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## Securing Fairness and Wellbeing in a Land of Plenty

*Sean Healy and Brigid Reynolds*

### 1. The Context

Much has been achieved on the economy over the past decade. This has led to a situation where Ireland's position on international league tables has been transformed. Economic growth has been remarkable. Between 1993 and 2001 the annual real growth rate of the Irish economy was twice the average recorded over the preceding three decades (8 per cent a year compared to 3.5 per cent a year in the past). These days it is averaging about 5 per cent a year. Over the past decade the Irish economy has significantly outperformed the EU average and continues to do so.

Both employment and unemployment have also changed substantially. Unemployment in 1987 was in excess of 15 per cent. Today it is just over 4 per cent. While this is still a challenge that requires specific policy initiatives, it is fundamentally different from the situation faced in the 1980s.

Side by side with the decline in unemployment there was a dramatic rise in the numbers employed. While the numbers employed remained more or less constant in the EU and grew by about one per cent in the USA, in Ireland they grew by 45 per cent since the end of the 1980s. Today there are more than 1,894,000 people employed in Ireland compared with 1,156,000 in 1991, an increase of 700,000 in 14 years.

These developments produced a situation which saw the labour force expand dramatically. Net out-migration became net in-migration as

Irish agencies went to many countries across the world in search of a labour force to take up the positions becoming available in the Republic as part of the economic boom. Many Irish emigrants returned to take up some of the new positions on offer at home. Substantial numbers of people from other EU and non-EU countries also migrated to Ireland and contributed to the expansion of the labour force that was required if the economy was to thrive. This is producing a new set of challenges as Ireland had very few migrant workers in the past. We shall return to these and related issues later in this chapter.

The public finances have also been transformed over the past two decades. In 1987 the national debt was above 115 per cent of Gross National Product (GNP). Today it is about 30 per cent. In the mid to late 1980s the current budget was in huge deficit. Today it is in huge surplus. This surplus funds a substantial proportion of the capital budget as well as providing one per cent of GNP for the Pension Reserve Fund. On a number of occasions in recent years it has funded the total capital budget thus producing a situation that required little or no borrowing. The budget is comfortably within EU guidelines on a consistent basis. Inflation has also been tackled effectively. In 1987 the annual inflation rate was above 15 per cent. As we write it is 2.4 per cent.

These are impressive changes. Ireland is now among the wealthier countries in the world. In the past decade living standards rose dramatically. Per capita income rose from being two thirds of the EU average to being substantially in excess of the EU average. Budget deficits became budget surpluses. Recession became a thing of the past. A great many people were better off. Pessimism gave way to optimism.

There were many other positive developments. The population started to grow dramatically. In 2004 the Republic's population passed 4 million for the first time since 1871. 70,000 houses were built. New records for the number of houses built were set each year for almost a decade. If there was one statistic that dramatically illustrated the changing situation it was the fact that half of all the houses in the country in 2005 were built in the previous ten years.

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Ireland now plays a role far in excess of its relative size both in Europe and on the wider world stage. For example, it's presidency of the EU which coincided with the expansion of the EU to 25 states and with the finalisation of a draft Constitution for the EU was seen as very successful. Many of the new EU member states see Ireland as a model to follow.

The social partnership process made a significant contribution to this development. Six national agreements were negotiated, agreed and implemented in the period 1987-2005. The social partnership process is seen as a key part of the positive development of the past two decades. The Community and Voluntary Pillar of social partners was established in 1996 - the first of its kind in Europe. While the social partnership process is often criticised for a variety of reasons it is part of the way we do business in Ireland today.

These are some positive aspects that have shaped the Ireland of today. Many more could be listed. However, there are many questions that arise including new questions that flow from this success. Among these we could list questions such as:

- Are we making real progress?
- Why is there so much stress, anxiety, depression and violence today?
- Is 'fairness' a characteristic of Irish society today?
- Is the promotion of 'wellbeing' at the heart of policy development?
- What kind of society are we trying to build?
- What kind of life can we expect in that society when it emerges?
- What quality of life will this society provide?

These are valid questions, questions this society needs to answer. The reality is that economic growth and its consequences have downsides as well as good sides. We have just been listing some of the good sides. We need to look at the downsides also.

As it was important that we analysed and critiqued the economy when it was doing badly, it is imperative that we analyse and critique the outcomes of economic success. Many questions are raised concerning the purpose of economic growth. We need a debate on this issue. Do economic growth and increasing incomes lead to social inclusion, equity and sustainability? How much income is enough? Or can a person or society ever have enough?

## 2. Two key challenges

As Ireland negotiates this new reality it faces a number of challenges. In the context of building a society characterised by fairness and wellbeing two of these challenges stand out:

- Firstly, there is the challenge of improving people's sense of wellbeing. Growing incomes have not led directly to increased wellbeing for all those who are better off. In fact the growing competitiveness and individualism in society have made some people unhappy.
- Secondly, there are many people who have benefited little from the economic growth of recent years and who are at risk of poverty and exclusion for a variety of reasons.

Sustainable pathways are required to secure fairness and wellbeing for all in a land that now has more than sufficient resources to secure both.

### **A Lack of Fairness**

While Ireland has done very well in the past decade it has many outstanding problems that need to be addressed. A key problem is lack of fairness. This situation can be highlighted in many arenas. We note only a few.

Despite increasing wealth, poverty persists for large numbers of people. Some people who are benefiting from recent economic

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growth find this hard to understand or to accept the facts which are incontrovertible. Using the approach to measuring poverty which has been accepted by all EU-member states, the poverty line for a single person in the Republic of Ireland is €199.43 a week in 2005. While this amount is very basic, the lowest social welfare rate for a single person is only €148.80 in 2005 which is €50.63 a week short of the poverty line. The most recent study from the CSO shows that relative income poverty has risen during the recent years of major economic growth. 22.7 per cent of the population now lives in relative income poverty. This means that 903,188 people are in relative poverty. This is the highest poverty rate of any country in the European Union.

The composition of those in poverty has changed. It is no longer made up principally of households headed by a person who is unemployed. Today 60 per cent of those at risk of poverty live in households headed by a person who is OUTSIDE the labour force (they are elderly, ill, have a disability or are in caring roles). Another 25% are employed but receive low pay. Only 7.3% of those at risk of poverty live in a household headed by a person who is classified as unemployed.

So, more jobs are not a panacea for the current poverty problem. The solution lies in increasing social welfare rates (to address the poverty of those outside the labour force) and in making tax credits refundable (to address the risk of poverty of those who have a job).

Social housing provides another example of lack of fairness. More than 48,000 *households* are on waiting lists for housing. That is about 130,000 people. To the interested outsider this is strange in a country that has record levels of house building each year for almost a decade! While private housing output is one of the highest in the EU, social housing output is one of the lowest. Waiting lists persist while a quarter of all new houses built are second (i.e. holiday) homes. Even more significantly population growth is set to provide additional challenges in this area in the next two decades.

Vulnerable groups are of particular concern in developing housing

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policy. Many such groups (people with disabilities, Travellers, homeless people, immigrants as well as some older people and some rural dwellers), have a high risk of being in poverty and are doubly-disadvantaged by their lack of appropriate accommodation. Housing policy needs to be integrated with other social and care supports to enable vulnerable people to live independent lives. The challenges facing housing provision have been outlined in an earlier chapter in this book. We endorse that analysis.

There are many other examples that could be provided to illustrate the current lack of fairness. CORI Justice Commission's annual Socio-Economic Review provides an annual update on a wide range of these issues.<sup>1</sup> The two-tier healthcare system, the high levels of adult illiteracy, the high rates of each age cohort failing to complete second level education successfully are just a few examples.

The changing composition of the labour force provides further challenges. Many people have migrated to Ireland from a wide range of countries to take up jobs here. Many of these migrants, together with the indigenous minorities, do not experience Ireland as a particularly welcoming place. A fast-developing, multi-racial society provides huge new challenges.

One of the main reasons unfairness persists is that social expenditure, which seeks to address these issues, is low by international standards. Using GDP or GNP, spending on social expenditure stands out as the lowest in Europe. There remains a considerable gap between Ireland and the next lowest country, Spain. In the context of these figures, it is no surprise that there are high levels of poverty and social exclusion. The economic growth of the past decade has not been targeted primarily at reducing the rich/poor gap, or at bringing social protection up to EU-average levels, or at reducing relative income poverty. This is not an accident. It is the result of decisions taken by policy makers concerning the allocation of resources that were available.

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<sup>1</sup> See *Pathways to Inclusion: Policies to Ensure Economic Development, Social Equity and Sustainability*, CORI Justice Commission, May 2005.

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A primary consideration in this context has been the emphasis on keeping the total tax-take low. Taxation policy over the past decade has been focused on reducing the overall tax burden (which has benefited those with resources) not on maximising the benefits for all. The main beneficiaries of this approach have been trans-national corporations and individuals with high incomes.

A major justification for this approach has been the often-repeated mantra that Ireland needs a low-tax economy if it is to be competitive. Yet this causal linking of low taxes and competitiveness is in direct opposition to the facts. The EU countries with the highest tax-take are also the most competitive. Not just that. Growing wealth is positively correlated with increasing social expenditure. The recently published NESC report on the Developmental Welfare State highlights the fact that

“... a close and positive correlation exists between measures of wealth and levels of social spending within the EU 15. This is also noted by the OECD for industrialised countries generally.”<sup>2</sup>

The same Report quotes Lindert from a 2004 study of the origins and course of public social spending in today’s industrialised countries from the late 19<sup>th</sup> century onwards. He concludes that: “nine decades of historical experience fail to show that transferring a larger share of GDP from taxpayers to transfer recipients has a negative correlation with either the level or the rate of growth of GDP per person”.<sup>3</sup> This undermines the claims of those who insist that Ireland would not be competitive or increase its wealth if the total tax-take were higher.

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<sup>2</sup> National Economic and Social Council, May 2005, *The Developmental Welfare State*, NESC, Dublin, p. 11.

<sup>3</sup> P.H. Lindert (2004), *Growing Public Social Spending and Economic Growth since the Eighteenth Century*, Cambridge University Press, p. 18, quoted in *The Developmental Welfare State* p. 16.

## **A Lack of Wellbeing**

As well as a lack of fairness there are also major questions concerning the wellbeing of Irish people generally. Successive Irish Governments have sought to promote wellbeing through increasing economic growth. This approach is based on the belief that increasing national and individual incomes will provide people with more choices in their lives. This in turn is seen as the best way of ensuring people's wellbeing. In recent years, as we have outlined already, Ireland has enjoyed unparalleled economic success. More people have jobs, better education, health, homes, cars and holidays. We should be happier as our income grows. But indicators of wellbeing, ranging from depression to crime, are suggesting that the practice is not delivering on its promise.

Psychologists, among others, are now challenging the theory. They point to situations such as the UK where economic output has almost doubled in the last 30 years but where life satisfaction has remained flat. Wellbeing research is showing that people want to lead rich and fulfilling lives - developing their capabilities, fulfilling their potential, and leading socially useful lives.<sup>4</sup> In reality increased income is important but does not lead directly or inevitably to a happier life. Securing wellbeing requires more from Government and the various other sectors of society, than merely increasing people's income.

What is meant by the term wellbeing? The most popular application of the term refers to a person's health status. Philosophy uses the term in a broader, but related, way and sees wellbeing as referring to how well a person's life is going for that person. In this context it is closely related to 'welfare', which covers how a person is faring as a whole, whether well or badly, and to 'happiness' which can be understood to refer to the balance between good and bad things in a person's life. In its more colloquial usage, happiness often refers to a short-lived state of a person. In philosophy it refers to a person's life. Philosophers

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<sup>4</sup> For a comprehensive treatment of these and related issues see N. Marks, H. Shay and A. Westall (2004) *The Power and Potential of Wellbeing Indicators*, NEF, London.



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argue that when discussing the notion of what makes a life good for the individual, it is preferable to use the term 'wellbeing' rather than 'happiness'.

Within philosophy there are a range of theories of wellbeing. This chapter is not the place to discuss these. Suffice it to say that there are serious differences and that it is quite difficult to find the specifics of wellbeing spelt out in any detail. One approach would be to draw up a list of what constitutes wellbeing. There would be much scope for debate on what should be included in this list. Philosophy notes that in drawing up such a list we would be working on intuition. It is useful in parenthesis to point out that developing a list of what constitutes wellbeing need not involve any kind of objectionable authoritarianism or perfectionism.

In the introduction to their book, *The Quality of Life*, Martha Nussbaum and Amartya Sen provide a very insightful comment on prosperity, the quality of people's lives and the criteria that are relevant to human thriving. Referring to the criteria they state:

...we need to know not only about the money they do or do not have, but a great deal about how they are able to conduct their lives. We need surely to know about their life expectancy .... We need to know about their health care and their medical services. We need to know about education - and not only about its availability, but about its nature and its quality .... We need to know about labour - whether it is rewarding or grindingly monotonous, whether the workers enjoy any measure of dignity and control, whether relations between employers and 'hands' are human or debased. We need to know what political and legal privileges the citizens enjoy, what freedoms they have in the conduct of social and personal relations. We need to know how family relations and relations between the sexes are structured, and how these structures foster or impede other aspects of human activity. We need, perhaps above all, to know how people are enabled by the society in question to imagine, to

wonder, to feel emotions such as love and gratitude, that presuppose that life is more than a set of commercial relations, and that the human being - unlike the steam engines of Coketown - is an 'unfathomable mystery', not to be completely 'set forth in tabular form'. In short ... we seem to need a kind of rich and complex description of what people are able to do and to be - a description that may be more readily available to the reader of Dickens's novels than to those who confine their reading to narrowly technical and financial documents...."<sup>5</sup>

What are the major contributors to a person's wellbeing? Richard Layard summarises the main components: "Family and personal life come top in every study, and work and community life rank high. Health and freedom are also crucial and money counts too, but in a very specific way."<sup>6</sup> The role of money, according to Layard, needs to be understood. In any society, richer people are happier than poor people. Yet as countries become wealthier their people overall do not become happier. Rather, their expectations and standards rise. If increasing income is the main focus, after a certain threshold has been crossed people appear to be happier only if their status improves relative to the norm. But improving one's status means that someone else's status goes down relative to the norm. This is a zero-sum game. Securing improved status vis a vis others in society is not a pathway to an improvement of wellbeing for all in society.

Longer working hours are becoming the norm, reversing the trend of the past two centuries. Robert Taylor's study of work in the UK shows that 46 per cent of men and 32 per cent of women work more hours than that for which they are contracted.<sup>7</sup> Madeleine Bunting in her study of the 'overwork culture'<sup>8</sup> and how it is ruling our lives shows

<sup>5</sup> Martha C. Nussbaum and Amartya Sen (eds.), (1993) *The Quality of Life*, Clarendon Press, Oxford.

<sup>6</sup> Richard Layard, (2005) *Happiness is Back* in Prospect, March 2005 p. 22.

<sup>7</sup> Robert Taylor (2002), *Britain's World of Work: Myths and Realities*, ESRC, Swindon.

<sup>8</sup> Madeleine Bunting (2004), *Willing Slaves: How the Overwork Culture is Ruling Our Lives*, HarperCollins, London, p.7.

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that nearly 40 per cent of managers and senior officials were working more than fifty hours a week and over 30 per cent of professions were doing likewise. She also shows that “long hours badly affect blue-collar workers in fields such as construction, manufacturing and transport; between a quarter and a third of plumbers, electricians, lorry drivers and security guards are working over forty-eight hours a week.” Bunting shows that the situation is worse in the private sector than in the public sector. These long hours of work are structural, not just an occasional blip.

In the case of Ireland the situation is very similar. According to a 2005 study, people in Ireland work the longest hours in the EU. More than 90,000 work over 60 hours a week according to this report published by the London-based Work Foundation.<sup>9</sup> While those working longest are in the management or skilled manual labour sectors and are mostly male, the study also found that women in Ireland work longer hours than their EU counterparts. Although the study does not measure the issue, it is likely that many of those working long hours are also commuting for lengthy periods of time each day. Many people seem to believe that working these long hours is the key to success in business and/or will provide the increased income which will provide a ‘better’ life. But the reality seems to be otherwise. These hours often produce a lack of work/life balance, poor health, increased stress as well as a range of other undesirable side-effects. This raises serious questions about the social sustainability of this kind of development going forward.

In practice, working longer hours means less time and energy for family and community and for one’s self. This raises two major issues that can be seen as emanating from success. Shouldn’t those who want us to work longer and sacrifice our family and community be forced to explain why that is the right way to go? Likewise, we have a situation where the argument in favour of lowering income tax is that such a move provides increased incentives to people to work longer hours.

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<sup>9</sup> The Work Foundation report can be accessed online at [http://www.theworkfoundation.com/pdf/Still\\_At\\_Work.pdf](http://www.theworkfoundation.com/pdf/Still_At_Work.pdf)

But if the longer working hours are causing such imbalances and are obviously counter-productive where people's wellbeing is concerned should those who advocate lowering income taxes be asked to justify their proposals?

We live in a new situation. When people are poor then an increase in income will lead to an improvement in their wellbeing. But when a large proportion of the population is doing well economically then, according to the theory, the level of wellbeing of society generally should be improving all the time. But this, quite obviously, is not the case. More and more people commute long distances to work, spend longer hours on the job despite shorter official working hours, are burdened with large debts (e.g. high mortgages), have less time for themselves, their families and their communities and feel less secure about their future in a highly competitive and rapidly changing environment. This situation is not socially sustainable into the future.

What this suggests is that the issue of redistribution should be seen in a broader way than has been the case up to now. Redistribution of economic resources is required if poverty and social exclusion are to be addressed and if social services and infrastructure are to be delivered at an appropriate level. But redistribution is also an issue in areas such as decision-making and work/life balance. The National Economic and Social Forum spoke of "the unequal distribution in relationships of love, care and solidarity with others".<sup>10</sup> Redistribution is crucial if the development model being adopted and/or followed is to be socially sustainable.

The issue of social sustainability should be on the agenda of all employers. Bunting argues that "just as companies now audit for their impact on environmental sustainability, so they should audit for social sustainability: have employees enough time and energy for their caring responsibilities, to exercise or to pursue other interests? An audit would identify where pressure in an organisation is tipping over into stress."<sup>11</sup>

<sup>10</sup> National Economic and Social Forum, *The Policy Implications of Social Capital*, Report 28, June 2003.

<sup>11</sup> Bunting, op. cit. p. 299.

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Policy makers have focused recently on issues such as life satisfaction. But much more is required. The New Economics Foundation (NEF) argues that

“For people to lead truly *flourishing* lives they need to feel they are personally satisfied and developing, as well as functioning positively in regard to society. Unfortunately too many people are instead *languishing* - living unhappy, unfulfilled lives as well as lacking social and community engagement. Estimates from the US suggest that less than 20 per cent of the population are flourishing and over 25 per cent are languishing, with the rest being somewhere in between”<sup>12</sup>

In practice, personal development is strongly linked to overall health, longevity, resilience, and the ability to cope with adverse circumstances so as to thrive in life. The New Economics Foundation study shows that older people who score highly on the personal development dimension have a different biological profile and are less likely to develop serious illnesses in later life. This dimension of personal development is also closely related to the kind of individual characteristics that underpin government agendas around active citizenship or enterprise. The NEF report shows that wellbeing is not just about a passive happiness; it is also about an active engagement with life and with others. This emphasises the importance of social capital, an issue addressed in an earlier chapter of this book. The importance of personal and family relationships in the promotion of wellbeing is emphasised in the NEF study.

All of this presents Government and other social actors including employers, trade unions, the community and voluntary sector, and rural organisations, with formidable challenges. It is clear that Government cannot and should not attempt to make us happy. However, the impacts of what Government does can have profound effects on the context within which people live. A great deal of what

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<sup>12</sup> New Economics Foundation (2004), *A Well-being Manifesto for a Flourishing Society*, London, p. 5 (emphasis in the original).

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Government and other social actors do already contribute to people's wellbeing. However, much more could be done to secure wellbeing for all. Primarily, the issue of wellbeing should be an underpinning focus against which policy development, implementation and impact are consistently measured. A number of examples might help to illustrate what could be done.

Everything that matters should be measured. At present much that is important for the flourishing of society, e.g. unpaid work done in the home or the community, is not measured. Consequently it is not included in measurements such as GDP/GNP. This omission, in turn means that the value of unpaid work to societal development and cohesion can be overlooked unwittingly when policy is being developed. This can have and has had very substantial consequences. The decline in voluntary care work (for children, older people or people who are ill or have a serious disability) in recent years occurred without much notice being paid to the consequences of this decline. Such work was not counted and consequently it 'didn't count' when policy decisions were made. The emerging crisis in care has highlighted this issue. Ireland should have a set of 'satellite' national accounts that includes the real value of items such as unpaid work.

A second example of how Government could promote wellbeing would be to strengthen civil society and promote active citizenship. People's wellbeing is strengthened when they engage with one another and in meaningful projects. This fact has implications for policy in areas such as civil society, active citizenship and public service delivery. While this fact is recognised in theory at least by the Irish Government it has not been acted on with any great conviction; it certainly has not been adequately resourced. Greater promotion of and resourcing for community engagement and civil society organisations would be an investment that would yield huge dividends in this regard.

Many other examples could be provided to show what could be done to promote wellbeing. In its Wellbeing Manifesto<sup>13</sup> the NEF identifies

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eight inter-related areas where action could be taken to promote wellbeing and, to the present authors, these seem a good starting point. They are:

- Measure what matters: produce a set of national well-being accounts.
- Create a well-being economy: employment, meaningful work and environmental taxation.
- Reclaim our time through improving our work-life balance.
- Create an education system to promote flourishing.
- Refocus the health system to promote complete health.
- Invest in early years and parenting.
- Discourage materialism and promote authentic advertising.
- Strengthen civil society, social wellbeing and active citizenship.

The key issue is that Government should place the promotion and securing of wellbeing at the core of policy-making. Likewise social partners should do the same in their development and implementation of national agreements. The challenge is how to move towards a happier, flourishing, more vibrant society where people would be actively engaged in their communities. Such a society would have to be rooted in fairness. Such a society also would be healthier, more productive, entrepreneurial, creative and engaged.

### **The Challenge of Sustainability<sup>14</sup>**

If fairness and wellbeing are to be a characteristic of Irish society there is an emerging new challenge that must be met i.e. the challenge of ensuring that development is sustainable going forward. This involves securing development that is sustainable economically, environmentally and socially.

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<sup>13</sup> New Economics Foundation, op. cit. pp. 7-17

<sup>14</sup> For a more comprehensive overview of the authors' views on the issue of sustainability cf. *Policy Briefing on Sustainability*, CORI Justice Commission, July 2005.

In 2004 Ireland's population passed 4 million for the first time since 1871. As outlined in the opening chapter in this book it is set to pass 4.5 million in a few short years and set to reach 5.5 million by 2030. These population projections have been outlined in detail in the opening chapter of this book. This level of population growth is unprecedented in Irish history and gives rise to some challenging questions for policy-making. Where will all these people live given the fact that waiting lists for social housing have been increasing? How will these increasing numbers be able to get around given the current problems with transportation and the particularly inadequate public transport system? Population growth simply serves to highlight the challenges. Sustainability is multi-dimensional. Sustainability must be secured at the economic, environmental and social levels.

The questions for the economy focus on whether or not *maximum* growth rates should be sought. Would a lower growth rate serve the society's interests better? How can we build a fair and inclusive society which can adequately cater for all these extra people? These figures necessitate the development of long term planning. Rather than cope with the consequences of this population growth once it has happened, we believe it is important to begin to plan now for its arrival. To do this successfully, sustainable policies need to be developed; policies that are implemented with a time frame of ten years or more.

The questions for the environment are well rehearsed and obvious and need to be addressed. Our environment is a priceless asset. Its protection is of major importance not just to current times but also to the generations that will follow us. However, the environment is regularly taken for granted. It is often mistreated and excessively exploited. Damaging our environment through pollution and the knock-on effects of climate change are unsustainable trends. Air, for example, has become more and more polluted. Between 1990 and 2002 the CSO reveals that greenhouse gas emissions grew by 29 per cent.

The question of social sustainability has received even less attention. As economic growth is seen to be insufficient in securing people's



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wellbeing, questions arise concerning whether or not people will want to continue living in a country where their quality of life is not really improving, where their hours in employment are growing, their commuting time lengthening, their debts growing and social provision is not at EU average levels.

#### **Need for a Vision of Ireland**

Ireland needs a vision that can inspire people by emphasising fairness and well-being. The guiding vision in recent decades has been very focused on increasing economic growth and increasing people's income. As stated earlier there is an assumption that economic growth will, automatically, lead to increased incomes for people generally, which in turn will lead to greater fairness and increased wellbeing for all. This assumption is not valid. Increasing economic growth does not inevitably lead to increased incomes for all people. Some benefit. Others don't. Poverty persists. At the same time, while having sufficient income is very important, it does not follow that increasing incomes leads automatically to increased wellbeing for people.

The 2005 Human Development Report (published by the UN Development Programme in September 2005) found Irish people had the second highest per capita income of any country in the world (€30,384). In the overall Human Development Index, (based on economic performance, life expectancy and health and education attainment and adult literacy) Ireland ranked 8<sup>th</sup>, up ten places since 2002. However, Ireland was shown to be one of the most unequal countries in the world with the third-highest level of poverty among the world's 18 industrialised countries. Only Italy and the USA had a higher poverty rate than Ireland among the 18 industrialised countries surveyed. The 10 per cent of the population with the highest income have 9.7 times more income than the 10 per cent with lowest income. Of the 30 most developed countries in the world, only the USA, Hong Kong, New Zealand and Portugal were found to be more unequal than Ireland.

Of special significance to this paper and the debate on fairness and wellbeing in Ireland, is the UN Human Development Report warning

that in very unequal societies, economic growth “may have little impact” on reducing poverty and argued that “far more attention should be paid to creating conditions under which the poor can increase their share of future national income gains”.

Social capital is eroded by growing and persistent inequality. The work of Professor Robert Putnam shows a critical relationship between social capital and social equality. The regions and states of the USA which are most trusting and civic-minded are also the most equal. On reflection this is simple common sense. People are more likely to show solidarity with those who are not socially distant from them. But it goes beyond that. Work done by Richard Wilkinson<sup>15</sup> on Robert Putnam’s material concludes that the healthiest societies are not the wealthiest but the most equal.

Policies can shape the culture and the society in which we live. Policies are guided by a vision (not always consciously!!!). Consequently, having a guiding vision of a fair society that promotes wellbeing is very important. Such a society would be structured in such a way as to promote right relationships between people, institutions and the environment so that

- Human rights are respected,
- Human dignity is protected,
- Human development is facilitated and
- The environment is respected and protected.

Adopting this as a core part of Ireland’s vision would ensure that fairness and wellbeing for all people were at the core of policy development and action.

Most Irish people would support the development of a fair society that promotes wellbeing for all. Such a society would also ensure the development of all people and the whole person simultaneously and in

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<sup>15</sup> Richard Wilkinson (2005), *The Impact of Inequality: How to Make Sick Societies Healthier*; The New Press.

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solidarity. For the first time in our history we have the resources and the capacity to develop such a society. But it won't happen spontaneously or by accident. It requires focused action. It also requires that responsibility be assumed to secure the resources required. As Tom Healy pointed out in chapter 5 of this publication,

“If we want Berlin-type social services, free early childhood education, smaller classes in schools, better quality school buildings, shorter hospital waiting times, better and more integrated services to the old, the very young and the sick, more opportunities for the long-term unemployed, persons with disabilities..... then someone has to pay. We either let the market do it mainly or entirely in which case some people simply don't make it to the finishing line because they don't even get a head start in an unequal tournament, or, we let the State do it mainly or entirely in which case we can't afford to be around the bottom of the international tax league. There is, also, a role for civil society – possibly in partnership with the State and the market. However, there are no easy options or quick-fix solutions here. Someone has to pay and responsibility needs to be taken and appropriately shared.”

In the following pages we sketch the outline of a ten-year agenda that would go some way towards developing a fair society that promotes wellbeing. We have identified sixteen key issues to be addressed, listed six structural problems that need to be tackled and outlined how the necessary changes could be resourced through securing a fairer tax system while ensuring that Ireland does not become a high-tax country. The items on this agenda could be taken up by Government, Social Partners, political parties and all those involved in policy development and implementation. We offer them as a contribution to the ongoing debate this issue urgently requires. We welcome responses from any person or group interested in these issues.

### 3. A Ten-Year Agenda

#### Major focus: Securing fairness and wellbeing in a land of plenty

##### 3.1 Specific policy areas to be addressed<sup>16</sup>

Area	Problem or Issue	Proposed initiatives	Comments
<b>Social Provision</b>	Ireland has a serious social provision deficit. Measured either in GNP or GDP terms Ireland's social protection expenditure is the lowest of the 19 EU countries for which statistics are available.	1) Prioritise social inclusion so as to ensure that Ireland's social provision reaches at least the EU average level within a five-year period.	Many of the issues addressed and the initiatives proposed in the following pages address the core of this challenge.
<b>Income Adequacy</b>	More than 900,000 people (22.7% of the population) are at risk of poverty - 60% of these are outside the labour force.	2) Raise the lowest social welfare rate for a single person to 30% of GAIE by 2007 and maintain it at that level subsequently.	Those outside the labour force are all depending on social welfare increases. Jobs are not a means of bringing this group out of poverty
	25% of all those at risk of poverty are in employment.	3) Make tax credits refundable.	Making tax credits refundable appears to be the only way of targeting this group of low-paid employees effectively.

<sup>16</sup> A detailed elaboration of each of these issues and proposals is available in *Pathways to Inclusion: Policies to Ensure Economic Development, Social Equity and Sustainability*, CORI Justice Commission, May 2005.

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Area	Problem or Issue	Proposed initiatives	Comments
	<p>The current income distribution system is not appropriate for 21<sup>st</sup> century. A system that ensures a basic minimum for all is required.</p>	<p>4) Work towards introducing a Basic Income for all.</p>	<p>A Basic Income would replace tax credits and most social welfare payments. It would be far more work friendly and appropriate to the new world of the 21<sup>st</sup> century.</p>
<b>Children</b>	<p>Child Poverty: More than 223,000 children (25% of all Irish children) are at risk of poverty.                      Childcare: This is one of the major issues to be addressed.</p>	<p>5) Increase child benefit substantially                      OR                      6) Introduce a refundable tax credit for children payable for every child irrespective of whether or not the child's parent is employed.</p>	<p>The CHILD should be the central policy focus here. Either of these proposals would have a positive impact on BOTH the issue of child poverty and childcare.                      It is crucial that any approach to tackling childcare should not exclude those caring for their children who are not in paid employment.</p>

<p><b>Housing</b></p>	<p>The waiting lists for social housing are unacceptably high.</p>	<p>7) Adopt the recommendations of the NESG on the future provision of social housing (i.e. increase the stock by 73,000 units to reach a target of 200,000 units by 2012) and take the necessary steps to ensure this target is reached within the recommended timeframe.</p> <p>8) Develop and support policies focused on mixed housing, mixed communities, choice of tenure, and mix of different-sized housing units.</p>	<p>Government housing policy has resulted in a housing system that is not tenure neutral and which has led to the residentialisation of the rental sector, both public and private.</p>
<p><b>Taxation</b></p>	<p>People on low wages are paying tax while some millionaires legally pay no tax.</p>	<p>9) Standard rate all tax expenditures</p> <p>10) Introduce new procedures to be followed when proposing the introduction of any new tax expenditure. Principally, these should involve a detailed internal evaluation of the costs and benefits of each new scheme and a justification for its introduction together with a definite timeframe for ongoing review.</p>	<p>Many tax breaks are counter-productive and skewed towards the better off. This situation needs to be addressed.</p> <p>The guiding fairness principle in taxation policy should be “those who have more pay more while those who have less pay less”.</p>

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Area	Problem or Issue	Proposed initiatives	Comments
		<p>11) Each new or renewed tax expenditure should also be poverty proofed to establish the impact that its introduction will have on the income distribution, the level of median income and poverty rates.</p> <p>12) Introduce a new law limiting the value of tax reliefs any one individual may avail of in each tax year.</p>	<p>Re proposal to limit the value of tax reliefs any individual may avail of: an index linked limit of €50,000 (excluding personal tax credits) per annum would seem more than generous.</p>
	<p>Some people in employment do not benefit from annual Budget changes.</p>	<p>13) Make tax credits refundable</p>	<p>This has a very positive impact on those at risk of poverty who are employed.</p>
	<p>The inequity in the distribution of pension contribution reliefs is of concern and should be addressed.</p>	<p>14) An overall pension fund limit of approximately €1.5 million would provide more than adequate provision for any individual in their retirement.</p>	<p>Introducing this policy would follow similar schemes adopted elsewhere, such as in the UK.</p>

<p><b>Care</b></p>	<p>There are major challenges to ensure caring is adequate to Ireland's emerging needs.</p>	<p>15) Develop an infrastructure of care that covers children, people with disabilities and older people and that puts the needs of these groups at the centre of policy decision-making in this area.</p>	<p>There is a danger that the primary focus will be on the economy rather than on those in need of care. The situation of carers requires special consideration in this context.</p>
<p><b>Work</b></p>	<p>The ongoing failure to secure work/life balance must be addressed if wellbeing is to become a characteristic of society.</p>	<p>16) Develop and implement a range of initiatives to ensure that work/life balance is given priority by Government, Social Partners and other actors in society and becomes a characteristic of Irish society in the 21<sup>st</sup> century.</p>	<p>Some of the wellbeing issues highlighted in this chapter are especially relevant here.</p>
	<p>Work done by many C&amp;V organisations in delivering services has been reduced or eliminated with the decline of CE places.</p>	<p>17) Fund a new programme to support C&amp;V organisations delivering services.</p>	<p>The €5 m. programme introduced in Budget 2005 is a step in the right direction.</p>



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Area	Problem or Issue	Proposed initiatives	Comments
	<p>Only paid employment is recognised as worthwhile work.</p>	<p>18) Commission the CSO to do a study identifying the volume of unpaid work being done in Ireland and place a monetary-equivalent value on that work.                      19) Provide new resources for new initiatives supporting volunteering.</p>	<p>The need to recognise voluntary work has been acknowledged in the Government's White Paper on the C&amp;V sector and in <i>Tipping the Balance</i>.</p>
<b>Healthcare</b>	<p>There are deeply ingrained inequalities in Ireland's healthcare system.</p>	<p>20) Raise the income threshold for accessing a medical card to ensure that earlier Government commitments are met.                      21) Allocate at least 35 per cent of the non-capital healthcare budget to community care.                      22) Improve efficiency - both technical and allocative.                      23) Ensure universal access to primary care.                      24) Ensure all healthcare expenditure on older people is clearly identified, can be tracked efficiently at all stages and that performance indicators are agreed with the stakeholders and met.</p>	<p>In the process of increasing the community care budget precautions should be taken to ensure that the increased allocation does not go to the GMS or the drug subsidy scheme.                       Allocative efficiency requires more attention be paid to social dimensions such as the level of service required in a particular area and whether or not it is being provided.</p>

<p><b>Education</b></p>	<p>Educational disadvantage is manifest in literacy problems among adults and in the rate of failure to complete second level education successfully.</p>	<p>25) Make substantial additional resources available for adult literacy services.                  26) A basic educational allowance for full-time and part-time education should be available to each person between the ages of eighteen and forty who does not proceed to third level from school.</p>	<p>People seeking access to adult literacy programmes to avail of second chance education at all levels could draw upon these resources.</p>
<p><b>ICT</b></p>	<p>The phenomenon of a technological divide is becoming evident. In particular it is of concern that a number of young people, including early school-leavers, have little or no skill in ICT.</p>	<p>27) Increase the provision of open-access information technology in public libraries and meet the commitment in the <i>Sustaining Progress</i> national agreement to “include everybody in the information society”.                  28) Introduce a system (e.g. a swipe card) that ensures people on low incomes can access information communications technology on an ongoing basis.</p>	<p>Increasingly the ability to use information and communications technology (ICT) is becoming a central requirement in modern society. Poor people are being excluded from this essential capacity. This situation must be redressed.</p>

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Area	Problem or Issue	Proposed initiatives	Comments
<b>Disability</b>	There is an ongoing need to support the provision of tailored services, resources and supports for people with disabilities.	29) Address the cross-cutting issue of disability in each of the issues addressed in this set of proposals. This should ensure that the issue of disability was mainstreamed and a range of issues of concern to people with disabilities would be addressed effectively.	The need for a rights-based approach to this and related issues should be acknowledged and acted upon.
<b>Migration, refugees and asylum seekers</b>	Ireland is experiencing a substantial increase in migrants coming to work here. This is a key issue that needs to be addressed. Likewise, Ireland's current treatment of refugees and asylum seekers is not worthy of a country	30) Introduce a fair, efficient, effective and comprehensive 'green card' system for migrant workers seeking employment. 31) Develop the National Plan against Racism so that it is effective in tackling the issue of racism. 32) Integrate refugee and asylum seeker issues into mainstream migration policy.	Ireland's economy needs substantial numbers of migrant workers. They should be acknowledged as contributors to Ireland's development and should be treated fairly.  Irish people have a long tradition of solidarity with peoples facing oppression within their own countries, but that tradition is not

	<p>reflected in our policies towards refugees and asylum-seekers.</p>
<p>that has sent so many of its people abroad over the past century and a half.</p>	<p>This could dove-tail with the NESC study on migration policy.</p>
<p>The current work-permit system faced by migrant workers is of concern, particularly for those migrants working in low-paid service and manufacturing jobs.</p>	<p>33) Implement a rights-based immigration policy which addresses the unnecessary and undesirable restrictions the present system imposes on migrant workers and their families.</p>
<p>The issues of social capital, active citizenship and civil society need to be addressed in developing a 21<sup>st</sup> century focus for policy. The C&amp;V sector plays a major role in Ireland's</p>	<p>34) Establish a Civil Society Forum to facilitate an ongoing, participative dialogue on these issues. 35) Invest substantial additional resources for C&amp;V sector organisations delivering services of various kinds at both local and national levels.</p>
<p><b>Social capital, active citizenship, participation and the C&amp;V Sector</b></p>	<p>Issues identified under the section on 'work' also apply here as do several other aspects.</p>

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Area	Problem or Issue	Proposed initiatives	Comments
	<p>ongoing development in these areas and in service provision generally but its contribution is being taken for granted or ignored. In some cases it is being seriously damaged by Government initiatives that fail to take into account the impact on C&amp;V organisations and their capacity for service delivery.</p>	<p>36) Provide appropriate resourcing for participation in national social partnership of social partners within the community and voluntary sector                      37) Adequately resource the ongoing participation of the community and voluntary sector in both the CDB and SPC structures.</p>	
<b>ODA</b>	<p>The Irish Government has reneged on its commitment to raise its Third World Aid budget to 0.7% of GNP by 2007.</p>	<p>38) Ireland should formally commit to reaching the United Nations target of contributing 0.7 per cent of GNP to Overseas Development Assistance by 2010.</p>	

<p><b>Public Transport</b></p>	<p>Public transport has not been given the priority or the resources it requires.</p>	<p>39) Re-focus expenditure in the transport area so as to prioritise public transport nationally and locally within a long-term planning horizon.</p>	
<p><b>Social, economic and cultural rights</b></p>	<p>Social provision is not adequate.</p>	<p>40) Develop a rights-based approach to policy development in the social, economic and cultural areas.</p>	<p>Among other issues, this approach should cover income, work, accommodation, health, education, participation and cultural respect. These rights can be made justiciable while respecting the role of parliament. The proposals made by CORI Justice Commission on this should be implemented by Government.</p>

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3.2 Structural Issues to be addressed

Area	Problem or Issue	Proposed initiatives	Comments
<b>National Accounts</b>	National accounts currently exclude substantial areas of activity e.g. voluntary work.	41) Develop “satellite” national accounts that include the value of all unpaid work and the costs of all environmental damage and resource consumption.	National accounts in their present format would continue to be produced. The “satellite” accounts would be additional.
<b>Sustainability</b>		42) Sustainability-proof all public policy initiatives and provision. 43) Restructure the tax system in favour of environmentally benign development, employment and useful work. 44) Terminate subsidies and other public-expenditure programmes that encourage unsustainable development. 45) Introduce a requirement that all employers produce an annual sustainability audit along the lines discussed in this chapter.	

<p><b>Efficiency and Value for Money</b></p>	<p>The need for efficiency and the importance of securing value for money are constantly highlighted - and should be supported.</p>	<p>46) Put mechanisms into place to ensure an ongoing review of both technical and allocative efficiency.                  47) Develop the 'value for money' audit programme of the Comptroller and Auditor General. The C+AG's focus on cost effectiveness should be no less than the focus on financial auditing.</p>	<p>While technical efficiency is clearly understood and sometimes emphasized, the issue of allocative efficiency is usually ignored. This involves ensuring that resources are allocated to priority areas (which can be identified in terms such as policy, geographical spread, socio-economic grouping, infrastructural, social cohesion etc.).</p>
<p><b>Spatial Strategy</b></p>	<p>Long-term strategies to address the failures of current policies on critical issues such as infrastructure development, the national spatial imbalance, public</p>	<p>48) Ensure the National Spatial Strategy (NSS) underpins Government policy development going forward.</p>	<p>A recognition that current development policies are largely city-led is necessary and this approach needs to be re-balanced.</p>



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Area	Problem or Issue	Proposed initiatives	Comments
<b>Policy-proofing</b>	<p>transport and local involvement in core decision-making are urgently required.</p> <p>Many policy initiatives work at cross purposes with priorities in areas such as poverty elimination, equality and sustainability.</p>	<p>49) Equality-proof, poverty-proof and sustainability-proof all policy initiatives and monitor their outcomes to ensure that initiatives are genuinely promoting equality, sustainability and the elimination of poverty and social exclusion.</p>	<p>Proofing policy in terms of equality, sustainability and poverty, at both the implementation and outcome stages, should go some way to ensure that these issues are prioritised.</p>
<b>Social Partnership</b>		<p>50) Develop dialogue between the social partnership process and an Oireachtas Committee.</p>	

### 3.3 Resources

Area	Problem or Issue	Proposed initiatives	Comments
<p><b>Resources</b></p> <p>There is a need to increase the funding available to eliminate the social provision and infrastructural deficits currently being experienced. The argument is often made that resources cannot be made available to fund proposals such as those contained in this chapter. In this context <b>two approaches</b> can be combined.</p>	<p>51) Use standard fiscal management policies in deciding what can be spent in each of the Budgets during the period of a new national agreement. This could produce an additional €1.5 million in each Budget without any increase in taxation.</p> <p>52) If necessary, increase the total tax-take but do so by making the tax system fairer e.g. standard rating all tax expenditures.</p>	<p>The exchequer can afford to spend significantly more money over the next few years on tackling social provision deficits without raising any additional taxation. The Department of Finance has forecast that the current budget surplus over the 2005/7 period will be in excess of €14.5 billion. An additional €1.5 billion a year on social expenditure would still leave the accumulated surplus at €10 billion which is more than enough to meet all contingencies.</p> <p>There may be a need to raise additional taxation if fairness and wellbeing are to be central in Ireland's policy focus going forward. This could be done, in part at least, by making the tax system fairer. At a minimum all tax expenditures should be standard-rated and all should be required to show a net benefit on a cost-benefit analysis basis. The additional tax required to address social provision deficits adequately would still leave Ireland with one of the lowest tax-takes in the EU.</p>	