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TOWARDS A NEW SOCIAL CONTRACT FOR A NEW CENTURY¹

2017 is the first year of a new century for Ireland, the second century after the 1916 Rising. It provides a perfect opportunity for Ireland to develop a new and radical Social Contract for its second century.

All democracies are founded on a social contract. This social contract sets out the expectations, the rights and responsibilities of all parts of society – individuals, institutions and government. It is the strength of its social contract that defines the strength of a democracy and the quality of life and wellbeing of its citizens.

The idea of a social contract has been around for centuries. Today it encompasses the situation whereby citizens contribute to the common good – whether economically, socially or culturally – on the assumption that the State will provide a minimum standard of living, essential social services and infrastructure, and the protection of their basic rights. It also assumes that the political structures will ensure citizens will be facilitated in shaping the decisions that impact on them and that the decisions made are sustainable economically, socially and environmentally over time.

The social contract recognises the increased interdependence and interaction among citizens and communities. It also recognises that 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. 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.

The social contract underpinning Irish society has been under serious pressure for some time. On the one hand Ireland has serious deficits in its infrastructure and

¹ The issues set out in this chapter are developed in detail and references are provided in the following chapters of this Socio-Economic Review.

services. On the other hand, Government consistently argues for tax reductions and depends on the market to address these deficits. The result is a broken social contract in which the legitimate expectations of citizens have not been met and are not likely to be met in the foreseeable future if this approach is maintained.

Infrastructure deficits are most obvious in the current housing and homelessness crisis where the Government's plan is far too limited to address the scale of the problem. The ongoing failure to provide rural broadband is another example of an infrastructure deficit which means that rural Ireland is seriously disadvantaged. Deficits in services can be seen in the two-tier healthcare system, in the ongoing high levels of poverty and social exclusion, especially among children, in the substantial adult literacy problems. The growth in precarious employment and under-employment are further examples of trends that are undermining the social contract.

There is widespread disillusionment and disappointment that institutions created for the betterment of ordinary people have failed to deliver and, in many cases, are now seen as part of the problem rather than part of the solution. The perception is that society is organised to serve the interests of transnational corporations and their international shareholders rather than the interests of ordinary citizens. Major decisions affecting people's lives seem to be made not by elected politicians who are answerable to them, but by market forces answerable to nobody. There is growing disillusionment with politicians who support this kind of development. Interestingly, the EU is in a similar position.

A great many people in society may be unaware of the details or even the very existence of this social contract. Yet without it a democracy could not operate and would quickly fall apart. This is the challenge Ireland now faces – to develop a new Social Contract, a contract that would work for everyone.

A progressive Social Contract would rest, in part, on a belief that benefits derived from things like technological development, economic growth, and societal advancement are shared. But 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.

Citizens expect a well-run economy; good governance; a state that acts in the interests of its citizens; and they expect to have a say on the issues that affect them. They expect society to provide them with decent services and infrastructure. They also expect that decisions being made are aimed at securing fairness across generations and a sustainable future.

Social Justice Ireland's proposes a new Social Contract 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. Policymakers must acknowledge that economic growth is not a goal in itself, but a means to social and sustainable development.

Most Irish citizens would aspire to live in the society *Social Justice Ireland* is proposing. However, it must be acknowledged that the society deliverable under the proposed new Social Contract costs money. Choices must be made and agreement reached on how this society is to be delivered. Key choices include whether this cost is to be met by increasing taxation, by imposing, or increasing, charges, by increasing efficiency or through the private sector. A broadening of the tax base will be required together with an increase in the total tax-take towards the European average. Most Western European societies provide a far more comprehensive programme of public services and social infrastructure. Many are much closer to the ideal described than Ireland is. Therefore, if we wish to emulate these countries, we must secure a level of revenue similar to these countries.

A real republic will stand for social justice and for equality. *Social Justice Ireland* calls on the leadership of all sectors of Irish society to become part of a debate on a new social contract for a new century – Ireland’s second century since the Easter Rising.

To achieve this vision of a just society based on a new Social Contract, we propose a policy framework that identifies five key policy outcomes and sets out key areas for action.²

- The first outcome we propose is a vibrant economy. To achieve this outcome, action would be required to: secure fiscal and financial stability and sustainable economic growth; an immediate boost to investment, which collapsed during the crisis; and the development of a more just economic model. (These issues are dealt with in chapter 2 and 4).
- The second outcome we seek would be decent services and infrastructure. This would require action aimed at strengthening social services and social infrastructure, prioritisation of employment, and a commitment to quantitative targets to reduce poverty. (Chapters 3, 4, 5, 6, 7, 8 and 9).
- The third outcome we propose in our framework is fair taxation, which would require an increase in the overall tax-take of 3 per cent of GDP which will move us closer to the European average. Such an increase must be implemented equitably and in a way that reduces income inequality. It would also require that a fair share of corporate profits would be paid in tax. (These issues are dealt with in detail in chapter 4).
- The fourth outcome we propose is good governance. This would require the promotion of deliberative democracy, as well as new criteria in policy evaluation

² The authors have presented an earlier version of this framework in Healy et al. (2013).

and the development of a social dialogue process involving all sectors of society. (Chapter 10).

- The fifth outcome we seek is sustainability. This would require the development of policies focused on creating a sustainable future through the introduction of measures to promote climate justice, protect the environment, and generate balanced regional development. New economic and social indicators to measure performance are also required, alongside traditional national accounting measures such as GNP, GDP and GNI. (Chapters 11, 12 and 13).

Table 1.1 provides a summary outline of this policy framework.

Table 1.1 – A Policy Framework for a Just Ireland

Vibrant economy	Decent services and infrastructure	Just taxation	Good governance	Sustainability
Fiscal and financial stability and sustainable economic growth	Secure, well-funded public services and social infrastructure	A tax-take closer to the EU average	Deliberative democracy & PPNs	Increased environmental protection and climate justice
Adequate public investment	Reduced unemployment & underemployment	Increased equity in taxation and reduced income inequality	Social dialogue – all sectors in deliberative process	Balanced regional development
A more just economic structure	Seven social, economic and cultural rights to be achieved	A fair share of corporate profits for the State	Reformed policy and budgetary evaluation	New indicators of progress and Satellite National Accounts

KEY RECOMMENDATIONS

Chapter 3: Income Distribution

To reduce poverty rates in the years ahead the following key initiatives are required from Government:

- increase in social welfare payments.
- equity of social welfare rates.
- adequate payments for children.
- refundable tax credits.
- a universal state pension.
- a cost of disability payment.
- move towards a Basic Income system.

Chapter 4: Taxation

To develop a just taxation system Government's key policy priorities should be to:

- increase the overall tax-take
- adopt policies to broaden the tax base
- develop a fairer taxation system

Chapter 5: Work, Unemployment and Job-Creation

To address the challenge of unemployment effectively, Government should:

- Launch a major investment programme focused on creating employment and prioritising initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme.
- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.
- Recognise that the term “work” is not synonymous with the concept of “paid employment”. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. Work and a job are not the same thing.

Chapter 6: Housing and Accommodation

To address Ireland's housing crisis, Government should:

- Ensure that the current commitments in the Rebuilding Ireland Action Plan are achieved at a minimum, and that more ambitious targets are set.
- Introduce measures to increase the supply of new social housing stock on the scale required to eliminate the current waiting list and to meet the needs of an expanding population, particularly in urban centres (i.e. an increase substantially beyond what is planned for in the government's current strategy).
- Explore increased off-balance sheet financing structures aimed at generating sufficient capital to adequately finance the social housing need.
- Provide increased resources for homeless services, focusing on preventative measures and information for persons at risk of homelessness, and an increase in adequate social housing supply prioritised for those who are homeless or at risk of homelessness with appropriate supports to ensure a reasonable standard.

Chapter 7: Healthcare

To have an adequate healthcare system Government needs to:

- Increase the availability and quality of Primary Care and Social Care services.
- Restore medical card-coverage for all people who are vulnerable.
- Create a statutory entitlement to a Home Care Package.
- Create additional respite care and long-stay care facilities for older people and people with disabilities, and provide capital investment to build additional community nursing facilities. Implement all aspects of the dementia strategy.
- Institute long-term planning and investment in the sector, acknowledging the impending demographic changes in Ireland, to ensure that we can cope with these changes.

Chapter 8: Education and Educational Disadvantage

To provide relevant education for all people throughout their lives Government should:

- Develop and commit to a long-term sustainable funding strategy for education at all levels;
- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to meet the OECD average by 2021;
- Commit to reach the lifelong learning target set out in the National Skills Strategy and ensure sufficient resources are made available;
- Set an ambitious adult literacy target.

Chapter 9: Other Public Services

To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally Government, in addition to proposals contained in earlier chapters, should also:

- Develop an integrated public transport network ensuring that all those who wish to do so can access appropriate local, regional and national transport services;
- Invest in infrastructure to enable the delivery of accessible, universal, quality and affordable childcare;
- Develop and resource the public libraries and librarians as an integral part of a continuum of education provision from early childhood to third level and on to lifelong learning;
- Work to accelerate the roll-out of high speed broadband to all premises and households by 2020;
- Continue to invest in a range of sports and recreation facilities, with a particular emphasis on promoting participation by all;
- Ensure all citizens have access to a Basic Payment Account by utilising the Post Office network as well as the commercial banks.

Chapter 10: People and Participation

To ensure that all people in Ireland are welcome and can participate effectively in shaping the decisions that impact on them Government should:

- Focus on combatting racism and discrimination, and promoting interculturalism in Ireland
- Take a leadership role within the EU and UN on meeting the challenge of the migrant crisis in a way which respects human dignity.
- Adequately resource the Public Participation Network (PPN) structures for participation at Local Authority level and ensure capacity building is an integral part of the process.
- Promote deliberative democracy and a process of inclusive social dialogue to ensure there is real and effective monitoring and impact assessment of policy development and implementation using an evidence-based approach.

Chapter 11: Sustainability

To ensure that all development is socially, economically and environmentally sustainable:

- Introduce a circular economy strategy for Ireland.
- Introduce shadow national accounts and assign natural capital and ecosystems value in our national accounting systems.

- Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets.
- Ensure our climate mitigation plans support implementation of ambitious emissions reduction targets.
- Adopt targets and a reporting system for each of the Sustainable Development Goals.

Chapter 12: Rural Development

To secure the viability of rural Ireland Government should:

- Prioritise rolling out high-speed broadband to rural areas.
- Invest in an integrated and accessible transport network
- Ensure finance and credit schemes for rural entrepreneurs, micro-enterprises and SMEs
- Ensure public service delivery in rural areas according to the equivalence principle
- Ensure future rural and regional policy outcomes are focussed on the future as a key component of Ireland 2040.

Chapter 13: The Global South

To ensure Ireland plays an active and effective part in promoting genuine development in the Global South and that all of Ireland's policies are coherent in this area Government should:³

- Renew Government's commitment to meet the United Nations target of contributing 0.7 per cent of GNP to Overseas Development Assistance by 2025.
- Ensure Irish and EU policies towards countries in the South are just. Ensure that Irish businesses operating in developing countries – in particular Irish Aid country partners – are subject to proper scrutiny and engage in sustainable development practices.
- Ensure Ireland plays a prominent role in the support and implementation of the Sustainable Development Goals at home and abroad.

Chapter 14: Values

The Social Contract is based on values. *Social Justice Ireland* believes that these values should be debated. Chapter 14 outlines values that should be part of the debate.

³ Much greater detail on these and related initiatives is provided later in this chapter.