



# A Proposed Policy Framework for the Government of the 32<sup>nd</sup> Dáil

Policy Briefing



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## Proposed Policy Framework for the Government of the 32<sup>nd</sup> Dáil - Summary

The next Government has a unique opportunity to develop a *Programme for Government* that will move Ireland towards being a society characterised by solidarity and fairness. This Programme should be focused on delivering five key outcomes: a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability. In order to do this it must be underpinned by a coherent and integrated policy framework. In this publication *Social Justice Ireland* sets out a policy framework based on these five areas and identifies a package of measures under each heading that could be introduced in the 32<sup>nd</sup> Dáil.

POLICY AREA	SPECIFIC APPROACHES
Economy	<ul style="list-style-type: none"> <li>• Achieve fiscal and financial stability by securing and broadening the revenue base;</li> <li>• Support an investment programme, with a focus on creating employment;</li> <li>• Secure a reduction of Ireland's national debt;</li> </ul>
Decent Services and Infrastructure	<ul style="list-style-type: none"> <li>• Increase the number of social housing units;</li> <li>• Upgrade Ireland's water infrastructure;</li> <li>• Develop a network of primary care and mental health facilities that is fit for purpose;</li> <li>• Improve Ireland's childcare infrastructure;</li> <li>• Expand our rural broadband network;</li> <li>• Enhance Ireland's early childhood education facilities.</li> </ul>
Just Taxation	<ul style="list-style-type: none"> <li>• Establish a national minimum effective corporate tax rate of 6%, which would ensure that large trans-nationals pay a fairer share of the corporate tax take.</li> <li>• Introduce a Site Value Tax.</li> <li>• Introduce a Financial Transactions Tax, which, in cooperation with other European countries, would serve to curb speculative finance while raising money for government.</li> <li>• Introduce Refundable Tax Credits, which would help make low-paid work more rewarding.</li> <li>• Introduce Basic Income system, which would integrate the present tax, work and social welfare systems, and eliminate the disincentives of the current system.</li> </ul>
Good Governance	<ul style="list-style-type: none"> <li>• Enhance Financial regulation.</li> <li>• Reform Oireachtas business, including an increase in the level of Dáil engagement in the budgetary process and an end to guillotining debates</li> <li>• Prevent Land speculation.</li> <li>• Social dialogue and deliberative democracy.</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>• Promote climate justice and protect the environment;</li> <li>• Promote balanced regional development.</li> <li>• Develop new economic and social indicators to measure performance.</li> </ul>

## **An integrated approach**

The five areas of policy identified in this framework are interdependent and should be addressed simultaneously. For example, if people are to be appropriately qualified to take up good quality, well paid jobs then the education system must be able to produce such people.

Decent services and infrastructure, just taxation, good governance and sustainability are essential if the economy is to be stable and vibrant, and grow in a way that is suited to the development of a society characterised by justice, equality and well-being.

## **Long-term outcomes**

Priority in the *Programme for Government* must be given to long-term outcomes. To this end, multi-annual budgeting is essential, as is a constant focus on medium to long-term policy goals.

Substantial investment over a protracted period is required if Ireland's social and physical infrastructure deficits are to be addressed. Such investment is also required to ensure Ireland can adapt to the demographic changes the country faces in the coming decades as the population grows and ages.

The policy challenges which Ireland faces in the coming decades require a framework such as the one set out here if they are to be addressed in an integrated and sustainable manner.

*Social Justice Ireland* has made specific proposals and recommendations in twelve policy areas detailed below.

- Taxation;
- Health;
- Employment;
- Education;
- Housing;
- Children & Young People;
- Disability;
- Poverty & Deprivation;
- Sustainability;
- Rural Ireland;
- The Global South;
- Demographic Change;
- Delivering Solidarity & Sustainability for Ireland.

Specific proposals in these areas are available at <http://www.socialjustice.ie/content/civil-society-policy/type/programme-for-government>

## Introduction

We stand now at a critical juncture for Ireland. Decisions made over the course of the 32<sup>nd</sup> Dáil will have major impacts on Irish people and will help to shape the future for a considerable time to come.

There is a need to ensure that the *Programme for Government* is focused on producing a just and sustainable future for Ireland, as subsequent decisions will be based on this programme.

Whether or not the decisions of the next Government produce a just and sustainable future for Ireland depends greatly on the *Programme for Government* that will be agreed in the coming weeks. The programme agreed upon will outline the priorities that will guide policy and shape Budget decisions for the next several years.

It will also impact on whether Ireland moves decisively towards becoming a nation committed to solidarity and fairness. A nation where priority is given to the common good, and where greed does not triumph over need.

Consequently it is very important that politicians and policymakers, over the coming weeks, consider where they believe Ireland should be in ten years' time, and what measures should be taken to ensure we get there. There are many points to consider, but five key questions must be answered:

- Where should Ireland be in ten years' time?
- What **services and infrastructure** are required to reach that destination?
- How are these to be **delivered**?
- How are these services and infrastructure to be **paid for**?
- How can we maintain a **vibrant and sustainable economy** and society while travelling towards that destination?

The answers to these questions should be central to informing the structure and content of the *Programme for Government*.

## Context and Vision

For the first time in almost a decade, feelings of positivity are returning to the political sphere. Recent economic growth has been dramatic and Ireland's challenging fiscal targets have been exceeded.

Employment is on the rise while at the same time unemployment is falling. Exports are growing, strongly supported by the weakness of the euro. Interest rates and oil prices are at historic lows.

However, the negative effects of the crash of 2008 and the policy decisions which followed are still pervasive. They include

- High levels of poverty and social exclusion, and a level of deprivation that is double that of a decade ago;
- Continuing high levels of public and private debt;

- A persistently high level of long-term unemployment;
- A growing divide between urban and rural progress.

Despite the improved economic situation, many of the hits taken by the vulnerable since the crash are yet to be reversed.

The high levels of emigration, long-term unemployment and youth unemployment are also problems affecting large numbers of citizens.

As Ireland reflects on the legacy of the crisis, there is a widespread desire among ordinary citizens that the conditions that led to the crash in the first place are not recreated, and a hope that those in a position to ensure this does not happen have learned from the mistakes of the pre-crisis period.

The *Programme for Government* of the 32<sup>nd</sup> Dáil is a real opportunity to ensure this does not happen, and that Ireland is set on the path to becoming a just society in which human rights are respected, human dignity is upheld, human development is promoted and the environment is respected and protected.

The core values of such a society would be human dignity, equality, human rights, solidarity, sustainability and pursuit of the common good.

If the *Programme for Government* is guided by such a vision and underpinned by these values, Ireland can become a nation in which all women, men and children have what they require to live life with dignity and to fulfil their potential, with sufficient income, access to the services they need, and active inclusion in a genuinely participatory society.

These proposed outcomes reflect the aspirations of the majority of Irish citizens. *Social Justice Ireland* believes such a future can and should be delivered. We also believe that the government of the 32<sup>nd</sup> Dáil can take the first steps by putting these principles at the heart of the *Programme for Government*. A policy framework to deliver such a future is set out in the following pages.

## Focus of the Programme for Government

The *Programme for Government* should focus on five key areas. In order to move towards becoming a nation committed to solidarity and fairness Ireland needs to develop:

- A vibrant economy
- Decent services and infrastructure
- A just taxation system
- Good governance
- A sustainable society

We set these priorities out in a table below. In the following pages we will address key components of each of these five areas.

These areas overlap but it's of value to separate them for analytical purposes. The *Programme for Government* must address these comprehensively and in an integrated manner, working on them simultaneously, not sequentially. A built-in mechanism, such as a committee to oversee such integration, would help ensure this transpires.

Any approach prioritising the economy over other areas will not result in a society that is balanced or fair, and we believe that the result of General Election 2016 shows that the Irish people agree with this analysis. **A recovery isn't fair unless it is felt by all.**

Decent services and infrastructure, just taxation, good governance and sustainability are essential if the economy is to be stable and vibrant, and grow in a way that is suited to the development of a society characterised by justice, equality and well-being.

Addressing these areas simultaneously and in an integrated manner will also help to avoid this recovery leading eventually to another crash, as all previous recoveries have done.

It is crucial that the *Programme for Government* adopts the long-term approach that Ireland's current challenges require. Economic growth will not solve all problems. The interconnections among, and the need for balanced development between, the various policy areas identified here must be recognised if there are to be fair and just outcomes.

## Policy Framework

*Social Justice Ireland* sets out the five priorities for the *Programme for Government* in the table below.

**Table 1 Policy Framework: Five policy areas to deliver a just and sustainable future**

Vibrant economy	Decent services and Infrastructure	Just taxation	Good governance	Sustainability
Fiscal and financial stability and sustainable economic growth	Secure services and social infrastructure	Tax take moving towards the EU average	Oireachtas reform	Promotion climate justice and environmental protection
Adequate Investment programme	Programme to combat unemployment & underemployment	Equitable tax increases and reduction in income inequality	Social dialogue & deliberative democracy	Balanced regional development
Reduction of Ireland's debt burden	Achievement of seven Social, Economic and Cultural rights	A fair share of corporate profits secured for the State	Reform of policy evaluation	New indicators of progress and new Satellite National Accounts

## i) A vibrant economy

To ensure a vibrant economy and macroeconomic stability, the *Programme for Government* should concentrate on restoring of fiscal and financial stability, supporting an investment programme and securing a reduction in Ireland's debt burden.

To ensure macroeconomic and fiscal stability, the Government must secure its revenue stream and so caution is advised if considering making significant structural changes to the revenue base. This is particularly so if considering a reduction in any one particular form of taxation.

Substantially reducing or abolishing the Universal Social Charge, or any other revenue stream, would serve mainly to narrow the exchequer revenue base and reduce the total tax-take at a time of global economic uncertainty.

While Ireland's macroeconomic situation appears to be improving, Government should proceed cautiously. A country as reliant as Ireland is on exports for economic growth is susceptible to outside shocks and there is sufficient cause for concern in the global economy, with many factors pointing to a weakness in, and likely further weakening of, global demand.

Furthermore, *Social Justice Ireland* is concerned about the fundamentals underlying recent economic growth, both nationally and internationally. The foundations on which any growth witnessed in Ireland's main trading partners has been based could well be precarious, and with Ireland so heavily reliant on them for continued growth, a wise course of action would be to use any available funds to support a public investment programme.

This would not only stimulate domestic consumption, alleviating reliance on the export sector, but would also create employment and leave Ireland in better stead from an infrastructural point of view should any worst-case scenarios emerge.

Investment is needed to produce a well-functioning economy, to develop inclusive labour markets, to ensure adequate income support and to ensure access to high quality services for all. For these reasons, the *Programme for Government* should include details of a comprehensive investment plan to tackle Ireland's infrastructure deficits in areas such as rural broadband, social housing, water infrastructure, childcare, early childhood education and education at all levels, and primary care facilities.

This would require a substantial increase in the current level of investment, but would generate an increase in the number of full-time jobs available while also improving the long run productivity of the Irish economy.

Indeed, the *Programme for Government* should acknowledge that it is difficult, if not impossible, to meet the macroeconomic goals of full employment or infrastructural maintenance and expansion, or the social goals of adequate housing, healthcare and education services, without adequate levels of investment.

Ireland's investment as a percentage of GDP has been among the lowest in the European Union for several years (Eurostat, 2015). Such a position cannot be allowed to continue, but given the fiscal

constraints, an off-balance sheet investment may be necessary. *Social Justice Ireland* continues to argue for an off-balance sheet investment programme, particularly in the area of housing.

We propose that the *Programme for Government* target both economic and social infrastructure, including the construction of social housing units, the rollout of rural broadband, and improvements in water infrastructure, primary care facilities and early education facilities.

Off-balance sheet financing is essential if Ireland is to produce the required increase in social housing units that is necessary to end the current spiral of rising homelessness and rising prices. A much larger level of investment is required than is currently planned in the National Social Housing Strategy.

*Social Justice Ireland* has set out proposals on how this can be done and would be glad to discuss these proposals further.

One impediment to Ireland's long-term economic capacity is its level of public debt. A significant portion of Ireland's national debt originates from bailouts of the Irish financial sector. There has yet to be sufficient recognition of this by our European partners. This part of Ireland's debt represents a direct subsidy from the Irish public to international bondholders and the European banking system, the total cost of which was €64bn.

The *Programme for Government* should include a genuine aim to secure a better deal for Ireland on this portion of our debt. To increase debt sustainability, European authorities should consider further changes to the status of the government bonds which were issued to replace the promissory notes.

A better deal on Ireland's debt would also represent a more appropriate acknowledgement of Ireland's role in preserving the European project.

If Ireland is to have strong long-term macroeconomic stability and a vibrant economy then a substantial increase in the level of public investment is required, together with a reduction of this debt burden. These should be the primary economic goals in the *Programme for Government*.

## **ii) Decent services and infrastructure**

To ensure the vindication of the social, economic and cultural rights of all Irish citizens and residents, the *Programme for Government* should seek to secure the delivery of decent services and infrastructure, and combat unemployment and underemployment.

Most Irish people would like to see their services and infrastructure equal to the norm in Western Europe but, in reality, they fall short of that in many areas. The *Programme for Government* should contain a strong focus on improving public services and social infrastructure in Ireland, with the aim of bringing them up to the standard of other Western European countries.

Ireland has serious deficits in services such as education and health, and in infrastructure such as social housing, childcare and rural broadband. There have also been significant cuts to social services and

payments since 2008. Many cuts imposed in recent years have been socially destructive and counter-productive.

*Social Justice Ireland* believes that the ratio of tax increases to spending cuts during the crisis was wrong, and consequently that the restoration of public services and welfare payments should be prioritised with funds that become available over the term of the next government.

Adequate social infrastructure and services are necessary to support economic development. They are also essential if Ireland is to achieve dignity and equality for all citizens, from children to older people to those living with a disability.

This is particularly so in the context of an increased total fertility rate and our gradually ageing population. These are both positive trends, but long-term planning is required so that Ireland can reap the benefits of these demographic developments and enter this period with services and infrastructure to meet the inevitable demand.

The *Programme for Government* is a unique opportunity to acknowledge the extent of the challenge presented by demographic changes in Ireland, and to plan accordingly.

Governments never really cut infrastructure investment; they merely postpone it. Such delays often have an unduly detrimental effect on society; often long-term. Gross government capital expenditure was €9bn in 2008 and after years of severe cuts to this budget, it is projected to be €4.9bn in 2016. Substantial additional investment in services and infrastructure is now required to ensure there is no further erosion of social infrastructure; something that would have significant future costs.

Key investment priorities in the *Programme for Government* should be social housing, primary care and mental health facilities, infrastructure for rural broadband, childcare infrastructure and early education facilities. Also, the goal of universal provision for all must remain, particularly in the area of health, where inequalities persist between the insured and uninsured population, as well as within the uninsured population.

The deterioration of the health service will continue so long as the system is incoherent, unequal and dominated by short-term incentives and interests. What is required is a sustained long-term vision for the health system; something only possible with a blueprint for the future that is forged through consensus and will not change with each change in government.

The *Programme for Government* should include a pathway to reaching such a consensus among the parties of the Dáil.

There must be a continued focus on addressing unemployment. Unemployment has begun to fall, but it still remains unacceptably high. In January 2016, 186,700 people were unemployed, with the rate standing at 8.6% (CSO, 2016). Long-term unemployment has persistently accounted for more than half of the numbers unemployed over the course of the crisis.

The *Programme for Government* should aim to deliver as many well-paid, quality, full-time jobs as possible. However, *Social Justice Ireland* fears that not enough is being done to achieve this. Due to the aforementioned economic factors, we believe that supporting an adequate investment programme is the only way to return the economy towards full employment and stop underemployment becoming entrenched.

Policy and political rhetoric in recent times has too often ignored the underlying lack of employment opportunities during the last few years, with the focus moving from active inclusion to labour market activation and subsequent cuts to welfare. This change of focus ignores supply side factors. It also switches the focus away from access to adequate income support, inclusive labour markets and quality services (active inclusion approach) to activation as an end in itself. The *Programme for Government* should ensure that income support, services and an inclusive labour market work together to deliver the best outcomes for citizens.

Likewise there is a need to recognise all work, including work in the home, work done by voluntary carers, and by volunteers in the community and voluntary sector. A new departure would be for the *Programme for Government* to change the definition of work and of what constitutes a 'contribution' to society. It must be acknowledged that the contribution to society of carers and volunteers is significant in terms of economic, social and individual well-being.

Ireland is showing signs of economic recovery. In order to ensure that those on lowest incomes are not left behind (as happened in the late 1990's) and that the recovery is felt by all, the *Programme for Government* must be based on a socially just approach.

From 2006, Ireland's poverty levels had been slowly falling, driven by increases in social welfare payments delivered in the Budgets of 2005-2007. These increases compensated only partly for the extent to which social welfare rates had fallen behind other incomes in society over the preceding two decades.

However, these advances have been reversed since 2009 with the 'at-risk-of-poverty-rate' rising from a low of 14.1% in 2009 to 16.3% in 2014, consistent poverty rising from a low of 4.2% in 2008 to 8% in 2014, while the deprivation rate has risen from a low of 11.8% in 2007 to 29% in 2014 (CSO, 2015:1). The demographic group which is at, by far, the greatest risk of poverty is children; approximately one in four were at risk of poverty in 2014 (CSO, 2015).

Tackling these rates must be a priority. In particular, the *Programme for Government* must, as a minimum, include a commitment to eradicate child poverty over the course of the next five years.

It would be a great mistake for Ireland to repeat the experience of the late 1990s. At that time, economic growth benefited only those who were employed while others, such as those dependent on pensions and other social welfare payments, slipped further and further behind.

With economic growth emerging once again, policy should now aim to provide equity in social welfare rates across genders, with adequate payments for children and for those with disabilities. This should be

combined with the adoption of the Living Wage as the minimum wage by the end of the term of office of the 32<sup>nd</sup> Dáil.

*Social Justice Ireland* believes strongly in the importance of developing a rights-based approach to social, economic and cultural policy. Such an approach would go a long way towards addressing the growing inequality Ireland has been experiencing.

The *Programme for Government* should acknowledge and recognise the following social, economic and cultural rights. The right to: sufficient income to live life with dignity; meaningful work; appropriate accommodation; relevant education; essential healthcare; cultural respect; and real participation in society.

To be vindicated, these rights will require greater public expenditure to fund a broader provision of services.

### **Basic Income**

Ireland's social welfare system is not fit for purpose in the 21<sup>st</sup> century. *Social Justice Ireland* has consistently argued that the present tax, work and social welfare systems should be integrated and reformed through the introduction of a basic income system.

A basic income is an income paid unconditionally to every person without any means test or work requirement. In a BI system, every person would receive a weekly tax-free payment from the Exchequer while all other personal income is taxed. The BI payment would replace income from social welfare for a person who is unemployed and replace tax credits for a person who is employed.

**The *Programme for Government* should provide for the establishment of a commission on Basic Income.**

### iii) Just Taxation

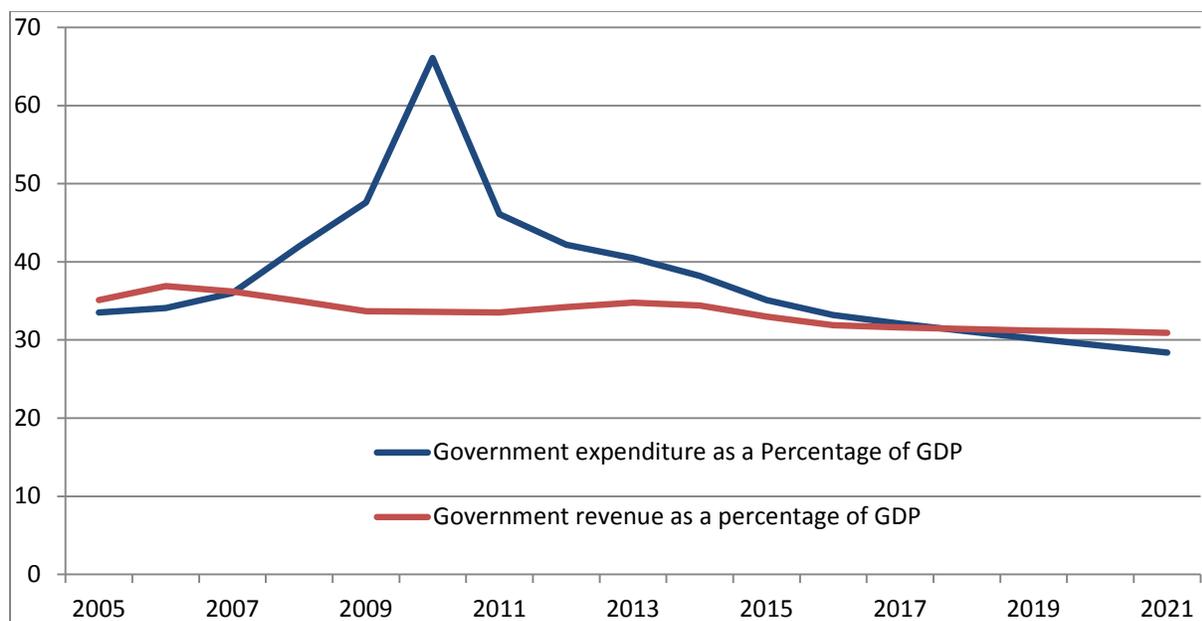
Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity and redistributing resources to enhance fairness in society. The *Programme for Government* should set out a plan to raise sufficient taxation to finance the levels of services and infrastructure needed in the coming decades.

Expenditure policy in this area will be severely constrained in the years immediately ahead, not least because the EU's fiscal rules now require that additional discretionary expenditure must be funded by additional discretionary revenue.

It is not possible to provide the high-quality public services Irish people aspire to while allowing total expenditure to fall as a percentage of GDP. The recent re-emergence of economic growth should be seen as an opportunity to secure our revenue base and revitalise our depleted social infrastructure, rather than reduce taxes.

The *Programme for Government* should reverse the current trend that sees expenditure falling as a percentage of GDP from 35.1% in 2015 to 28.4% in 2021 on a 'no policy change' basis. In the same period, Government is projecting a fall in total revenue from 33% of GDP to 30.9%.

**Chart 1: Total Revenue and Total Expenditure as a % GDP 2005-2021**



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

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

\*\*\*Figures from 2014 to 2021 are taken from projections contained in the Department of Finance's *Economic and Fiscal Outlook 2016*.

The *Programme for Government* should be the first such government document to recognise that European-average levels of services and infrastructure cannot be delivered without moving towards European-average levels of taxation.

It should also acknowledge that Ireland faces demographic challenges over the coming decades and that increased public revenue will be required to deal with this.

The *Programme for Government* should aim to increase the overall tax take (from all sources) towards 34.9% of GDP, eventually moving towards the EU average in the long-term. This would raise additional revenue required for investment and service provision, while maintaining Ireland's status as a low-tax country as defined by Eurostat.

Ireland can never hope to address its longer-term deficits in infrastructure and social provision if we continue to collect substantially less income than that required by other European countries. The EU average tax revenue to GDP ratio is estimated to be 39.1% of GDP in 2015 (European Commission, 2016). It is not possible to provide decent services and infrastructure or to maintain a vibrant economy in Ireland without an increase in total taxation.

Increasing the total tax-take should be done in a fair and equitable manner. *Social Justice Ireland* believes that the necessary extra revenue should be attained by reforming the tax code, broadening the tax base, and ensuring those who benefit most from Ireland's economic system contribute most. This will also involve ensuring the corporate sector pays a fair share of tax.

Another core objective of the *Programme for Government* must be reducing income inequality. Though the promotion of pre-redistribution income equality is important, redistribution through tax and spending decisions should be used to achieve greater equality in Ireland.

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, exacerbated by growing inequality in recent years. The *Programme for Government* should acknowledge this, and set out a strategy to ensure this trend is reversed.

There is an increasingly widespread recognition of the negative effects of inequality. Pickett and Wilkinson (2009) have pointed to the negative consequences of inequality for all sections of society, pointing to better outcomes for all in everything from subjective well-being to lower crime in more equal societies. Stiglitz (2013) has warned of the wider effects of inequality on the political economy of a nation, as wealthier citizens gain an outsize influence in policy formulation, reducing opportunities for the majority through their policy choices.

The *Programme for Government* should include increases in social protection payments to reverse the cuts implemented since 2010. The Gini coefficient, a measure of income inequality, has risen from a low of 29.3 in 2009 to 31.8 in 2014 (CSO, 2015). Reducing inequality must be a core objective of the *Programme for Government*.

As mentioned, another key priority in the *Programme for Government* must be the reconceptualization of the role of the Irish corporation tax regime. Under international pressure from the G20 and OECD, controversial loopholes have been closed but a serious discussion must take place about the role of corporation tax in Ireland's industrial strategy.

This strategy of attracting foreign domestic investment through the use of a low headline corporation tax rate has recently caused reputational damage, due to the utilisation of the Irish tax regime by multinational corporations to avoid taxes on their corporate profits.

The *Programme for Government* should recognise the damage being done and set a minimum effective corporate tax rate as a step towards a fair resolution of the current unacceptable situation. It should also include a commitment to negotiate a Europe-wide minimum headline corporation tax rate of 17.5%.

The *Programme for Government* should aim to make taxation fairer and more efficient, and should include commitment to the following initiatives:

- A national minimum effective corporate tax rate of 6%, which would ensure that large transnationals pay a fairer share of the corporate tax take.
- A Site Value Tax, which would perform the dual role of raising revenue for government and encouraging the flow of capital towards productive social and economic enterprise.
- A Financial Transactions Tax, which, in cooperation with other European countries, would serve to curb speculative finance while raising money for government.
- Refundable Tax Credits, which would help make low-paid work more rewarding
- A Basic Income system, which would integrate the present tax, work and social welfare systems, and eliminate the disincentives of the current system.

The *Programme for Government* should, in particular, pursue taxation policies which would allocate capital to productive investment and away from speculative finance. What speculation does take place should be taxed in such a way as to discourage it, whilst simultaneously generating revenue for investment in social infrastructure.

International cooperation on taxation should be to the benefit of all countries. Leadership and political will is what is most required.

*Social Justice Ireland* has long argued that Ireland's total tax-take is simply too low to pay for the services and infrastructure we expect as citizens of a developed nation.

The *Programme for Government* should acknowledge this, and increase Ireland's total tax-take in a just way so that the burden falls on those most able to bear it.

#### iv) Good Governance

Events of the last few years have shown that Ireland's governance is not at the required standard in certain areas. Nor has enough been done to rectify it. This is particularly true in the area of financial regulation. Ireland is, ostensibly, at the beginning of a new era. The *Programme for Government* should seize the opportunity to implement real reform in the political system, in areas including:

- Financial regulation;
- The Oireachtas;
- Government budgets;
- Land speculation;
- Social dialogue and deliberative democracy;
- Transparent negotiation.

The crisis of 2008 highlighted the lack of genuine regulation in the Irish financial industry, and in the years since, the opportunity has not been taken to ensure that the conditions that created this crash do not occur again. The *Programme for Government* should include a real commitment to change how the financial industry in this country does business.

There is a need to transform many aspects of the way the Oireachtas does business, including:

- The abolition of the Economic Management Council;
- Earlier opportunities to review legislation;
- An end to the practice of guillotining debate;
- An increase in the level of Dáil engagement in the budgetary process;
- The reintroduction of the ESRI's SWITCH tax-benefit model, to capture the distributional impacts of changes to taxes and benefits made in the budget.

Last year's report by the OECD into the Irish budgetary process states bluntly that "the level of budget engagement by the Houses of the Oireachtas is the lowest observed in any OECD country". It observed a lack of engagement with parliament as a partner throughout the budget process; a lack of parliamentary input to medium-term fiscal planning; and of delaying and limiting legislative scrutiny of budget Bills and meaningful debate (OECD, 2015). The *Programme for Government* should contain concrete measures to comprehensively and effectively address this dearth of openness and engagement.

Government should also publish their analysis of the distributional impact of budgetary measures, and engage in public debate in light of that analysis. Policy evaluation has often been extremely poor over the years in Ireland's policy development process. A step in the right direction would see the *Programme for Government* aim to increase the transparency of budgetary and other important decisions, which are often opaque.

The *Programme for Government* should also include plans to implement the recommendations of the Kenny Report of 1974. This would ensure that all or a substantial part of the increase in the value of land attributable to the decisions and operations of public authorities be secured for the benefit of the community.

The need for such governance has been highlighted in the Report of the Mahon Tribunal and elsewhere. Irish citizens deserve a system where decisions taken by public bodies are taken in the interest of the common good, and are not adversely influenced by other factors.

The result of the Seanad abolition referendum in 2013 showed that while a majority want to retain a bicameral Oireachtas, a significant portion of the electorate is unhappy with it in its present form. As part of a programme of real reform, the *Programme for Government* should seek to improve the structure of the upper house, including making the selection process more democratic.

The first National Economic Dialogue was held in July 2015. Social Justice Ireland welcomes this deliberative approach to policymaking, and believes the *Programme for Government* should include a permanent forum along these lines for regular dialogue on policy. However, it should discuss social and environmental as well as economic policy. Such social dialogue, in various forms, is common across Europe's most successful societies and economies and can play a key role in building a vibrant and sustainable society here in Ireland.

To facilitate real participation, a process of 'deliberative democracy' is required. Structures should be created to enable discussion and debate to take place without any imposition of power differentials. Issues and positions are argued and discussed on the basis of the available evidence rather than on the basis of assertions by those who are powerful and unwilling to consider the evidence. Such debate produces evidence-based policy and ensures a high level of accountability among stakeholders.

The Public Participation Networks in Local Authorities are providing an opportunity for real engagement between local people and the local authorities across the country. They are a good step towards a more deliberative democratic system. They should be supported in developing their engagement with Local Authorities.

Government will make the final decisions on all policy issues; that has always been the case. But it is important that any new policymaking approach adopted by Government is integrated and inclusive, and engages all sectors of society. Without this, lop-sided outcomes that will benefit only some will emerge.

In 2015, *Social Justice* Ireland used the National Economic Dialogue to pose five questions that should form the basis of any discussion on a framework for Ireland's future. We set these out at the start of the proposed framework and we repeat them here:

- Where should Ireland be in ten years' time?
- What services and infrastructure are required by Ireland?
- How are these to be delivered?
- How are these services and infrastructure to be paid for?
- How can we maintain a vibrant and sustainable economy and society?

These are questions that must be asked as part of any discussion on Ireland's future. Action must be taken to ensure that meaningful consultation is engaged in with the major sectors of Irish society.

Reforming governance and getting much broader participation in decision-making are essential if Ireland is to have a just and inclusive future, and the *Programme for Government* should acknowledge as much.

*Social Justice Ireland* believes that a new social model for Ireland must be founded on the idea of deliberative democracy, in which decisions about what kind of society and economy Ireland needs are founded upon reasoned, evidence-based and enlightened debate, and in which decisions taken by government are explained and accessible to the general public.

At a wider level of decision-making, *Social Justice Ireland* is alarmed by the potential institution under the Transatlantic Trade and Investment Partnership (TTIP) and the Comprehensive Economic and Trade Agreement (CETA) of the Investor State Dispute Settlement (ISDS) procedure, which would allow international corporations to sue governments in special courts in order to strike out legislation that might impinge on the company's ability to make profits.

A procedure such as the proposed ISDS would potentially undermine government's ability to legislate for the common good. Such a mechanism would represent a significant infringement on democracy and corporate accountability, and result in a social and financial cost to our citizens.

The *Programme for Government* should commit to:

- Increasing the transparency surrounding TTIP negotiations;
- Engaging in proper public debate about the merits and demerits of TTIP and CETA;
- Ensuring that no ISDS is implemented under Irish legislation;
- Maintaining the independence and sovereignty of the Irish judiciary and ensuring that Government's latitude to legislate for the common good is not impinged upon.

Reforming governance and widening democratic participation are a necessity. In some instances, there are lessons to be learned, good and bad, from the old social partnership process. If Government wishes for all of society to take responsibility for producing a more viable future then it must involve all of us in shaping it. When groups have been involved in shaping decisions they are far more likely to take responsibility for implementing these decisions, difficult and demanding as they may be.

We find ourselves at a time in Irish history where not only is there real demand for reform, but real opportunity to implement it. The new *Programme for Government* should grasp this opportunity.

#### iv) Sustainability

Sustainable development is development which meets the needs of the present while not compromising the needs of the future. Sustainability should be at the heart of all government decision-making. Environmental sustainability, economic sustainability and social sustainability all form part of this reality.

Prioritising sustainability will require the introduction of measures to:

- promote climate justice and protect the environment;

- promote balanced regional development;
- develop new economic and social indicators to measure performance.

Climate change remains the largest long-term challenge facing Ireland today. The challenge of reducing Ireland's fossil fuel emissions should not be postponed in deference to the goal of economic growth.

The economic crisis, for obvious reasons, focused attention on economic growth and financial stability. But this should never come at the expense of the physical environment.

The *Programme for Government* 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.

Commitments made at the COP21 conference in Paris in 2015 were based on the growing realisation that our environment is finite – a fact that had often been ignored in the past. The *Programme for Government* cannot ignore these facts the way previous programmes have.

As we emerge from the crisis, the *Programme for Government* should refocus our attention, as failure to tackle climate change now will have significant impacts into the future including on food production, regional and global ecosystems, and on flood-prone countries and regions.

This provides Ireland with special challenges as it seeks simultaneously to prioritise a type of agricultural development that will have negative impacts on the environment. This is a challenge to be met, rather than a responsibility to be shirked.

The *Programme for Government* should also take concrete measures to prevent a two-tier recovery between urban and rural areas from becoming embedded in Ireland. Policy must ensure balanced regional development through the provision of public services – including cultural, economic and social services – and through capital spending projects. The *Programme for Government* should feature the adoption of a new National Spatial Strategy, which could be formulated through a deliberative national debate.

Over the last eight years, certain regions of Ireland have suffered more than others. The unemployment rates in the Mid-East region and Dublin are the lowest in the country, at 8.1% and 8% respectively, while the South East has an unemployment rate of 12.1% (CSO, 2015). These numbers have diverged even further over the past twelve months and highlight the fact that regions away from the capital continue to be allowed to fall behind.

The *Programme for Government* should also aim to meet Ireland's Overseas Development Aid target of 0.7% of GNP during the lifetime of the 32<sup>nd</sup> Dáil.

### Global Goals (SDGs)

The Sustainable Development Goals (SDGs) are an intergovernmental 17-point plan, with 169 targets, to end poverty, half climate change and fight injustice and inequality. They were agreed by the United Nations in 2015 and apply to all countries in world.

**The next *Programme for Government* should develop a national action plan setting out the steps Ireland will take both at home and abroad to ensure these goals are attained by the target date of 2030.**

This plan should be coordinated by the Department of the Taoiseach to ensure cross-department integration. This plan should be developed in a participatory and inclusive manner and should contain measurable targets.

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

The *Report by the Commission on the Measurement of Economic Performance and Social Progress*, led by Nobel prize winning economists Amartya Sen and Joseph Stiglitz and established by President Sarkozy, argued that new indicators measuring environmental and financial sustainability, well-being, and happiness are required, and *Social Justice Ireland* is fully supportive of such a conclusion.

Such an approach would acknowledge that many activities that make up GDP are in fact detrimental to society and antithetical to the common good. The *Programme for Government* should develop and adopt new indicators of progress alongside traditional national accounting measures such as GNP, GDP and GNI.

### An integrated approach

If there is to be an inclusive and just recovery, all five of these policy areas must be developed in an integrated and sustainable manner. A competent mechanism to ensure this integration is essential.

Priority in the *Programme for Government* must be given to long-term outcomes. To this end, multi-annual budgeting is essential, as is a constant focus on medium to long-term policy goals.

Substantial investment over a protracted period is required if Ireland's social and physical infrastructure deficits are to be addressed. Such investment is also required given the demographic changes the country faces in the coming decades as the population grows and ages.

The policy challenges which Ireland faces in the coming decades require a framework such as the one set out here if they are to be addressed in an integrated and sustainable manner.

## Conclusion

The *Programme for Government* should focus on the following five questions:

- Where should Ireland be in ten years' time?
- What level of public infrastructure and services do Irish people want?
- How are these to be delivered?
- How are they to be financed?
- How can we secure a vibrant and sustainable economy as we travel towards the destination this debate would identify?

Future policy development will likely involve increasing public spending and tax levels, as well as changes in how services are delivered.

It is important to ensure that all policy decisions in the coming years work to deliver sustainable outcomes that respect this and future generations. In a society characterised by good governance, these questions would be openly debated and decided upon.

**Social Justice Ireland** is an independent think-tank and justice advocacy organisation of individuals and groups throughout Ireland who are committed to working to build a just society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

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