</th>
<th>2015 PPS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 Q2 Q3 Q4 Q5</td>
<td>P1 P2 P3 P4 P5</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1256 2388 3350 4557 8902</td>
<td>2595 4933 6921 9414 18388</td>
</tr>
<tr>
<td>Romania</td>
<td>685 1563 2310 3134 5674</td>
<td>1289 2941 4347 5899 10679</td>
</tr>
<tr>
<td>Latvia</td>
<td>2243 4081 5828 8110 14579</td>
<td>3114 5665 8092 11259 20241</td>
</tr>
<tr>
<td>Lithuania</td>
<td>2005 3625 5186 7451 14395</td>
<td>3194 5774 8260 11867 22929</td>
</tr>
<tr>
<td>Poland</td>
<td>2512 4217 5562 7220 18388</td>
<td>4499 7552 9961 12930 22147</td>
</tr>
<tr>
<td>Estonia</td>
<td>3169 5580 7947 11089 19663</td>
<td>4190 7380 10509 14664 26002</td>
</tr>
<tr>
<td>Hungary</td>
<td>2220 3571 4586 5915 9530</td>
<td>3858 6207 7971 10281 16563</td>
</tr>
<tr>
<td>Slovakia</td>
<td>3419 5623 6900 8430 12088</td>
<td>5042 8293 10175 12433 17827</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>4214 6123 7424 9185 14777</td>
<td>6615 9612 11654 14419 23196</td>
</tr>
<tr>
<td>Portugal</td>
<td>3436 6232 8416 11234 20656</td>
<td>4203 7623 10294 13740 25263</td>
</tr>
<tr>
<td>Greece</td>
<td>2714 5443 7515 10103 17626</td>
<td>3177 6371 8796 11826 20631</td>
</tr>
<tr>
<td>Malta</td>
<td>6768 10166 13485 17321 28082</td>
<td>8367 12568 16671 21414 34718</td>
</tr>
<tr>
<td>Spain</td>
<td>4549 9499 13360 18375 31255</td>
<td>4928 10290 14472 19006 33858</td>
</tr>
<tr>
<td>Slovenia</td>
<td>6280 9831 12321 15060 22553</td>
<td>7691 12040 15090 18444 27620</td>
</tr>
<tr>
<td>Italy</td>
<td>5996 11593 15884 20959 35014</td>
<td>5825 11263 15431 20362 34016</td>
</tr>
<tr>
<td>Cyprus</td>
<td>6780 10281 13827 18563 35251</td>
<td>7527 11414 15350 20609 39136</td>
</tr>
<tr>
<td>Germany</td>
<td>9339 15845 20723 26782 44788</td>
<td>9202 15613 20420 26390 44131</td>
</tr>
<tr>
<td>France</td>
<td>11219 16924 21471 27179 48094</td>
<td>10417 15715 19937 25237 44657</td>
</tr>
<tr>
<td>Belgium</td>
<td>10891 16621 21753 27484 41578</td>
<td>10019 15291 20012 25284 38250</td>
</tr>
<tr>
<td>UK</td>
<td>9540 15808 21043 28373 49901</td>
<td>8068 13368 17795 23993 42199</td>
</tr>
<tr>
<td>Austria</td>
<td>11649 18413 23340 29250 47099</td>
<td>10909 17244 21858 27393 44109</td>
</tr>
<tr>
<td>Finland</td>
<td>12920 18868 23766 29711 45929</td>
<td>10564 15427 19432 24293 37553</td>
</tr>
<tr>
<td>Netherlands</td>
<td>11346 16957 21346 26600 43367</td>
<td>10331 15440 19436 24220 39487</td>
</tr>
<tr>
<td>Sweden</td>
<td>12974 20904 26651 33104 48790</td>
<td>10332 16648 21224 26364 38856</td>
</tr>
<tr>
<td>Ireland</td>
<td>10528 16159 21617 28475 47391</td>
<td>5737 8804 11778 15515 25822</td>
</tr>
<tr>
<td>Denmark</td>
<td>14056 22553 28388 35248 57340</td>
<td>10101 16208 20402 25332 41209</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>17385 26925 35081 45258 73832</td>
<td>14435 22356 29128 37579 61304</td>
</tr>
</tbody>
</table>

Notes: The light shaded quintiles only go proportionately into the corresponding EU quintile; Croatia, which acceded to the EU in 2013, was not included in order to maintain comparability with previous years.
Source: Eurostat and authors’ calculations.
With the 2007 enlargement by Romania and Bulgaria, two large and very poor countries, that value has jumped. But after 2007, it has declined substantially from more than 11 to less than 9 (or more than 7 to less than 6 at PPS). According to the UN Human Development report, the American value is 9.8. The crisis of 2009 reversed that European trend briefly. After 2010, there was little further progress (Dauderstädt/Keltek 2016).

It is difficult to assess how much within-country and between-country inequalities contribute to EU-wide inequality. The Gini and the S80/S20 ratio are not easily decomposable. Another indicator of inequality, the Theil index, is decomposable and studies suggest that within-county inequality is now responsible for about 80 percent of the EU-wide inequality. That share was higher ten years ago. Still, that value is based on PPS. At exchange rates, it might be much higher, perhaps 50 percent, given the disparities between the two values visible in figure 2.

As far as inequality declined it was due to higher growth in the poorer member states rather than reduced inequality within member states. On average throughout the EU, that latter value has remained almost unchanged since 2005 (lowest curve in figure 2). Eurostat gives that average of national values, which neglects the huge income discrepancies between countries, as the EU value, thus misrepresenting the level and the trend of the EU’s inequality (as pointed out by Atkinson 2010).
4. The impact of inequality

Political debates and conflicts focus primarily on the inequality within member states. People worry about huge income discrepancies within their societies as they are accompanied by social problems and inequalities of life expectancy, health and many other things (Stiglitz 2012). Nonetheless, an increasing “Europeanization of income inequality” can be observed, according to some studies (e.g. Heidenreich 2016).

Indeed, the incomes of households in the EU tend to depend more and more on European factors. EU-enforced austerity policies affected growth, wages and social benefits in Greece, Spain, Portugal, Ireland and Cyprus. European liberalization, integration and regulation of markets determine the economic opportunities of people and companies. From a purely economic point of view, EU-wide income inequality in an integrated economy has noticeable effects. Poor EU citizens are likely to migrate to richer member states in order to improve their income chances. Large companies with the capacity to offshore part of their production processes will locate labour-intensive manufacturing to low-wage countries. Both processes affect the income and employment opportunities of low-skill workers in high-wage countries, thus contributing to higher inequality there.

Politically, the frustrating development of wages and employment in many richer member states contributed to the rise of nativist populism. Brexit voters have been motivated by the fear of too much immigration from poorer member states. Thus, the stagnation of inequality since 2011 (see figure 2) bodes ill for the future of Europe.

Persistent high inequality between member states leads to migration from poorer into richer countries. Some countries in CEE such as Romania, Latvia and Lithuania have lost more than ten percent of their labour force due to emigration. Often, this implies a serious brain drain when the most qualified people (doctors, engineers) leave for better-paid jobs in the core regions of the EU. The low wages in the poorer countries attract foreign investment in labour-intensive, low-skill industries. Both processes are likely to increase the gross national income, which includes the earnings of national citizens abroad, although only the latter has a direct positive impact on GDP.
In the richer member states, these developments will probably increase inequality as wages of low-skilled workers are under pressure by job-seeking immigrants and the threat of offshoring, i.e. the relocation of parts of the production to low-wage locations. The best remedies are statutory minimum wages and social investment in education and training.
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Business, Unions and Society
5. Challenges of the Future of Work

Danny McCoy

Changes in the workplace are happening exponentially. Technology, globalisation, demographic changes and environmental issues are having a profound effect on how and where we work today. To put this in context, here are just some of the stark statistics on how the workplace is changing. It is predicted that 65% of children of school age will hold jobs that don’t yet exist. Estimates from the US suggest that those currently in education will hold more than 10 jobs before the age of 40. It is difficult to anticipate the full breath of changes, and their impact in the workplace enabled by technology, that we have not even imagined.

The process of globalisation has resulted in significant positive changes for many companies. Structural changes such as technological developments – and the ‘hollowing out’ of jobs – deregulation and trade liberalisation have resulted either in companies becoming more international themselves or being more exposed to international competition. As a small export-oriented trading economy and a leading destination for multinational investment, Ireland has performed well in the global marketplace. Globalisation is now our biggest societal challenge and one which is destined to reshape the relationship between business and society. For the most part, a polarised view of globalisation, its potential and its pitfalls has taken hold of the public imagination. It has often been projected either as a panacea for all the ills of the world or as their primary cause.

Irish society has been shaped by the forces of globalisation to a far greater extent than older well-developed economies, for instance immigration and diversity. The economic and social transformation is more dramatic because of the speed of change within the last 15 years. For example, rapid economic growth has far outstripped the development of infrastructure.

With employment growth, migration, ethnic diversity and integration are newer features of the workplace. Emigration has long been part of the Irish experience and up to the early 1990s the country was experiencing
significant net outflow of its population. The speed of transformation to being a destination country for immigrants has been remarkable. In the 2002 census, seven percent of the population was non-Irish nationals. In the 2006 census, the corresponding figure was 10 percent and 17 percent in 2016. We can get a sense of how exceptional this has been if we compare the Irish experience with that of the UK, where the non-national population grew by two percentage points over a thirty-year period, between 1960 and 1990.

These high emigration levels have widened diversity in the workplace. Diversity has culturally enriched Ireland and, to date, the country has not witnessed the widespread tensions and serious integration problems that are evident in other parts of Europe. This can be largely attributed to almost full employment and relative affluence. However, as the economic cycle inevitably turns, it would be naïve to think Ireland will be automatically spared the hostility witnessed in other economies, particularly amongst groups who perceive that migration has had a significant adverse impact on their own well-being. Many companies have been directly, or indirectly, responsible for encouraging immigration. Migrants have made a significant contribution to economic development and social welfare – often doing jobs that might otherwise have gone unfilled. Therefore, business has a responsibility to help to foster integration and to lead the fight against discrimination.

In terms of technology, virtual collaboration allows diverse teams in different corners of the globe to work collectively and bring together new and different ideas. In opposition to the increasing immigration trends, a recent US article makes the interesting point that although people are more mobile than ever before, they are not moving. Instead, they are doing jobs that previously would have required travel, remotely via technology.

The growth of women in leadership has also expanded diversity in the workplace. This concept encourages women to apply and thrive in senior leadership positions in the workplace and in society. Many companies now have female leaders which has proved beneficial both for the company itself and other women who can look to these leaders as role models. Despite this, we have a long way to go in terms of female participation at senior levels in organisations as well as addressing ongoing concerns around the gender pay gap.
Rapid acceleration in global economic activity has also led to dramatically increased demands for critical, finite natural resources. The imperative of designing a more environmentally sustainable economy to ensure that long term energy needs are met, and to tackle the looming threats of climate change, emerged as major imperatives during the research.

While there is full employment and obvious prosperity, there is a growing unease around what could broadly be termed ‘well-being’ issues including housing provision, family life, traffic congestion, longer commute times, and inadequate health, childcare and eldercare services. The dual earner household is increasingly the social norm and that determines decisions about whether and when to have children. All the issues surrounding it, such as work life balance, have become business issues.

Workplaces of the future look incredibly different to workplaces of the past. The changes that have come about, and will come about, are beneficial to employers in one sense, but can also cause major challenges. The changing economic structure is affecting the relationship between business and society. Capital mobility, the expanding possibilities of global communication, technology transfer, and in particular information technology, have allowed companies to organise supply chains globally and outsource functions. Combined with shifts in consumer demand, these changes have had a profound effect on Ireland’s economic structure and have resulted in new occupational divisions.

For example, at least half of existing jobs demand a high level of cognitive and/or personal skills. Yet, a significant proportion of the Irish labour force has not completed upper secondary education. The growth of new types of skilled jobs is matched by a large number of service jobs. Women are heavily represented in this low-skilled service sector, with much of the work being part-time. The position of the unskilled – particularly men – is generally deteriorating, especially in traditional manufacturing. There are jobs available, but sometimes they are not in the right place, not as well paid and not jobs some men feel able or comfortable do, as they require face-to-face social skills outside their traditional experience, which poses a challenge for employers when recruiting candidates.

On the other hand, roles have been created due to the influx of technology, for instance roles in IT, that require different and new skills that may not
have been relevant before. Day to day information-led jobs are growing and many traditional task-led roles in various different industries are or are becoming redundant. As well as this, the way in which certain jobs are done has changed significantly – with employees becoming reliant on technology such as the internet, online collaboration, information portals, blogs and social media to get them through the working day.

Retention of talent is a major business issue as employees are moving with more frequency from job to job. We also know that it is becoming increasingly harder to engage and retain employees due to the changing mindset of workers. As economic growth continues apace, there is a huge amount of competition resulting in the war for talent and key skills within particular industry sectors such as IT, engineering and research. Studies have pointed to the frequency of employee turnover where workers tend to stay in a role for an average of 2 – 3 years before moving on to a new role in a new company to ensure they are kept motivated.

It is obvious that the workplace has seen major changes in the last number of years and it will continue to see changes for years to come. In fact, we know that the pace and rate of change of many of these advancements are becoming more and more rapid, aided by technology. It is important to embrace these changes but also be aware of some of the challenges that they may bring to workplaces.

In the changing world of work, business has a responsibility to engage with citizens in advancing the benefits of globalization, diversity and technology. In Ireland today, these benefits are hampered by lack of public investment in social and capital infrastructure whilst business investment has never been greater in the workplace. The societal prize will not be delivered in the age of old dichotomies of capital and labour divides but rather requires a whole of society acceptance of public/private partnership in delivering the investment we require. It is only through acceptance that citizen engagement with harness the real tangible opportunities of the workplace of the future.
We have already entered the Fourth Industrial Revolution - the age of
digitalisation - which, if things remain on their current trajectory, will
see a scale and pace of change unprecedented in all of human history. Yet,
in parallel with this, mass migrations of biblical proportions of people
fleeing oppression, persecution and war continue. Simultaneously, the
consequences of 300 years of unsustainable exploitation has come home
to roost, in the form of environmental degradation and climate change,
threatening the future of the human species and the very eco system itself.

This is the global context within which we emerge from the most serious
economic collapse experienced in any developed country in the world
since the Wall Street crash of 1929.

In many respects the “rebound” here has been quite dramatic. We are again
recording one of the highest levels of economic growth in the European
Union (EU), for the third year running. Our sovereign bonds are trading
at close to the lowest yield ever. Unemployment has fallen from 15% in
the depths of the collapse and is now heading to below 6%. On the face of
it, absently a “hard” Brexit, which would administer a severe economic
shock, things are getting back to as good as they have ever been.

However, the ‘good old days’ were never for everyone. The great tragedy
is that we are continuing to make the same policy choices, (not to be
misinterpreted as policy failures), which reinforce core inequality, and
which precipitated the collapse in the first instance. These choices have
enormous implications for huge swathes of our population. Moreover,
they increasingly mitigate against long-term productivity and potential
economic and social development as the age of digitalisation unfolds.

Peoples’ capacity to participate in society, in the workings of and
the evolution of democracy, are pre-determined by their economic
circumstances. As a Trade Unionist, I hold that the key determinant of an
individual’s quality of life, in the fullest sense of the term, is derived from
the benefits accruing through their economic and social engagement in the world of work.

While this primarily applies to the monetary income derived, it extends to embrace a whole range of other aspects of one’s life. In this regard the picture which is re-emerging in the workplaces of post-crisis Ireland must provoke concern. There is now a wealth of worrying anecdotal evidence and some of the harder statistical kind as to the nature and the character of the reality, which is camouflaged by bland statistics on economic growth and employment trends.

**Inequality**

Inequality can be measured in several ways. The measure I am using here is the Gini coefficient. In short, a Gini coefficient of ‘0’ indicates that each person has the same income and a Gini coefficient of ‘1’ indicates that the entire national income is held by one person. Therefore, the lower a country’s Gini coefficient, the more equal it is. As measured by “market” income, i.e. before taxes and social transfers take effect, the OECD estimates that Ireland was the third most unequal country in Europe, after Greece and Portugal, in 2015.

Part of this is attributable to Ireland’s high level of jobless households. It was ironic that during the economic boom in the 2000’s, Ireland had one of the highest rates of jobless households across the EU. The rate increased with the huge fall in employment during the recession and now, despite having the highest rate of economic growth across the EU this year, Ireland’s rate of jobless households comes in just behind Bulgaria, the Czech Republic, Greece, Spain and Italy (source: Eurostat, Labour force survey).

(The situation does improve when measured by “disposable income”, i.e. when the effect of our taxation and social transfer system is factored in. TASC’s 2016 report on Enforced Flexibility concluded that the Irish welfare state has ensured that the lived experience of inequality in Ireland is closer to Europe than America).43

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Low Pay

Low pay is commonly defined as earning no more than two-thirds of median gross hourly earnings, i.e. the earnings dividing the top half of gross hourly earnings from the bottom half, or the amount earned by those right in the middle of all earners.

OECD and Eurostat data confirms that Ireland has one of the highest levels of low pay among the developed economies and that the risk of being low paid is greatest for women, young workers, non-Irish nationals and among part-time workers. It is most prevalent in the services sector, especially in Wholesale and retail, Accommodation and food services, Administrative and support services, and in Agriculture, forestry and fishing. Over 600,000 people, comprising nearly 30% of total employment, work in these sectors.

These findings are supported by CSO data from February 2017 which concluded that:

- 35.1% of those at work earned less than €400 per week
- A further 37.5% earned between €400 and €800
- Accordingly, 72.6% earned less than €800 per week

The prevalence of low pay in specific sectors is also borne out by other research such as Pobal’s Early Years Sector Profile 2016/2017, published at the end of October, which estimates that the average wage of staff working with children in the early years sector is €11.93 per hour, with managers having the highest hourly rate of €14.75 and early years assistants earning an average of €10.88 per hour, with many of the latter working part-time or on 38-week contracts. Pobal also estimated annual staff turnover at 28% (compared to a national average of 13%, and 18% in the early years sector in the UK). It is simply not feasible to provide high quality early years services in Ireland with current levels of pay.
Precarious Work

The 6th European Working Conditions Survey, conducted by the EU agency Eurofound released in 2016, indicated that almost 1 in 5 employees (18%) in Ireland said they were on “other or no contracts” in 2015. While this was down on the 25% who reported that they had other or no contracts in the previous (2010) survey, it was the fourth highest rate in the EU-28. Another 8% said they were on fixed term contracts and 3% said they were on temporary contracts.

The situation for workers aged 35 or under was even more precarious, with over one quarter of these (26%) saying they were on “other or no” contracts – the third highest of the EU-28 – 17% said they were on fixed-term contracts and 3% were on temporary contracts. In total, nearly half (46%) of younger workers were on non-standard contracts.

The level of precarious work is much higher for particular categories. Recent research by the Ciaran Nugent of the Nevin Economic Research Institute (NERI) showed that while the overall proportion of temporary contracts hardly changed between 2004 and 2015 in the elementary professions, the proportion of workers who are involuntarily on temporary contracts, i.e. they would prefer to be on a full-time contract, has grown considerably, especially among younger workers. This would include workers such as cleaners and helpers, agricultural, forestry and fisheries, labourers, labourers in mining, construction, manufacturing and transport, food preparation assistants, street and related sales and services workers, refuse workers and other elementary work.

A recent CSO Quarterly National Household Survey indicates that approximately 86,000 workers were under employed in Q1 of 2017, or were working part-time but were willing and available to work more hours. While this is down from the peak of over 142,400 under employed workers in Q1 2013, it is still above pre-crisis levels. Over half (56%) of these under-employed workers are female.
Job Quality

The OECD[^44] classifies Ireland as a ‘moderate’ performer where job quality is concerned. The OECD puts Ireland in a group of 15 countries[^45] that perform similarly but below a group of 10 high performers that includes the Nordics, Germany and the Netherlands.

It is also the case that countries with high job quality are also among those with very high levels of employment. Thus, as John Sweeney has pointed out, there is no ‘iron law’ that states that the quantity and quality of employment cannot grow together.[^46]

Pension Provision

Precariousness and inequality in the workplace is also highlighted in the statistics in respect of occupational and second pillar pension cover in the country generally. More than half (53%) of those at work enjoy no provision whatsoever other than the basic State Old Age Pension. Then there is also the question of the adequacy of a significant proportion of the provision enjoyed by the remaining 47%.

The majority of workers who have enjoyed Collective Bargaining rights for a significant period of time are covered by some form of Occupational Pension Scheme.

The Wider Context

Low pay and precarity i.e. “Indecent Work” plays into an increasingly dysfunctional social framework, delaying relationship and family formation and the prospect of full and decent lives and has wider societal implications in terms of health, including mental health, work-life balance, housing, etc.

[^45]: Australia, Austria, Belgium, Canada, the Czech Republic, France, Israel, Italy, Japan, South Korea, Mexico, the UK and the US.
Unfortunately, in Ireland structural inequality in the workplace and its inevitable social consequences are exacerbated rather than diminished in the wider societal framework.

Ireland’s public spending as a share of gross national income is joint bottom of the list of EU countries and one-third less of the average EU member state.

![Total Government Expenditure as share of GDP 2018](image_url)

(The figure for Ireland is based on GNP)

This manifests itself in an exponentially growing housing crisis, major inadequacies in the public health service and a less than optimal educational system.

This does not need to remain the case. We now have an enormous opportunity to embark on a course which would transform the situation over the next decade. Indeed, between and now and the centenary of the foundation of the State in 2022, the resources becoming available, absenting a disastrously hard Brexit, afford us the opportunity of making dramatically significant progress.

According to the Summer Economic Statement (July 2017), the resources becoming available (net fiscal space) without recourse to any additional revenue whatsoever will be of the following order:
• 2018 – €1.3bn
• 2019 – €3.2bn
• 2020 – €3.4bn
• 2021 – €3.4bn
• 2022 – €3.4bn (my estimate)

€14.7bn

Together, with soft revenue raising measures and the optimal interpretation of fiscal rules, it is not too difficult to envisage this figure being doubled over the period. For example, the special low VAT rate enjoyed in the Hospitality Sector is no longer justified. It will cost €461m in 2018. Deployment of it exclusively on public investment would make an appreciable material difference.

However, this brings us to the crunch issue – public investment versus tax cutting. The simple fact of the matter is that while huge progress can be made without ramping up taxation, (except perhaps to a very affordable degree on the wealthiest sections of society), there is no room whatsoever for tax cutting. In this regard we have to confront the ingrained mythical equation of tax cutting with the misleading concept of a “tax break”. The fact of the matter is that it is not a “break” if the consequence of sustained systematic under provision of public investment results in appreciating costs which must be borne otherwise.

We end up with a majority of citizens paying exponentially increasing premiums for private health insurance because they do not have confidence in the public health service.

The impact of the cost of housing and accommodation going through the roof manifests itself in countless different ways across virtually the whole spectrum of society, due to the absence of a properly funded public housing programme over decades now. Education is another example, as evidenced by the European Commission’s recently published Report on National Student Fee and Support Systems.

The situation here calls out for a detailed and thorough analysis of the impact of the cost of living of the entire range of costs which must be borne by individuals living in Ireland of systematic under investment in public
provision over the past three or four decades. It should be possible to arrive at a relatively precise figure which could then be posited against the so-called “tax breaks”.

Undertaking such an exercise would entail a great deal more than simple arithmetic. It would extend beyond analysis of public policy choices to touch the very value system which underpins them, because the reality is that the “given” reflects the interests of the dominant and wealthiest elements in society.

Incidentally, many of those who see themselves as on the “Left” have been seduced by the tax cutting myth as well. They promote the same agenda albeit through a different narrative, via abolishing Property Tax etc. This is no more socially progressive than the formula promoted by the Centre-Right Parties. The bottom line is that tax cutting, irrespective as to how it is effected, disproportionately benefits the better off to the detriment of the quality of public services.

This fundamental issue extends beyond choices on the apportionment of the benefits of economic growth. The core issue which I sought to address at the outset is that of inequality as measured by “market” income. This can and is being ameliorated by relatively progressive taxation policies as far as they go. However, it cannot be resolved by taxation. There is a requirement for positive action to address the growing and now overwhelming imbalance between capital and labour in the workplace. In this regard the absence of an actual entitlement to engage in collective bargaining, in practice, must be rectified. This requires a Constitutional amendment to provide for a positive right to engage in Collective Bargaining for every worker.

The seemingly unchallenged success of the “Competition State” approach which reflected the value system so deeply engrained in our system was, objectively speaking, shattered by the collapse of 2008 and its aftermath. However, the myth is being carefully rehabilitated so as to ensure that the economic and social interests which it reflects can reassert themselves.

The geo-political framework which allowed us to straddle Europeanism on the one hand and Anglo-Americanism on the other, while symbiotically leveraging off both for more than half a century, are no longer as absolute or permanent as they once appeared. The phenomenon of
“white nationalism”, exemplified by Brexit on the one hand and Trump’s protectionist policies on the other, profoundly challenge the edifice.

New times beckon. They call for a degree of skills dexterity and continuing adjustment on the part of every individual and society as a whole on a scale unprecedented in our existence. These challenges can best be and can only be met in the context of a social framework that supports, facilitates and encourages individual and societal transformation. We can no longer afford to go on confusing “cheapness” with “competitiveness”.
Rural, Regional, Sustainable, with Real Local Participation
7. New politics and innovative democracy can engage people in making Ireland’s low carbon transition sustainably

Cara Augustenborg

Introduction

Global economic growth has been linked to burning fossil fuel since the Industrial Revolution, but to stop runaway climate change we need a system-wide change that decouples economic growth from fossil fuel consumption. A low-carbon economy is another term for a decarbonised economy or a low fossil-fuel economy, meaning an economy that is based on low-carbon power sources (e.g. renewable energy sources or nuclear power) and therefore has minimal greenhouse gas emissions and impact on climate change. Aside from the positive benefits to climate change from moving to a low-carbon economy, there are numerous other social benefits from this transition, including:

- **More jobs** – Renewable energy generates more jobs than fossil-fuel based energy production. For example, McKinsey’s Climate Change Initiative modelling indicates an increase of 91-119% in employment if the United States switched from coal and gas to renewable energy production\(^47\). In Ireland, the sustainable energy sector supports over 15,000 jobs.

- **Greater social equity** – Fuel poverty now affects approximately 300,000 households in Ireland\(^48\). Spiralling energy costs impact


poorer people more than the middle-class or wealthy. Renewable energy and community ownership schemes enable cheaper, more stable fuel prices which can improve social equity between classes.

- **Improved national fuel security** - Removing dependency on foreign imported fossil fuels improves our national security and foreign investment potential. To date, Ireland has saved over one billion Euro in fossil fuel imports through renewable energy production\(^49\).

- **Improved agricultural production** - Carbon mitigation strategies can improve soil tillage and lead to increased agricultural productivity. Expansion of sustainable bioenergy crop production can also open up new markets for farmers. Furthermore, low carbon farming is more efficient and cost-effective, ultimately making farms more profitable.

- **Improved public health** - Fossil fuels release particulate matter and harmful chemicals when burned. Switching to clean, renewable energy sources eliminates these substances from our air and improves public health and associated costs. Switching to a low-carbon economy could prevent 5,000 premature deaths a year in the city of London alone\(^50\).

Much of the rest of the world already has embraced the transition to a low-carbon economy. In 2015, Costa Rica achieved a record-breaking 75 days on completely renewable energy sources\(^51\); Denmark is well on their way to achieving a low carbon future, with residents in Copenhagen already producing half the greenhouse gas emissions of the OECD average\(^52\); and Iceland, who suffered a similar banking-related economic collapse to Ireland, credits their economic recovery to investment in green energy\(^53\). Some of the world’s least developed countries (such as Ethiopia,


\(^{52}\) OECD (29 Jan 2013) http://www.oecd.org/cfe/leed/Measuring%20Local%20Green%20Growth_Copenhagen_29%20January%202013%20FINAL%20for%20Francois.pdf

Bangladesh, and Bhutan) are leap-frogging the old carbon-based economic model in favour of the new low-carbon economy, in a similar fashion to the way they embraced mobile-phone technology over land line phones.

Ireland’s fuel mix for electricity generation is dominated by carbon-based fossil fuels (83%), including gas (48%), coal (22%), peat (12%) and oil (1%)\(^5^5\). In 2013, then Minister for Environment, Phil Hogan, defined a low-carbon society as “near zero carbon dioxide emissions by 2050 in the case of energy, buildings and transport, and carbon neutrality in the case of agriculture.”\(^5^6\) Currently, energy, transport and agriculture emit approximately 20%, 19% and 32% of total Irish greenhouse gas emissions, respectively\(^5^7\). No matter how ‘low-carbon’ society is defined, Ireland is still a long way away from achieve it.

The technology already exists for Ireland to become a low-carbon society in the next 35 years. The challenge is how to inspire the public or political will to move away from unsustainable economic growth to a new sustainable economic model. A society producing its own renewable energy independent of fossil fuel imports will be more stable economically and have higher employment and investment potential than Ireland’s current system, but a new sustainable economy needs to focus on more than just decarbonisation and consider the economic and social capital of all our natural resources.

In 2015, Ireland enacted its first legislation to address climate change in the form of the Climate Action and Low Carbon Development Act. The act was intended to “provide certainty surrounding Government policy and provide a clear pathway for [greenhouse gas] emissions reductions” and referenced the Government’s National Policy Position to achieve near zero carbon dioxide emissions by 2050 in the case of energy, buildings and transport, and carbon neutrality in agriculture.

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While Ireland has historically been a laggard on climate action and greenhouse gas emissions continue to rise as the country recovers from recession, 2017 marked the publication of the first national climate action plan in over eight years forced by national climate legislation. While weak on measurable impact, the national climate action plan is a baby step in the right direction.

The enactment of climate legislation, alongside the United Nations’ ratification of the Paris Agreement, marked a turning point for climate action both in Ireland and worldwide. Globally, the page has been turned on use of fossil fuels. Over the past three years, the economy has shown signs of decoupling its growth from greenhouse gas emissions. All the technology now exists to transition from a fossil fuel based civilization to a “fossil free” one. However, without the engagement of citizens, technology will never be accepted at local level where most climate action ultimately takes place.

Director of Friends of the Earth England, Craig Bennett, described how essential it is to engage communities in the Guardian the day after Brexit, saying “Change will have no chance of enduring if it is done to people. It has to be done by people and with people.” This is critical in creating a fossil free Ireland. As Ireland begins to address climate change through its national legislation and international commitments, bringing citizens along in the low-carbon transition is essential and more innovative methods of democracy are needed to address the sustainability challenges associated with this transition. This paper outlines the most significant sustainability challenges as part of Ireland’s low carbon development and describes innovative new methods being implemented to engage people in developing solutions to these challenges.

**Sustainability challenges in the low carbon transition**

Sustainability challenges regarding environmental issues in Ireland are wide-reaching, but achieving the low-carbon transition brings up new challenges and opportunities to address these challenges in a manner that incorporates the needs and desires of the people in Ireland. Some of

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the most significant challenges to be addressed as part of the low-carbon transition include:

- **Household energy retrofit**: Moving to a 100% renewable energy system set forth as part of the vision of the Energy White Paper will require a reduction in energy demand, which must start now with retrofit and insulation of homes. Ambitious regulations coming from the EU Buildings Directive will require new buildings to be designed to nearly zero energy building standards by 2021 leading to a 50% to 60% improvement in terms of energy efficiency and reduction in CO$_2$ emissions. However, while there is vision for Ireland’s homes of the future, two million existing homes need retrofit and require a new national renovation strategy. At an average cost of EUR 28,000 per home for deep energy retrofit, this is a significant technical and financial challenge. Allocating financing for such retrofit in a way that benefits householders from all income levels will be key.

- **Community ownership of energy** - Many parts of Europe are experiencing a revolution in community ownership of renewable energy. In Germany alone, 1.5 million people generate solar electricity in their homes and sell their excess back to the grid, but in Ireland there is no community feed in tariffs for excess solar electricity and community involvement in renewable energy is limited. Research has found that solar panels on homes and businesses in Ireland is a potentially vital component of the flexible and responsive energy system of the future$^{60}$.

- **Development of a bioenergy sector**: Ireland’s Energy White Paper presents a vision of a 100% renewable energy system and a draft Bioenergy Plan with a commitment to introduce a Renewable Energy Heat Incentive, but whatever Ireland does in an effort to increase its bioenergy production must also ensure it avoids creating more problems elsewhere on the globe. The impact of importing biomass such as palm kernels from Malaysia and cocoa husks from Nigeria at our peat burning power plants are unsustainable practices. These imported biomass feedstocks create additional greenhouse gas emissions from their transport and have no local community

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benefits for Ireland. Other imported biomass products, such as wood exports from Brazil and Africa, put additional pressure on deforestation and/or drainage of peatlands and contribute to land-grabbing and competition with food production in these countries. Faraway environmental and social impacts are no less real than if they were happening in Ireland. To avoid negative environmental and socioeconomic impacts both domestically and globally, the expansion of bioenergy production needs to be accompanied by regulations that ensure genuine sustainability with greater policy coherence for development of this sector and policies that have demonstrably negative impacts on developing countries, such as biomass importation, must be altered. In addition, the current practice of subsidizing biomass if it is burned along with 70% peat must be eliminated if an indigenous bioenergy sector is to be considered sustainable.

- **Climate smart agriculture** - Over 30% of Ireland’s greenhouse gas emissions come from agriculture, making Ireland unique as a developed country with a developing country’s emissions profile. While it is challenging to reduce emissions from agriculture, Teagasc has declared Ireland should aspire to carbon-neutrality in the sector. Ireland has strengths that offer opportunities to become a leader in addressing the challenge of climate change in the agricultural sector, but to lead in climate smart agriculture Ireland needs to reduce absolute emissions from agriculture. Based on future climate projections, Europe will experience increasing drought conditions over the coming years and such conditions have already taken a significant toll on food production. In the long term, this means Ireland could have to produce more food to try to help support the rest of Europe and should focus on producing food products that will be needed in Europe and appropriate to Ireland’s changed climate. Ireland’s current focus on Infant formula for the Chinese market is clearly not one of those products. There is an urgent need for Irish agricultural policy to stop putting short-term financial gains above the long-term well-being of the Irish landscape, environment, public health, and climate projections.

- **Sustainable transport** - A completely electrified transport system must be constructed over the next three decades, including both
electric cars and an electrified public transport system. Ireland is leading in Europe with respect to EV infrastructure but going the opposite direction on the consumer purchasing side. A quarter of Irish vehicles are SUVs and Ireland has some of the highest diesel car sales in the world, which have higher costs to air quality, public health, and the additional wear and tear on infrastructure that larger vehicles can inflict.

• Measures to discourage the purchase of the least fuel-efficient vehicles and incentivise electric vehicles are needed, but Ireland’s fossil free transport system cannot be based on electric vehicles alone. The LUAS is an example of the right approach, carrying over 35 million passengers a year with continually increasing demand and need for expansion. It is possible to power buses from livestock slaughter waste, municipal waste, and even sea lettuce, and new buses should run on alternative, indigenous and renewable fuel sources.

• Most importantly, cycling must be part of the transition. There are many co-benefits in cycling beyond its role to address climate change. Cycling could contribute to solving Ireland’s obesity crisis, mental health crisis, and economically struggling high streets. There is evidence to show people who cycle are healthier, less prone to depression and more inclined to stop and shop. In Copenhagen, 45% of the population uses bikes for their daily commute, while in Dublin we’re at less than 6%. Last year Ireland spent less than 1.5% of the transport budget on sustainable transport (mostly in the form of safe cycling education for kids) when 10% would be a more appropriate figure to support the low carbon transition. The EPA reported last May transport emissions will increase 13%-19% on current levels by 2020. Hard questions must be asked about how and when transport will contribute to the low-carbon transition.

• Climate change adaptation - Ireland’s towns and cities are designed to function within a narrow environmental envelope. When that environment fails, it impacts everything about the way people live and work. Risk of extreme storms on the West coast of Ireland is now up 25% due to climate change. Over 260 homes were flooded in floods in December 2015 and will continually be at risk as the climate continues to warm. Combine this with the thousands of homes and
businesses that are at risk due to sea level rise and Ireland will have another kind of housing crisis on our hands, one due to climate displacement. After the 2015 floods, then Taoiseach, Enda Kenny proposed the idea of relocating those who live in high risk flooding areas, but the Stern review has shown that the benefits of strong, early action to address climate change considerably outweigh the costs of doing so. A 2007-2013 EPA report on climate adaptation said Ireland has failed to systematically address all the climate risks. These include risks to water (supply, quality & management); planning; and critical infrastructure, and that does not include how Ireland could adapt to the global impacts of climate change while relying so much on imported energy and food. Adaptation is the only available response for the climate impacts that will occur before mitigation measures can have an effect, and flooding is a significant one of those impacts. But as the Earth’s temperature rises, so too will the cost of adaptation and residual damages will remain inevitable which the State must begin preparing for so as to protect citizens.

The impact of “new politics” in the low carbon transition

In February 2016, Ireland entered uncharted political waters when the General Election resulted in neither of the country’s two political powerhouses, Fianna Fail or Fine Gael, securing support from more than 50% of the electorate for the first time in the history of the State. Widespread disaffection with mainstream political parties created unprecedented opportunity for smaller parties and Independents and established one of the most diverse Irish parliaments in history.

Political commentators exclaimed these “New Politics” would spell disaster for Government operations, believing Independents would hang on to “pet causes” and local issues with no interest in operating as part of a cohesive Government. They cited similar patterns of populism in Spain, Portugal and Greece, where parliaments were “crippled” by voters' disaffection with mainstream political parties. However, “New Politics” has not resulted in

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such doomsday scenarios, particularly when it comes to addressing some of the challenges of sustainability.

In a 90 to 53 vote last February, the Government approved legislation to drop coal, oil and gas investments from the €8 billion Irish Strategic Investment Fund. The bill was introduced by an Independent politician, Deputy Thomas Pringle, who stated at the bill’s second stage hearing, “A lot has been said about attacking so-called new politics and the situation that has arisen. However, this Bill would never have passed Second Stage in the previous Dáil because the Government had the numbers to block anything it wanted to. That change is very positive and shows that things can change in the House.” While Ireland’s Strategic Investment Fund only comprises a small amount of fossil fuel divestment relative to the global investment in these companies, when complete, it would make Ireland the first country in the world to legislate for a shift in capital from fossil fuels to renewable energy.

The political momentum continued in June when the Irish Government unanimously banned onshore hydraulic fracturing, or fracking, as the first private members’ bill to pass by both Houses during the lifetime of the minority Government. Ireland now joins three other EU member states – France, Germany and Bulgaria – who have banned the practice on land.

In both the divestment and fracking legislation, campaigners found “new politics” facilitated their victories because parliamentarians were under less pressure from traditional party politics.

The art of conversation

In 2017, Ireland’s first National Dialogue on Climate Action was established. The Dialogue aims to create awareness, engagement and motivation to act in relation to the challenges presented by climate change and facilitate people to discuss and maximize consensus on the response to those challenges. In a country whose mainstream media still hold debates about whether climate change exists, the government supported Dialogue has the long overdue potential to align Ireland’s climate narrative with the overwhelming scientific and global consensus calling for urgent action.

Previous efforts by the Irish government to engage the public in climate action during the country’s Celtic Tiger years focused solely on “The Power of One” campaign, encouraging citizens to lower their individual carbon footprints without acknowledging the system changes that needed to be made in parallel. Ireland’s Economic and Social Research Institute reported the campaign had “no persistent effect” on the habits of millions of people, despite government funding of EUR 10 million. The new National Dialogue on Climate Action could go further by facilitating public engagement in reducing emissions at scale and collating their views to inform Ireland’s climate policies going forward.

Participatory democracy changes the narrative

Our current political system sometimes forgets that democracy is not simply the act of electing representatives, but also involves the active participation of citizens in politics and civic life. The most innovative move toward climate action in Ireland concluded in November 2017, when a ground-breaking process in democratic decision-making on climate change was undertaken within Ireland’s Citizens’ Assembly. Established in 2016, the Assembly provides a platform for 99 citizens, randomly selected to represent the views of the people of Ireland, to discuss crucial issues facing Irish society. The Assembly is a successor to the 2012–14 Constitutional Convention, which catalysed the legalisation of same-sex marriage approved by the people of Ireland in the momentous Marriage Equality Referendum of 2015.

The Assembly’s consideration of the topic ‘How can Ireland be a leader in tackling climate change’ came in response to years of Government inaction on climate change. In an unprecedented move, the Assembly’s Chairperson and Irish Supreme Court Judge, Mary Laffoy, recommended the Assembly meet for an additional weekend on November 4th to fully consider the issue. Following the conclusion of this assembly, the Irish Government is now obliged consider and respond to each of the Assembly’s recommendations.

Individuals, non-governmental organizations, and businesses from Ireland and around the world voiced their concerns on the topic of climate change to the Citizens’ Assembly through a public consultation that concluded in August 2017. The Assembly received nearly 1,200 submissions from that consultation, far more than traditional government consultations
on climate issues, indicating the public places the Assembly process in high regard. The Assembly’s consideration of Ireland’s response to climate change were closely watched, not just in Ireland but around the world, giving the people of Ireland a new democratic means to encourage their Government to take positive action on climate change.

The Citizens’ Assembly voted strongly in favour of thirteen key recommendations for climate change action that will go before the houses of the Oireachtas, including the removal of Government subsidies on peat extraction and higher taxes on carbon intensive activities in all sectors. The results of the assembly votes demonstrated an understanding of the need to transition to a low-carbon economy and a willingness to do whatever was necessary to make that transition.

**Conclusion**

After the last general election in Ireland, then Prime Minister Enda Kenny conceded his party’s defeat, stating “Democracy is always exciting but it is merciless when it clicks in.” Indeed, Ireland now finds itself squeezed between merciless democracy in both the U.S.A. and the United Kingdom and flails politically between a two-party model and a multi-party consensus system. However, “new politics” has already reaped rewards that will benefit generations of Irish people to come through the prohibition of fracking and an anticipated divestment from fossil fuels. Willingness to attempt new structures of democratic engagement through the Citizen’s Assembly and National Dialogue on Climate Action could help to accelerate the fossil free transition. In a world where climate politics now sits on a knife edge without American leadership, Ireland may prove that unconventional politics and innovative democratic methods can tip the balance finally in the planet’s favour.
8. Bridging the ‘Urban-Rural Divide’

Áine Macken-Walsh

1. Introduction

Infrastructural, ecological, public service, economic, social and cultural inequalities worthily preoccupy debates concerning the ‘urban-rural’ divide. Arising less frequently, however, is the topic of lost development opportunity in the urban-rural interchange. The premise of this paper is that there is a mutually interdependent relationship between urban and rural development, without which society as a whole cannot fully prosper.

I take as a starting point an official policy acknowledgement of problems of ‘crisis proportions’ in agricultural development leading to the identification of new opportunities in the urban-rural interchange as a solution. I then elaborate the scope of potential opportunities presented in this context, followed by an analysis of how and why many of these opportunities failed to materialise. Arising from the analysis, a pathway is identified to establish a social contract bridging the ‘urban-rural divide’ for the benefit of society as a whole. To achieve such a social contract, challenges arise not only for agricultural society but for rural and urban dwellers, civil society and industry groups, and, crucially, organisational cultures of the state.

2. Rural areas: from production to include consumption

By the late 1980s a number of problems were said to have reached “crisis proportions” in rural Ireland:

‘Rural population decline was acute, particularly so in remote disadvantaged areas; the effects of the polluting, non-sustainable character of heavily capitalised intensive agriculture was becoming evident in the natural environment (CEC, 1988); there were steeply declining numbers at work in agriculture and low agricultural incomes (stemming in part from the high proportion of officially categorised non-viable farms); rural underemployment...
was rife; and there was a deficiency of outlets for off-farm employment opportunities’ (Kearney et al., 1995, cited by Curtin & Varley, 1997).

The Future of Rural Society (CEC, 1988) was one of the first policy documents to set out a new EU vision for rural economic development, presenting a broadened interpretation of the rural economy as ‘a complex economic and social fabric made up of a wide range of activities: farming, small trades and businesses, small and medium-sized industries, commerce and services’. A central characteristic of revised policies was an acknowledgement that consumption (as well as agricultural production) took place in rural areas and that increased investment in invigorating an economy around consumption would deliver livelihood and lifestyle benefits for both rural and urban societies. Such policies heralded a development vision for rural areas that was firmly located within the urban-rural interchange.

Rural areas were newly perceived by policy as ‘not just for farmers living there but for the benefit of society as a whole’ and as acting for urban areas as ‘a buffer, providing a regenerative environment essential for ecological balance’ (CEC, 1988; Gray, 2000, 42-44). The importance of the ‘regenerative’ functions of rural areas has since become more pronounced in the consciousness of civil society, accompanying greater prominence of issues such as climate change in public debate. Rural products and services that encompassed ecological capitals were identified as increasingly sought after by rural and urban consumers nationally and internationally. Rural areas were also newly perceived as a repository for important national cultural resources, such as native languages and traditions, which were regarded as valuable commodities for stimulating rural enterprise. It was clear that visions for a revitalised rural economies and societies were characterised not by the production of unbranded beef, dairy and sheep commodities but of products and services that reflected important national and international ecological, cultural and social issues. The new rural development agenda was set to address broader social issues and it would involve an ‘opening up’ of the countryside for unprecedented urban-rural interchange in processes of mutually beneficial production and consumption.

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64 Agricultural policy in Ireland, similar to all EU member states, strongly reflects and is influenced by the EU’s Common Agriculture Policy (CAP). This explains the dominant emphasis on EU policies in this paper.
3. ‘Local partnerships’ for development

Over the three decades after the Future of Rural Society (1988), various policy statements and instruments\(^{65}\) cemented its vision for a less insular and more diversified economy for rural areas. The EU LEADER programme, espousing a local partnership based approach, was a primary policy in practically supporting the new development vision on the ground. Such partnerships, representing a departure from the centralised, hierarchical decision-making structures of past EU policies, were described as having the aim of ‘returning power to local communities’\(^{66}\) (Varley and Curtin, 2006, 424). Like many urban and rural partnerships, the LEADER programme (Figure 1) operates on the basis of two principles: involvement of representatives from a wide range of governmental and non-governmental groups (principle of partnership); and decision-making taking place as close as possible to the site of implementation (principle of subsidiarity) (Osti, 2000, p. 172). Central assumptions regarding the effectiveness of partnership and subsidiary structures for development were as follows:

- The participation of a variety of (public, private, voluntary) sectoral stakeholders at the local level gives rise to an integrated approach capable of addressing development problem and opportunities in a more integrated, diverse and creative way.

- Design and implementation of development at the local level and ‘tapping into’ local knowledges and perspectives makes development more relevant and appropriate to local conditions and thus capable of addressing local problems and exploiting unique local resources. Decisions reached are also more likely to ‘stick’ when involving local people on the ground (Moseley, 2003).

(Macken-Walsh, 2009)

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\(^{66}\) Not unique to rural areas, these partnerships were inspired by ‘an official analysis that the conditions resulting in urban and rural decline has reached crisis dimensions that cried out for a fresh policy response’. While crises experienced in rural areas related to the ‘unsustainable character of intensive farming’, counterpart crises in urban areas were long-term unemployment, unemployment ‘black spots’, and poverty (Varley and Curtin, 2006, 423-424).
3.1 The ‘business case’ of local partnerships

A particular ‘business case’ accompanies the use of local partnerships for rural development. Explaining the foundations of such a business case, sociologist Anthony Giddens (1999) says, “globalisation not only pulls upwards, it pushes downwards, creating new pressures for local autonomy”. This is reflected in Michal Porter’s work on the Competitive Advantage of Nations, which argues that there are two main ways to be competitive in a global economy: ‘being the lowest cost supplier of an undifferentiated commodity; or providing the market with unique and superior values in product quality or special features’ (Porter, cited in Kirschenmann, 2008). Fostering an alternative to the ‘low-cost’ model of ‘heavily capitalised intensive agriculture’ identified as underpinning the ‘crisis’ of the 1980s (Kearney et al., 1995), the LEADER programme was designed by policymakers to be aligned with the second of these ‘value-added’ routes towards competitiveness. The local partnership approach was fit for purpose in his context: “If the endogenous potential of rural regions is to be properly developed, local initiatives must be stimulated and mobilised” (CEC, 1988, .62).

‘Indigenisation’ of local economies, involving the attachment of ‘lifestyle significance or political ideology to products and services’ (Ray, 2000, 6) is becoming an increasingly common development strategy in urban as well as rural areas. The ‘culture economy’ approach became synonymous with LEADER from the outset. Described as a development approach focused on “capitalising on the distinctive features of rural areas and cultural practices by commodifying them for commercial purposes rather than seeking to pursue scale economies in production” (Cawley & Gillmor, 2008, 145), it

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**Figure 1** EU LEADER Programme Funding in Ireland

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>EU FUNDING</th>
<th>IRISH EXCHEQUER</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEADER I: 1991-1994</td>
<td>€26.4m</td>
<td>€17.6m</td>
<td>€44m</td>
</tr>
<tr>
<td>LEADER II: 1995-1999</td>
<td>€68.8m</td>
<td>€29.3m</td>
<td>€98.1m</td>
</tr>
<tr>
<td>LEADER +: 2000-2006</td>
<td>€74.3m</td>
<td>€44.8m</td>
<td>€119.1m</td>
</tr>
<tr>
<td>LEADER: 2007-2013</td>
<td>€233.8m</td>
<td>€191.2m</td>
<td>€425m</td>
</tr>
<tr>
<td>LEADER: 2014-2020</td>
<td>€157.5m</td>
<td>€92.5</td>
<td>€250m</td>
</tr>
</tbody>
</table>

Source: Kearney (2009)
is entirely consistent with the route towards competitiveness followed by LEADER.

Unsurprisingly, because of the programme’s pursuit of a value-added rather than low-cost development route, analysis of development outcomes of programmes such as LEADER are found to have a common ‘differentiated status’ (Moseley, 2003). A pan-European research project involving the Irish sociologist Hilary Tovey identified three main forms of core economic activity supported by LEADER and similar initiatives across Europe: alternative food; cultural tourism; and new ways of managing and valorising local resources (CORASON, 2009). The orientation of these enterprises and the products they sell are often described in terms of what they are alternative to. Food products that have special ecological, social or cultural qualities present an alternative to undifferentiated commodity products. Similarly, cultural or ethno-tourism are described as representing an alternative to the “mass tourism of the ‘bucket and spade’ and ‘Costas’ varieties” (Lowe et al., 1998, 53). New uses of physical and land resources to generate green energy or establish leisure enterprises represent an alternative to industrial agriculture.

3.2 Producers in the ‘new rural economy’
The academic and policy literatures emphasised how LEADER and other local partnerships had the aim of ‘returning power to local communities’ (Varley and Curtin, 2006) in local development design and implementation, in a context where farmers, fishers and other rural actors had been largely governed by top-down policies for decades (Gray, 2000).

Aside from new opportunities for local people to gain powers in development decision-making through local partnerships, the particular type of development promoted by LEADER type policy measures was also considered to have ‘emancipatory’ qualities. Macken-Walsh (2009) reviews how the culture economy development approach is claimed to have the capacity to “raise local consciousness of territorial identity... and raise confidence in the ability of the area to regenerate itself” (Lowe et al., 1998, 54). Rural areas, particularly those that are remote and have been heretofore marginalised by the industrialising and homogenising effects of mainstream policies, can often still hold many of the ‘raw’, authentic and increasingly rare cultural commodities such as “speakers of the regional language, traditional foods, remnants of craft skills, important historical
and archaeological sites and the native flora and fauna” (Lowe et al., 1998, 55). In addition, it is claimed that the valorisation of local custom, tradition, and skill in a culture economy approach creates ‘higher status jobs’ for local people (Lowe et al., 1998, 56). The culture economy approach is claimed to have “further participative rationale... in the empowerment of an historically repressed or marginalised cultural system... such as Gaelic, Breton or Lap” (Lowe et al., 1998, 54) where such cultural features can provide a locus for regeneration and development.

3.3 Consumers in the ‘new rural economy’

For non-rural dwellers, the importance of rural areas as ‘sites for ecological regeneration’ in the context of serious global concerns such as climate change has never been so prominent in public consciousness and policy debate. Kelly et al. (2004) in their research on environmental attitudes and behaviours in Ireland note “that there has been a shift away from the materialist concerns of pre-industrial and industrial societies (that is, support for the established order through maintenance of law and order and the preservation of economic gains) towards post-materialist values (that is greater emphasis on individual self-expression, greater participation in decision-making, freedom, and quality of life)” (Kelly et al, 2004, p. 4).

Consumption can be a powerful tool of active citizenship and research has highlighted how consumption of rural products and services symbolising ecological, social, economic, political and cultural values is led by consumers’ desires to subscribe to or acquire those values (Ray, 1997; Moseley, 2003; Dilley, 2009; Macken-Walsh, 2009). For instance, alternative food movements involving local box schemes and market venues are typically not only driven by citizens wanting to access locally produced, healthy and fresh food but by political issues such as food sovereignty and rural viability important to both producers and consumers.

Dilley (2009, 4) discusses in his research conducted in the UK that ‘food can become a signifier for ‘green’ identities amongst environmental activists – people can “literally eat their way into [green] identity positions’ (Horton, 2003, 71)”. Another example of the weight of food as a political issue around which considerable consumer participation has been mobilised is the ‘Food Sovereignty’ movement, defined as “the right of peoples to healthy and culturally appropriate food produced through ecologically
sound and sustainable methods, and their right to define their own food and agriculture system” (Via Campesina, 2017).

Consumer trends and social movements are intensifying around health and fitness endeavours closely connected to and reliant upon land and open space. Furthermore, the importance of rural culture and cultural products and services which operate at the level of ‘the aesthetic and the spiritual, the symbolic and the social’ (Scott et al., 2016, 3) are identified as benefits of a culture economy approach. This is consistent with explicit policy representations ‘of rural areas for leisure and environmental preservation’ which identify ‘rural space for relaxation and recreation necessary for regenerating the human spirit for people throughout the entire European Community’ (Gray, 2009, 31).

However, it is also important to note that many culture economy products occupy a market niche occupied by culturally ‘alternative’ ‘authentic’ ‘original’ products, marketed on the basis that they are more meaningful and valuable than the mainstream and mass-produced. In this context, it is important to note that typically intentionally, considering the high value-added route towards competitiveness pursued by the culture economy, its products and services can be of a premium nature, which can curtail their consumption to the economically well-off. Dilley (2009) in his study of UK local food movements notes that local food is frequently described and recognised as something of extra quality, naturalness, freshness and safety and thus becomes linked to issues of socio-economic class - “with a premium price tag, its consumption signifies one’s good sense and discrimination. In this context, local food has been described in some contexts as representing ‘yuppie chow’ (Dilley, 2009, 6).

It is also the case, perhaps inevitably, that products and services of the culture economy are open to the same forces of consumerist materialism as other market segments. Philosophical analyses identify a consumerist and materialistic backlash against the homogenising effects of globalisation, which has “spawned a desire for anything but conformity and convention... consumers have launched a rejection of the fake, the virtual, the spun and the mass produced” (Boyle (2004) cited in Lewin and Williams, 2009, 80). Rural products and services are consumed in an effort to ‘connect to the real’ through ‘real experience’ and ‘real connection’ (Lewin and Williams, 2009, p.113). While the ‘devotion to self-discovery’ and the ‘desire for
authenticity’ in contemporary culture (Lewin and Williams, 2009) can be a part of active citizenship, it can also drive the popularity of materialist consumer trends favouring ethnic, or ‘authentic’ cultural products. The prevailing of materialist consumer trends can give rise to negative consequences for both producers and consumers such as the distortion of culture through trivialisation and ‘trinketisation’ (Kneafsey, 1998); and an obfuscation of citizenship efforts to contribute to the flourishing of authentic cultural products and services.

4. Local partnerships: three decades on

The emergence of the local partnership approach to development was anticipated to generate multiple positive effects including local community empowerment, higher-value-added enterprise and better employment opportunities for rural dwellers; and improvement of citizens’ access to products and services to further their environmental, political and cultural values. Research undertaken in Ireland and across Europe, however, has found that while there has been an increase in rural (and equally urban) areas of the distinctive types of enterprises supported by LEADER and other policies, engagement on the part of farmers and other indigenous groups such as indigenous fishers has been very low. This is of policy and societal concern not only because of the 5.8 million semi-subsistence farmers and landholders in existence across the EU27 and their continuingly precarious economic circumstances but because policies from the late 1990s were designed specifically to offer to such farmers a more supportive alternative to historical policies that had failed to support them.

4.1 Farm families’ participation in LEADER and the ‘new rural economy’

Van der Ploeg (2003, 2) concluded from a representative study of EU-wide LEADER partnerships that while there are notable exceptions “the role of farmers is relatively modest if not marginal, not in all, but in many LEADER projects”. Across various empirical studies, farmers and fishers are noted for various reasons to remain at the margins of LEADER type initiatives, such as in Italy (Osti, 2000), Ireland (Macken-Walsh, 2009) and France (Esposito-Fava and Lajarge, 2009). Other studies focused on farmers’ engagement in the types of alternative food, tourism and land use enterprises sponsored by LEADER have reached similar conclusions.
Research on the participation of indigenous farmers and fishers in the contemporary rural economy has been undertaken in the Irish context since the early 1990s. The most recently available nationally representative statistics show that just 4% of Irish farmers nationally have engaged in any diversification activity with just .4% of farms undertaking on-farm food processing (Meredith, 2011, Figure 2). Short food supply chains involving farms partnering with external processors and retailers are equally rare outside of the dairy sector, particularly where beef is concerned.

**Figure 2** Diversification on Farms in Ireland

<table>
<thead>
<tr>
<th>DIVERSIFICATION TYPE – IRISH FARMS</th>
<th>% UPTAKE</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Diversification (any)</td>
<td>4.1%</td>
</tr>
<tr>
<td>With Farm Tourism</td>
<td>0.94%</td>
</tr>
<tr>
<td>With Sports/Recreation Entertainment</td>
<td>0.39%</td>
</tr>
<tr>
<td>With Processing</td>
<td>0.4%</td>
</tr>
<tr>
<td>With Diversification (other)</td>
<td>0.78%</td>
</tr>
<tr>
<td>With Contracting</td>
<td>1.95%</td>
</tr>
</tbody>
</table>

*Source: Meredith, 2011*

Inevitably, low participation of farmers in farm diversification and in the culture economy more generally bears an imprint on how the EU vision for the rural economy has been achieved. Qualitative research has found that although culture economy approaches to rural development are proliferating, they can have tenuous links with indigenous farmers and fishers (Macken-Walsh, 2009; 2010; 2011; 2012). The *Wild Atlantic Way*\(^{67}\) initiative, for instance, is a paradigmatic example of the culture economy approach, marketing niche leisure and local food attractions along the

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\(^{67}\) [www.wildatlanticway.ie](http://www.wildatlanticway.ie)
western seaboard of Ireland. Food takes a dominant focus in the marketing material, which highlights opportunities for visitors to ‘taste the place’ and ‘shake the hand that feeds you’. However, recent research on the Galway region of the *Wild Atlantic Way* conducted as part of a EU-wide project has found that very few indigenous farmers are directly engaged in enterprises associated with the initiative. One of the most illuminating findings from the study is that the vast majority of meat served to visitors (and sold to dwellers) in Co. Galway originates from the same typical factory supply chains that supply the vast majority of the mainstream Irish market. While Irish meat is fully traceable of exceptionally high quality by international standards, enterprises that supply regional, branded meat products marketed through the culture economy are largely absent. Of the 11 small abattoirs provide slaughtering services in Co. Galway only one identifies a restaurant as its most significant customer. Farmers who arrange slaughtering for their own consumption and domestic consumers (through butcher counter sales) are the primary customers of the abattoirs. Of the 11 abattoirs, all but two foresee that they will cease operating within a ten year period or less due to retirement. However, despite this, initiatives such as the Wild Atlantic Way and the Galway EU Region of Gastronomy (2018) rely heavily on the imagery and ‘food story’ of coastal agricultural and indeed fishing communities. While this proves that the role of farmers is important in the region’s ‘food story’, their lack of involvement curtails both the authenticity of the story as well as the potential of new food and tourism initiatives to achieve the economic, social and ecological development aspirations that they are associated with in the policy and academic literatures.

### 5.2 Pioneers of the ‘new rural economy’

The enormous contribution of immigrants and returned Irish emigrants in establishing and developing of Ireland’s alternative food economy in particular is acknowledged in the sociological literature. In her research on the ‘alternative food movement’ in Ireland, Tovey (2006) notes, “their networks include farm households occupying the same land for several generations, but also settled New Age Travellers from Britain, American, German, Swiss, English, and Irish ex-urbanites, women who had married

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68 ‘Typical factory supply chain’ is used here to refer to large meat factories’ purchasing (often through marts) of livestock from private farmers. The factories process and sell meat products which although are traceable are not branded according to place of origin.

69 A notable exception of these was one abattoir that sold a significant amount of unbranded product to a fast-food operator.
into farming or fishing families, and returned Irish emigrants”. Tovey (2006) notes in relation to traders at a local rural market in Cahir, Tipperary, that,

“...such actors come from a surprising diversity of backgrounds. In West Cork, for example, many are incomers to Ireland, and even those who grew up in an Irish farm family household, have usually spent part of their lives working abroad or outside farming. They also tend to be active in local and community development generally, and not just in relation to food. The stallholders in Cahir include a number of incomers or migrants returning to Ireland, who have managed to acquire a small parcel of land or built up a small food business from which they want to construct an ‘alternative’ livelihood” (Tovey, 2006, p.16).

Similarly, the organic food movement in Ireland, though including a “slow but steady trickle of Irish indigenous converts”, is recognised as having been pioneered by “waves of incomers” (Tovey, 2006). Supporting these findings was a nationally representative study, which found that having farming experience impacts negatively on the likelihood of farming organically – “organic farmers have in general less farming experience than conventional farmers” (Läpple and Donnellan, 2008, p.14).

The important role that extra-local actors play in appraising the commercial potential of local cultural and physical resources is observed by Irish rural development professionals (Macken-Walsh, 2009):

“It’s hard for the community to see its own culture [from a consumer perspective]”

“I think in some rural communities there’s a need for a set of prompters that show the menu of possibilities...Internationally as well as nationally. Sometimes we don’t realise what we have ourselves, we need other people’s eyes”

Source: Macken-Walsh (2009, 113)

A EU-wide study found that those prominently involved in alternative food movements in particular have a distinctly consumer (rather than producer) perspective of food. Tovey (2006), for instance, in her case study of alternative food movements in Ireland found that “Some of the most prominent ‘local food’ actors, even if they are farmers or growers, see themselves as part of
a consumer movement than a rural producer movement” (Tovey, 2006). Fonte (2008) in her theorising of a “reconnection perspective” in relation to European local food markets notes that such markets provide a means for consumers to ‘connect’ with local food and are “strongly driven by a consumer perspective on food” (Fonte, 2008, 207).

Collaborative business models, such as farm partnerships between members of same farm family or between neighbouring farm families, have grown in popularity over the past decade. These partnerships, often involving women, can serve to combine both producer and consumer perspectives in business approaches to alternative food production and other culture economy enterprises (Macken-Walsh and Roche, 2012; Byrne et al., 2014; Cush et al., 2015).

5.3 Farm Viability

However, the problems of poor farm viability recognised as having ‘crisis proportions’ in 1991 are persisting, demonstrated annually by Teagasc’s National Farm Survey (NFS) and periodically by the Census of Agriculture undertaken by the Central Statistic’s Office (CSO). The problem is experienced in particular by drystock (beef and sheep farms), the smallest of which are concentrated in less intensive farming regions, predominantly in the Border, Midlands and Western (BMW) region (Dillon et al., 2017, 4).

Differentiating between small farms, defined as farms whose standard output is less than €8000 and large farms as those whose output is more than €8000, Teagasc’s National Farm Survey (NFS) presents nationally representative data on farm incomes (Figure 5). The CSO’s Farm Structures Survey (2013) found that there were 139,600 farms in Ireland, of which 53,000 had a standard output of less than €8000 (Dillon et al., 2017, 4). Dillon et al. (2017, 4) describe €8000 of standard output as the equivalent of 6 dairy cows, 6 hectares of wheat or 14 suckler cows. It is important to note however that all small farms in Ireland are drystock (beef and sheep) farms (Dillon et al., 2017, i).

70 The standard output of an agricultural product (crop or livestock), abbreviated as SO, is the average monetary value of the agricultural output at farm-gate price, in euro per hectare or per head of livestock. There is a regional SO coefficient for each product, as an average value over a reference period (5 years, except for the SO 2004 coefficient calculated using the average of 3 years). The sum of all the SO per hectare of crop and per head of livestock in a farm is a measure of its overall economic size, expressed in Euro (Europa, 2017).
Bridging the ‘Urban-Rural Divide’

Source: http://www.salsa.uevora.pt/

Figure 3  Ireland Farm Size Variations 1991/2000/2010

Source: Crowley, 2015
The market income for most larger and small drystock (cattle and sheep farms) is negative, which means that they receive less than the cost of production in the market (Figure 6).
While less than 1% of farmland is sold on the open market annually, a figure that remained constant throughout the ‘Celtic Tiger’ (Hennessy, 2006), the number of farms is decreasing and their size is increasing (Figures 3, 4).

A recent nationally representative survey of Teagasc’s National Farm Survey (NFS) focusing specifically on farms with a standard output of less that €8,000 provides some insights to the current situation and future of these farms. A snapshot of the analysis is as follows:

- 16% of the total farmland area of the country is operated by smaller farms.
- Nitrogen and phosphorous balances on a per hectare basis are lower on smaller farms than larger farms: the systems on these farms are low-input; and a high proportion of grass is used in animal diets.
- Per hectare, smaller farms emit fewer greenhouse gas emissions but this is dependent on their low level of (meat) output. 38% of smaller farm operators describe farming as their main occupation.
- The average smaller farm employs less than a half a labour unit and the average income per full-time labour unit equivalent was €6,238 in 2015.
• In 2015, 88% of smaller farm households were in receipt of an off-farm income source – an off-farm job, pension or social welfare payment.

• Of these, 45% of the farm operators/spouses have an off-farm job, compared to 50% of the operators/spouses of larger farm operators.

• The age distribution of smaller farm operators is not substantially different from larger farm operators, with 33% of smaller operators over 65 years compared with 23% of larger farm operators.

• Risk of isolation increases with age: just 39% of farmers over the age of 60 meet people outside of their household on a daily basis compared to 84% of younger farmers.

• Two-thirds of smaller farm operators report a deterioration in their sense of security: 40% report a deterioration in access to Garda stations and banks.

• 85% of smaller farms operators plan to continue farming while only 7% are currently seeking employment off the farm, regarding which the authors deduce, ‘given the age profile and high prevalence of pensions, this is perhaps not surprising’.

  Source: Dillon et al., 2017.

6. Rural crises unsolved: explanatory factors

What are the factors that explain why policies supporting a ‘new rural economy’ largely failed in Ireland and across to Europe to mobilise farm families out of their ‘crisis’ circumstances? Research in Ireland and elsewhere has put forward various explanations.

6.1: ‘Rules of the game’

The first and perhaps most obvious factor is the scope of development activity permitted by LEADER-type initiatives and the culture economy more generally. Haugaard (2002, 309) in a discussion of ‘rules of the game’ (i.e. structural power) reminds us that ‘structures and institutions [even local partnerships] are always goal-specific and frequently actor specific’. If this is the case, it follows that partnerships encourage the inclusion of some
actors and the exclusion of others. The theory of power reminds us that the transition from ‘top-down’ policies prescribed by the state to partnerships involving local people does not mean that the state has relinquished power. As explained by (Haugaard, 2012), local funders (or dominant local actors) orchestrate the ‘organising in’ of some development interests and the ‘organising out’ of others:

“Circuits built on ideology that seek to dominate, to attain *hegemony*, are the most fragile and vulnerable... It is much more efficient to govern through freedoms, however illusory, than repressions and this applies across all levels of analysis from the organizational to the societal. Circuits that stress system integration and allow for diversities and pluralities in social integration are more resilient and robust” (Clegg, 2014, 388).

It was already clear at the time of LEADER’s emergence in 1991 that particular solutions, lying outside of mainstream agriculture, were envisaged at the EU level. Of this, Curtin and Varley (1997, 142) explained, “what the Irish state/EU have in mind in the area-based partnerships is not the simple handing over of responsibility to local actors. On the contrary, the expectation is that external actors must be centrally involved in providing resources, deciding what is required to be done, who is to be admitted as legitimate partners and how the partnerships are actually to operate”. Such a scenario is echoed in the research of O’Toole and Burdess (2004, p.433) who state: “Higher levels of governance “‘steer’ the self-governing processes of small rural communities, expecting them to ‘row’ for themselves”. It became clear that the possibility of rural partnerships having an empowering effect in rural communities was dependent on an assumption that inhabitants have the appropriate skills and, more importantly, preferences to design and implement the distinctive types of projects that rural partnerships are assigned by policy to achieve (Macken-Walsh, 2009; Convery *et al.*, 2012; Macken-Walsh, 2016).

6.2: From ‘material and labour value to design value’: a policy expectation from family farmers

A second factor is that, for farmers, transitioning from mainstream agriculture may not be unproblematic or desirable. The challenge, as aptly described by Christopher Ray (2000, 6), is ‘replacing material and labour value with design value’. The knowledges and occupational practices
required for types of design-centred, consumer-focused enterprises fostered by programmes such as LEADER are entirely different to practices and knowledges required for land and animal husbandry. Even more crucially, design-led enterprise and primary farming and fishing are underpinned by completely different value systems and different manifestations of cultural, social and economic capital (Macken-Walsh, 2009; Macken-Walsh, 2012). Farmers and fishers engaged in primary fishing and agricultural production activities may not typically esteem skills in service provision and interfacing with consumer markets (see also Burton 2004; Burton et al., 2008). For social groups whose occupational and socio-cultural identities are centred on traditional agricultural and fishing enterprises, even if these enterprises are lacking economic viability, service-based and processing activities may have little or no appeal (Esposito-Fava and Lajarge, 2009; Macken-Walsh, 2012). However, it is important to note that wider members of farm and fishing households have a diverse professional profile and often very high levels of educational attainment, which may support greater preferences for service and design-based enterprises henceforth. A trend of highly educated farm offspring returning to the farm to establish alternative enterprises, driven by the “dream of a smallholding” (Blekesaune et al, 2007) has been noted elsewhere in Europe.

6.3: Production obscured by consumption

A third factor is that culture economies are often driven by force of consumerism rather that production. Despite hopes that indigenous cultural practices and characteristics, as commodities for the culture economy, would empower indigenous communities and invigorate their economies, sociological studies across Europe and in Ireland have found that the culture economy is more driven by forces of consumption and what consumers want rather than production and indigenous people such as farmers. For a culture economy to deliver benefits and meet expectations of both producers and consumers, it is necessary for the drive to be bidirectional.

With specific reference to the culture economy, the philosophy literature warns against the ‘obscuring’ of production by consumption (Pratt, 2004 p. 117). In particular, Pratt, (2004, 123) cautions against consumption becoming ‘spectacularised’ and ‘artificially separated’ from the reality of production and producers. Untethered from production, the culture economy becomes generated by transnational convergences and conformities in cultural products and services, influenced by ‘Eurocentricity’, ‘street fashion gossip’
(Pratt, 2004) and an ‘escalating awareness of, contact with and borrowing from, other cultures and polities as goods, people and ideas circulate on a global scale” (Ray, 2000). Disconnects between production and consumption are inevitably problematic for a value-added strategy that, for consumers, is expected to be founded on authentic cultural features and, for producers, is expected to give rise to better livelihoods. The obscuring of production by consumption, thus, leads to new dimensions of the urban-rural divide rather than its amelioration.

6.4 Resistance paysanne

As Shortall (2008) reminds us, “it cannot be assumed that to participate is the default position or the social norm, or that non-participation is exclusion”. For farmers and fishers who wish to remain farming and fishing, they “do not see the point” in engaging with local partnerships if their problems cannot be solved by local partnerships (Shortall, 2008; Macken-Walsh, 2016).

It is through this lens that the power of non-participation or of ‘resistance paysanne’ becomes clear. Van der Ploeg (2008, 15) identifies the powerful roles of the rural peasantry in civil society, offering ‘pockets of resistance’ that represent ‘uncapturedness, the struggle for autonomy and the creation of noncontrollability’. Van der Ploeg (2008) notes an “intriguing ‘traveling’ of the peasant principle”, and calls for the recognition of resistance paysanne as powerful, ‘actively constructed response’ to attempts at domination. Arguably due to the relationally deep human ecological connection between successive generations of farm families and their land and livestock, farm families can have secure ontological identities resilient to integrative forces such as expert or reified knowledge influences that challenge ‘what is locally considered reasonable behaviour... (and) whereby the conventionality of structures disappears from view from the perspective of the social actor’ (Haugaard, 2011, p.23; Macken-Walsh, 2016). Such a thesis also comes forth from the work of Varley and Moser (2013), who identify the nub of their ‘integration through marginalisation’ thesis as interventions in agriculture that aimed to ‘define the substance and direction of what was to pass for ‘progress’ under modern conditions’ (p. 34).
7. Current and future challenges

Davidova et al. (2014), on the basis of an extensive study across Europe, identified three future paths for small farms: “disappearance due to absorption into larger commercialised farm holdings or to land abandonment (e.g. in remoter areas); transformation into small commercial farms; continuation through a) diversification; b) non-agricultural wage employment and part-time farming; or c) “forced” re-entry of successive family generations due to the lack of other income sources” (Dillon et al., 2017, 38).

There is little doubt that at least some of the large cohort of economically vulnerable ‘middle’ Irish farms will follow these various pathways. However, an alternative route is possible for Ireland, following the ‘Agriculture of the Middle’ (AotM) model that originated in the USA (Macken-Walsh, 2011; Macken-Walsh, 2012; Hooks et al., 2017). The premise of the model is that middle family farms, the majority of which have been farming on the same land for generations must be supported for the benefit of wider society. This, as articulated by the US White Paper on AotM is because of the following reasons:

“This is not just about “saving” the family farm. It is about the associated social, economic, and environmental costs to society. With the loss of each family farm, a rural community loses approximately $720,000* in related economic activity. Ecologists now affirm that the only way we can manage farmland in an ecologically sound manner is by having the farmer living on his/her land long enough and intimately enough to have learned how to manage it properly. With the loss of ecological land health we see the loss of soil quality, wildlife, and recreational areas. And with the loss of rural populations, the loss of public services - education, health-care, transportation - inevitably follow”

(Kirschenmann et al., 2005)

*Specific to the Irish context, “every €100 of agricultural output generates an additional €73 output in the wider Irish economy. This figure is 18% higher than the average economic impact of all other manufacturing sectors in Ireland.” (Walsh et al., 2017, 21).

This logic of this manifesto corresponds with the ‘causal link between family farming and the preservation of rural society’ evident in EU policies
since the inception of the CAP\textsuperscript{71} (Gray, 2009) and reaffirmed in the 1980s by statements such as, ‘an agriculture on the model of the USA with vast spaces of land and few farmers, is neither possible nor desirable in European conditions in which the basic concept remains the family farm’ (CEC, 1985, 5). Rather than emphasising options of farm diversification, non-agricultural employment or service and design based enterprises for family farmers, the AotM development model is focused on opportunities within the practice of family farming and identifies a particular contemporary market niche for the produce of family farms,

“There is a burgeoning market demand for foods – \textit{neither cheap commodity foods or luxury expensive speciality foods} – that are somewhere in the middle and are produced in accordance with sustainable agriculture standards. It is precisely the farmers of the middle who are in the best position to produce those products”

(Kirschemann \textit{et al}., 2008, p.4).

However, as discussed by Hooks \textit{et al}. (forthcoming), the problem of poor viability among Irish drystock farms is at least partially caused by officially recognised power imbalances in the supply chain (DAFM, 2014). Unlike the dairy sector in Ireland, where there is a longstanding tradition of the cooperative movement, the vast majority of drystock farmers are not organised collectively in the market. Providing a organisational response to this problem, the AotM model is operationalised through a cooperative structure, which coordinates production on individual family farms and undertakes processing, sales negotiations, distribution, marketing and branding on behalf of the farmers who co-own the cooperative.

“\textit{Imagine a large number of small and midsized family farmers, linked together in a marketing network, producing food products for regional food sheds, using sound conservation practices, providing their animals with the opportunity to perform all their natural functions, preserving the identity of such food products by processing them in locally-owned processing facilities, and making them available in the marketplace with opportunities for consumers to access the entire story of the products life cycle using existing...}"

\textsuperscript{71} Gray reports (2009, 21), “In the 1970s and 1980s, the effect of the CAP’s original market and price support mechanisms on agriculture began to be analytically identified as two interrelated predicaments that threatened the viability of farming and rural society central to the image of rural fundamentalism. They derived from the CAP’s conflicting aims of social equity and economic efficiency; paradoxically, the programs aimed at ameliorating them.
The basic strategy of the model, thus, is i) adding value to the output of family farms and ii) changing how family farms are represented in the marketplace so that they receive a greater return for their produce. This strategy closely echoes Ireland’s current agriculture policies. In the first instance, while policy documents of the recent past aimed to increase the volume of production output, there has been a marked transition to an emphasis instead on the value of produce. *Food Harvest 2020* (p. 3) future states that there is a need to “shift from commodities-based supply to one that is increasingly brand centred and consumer focused. Its successor, *Food Wise 2025* (p.35) contains a more explicit emphasis on increasing the value rather than volume of output of agricultural produce. Bell and Shelman, (2010) in their marketing vision report *Pathways for Growth* remind Ireland that ‘it is small not multi-national’ and “its competitors for the “green” market cannot deliver on that promise”. *Ireland’s Smart Economy* policy document states that “…high value-added parts of the food industry depend on Ireland’s ‘green image’ for competitive advantage” and Ireland’s agriculture development blueprint *Food Harvest 2020* acknowledges that “The modern use of ‘green’ to identify concern for the natural environment has, for some time, been recognised as representing a natural marketing opportunity for Irish agri-food to build on.”

An important characteristic of Irish agriculture, particularly drystock farms, is that they are participating in and accredited *en masse* by a national marketing scheme, Origin Green. Bord Bia, Ireland’s Food Marketing Board reports,

“*Origin Green is the only sustainability programme in the world which operates on a national scale, uniting government, the private sector and food producers, through Bord Bia... Over 90% of Irish beef output is covered by Origin Green*”.

The Origin Green sustainability report for 2016 (Bord Bia, 2016, 14) confirms that since 2011, 117,000 carbon assessments have taken place on over 49,000 participating Irish beef farms and 13,000 participating Irish dairy farms. However, by contrast to dairy farmers, represented by farmer-
owned cooperatives in the marketplace, the vast majority beef and sheep farmers are represented by large privately owned processors.

However, beef Producer Organisations (POs) were legislated for in Ireland in 2016 in the context of power imbalances in the supply chain disfavouring farmers (DAFM, 2014; Renwick, 2015; Hooks et al., forthcoming) and following recommendations of a beef industry stakeholder group. The functions of POs correspond with the functioning of AotM cooperatives. Hooks et al. (2017) undertook a case-study of a beef AotM cooperative in the US with a view to identifying learning arising for the Irish context. The authors found the cooperative generated “positive effects on farm-level viability, sustainability and resilience” (Hooks et al., 2017).

A crucial characteristic of the AotM model is its advocacy of a transitioning from food ‘supply chains’ to ‘values based supply chains’ (VBSCs). Intrinsically, VBSCs are constituted of partnerships involving farmers and consumers (and processors, retailers and other intermediary partners in between), which are founded on commitments to social, economic, cultural and ecological values provided by family farming (Stevenson et al., 2008; Hooks et al., 2017). Ideologically, VBSCs represent a ‘new and radical social contract’ (Irish Times, 2017) that is the cornerstone delivery model of Social Justice Ireland (Healy et al., 2017).

However to lay down roots for such a social contract, empowerment is needed in the interchange between agriculture and wider society; and at the level of statutory organisations and policy-makers. It is useful in this context to recall Solbakken’s (1996) definition of empowerment, which resonates with Healy et al.’s (2017) articulation of social contract, is described as requiring:

- **Conscientization**: acquiring a comprehensive awareness and understanding of the economic, social, political and cultural factors that shape our opportunities, constraints and our ‘way of thinking and doing things’

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EU regulation (1308/2013) defines POs as organisations undertaking the following functions: i) joint distribution, including joint selling platform or joint transportation; (ii) joint promotion; (iii) joint organising of quality control; (iv) joint use of equipment or storage facilities; (v) joint management of waste directly related to the production of live cattle; (vi) joint procurement of inputs (Hooks et al., forthcoming).
• Participation: taking action to bring about positive change for oneself

• Solidarity: with others in creating positive change for wider society

To support conscientisation, a pre-cursor for creating a culture of empowerment henceforth, critical reflection is required at the level of the state and EU of institutionalised divisions between ‘rural development’ and agriculture. How the policy trajectory of agricultural development, described by Moser and Varley (2013) as based on ‘integration through subordination’, has conditioned not only agriculture at farm level but the culture and approaches of policy-making and implementing institutions must be appraised, and critically reflected upon. New EU policies that broaden the application of the partnership approach to mainstream agriculture, intended to ‘mobilise existing knowledge... (in) a social process, more bottom-up or interactive than top-down’ (EU SCAR, 2013, 17) must be recognised as representing an entirely new way of supporting agricultural development requiring new policy ways of thinking (Macken-Walsh, 2016). Lingering influences in institutional cultures of policies that valued economies of scale, generating attitudes towards the small farmer, must be acknowledged and mediated through new cultural conversations, involving rural and urban societies equally. The inculcation of a hegemonic rural masculine culture in an agriculture sector that remains partially in industrialisation mode, with constraints arising for the human potential of men and women, must be addressed. In this regard, inspiration can be drawn from evidence of reconstituted gender relations supported by men and women on family farms (Byrne et al., 2014; Cush et al., 2017). The term ‘peasant’ colloquially understood as a ‘poor smallholder’ or an ‘unsophisticated person’ must be revised in public consciousness to reflect the Chayanovian definition of peasant farmer, which highlights remarkable tenacity, resilience and ingenuity in balancing social, cultural and economic priorities (Chayanov, 1980).

8. Conclusion: a social contract for the urban-rural interchange

Creation of a Values-Based Supply Chain (VBSC) that addresses the serious farm viability problem, inequitable imbalances in supply chains, and ecological and food sovereignty threats arising for rural and urban society as a whole, requires a new social contract that is tethered primarily
between farmers and consumers with crucial services, entrepreneurialism and regulatory supervision provided by industry partners and the state. Following Healy et al. (2017), regard for citizens’ rights and, equally, responsibilities, are predications upon which this social contract is reliant. Clear from the analysis of this paper are the immense respective powers of farmers on one hand and consumer citizens on the other. To empower a workable and enduring social contract, a forging of these powers in the urban-rural interchange is necessary to drive a renewed consumer perspective of an authentic culture economy resourced by a resilient population of family farmers.

Currently, while recent policy change, such as new legislation for the formation of Producer Organisations, is supportive of creating conditions for a new social contract, preliminary indications are that a non-radical view is shaping how policy will be implemented in practice. An analysis of stakeholder73 discourses found that there is little consideration or involvement of consumer perspectives (Hooks et al., forthcoming), with stakeholders taking “a relatively narrow view of the purpose and function of POs, with most associating cooperation with the pursuit of economies of scale and few identifying broader potential in adding value” (Hooks et al., forthcoming, 1). This finding, arguably, reflects an agriculture that has been for over half a century dominated by a development perspective that has valued economies of scale, undifferentiated commodity production, and poor integration with and responsiveness to consumers. In order to avoid once more future losses of opportunity in the crucial interchange between urban and rural societies and economies, a challenges is posed to institutions of the agri-food sector to engage with consumer and citizen perspectives.

However, citizens are also challenged to engage with the topic of agriculture, food production and sustainability is such a way that overcomes materialist consumerist trends that have caused losses in opportunity for both consumers and producers heretofore. For all citizens, a ‘cognitive liberation’ (McAdam, 1992) must underpin transformed understandings of ‘the role of agriculture in rural development, moving it from peripheral and dying to a central activity in rural places’ (Tovey, 2006, 173). In order

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73 Farmer representative groups, current producer groups, beef sector organisations and statutory bodies who, in response to a call for submissions, made submissions representing their interests concerning POs to Ireland’s Department of Agriculture, Food and the Marine (DAFM).
for this to occur in a social contract, the most vital partnership of all is between enlightened citizens and the ‘experience and language of peasant agriculture’ (Moser and Varley, 2017).

The extraordinary resilience of the peasant agriculture model demonstrating judicious navigation through ‘both persistence and adaptation’ (Grubstrom et al., 2014, 154) has served society well throughout changing market and policy conditions over time. The tenacity or resistance paysanne of the 5.8 million or more peasant farmers across Europe and has arguably prevented at a larger scale the officially recognised ‘disastrous effects of integration to the dominant modernisation model, with its goals of continuous expansion of scale, industrialisation of production and integration into increasingly globalised agri-industrial corporations’ (Van der Ploeg and Renting, 2004, 234). In the context of culture economies dominated by consumer trends, resistance paysanne has also been protective somewhat paradoxically protective of cultural diversity because, in the words of Irish sociologist Anne Byrne, “when indigenous inhabitants... gradually abandon local criteria regulating forms of reasonable thought and feeling, they will have become much more similar to people everywhere else” (Byrne et al., 1993, 253).

It is very important to observe that the vision of the ‘new rural economy’ was in many respects sound but the policies designed to achieve it failed to strike the correct balance in a socio-culturally appropriate way with the family farmer. To quote Pratt (2004, 124) in this context: “while it once was fashionable to criticise old Marxists as ‘productivist’, perhaps it is now time to lay a similar, but opposite charge at the door of the new ‘consumptionists’”. A particularly balanced vision, however, was presented by Irish agricultural sociologist Hilary Tovey and her colleagues of ‘new paradigm rural development’. Re-appraised in light of an AotM delivery model, this vision constitutes much of the important content for a new social contract between citizens in the urban-rural interchange:

New Paradigm Rural Development:

1. Repositions small-scale farming/food production practices at the centre of rural development; rural development is initiated and carried out by rural actors themselves. Its practices try to reshape and recombine all those rural resources which the modernisation
paradigm treats as ‘increasingly obsolete and external to agricultural production’ – land, labour, eco-systems, animals, plants, craftsmanship, networks, market partners, town-countryside relations (Van der Ploeg et al., 2000, 398)

2. Aim to create and particularly to retain wealth within agriculture and the related rural economy. New opportunities for employment and income generation at the local level should be those which add value to the primary product, rather than, as in conventional development models, cheapening those products and reducing their value (Marsden 1993,184; see also Douthwaite, 1996). Projects appropriate for rural economic growth are distinctively different from industrial modernisation projects in which the eventual location of the wealth generated is irrelevant to the spatial location of the jobs created.

3. Encourage innovation in the institutions supporting and regulating economic activities: for example, new forms of marketing of food, new relationships between food producers and consumers. This follows partly from the first aim above, but it is also a deliberate effort to bypass and avoid incorporation into global chains of production and supply. New paradigm rural development ‘diminishes, both symbolically and materially, the dependency on financial capital, agro-industry, the global commodity markets and the big retailers’; while ‘re-grounding’ rural economic activities on ecological, social and cultural capitals which are held at the local or regional level (Van der Ploeg and Renting 2004, 233)

4. Finally, its supporters understand new paradigm rural development as a form of emancipation, leading, on the aggregate level, to new patterns of sustainability, natural and social (see also Lyson 2003). Sustainable social organisation requires a rethinking of gender relations, social and spatial divisions of labour, identities and forms of cooperation: ‘Central to the current practices of rural development, then, is that the creation of wealth, the rise of new institutional patterns and identities, and the shift in power balances, are increasingly being intertwined’ (Van der Ploeg and Renting, 2004, 233).

Source: Tovey, 2006
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9 Public Participation Networks in Ireland – Re-engaging People and the State

Sara Bourke

Introduction

Involving people in making the decisions that affect them and their lives is a core principle of democracy. Real participation goes beyond voting (representative democracy) to a situation where people and government work in partnership to co-create infrastructure and services, solve problems and work towards the well-being of all in this generation and the generations to come (deliberative democracy). By definition, such an approach requires a leaving aside of power differentials, and making a specific effort to ensure that the voices and views of people who are not traditionally influential are heard and taken into account (Elster, 199874; Coote, 201175; Healy and Reynolds, 200076 and 201177).

This participatory principle is strongly upheld in Goal 16 of the United Nations Sustainable Development Goals (UN, 201578 and 201679) in which countries commit to “Promote just, peaceful and inclusive societies .... ensuring responsive, inclusive, participatory and representative decision-making at all levels.” The need to involve people in environmental decision

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making is enshrined in the Aarhus Convention (UNECE, 1998)\textsuperscript{80} which was ratified by Ireland in 2012. It is also promoted in the EU Maastricht and Lisbon treaties (reviewed in EU Parliament, 2017\textsuperscript{81}), which enshrine the principle of subsidiarity, whereby decisions should be made at the most local level that is consistent with their resolution. In an Irish context, that is Local Government i.e. the 31 City and County Councils.

The Council of Europe’s *Charter on Shared Social Responsibilities*\textsuperscript{82} states that shared social responsibility in terms of local government requires that local government ‘frame local policies which acknowledge and take into account the contribution made by everyone to strengthening social protection and social cohesion, the fair allocation of common goods, the formation of the principles of social, environmental and intergenerational justice and which also ensure that all stakeholders have a negotiation and decision-making power’ (Council of Europe, 2011).

Within Ireland public policy asserts the importance of citizen engagement and the need for more open and transparent government. In the introduction to Ireland’s Action Plan for Open Government 2016-2018\textsuperscript{83}, Minister Paschal Donohoe says “When citizens are engaged in public policy making it leads to more informed decisions. Policies and services can then better respond to people’s needs..... Citizens and service users can better understand the reasons behind some decisions and have more confidence that things are moving in the right direction.”

The Framework for Local and Community Development in Ireland\textsuperscript{84} published in 2015 commits to “a strong local government system securing and supporting individual and community engagement and participation in policy development, planning and delivery, and decision-making processes in respect of local and community interventions and supports at a local level.”

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\textsuperscript{82} Council of Europe (2011) “Charter on Shared Social responsibilities” Brussels: Council of Europe


Thus, there is no shortage of high level policies supporting participation. This paper will look at a practical application of this principle – the development of Public Participation Networks (PPNs) in Ireland, and their role to promote participation in Local Government. It will assess their progress to date in the context of the Council of Europe’s Code of Good Practice for Citizen Engagement in the Decision-Making Process (CoE, 2009)\(^85\) and make some recommendations for their future development as a way to reconnect people and the State.

**Council of Europe Framework for Civic Participation**

In 2007, the Committee of Ministers of the Council of Europe recognised the essential contribution of Non-Governmental Organisations (NGOs) in promoting and developing active citizenship and participation. They mandated the Conference of NGOs to prepare a Code of Good Practice for Civil Participation who would cover mechanisms for participation in decision making processes and civil society involvement in public policy. This Code (CoE, 2009\(^11\)) offers useful principles and a framework for evaluating the extent and efficacy of civic engagement. The principles are

- **Participation**
  NGOs\(^86\) collect and channel views of their members, user groups and concerned citizens, and feed that into the policy making arena. This input provides crucial value to the political decision-making process, enhancing the quality, understanding and longer-term applicability of the policy initiative. A pre-condition for this principle is that the processes for participation are open and accessible, based on agreed parameters for participation.

- **Trust**
  An open and democratic society is based on honest interaction between actors and sectors. Although organisations and public authorities have different roles to play, the shared goal of improving the lives of people can only be satisfactorily reached if based on trust, implying transparency, respect and mutual reliability.

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\(^{86}\) Note: The code uses the term NGOs which can be interchanged for “volunteer-led organisations” or “community organisations” in an Irish context.
Accountability and transparency
Acting in the public interest requires openness, responsibility, clarity and accountability from both the organisations and public authorities, with transparency at all stages.

Independence
Organisations must be recognised as free and independent bodies in respect to their aims, decisions and activities. They have the right to act independently and advocate positions different from the authorities with whom they may otherwise cooperate.”
(Council of Europe, 2009, Section V)

Levels and stages of Participation
“Participation in policy and decision making” is an all-encompassing term, and it is useful to look at different levels of participation. In general, the level of participation achieved is set by the structures, systems and ethos of the ultimate decision-making body. Thus, if policy and decision making happens behind closed doors, then those doors must be opened from the inside to create a climate which appreciates and is open to public participation in its deliberations.

**Figure 1 Levels of Public Participation in Policy and Decision Making (CoE, 2009)**
The Council of Europe Code offers a model for levels of participation (Figure 1). The levels of participation move from the mere provision of information by policy makers to the public to a partnership approach which allows for the co-creation of policy with communities. This final approach signals a high level of participation and engagement, and is a manifestation of deliberative democracy. At this level the principle of subsidiarity is also achieved, as decisions are being made with the involvement of the people who will be affected by those decisions. Here the social contract between people and the State is at its strongest, with a sharing of rights and responsibilities between the parties. However, at all stages beyond information provision, achieving that goal requires a set of conditions to be met. Ideally, Public Participation\textsuperscript{87}

- is based on the belief by all stakeholders that those who are affected by a decision have a right to be involved in the decision-making process;

- includes the promise that the public’s contribution will influence the decision;

- promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers;

- seeks out and facilitates the involvement of those potentially affected by or interested in a decision;

- seeks input from participants in designing how they participate;

- allows adequate time for input to the participation process and is respectful of the time contributed by everyone, including volunteers;

- provides people with the information they need to participate in a meaningful way, and makes that information accessible to diverse stakeholders;

- communicates to participants how their input affected the decision, and where it did not, why not.

\textsuperscript{87} Adapted from International Association for Public Participation (2017) https://www.iap2.org/?page=corevalues
Developing Policy is an iterative process, with a number of different stages which facilitate the input of civil society (Figure 2). Ideally civil society should be involved at all stages of the process, from initially identifying the issue to be addressed (agenda setting) to monitoring and review. However, all too frequently, participation is only invited following the drafting stage, where comments are invited on a policy which has already been framed. This leads to a reactive response, which is often characterised by objections to elements of the draft, with little truly constructive feedback. This can lead to frustration and mistrust both from policy makers and communities. For better outcomes, open engagement at the agenda setting stage of the process is required.

**Figure 2 Stages of the Policy Process (CoE, 2009)**
Active Citizenship and Civil Society

“I believe that it is this conception of the participative citizen who is active in a community of citizens and who is empowered to participate and flourish is a powerful idea that can especially be resonant at this moment in our history”

President Michael D Higgins 2016

One key way of measuring active citizenship is through volunteering. The CSO (2015) estimated that approximately 520,000 people volunteer in organisations annually in Ireland, contributing 116 million hours, with a value of over €1bn at minimum wage. Ireland ranks 5th in the EU for the participation of people in organisations with a social, cultural, sporting, environmental or economic interest (Eurobarometer, 2013). In addition, volunteering has been shown to enhance personal well-being and mental health (Volunteer Ireland, 2017). Volunteer-led organisations contribute to social, economic and environmental infrastructure and services at local, regional and national level. Working directly in local communities they are very aware of issues on the ground and how policy decisions are impacting. Thus, civil society organisations have a specific role to play in encouraging active citizenship and also in bringing a representative community voice to policy and decision making.

Local Government Reform in Ireland
The current system of Local Government in the Republic of Ireland comprises 31 Local Authorities (LAs), mainly structured around county and city boundaries. They deliver a wide range of local services such as housing; planning; roads; water supply; environmental protection; provision of recreation and amenities and community infrastructure. LAs also play a key role in supporting local economic and enterprise development in cities and counties.

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88 The report of the Presidents Ethics Commission (2015)
Local Government supports many initiatives which drive local communities. These range from local festivals and events; design of streetscapes and village renewal schemes; support for micro-enterprises, business parks and incubation units; arts, culture and heritage, social inclusion, involvement in energy efficiency projects; planning for major investments etc. Thus, under the principle of subsidiarity, this is the lowest effective level of governance in Ireland for people to participate in. However, the Irish system has been criticised by the Council of Europe for being far too centralised, with little real power and decision-making devolved from the Oireachtas to Local Government\textsuperscript{91}. The OECD (2016)\textsuperscript{92} reports that Ireland is one of the most centralised countries of the OECD.

In 2012 the Irish Government produced a major policy document ‘Putting People First’\textsuperscript{93} heralding a significant reform of Local Government in Ireland. The document outlines a vision for local government as ‘leading economic, social and community development, delivering efficient and good value services, and representing citizens and local communities effectively and accountably’. One of the stated aims of this process of local government reform is to create more meaningful and responsive local democracy with options for citizen engagement and participative democracy. The report also initiated new local government structures such as Municipal Districts, Local Community Development Committees, the merging of some County and City Councils and the abolition of Town and Borough Councils.

As has been described elsewhere in this book, trust between people and the state is low. Figure 3 demonstrates that Irish people are more likely not to trust government than the EU as a whole from 2010 to 2015 (European Commission, 2017\textsuperscript{94}). More recently, levels of mistrust have decreased compared to the EU average, but remain worryingly high at 55% for National Government and 44% for Local Government. While the figures for Ireland have improved slightly, this level of mistrust makes it difficult for policy makers to engage with those already disaffected citizens. Any

\textsuperscript{91} Council of Europe (2013) “Local Democracy in Ireland” viewed at https://rm.coe.int/168071a75c
review of social media comments on policy issues demonstrates a very vocal group who do not view politicians and public servants in a positive light, and for whom the common good is a somewhat alien concept.

**Figure 3 Trust in Local and Regional Government**

Proportion who "tend not to trust" National (NG) and Local Government (LG) in Ireland and the EU

Source: Eurobarometer (2017)

Public engagement with Local Authorities covers both representative and participative elements. Councillors are elected every five years to the Local Authority from geographic areas with a population ranging from 20,000 in sparsely populated rural areas to over 70,000 in dense urban locations. The average ratio at the 2014 election was one member per 4,800 of population.\(^{95}\)

In terms of participative democracy, LAs have a variety of mechanisms. Individuals or groups can lobby elected members and council staff directly

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on matters of interest to them. The LA has a statutory requirement to hold public consultations when devising new plans such as the County Development Plan, Local Economic and Community Plan etc. Some LAs also extend this to consult with communities about local plans and other sectoral policies and proposals. In addition, representatives of the community are given an opportunity to sit on decision making and advisory boards and committees led by the LA. Examples of this are Local Community Development Committees (LCDCs), Strategic Policy Committees (SPCs) and Joint Policing Committees (JPCs). The role of each is briefly described below.

**LCDCs** aim to develop, co-ordinate and implement a coherent and integrated approach to local and community development. The membership of LCDCs includes elected councillors, local authority staff, representatives of public bodies which provide services in the area; local community representatives via the PPN and representatives of publicly funded or supported local development bodies. The main function of an LCDC is to prepare, implement and monitor the community elements of the six-year local economic and community plan (LECP). It also oversees Community Development programmes such as the Social Inclusion and Community Activation Programme (SICAP) and the Rural Development Programme (LEADER), Town and Village renewal. Typically, LCDCs meet monthly.

**SPCs** advise and assist the council in the formulation, development and review of policy. The SPC system is intended to give councillors and relevant sectoral interests an opportunity for full involvement in the policy making process from the early stages. They bring together various stakeholders in LAs including staff, elected councillors, representatives of business, farming interests, trade unions and PPN reps from social inclusion, environmental, community and voluntary sectors as appropriate. Typically, SPCs meet 3-4 times a year.

**JPCs** provide a dedicated forum to support consultation, cooperation and synergy on policing and crime issues between An Garda Síochána, local authority officials, elected representatives and PPN community representatives. Typically, JPCs meet monthly.
Public Participation in Local Government in Ireland

Task Group on Citizen Engagement

In 2013, the Government commissioned a Task Group on Citizen Engagement in Local Government, chaired by Seán Healy of Social Justice Ireland to come up with proposals for more extensive and diverse input by citizens into the decision-making process at local government level. The report of that group in late 2013\(^6\) proposed the development of Public Participation Networks (PPNs) in every Local Authority Area. These networks would be the main point of contact between Local Authorities and the environmental, social inclusion, community and voluntary organisations in an area. Their core role is to

- Facilitate the participation and representation of communities in a fair, equitable and transparent manner through the environmental, social inclusion, community and voluntary sectors on decision making bodies

- Strengthen the capacity of communities and of the environmental, social inclusion, community and voluntary groups to contribute positively to the community in which they reside/participate

- Provide information relevant to the environmental, social inclusion, community and voluntary sector and acts as a hub around which information is distributed and received.

Structure of PPNs

The guiding principles and values of PPNs (Figure 4) are designed to reflect those within the Council of Europe Code of Good Practice for Civic Participation in the Decision-Making Process.

Participatory and Inclusive

PPNs bring together all the volunteer-led organisations within a city / county. On average PPNs have 400-member groups, comprising environmental, social inclusion community and voluntary activities.

PPNs are ideally placed to meet the recommendation in the Code (CoE, 2009) to “collect and channel views of their members [and] user groups.” These views can be brought to policy makers either via submissions to consultations, or direct participation in decision making fora.

**Figure 4 Principles and Values of PPNs**

PPNs elect representatives to sit on various LA policy and decision-making bodies as described above. These representatives are supported by a Linkage Group of members who are stakeholders in a particular issue. For example, groups with an interest in safety and security would come together to be the Linkage Group for the Joint Policing Committee, bringing grass roots experiences to the policy table via their representative. This structure maximises involvement from member groups, and ensures that representatives bring forward the views of the PPN, and not their personal opinions. It also stimulates member groups to make submissions in their own right on matters of importance to them.

The PPN is a flat structure with no designated leaders, which means that it operates in an open and accessible way, and there is no charge for
membership. The overall decision-making body of the PPN is the Plenary, or meeting of all member groups. PPNs are also mandated to actively engage and include groups representing people whose voices are not generally heard in policy making.

Every PPN communicates regularly with its members via newsletters (electronic and print), ensuring they are informed about relevant activities, plans and opportunities for consultation. They also work to build the capacity of member groups by offering training courses.

Each member group has an opportunity to participate in the PPN at the level that suits them. Activities include

- Registering as a member and receiving information via email
- Attending Plenary or Municipal District meetings or consultations
- Attend training organised by PPN.
- Becoming involved in one or more Linkage Groups on topics of importance to them and feeding into policy.
- Nominating representatives for election to LA Boards or Committees or the Secretariat
- Voting in elections to Boards or Committees or the Secretariat
- Having a member of their group as a PPN representative on a LA Board or Committee or on the Secretariat

All of these elements of the structure contribute towards one which is inclusive and participatory.

**Trust, Accountability and Transparency**

PPNs are administered by a voluntary Secretariat, supported by a resource worker. However, all decisions are taken by the Plenary which meets at least twice per year. Each PPN agrees a Memorandum of Understanding with the LA and an Annual Workplan. Both financial and workplan reports are completed and made available to members and presented to the Plenary. When PPN representatives attend a meeting, they report back to the PPN
via the Linkage group. Frequently these reports are placed on the PPN website. Any member organisation can join a Linkage group of their choice and thus be able to have an influence.

**Independence**
PPNs are defined as being independent from the LA, and from any political or vested interests. Although they are funded through the LA, they operate under the direction of the Plenary and the administration of the Secretariat and worker. For credibility with member groups, and to be able to advocate critically, it is essential that the independence of PPNs is maintained and respected.

**Development of PPNS**

The networks were to be introduced, along with the remainder of Local Government Reform with the Local Elections in June 2014. That year, *Social Justice Ireland* along with the Environmental Pillar organised a series of roadshows for both LA staff and volunteers to explain and promote the new structure. In 2015, *Social Justice Ireland* employed a part time worker to support the development of PPNs across the country. They delivered a series of training programmes, offered phone and email mentoring and organised regional meetings for PPNs to share best practice and challenges. They are also in the process of researching the implementation of the PPN structure and its efficacy. This paper includes some preliminary output from that work.

We can identify three basic stages in the development of PPNs from their initial announcement to the present.

**Phase 1 Introduction Period – April 2014 – June 2015**
During this period, LAs were given responsibility for establishing PPNs within their catchment area. Implementation coincided with the reform of Local Government and significant internal reorganisations within LAs, which meant that PPNs did not always receive the priority they required. A budget of €12,000 per LA was provided for the roll out. Because of this lack of both human and financial resources, the initial implementation was patchy across the country, with the level depending on how committed individuals in the LA were to the process. There was also some confusion and lack of trust amongst both potential member groups and the LA about
the new structure, which some saw as overly-complex. In other cases, there was a positive welcome for the PPN which was seen as a new and innovative organisation with real potential to rejuvenate community engagement.

Because of the need to establish LA committees after the elections, community representatives were nominated to various LA committees from legacy bodies on an interim basis. As the Linkage Group structure was not well developed, many of these individuals were reliant on their own knowledge, experience and network to inform their representation.

LAs (in particular the Community sections) commenced registering PPN members and sharing information with them. Some Secretariats (administrative body of PPN) were elected and took on the task of developing the PPNs. Towards the end of the period, some interim representatives were replaced by election from the PPN membership. Most PPNs operated on voluntary work, while some had administrative support from their LA.

**Phase 2 Development Period - June 2015 - Dec 2016**

In June 2015 a funding line was established for PPNs involving up to €50,000 from Central Government to be matched pro rata with at least €30,000 from LA funds. This was to facilitate the employment of a resource worker to support the work of the volunteers in developing the PPN. PPNs could now move forward. There was much variation around the country, with some PPNs being assigned a worker from within the LA, and others employing a new worker. Having a worker was key to development, and by the end of 2016, all PPNs had operational Secretariats, elected representatives to Boards and Committees, a register of members and most had made progress in developing Linkage groups, delivering training and capacity building. During 2016, a lot of time was taken up with necessary administrative tasks including developing procedures and protocols.

Data presented at the first National Conference for PPNs in Sligo in October 2017 reported that over 11,150 organisations were members of their local PPN at the end of 2016. The organisations ranged from countywide organisations with hundreds of members to small locally based bodies. At an average of 25 members each, that means that over a quarter of a million people were connected to a PPN. PPNs had elected over 800 representatives to over 300 policy and decision making bodies. In addition to the LCDCs,
JPCs and SPCs, PPNs also participated on committees dealing with matters as diverse as Tourism, Ageing, Disability, Sports, Arts, Local Development, Anti-Racism, Addiction and many more.

A National Advisory Group was established which involved people from all the stakeholders; the Department of Rural and Community Development\(^97\), resource workers, Secretariats, Local Government, Community and Environmental Pillars. A User Guide for PPNs was produced to further explain the PPN process and to address some frequently raised issues about running a PPN. The Resource workers established a peer support network. Social Justice Ireland continued to organise regional meetings to enable Secretariat members and representatives from different PPNs to network, improve their skills, learn from each other and be better informed on relevant developments.

**Phase 3 Consolidation Period – 2017**
In 2017, PPNs had a steady budget line, the majority had recruited a dedicated resource worker, and it was an opportunity to build on the foundations which had been created. While the quantitative data are not yet available, research suggests that PPNs have increased their impact in all three areas of work; representation, capacity building and information sharing. Many are using social media and have developed websites to communicate effectively with their members. Representatives are receiving policy related training and improving their ability to make an impact. Linkage groups are beginning to function, and some PPNs are developing their own policies in a participative way. More and more agencies are coming to PPN seeking support with consultations or representatives. This however, has increased the workload for the resource worker and Secretariat, and there is now a need to increase the resourcing of the PPNs to enable them to fulfil their mission.

The majority of PPNs have good working relationships with the Local Authority, with a designated contact person. However, the relationship remains very dependent on senior LA staff’s enthusiasm (or otherwise) for public participation, and the level of support can change as personnel change.

\(^97\) Formerly the Department of Housing, Planning, Community and Local Government
Some PPNs have offered direct training to LA staff. *Social Justice Ireland* has delivered programmes to senior LA management and staff as well as to LA elected Councillors to increase understanding of how an active PPN can add real value to the work of the LA. In other PPNs, resource workers or Secretariats have made presentations to Councillors, LA staff, SPCs etc. In all cases the feedback has been positive and engagement with the LA beyond the community section of the Local Authority has improved.

### Assessment of PPN Progress

Returning to the Council of Europe Levels of Participation (Figure 1), how can the PPNs be assessed at this stage? Are they increasing the engagement of people with Local Government?

At least 800 PPN representatives are in place on over 300 LA Boards and Committees to bring forward the concerns of the community. PPN representatives are now a feature of these LA bodies. Through the PPN structure, these representatives must feedback information from the Board or Committee to the PPN Stakeholders and in turn be directed by them. This can promote greater awareness of the policies and plans of the LA and initiate dialogue. Many representatives report being welcome on the Committee and respected for the views they bring and the inputs they make.

However, some issues continue to hamper the process. LA Boards and Committees generally involve elected members, staff, other state agencies and PPN representatives. Many meetings take place during normal work hours which suits paid staff, but excludes many volunteers with work and caring responsibilities. In some cases, there is a clear power imbalance, and meetings involve the presentation of research, or already scoped policy proposals, forcing the PPN to react rather than being able to proactively set the agenda. Some PPN representatives complain of over-formalised procedures within LA committees which, they feel, inhibit them from contributing equally.

Another challenge identified is reaching out to all their member groups, and getting them active within the network. As one Secretariat member put it “we are sending out a lot of interesting information, but I’m not sure how many people read it”. The pressure on volunteers, who are already active within their own community, is significant and some, while interested,
may not have the time to give to the PPN. There is also evidence of general volunteer fatigue. The lack of understanding of Local Government and how it operates was also apparent, with many people not recognising how much locally made decisions affected them.

Nonetheless PPNs have made significant progress over the past 3 years along the continuum of participation, as described below

**Information:**
In all cases there is a satisfactory level of information provision from the LA to PPNs and on to the community as a whole. This generally takes the form of an e-bulletin which brings together useful items, which otherwise would have to be found in a plethora of sources. These include notice of consultations being held on various plans and programmes, and invitations to participate; notification about events and activities being organised by the LA and other agencies, funding and training opportunities.

**Consultation**
There is some evidence of increased responses to consultations when they are shared via the PPN. PPNs themselves are starting to gather information from their members and make submissions to consultations. However, the second part of the equation, the feedback from Local Authorities to consultees is less clear. It is evident that if people do not see a clear response to their inputs, they will experience consultation fatigue, decide that there is no point to their efforts at engagement and cease participation.

**Dialogue**
The level of participation which can be ascribed to PPN representatives on Boards and Committees varies between Consultation and Dialogue. In some cases PPN representatives play a full and active part in open discussions with the ability to set the agenda, while in others their views are noted, but with little impact. This can vary from PPN to PPN and within a PPN between different committees. As previously stated, the attitude of the Chair or Chief Officer of a committee to community participation has a major effect on the level which can be achieved.

**Partnership**
At this early stage, there are few real examples of fully-developed partnerships involving the PPNs. Initiatives such as Healthy Ireland and
Age Friendly Counties have potential to develop a partnership approach, in which programmes can be co-created with cross community participation. The co-creation of such partnerships at a local level, engaging both the PPNs and the LAs, is one of the major challenges faced by both entities in the period immediately ahead.

Conclusion

The PPNs are a structure which can be part of a movement to reconnect people and the state. Reconnecting people and re-establishing trust at local government level is essential if trust is to be developed at a national level. Positive experiences of volunteering and participation, and seeing real change happen as a result of that participation, are required to move towards a more participative society.

However, participation invokes both rights and responsibilities in the context of the social contract. It is incumbent on Government locally and nationally to create real opportunities for broad collaborative dialogue and partnership, which are accessible and interesting to people. They must be truly open to a wide range of inputs from the full diversity of people. They need to continuously feed back to people on how their suggestions and ideas have been considered and incorporated (or otherwise) into policy. To achieve this will require significant capacity building for staff in government and state agencies. We need more innovative ways of gathering views and working with people, which fit in with the realities of busy lives. It also requires a public and civic education programme to rebuild peoples trust and address consultation fatigue. In turn, people must make the effort to inform themselves and avail of opportunities to input in a considered way to policy and decision making processes. This will require developing an understanding of the constraints under which decisions have to be taken, being able to come up with coherent and viable policy proposals (however informal), and being willing to take on the extra responsibilities that come with real partnership.

Public Participation Networks have the capacity to work at grassroots level to develop the community side of the social contract. To do this, they must be properly resourced by both Local and Central Government and be guided by the principles and values identified in this chapter. If that is done, then the PPNs will be able to play a crucial role in reconnecting
people and the State. The question remains, however, – how much change is the State willing to make to create a really deliberative democracy? The years immediately ahead will provide the answer to this central question.