# 2. Vision and Values - Public Services and Infrastructure

Seán Healy, Brigid Reynolds and Michelle Murphy

Ireland has no guiding vision. The lack of such a vision has led to a lack of coherence at the core of public policy i.e. a failure to integrate policy developments across many areas of government policy ranging from education to health from infrastructure to social services from economic development to fiscal policy. There are many who dismiss the need for such a guiding vision arguing that at best it is irrelevant and at worst it is a total distraction from what should be the major focus of governments and public policy makers i.e. the development of relevant policies to address current issues of concern. There are others however who argue that without a guiding vision policy development will at best be haphazard and at worst be working at cross purposes with itself. The authors of this paper are in the latter category.

Of particular concern in the policy development arena are questions concerning how major long-term challenges are to be addressed effectively and efficiently. Too often the political process has tended to ignore such challenges because these cannot be resolved within the life-span of a Government's term of office. Instead, Government had tended to resort to short-term quick fix solutions that in many cases have moved policy away from addressing these challenges. Major issues to do with infrastructure such as telecommunications or social housing require long-term strategies if the challenges they present are to be resolved. However Ireland's experience over the past two decades shows how difficult it is to have such issues addressed in good times or in bad as governments' principal focus tends to be on securing re-election.

It is important for a country to have a guiding vision. It is also important that this vision be supported by a substantial majority of its citizens which can best be achieved by engaging citizens in shaping that vision. This paper sets out a proposed guiding vision for Ireland and goes on to specify how policy might be developed over a period of 10 or 15 years to move towards achieving that vision.

## 1. Austerity is not working

There is an old saying that goes "If the facts don't fit the theory, change the theory". What we are seeing at present in the EU is the opposite – instead of addressing the failed theory there is a constant effort to disguise the facts and/or present them positively even when they are negative. German Chancellor Angela Merkel and other pro-austerity European leaders appear to believe their own rhetoric on this issue and continue to deny reality.

It is interesting to see Ireland being held up as the proof that austerity works. On 21st September, 2014 an editorial headline in the Financial Times read: "Ireland shows struggling Europe the way ahead". The article is based on Ireland's strong growth rate. There is nothing in the article about the impact on Ireland's national debt of the forced 100% repayment of reckless, gambling banks and bond holders; nothing about the fact that this debt was transferred to Ireland's tax-payers without their agreement; nothing about the growth in poverty and structural unemployment that emerged in part at least as a result of this debt transfer; nothing about the quarter of a million Irish people who had to emigrate; nothing about the rapidly growing homelessness problem and the huge lack of social housing. The article did contain some warnings about the fragility of the Irish 'recovery'. It also praised the 15% growth in investment but failed to note that it was growing from a position of being by far the lowest level of investment in any country in the EU. This assessment is based on the proposition that the economy is no longer collapsing so austerity must have worked.

The words of Nobel laureate in Economics, Joseph Stiglitz are very relevant in this context. Speaking of austerity across the EU he said: "every downturn comes to an end. Success should not be measured by the fact that recovery eventually occurs, but by how quickly it takes hold and how extensive the damage caused by the slump. Viewed in these terms, austerity has been an utter and unmitigated disaster, which has become increasingly apparent as European Union economies once again face stagnation, if not a triple-dip recession, with unemployment persisting at record highs and *per capita* real (inflation-adjusted) GDP in many countries remaining below pre-recession levels. In even the best-performing economies, such as Germany, growth since the 2008 crisis has been so slow that, in any other circumstance, it would be rated as dismal." (Stiglitz, 2014) It is worth noting in passing that in the same article Stiglitz argues that: "The hope is that lower corporate taxes will stimulate investment. This is sheer nonsense. What is holding back investment (both in the United States and Europe) is lack of demand, not high taxes."

## 2. A Moment in Time

Today in Ireland, we seem to be totally focused on short-term goals such as 'making Ireland the best small country in the world in which to do business'. Perhaps there is an idea that we as a nation are strangers to grand projects and great ideas - that those are best left to other countries - and that the best we can do is to muddle through. But that would be to wilfully forget the ideas that inspired generations to struggle not only to achieve this country's independence, but also to transform Ireland's society and economy.

Since the late-eighteenth century the ideas of national freedom and social justice in Ireland have been intertwined. Ever since Wolfe Tone declared that 'our strength shall come from that great and respectable class, the men of no property', it was believed by the greater body of nationalists that without social reform, national liberation would be incomplete. Inspired by Thomas Paine, the United Irishmen formulated proposals for economic reform in Ireland. As the leading United Irishman Robert Addis Emmet told a parliamentary committee in 1798, 'if a revolution ever takes place, a very different system of political economy will be established from what has hitherto prevailed here' (Quinn, 1998: 188). During the nineteenth-century James Fintan Lalor and John Mitchell called for a wholesale democratic revolution in landownership against the tepid national revolution advocated by those who sought mere separation from England. Michael Davitt inspired landless labourers in Ireland with his ideas for land reform. One hundred years ago, the workers of Dublin defied the captains of industry for five months to defend their right to organise collectively.

It is often forgotten that the Democratic Programme of 1919, proclaimed by the First Dáil, was embraced as the founding economic and social document of the revolutionary state that conducted the War of Independence. The drafters of the Programme, Tom Johnson and Seán T. Ó Ceallaigh, were heavily influenced by the writings of James Connolly and Patrick Pearse.

The words of the Programme still resonate today, pledging that '[i]t shall be the first duty of the Government of the Republic to make provision for the physical, mental and spiritual well-being of the children, to secure that no child shall suffer hunger or cold from lack of food, clothing, or shelter, but that all shall be provided with the means and facilities requisite for their proper education and training'. Though the Programme was never put into effect, and treated with scepticism by those who would ultimately govern the new state, it can still be an inspiration to Irish citizens today.

The recent economic crisis in Ireland was partly the result of the failure of an economic and social philosophy that elevated private greed over the public good, one which measured the country's success by the accumulation of individual wealth. This myopic philosophy was sustained over a decade of credit-driven financial speculation. During these 'boom' years, fragments of the desire for a more equal Ireland remained, but this vision was too vague and imperfectly formed to be truly effective. With the onset of the crisis, successive governments turned to the outworn neo-liberal dogmas of the 'boom' years, and critics were simply informed that 'there is no alternative'.

Over the last two hundred years, there has always been a division between those who sought only 'national' territory or a narrow 'economic sovereignty', pursuing the same old agenda with a 'green jersey', and those who fought to create an Ireland of citizens, where everyone, no matter their income or wealth, would be treated equally. It is far past time for Ireland to decide the kind of society it wishes to develop.

There are many policy areas outside Ireland's control at the present time. Yet, even within the current macroeconomic restrictions, there are real choices to be made about the appropriate distribution of wealth, power and income in our society, the kind and level of economic and social infrastructure that should be developed, the amount of resources our welfare state and health service receive, how these are to be delivered and financed and the level of taxation required to furnish the resources necessary for a compassionate and civilised society. Now is the time to have a serious debate about our economic and social priorities, where we want to go and how we propose to reach our destination.

# 3. A guiding vision[1]

Ireland needs a combination of vision and pragmatic policies that can truly move the country towards a desirable and sustainable future. *Social Justice Ireland* advocates a new guiding vision to shape the future direction of Irish society. We believe that Ireland should be guided by a vision of becoming a just society in which human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected. The core values of such a society would be human dignity, equality, human rights, solidarity, sustainability and the pursuit of the common good.

Human dignity is central to our vision. It demands that all people be recognised as having an inherent value, worth and distinction regardless of their nationality, gender, ethnicity, culture, sexual orientation or economic and social position. *Social Justice Ireland* believes that the State must uphold and promote human dignity, treating all citizens and non-citizens alike with dignity and respect.

The need for greater equality is closely linked to the recognition of human dignity and the desire for social justice. Great disparities in wealth and power divide society into the rich and the poor, which weakens the bond between people and divides society between the lucky and the left-out, between the many and the few. A commitment to equality requires society to give priority to this value so that all people can achieve their potential.

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

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1 The authors have addressed this issue in details in a range of other publications, most recently in Healy et al 2014 pp. 33-35.

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

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

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

*Social Justice Ireland* understands the term 'common good' as being 'the sum of those conditions of social life by which individuals, families and groups can achieve their own fulfilment in a relatively thorough and ready way' (Gaudium et Spes, 1965 no.74). This understanding recognises the fact that the person develops his or her potential in the context of society where the needs and rights of all members and groups are respected (Healy and Reynolds, 2011). The common good, then, consists primarily of having the social systems, institutions and environments on which we all depend work in a manner that benefits all people simultaneously and in solidarity. A study by NESC states that 'at a societal level, a belief in a "common good" has been shown to contribute to the overall wellbeing of society. This requires a level of recognition of rights and responsibilities, empathy with others and values of citizenship' (NESC, 2009, p.32).

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

*Social Justice Ireland* believes that the values outlined above must be at the core of the vision for a nation in which all men, women and children have what they require to live life with dignity and to fulfil their potential, including sufficient income, access to the services they need and active inclusion in a genuinely participatory society. We believe the vision for Ireland set out here should guide policy development and decision-making in the period ahead.

## 4. Core Questions

If a vision along the lines set out here is to be achieved a number of key questions need to be addressed. These include:

- What infrastructure is required?
- What services are required?
- How are such infrastructure and service requirements to be delivered?
- How are they to be financed?
- How are decisions on these issues to be made?
- How and on what basis is progress on these issues to be measured?

The remainder of this paper seeks to set out a framework within which these issues can be addressed in a manner that ensures decisions, implementation and evaluation are integrated and clearly focused on moving Ireland towards becoming a society and an economy focused on delivering the guiding vision set out above.

### 4.1 What infrastructure is required?

By the mid-1990s there were major deficits in economic and social infrastructure across Ireland in areas such as roads, public transport, water, waste management, housing (especially social housing), education and healthcare. In the years that followed there was a dramatic increase in investment in infrastructure which lasted until the economic crash of 2008. This investment led to real improvements in areas such as motorways, airports and public transport.

At the same time major infrastructure gaps remained in areas such as water, broadband, energy, social housing, healthcare facilities and schools. The low level of investment in the 2008-2014 period resulted in the deterioration of both physical and social infrastructure. This is very obvious in areas such as healthcare.

The critical areas requiring investment now are:

- Water
- Social Housing
- Public Transport, especially rural transport
- Roads
- Education
- Healthcare
- Energy
- Broadband
- Environment

Current provision in each of these areas falls well short of what is required for maximum effectiveness and efficiency at the present time. Further pressure will come with the increasing population, changing age structure and growing demands driven by changes in technology and pressures in areas such as climate change.  Addressing these infrastructure deficits will require much greater investment than is currently available or planned.[2]

Domestic economic investment is sorely needed to provide employment and provide much-needed infrastructure; this would reduce short-term unemployment and increase the long-run productivity of the Irish economy. The Government has created a number of vehicles to support investment. These, however, are not on the scale required if Ireland is to address its infrastructure challenges any time soon.

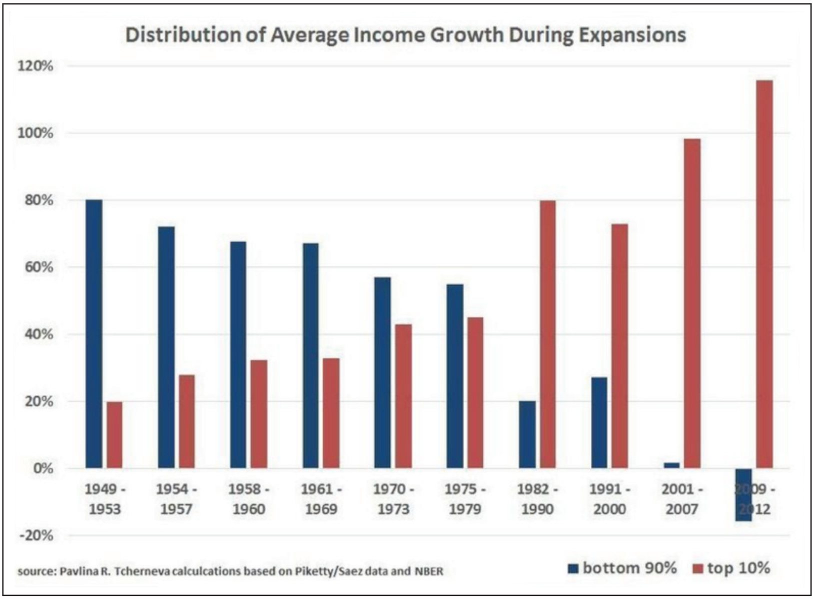
The authors believe that there must be an off-balance sheet investment programme as proposed by *Social Justice Ireland* in its briefing document, *Investing for Growth, Jobs & Recovery* (*Social Justice Ireland*, 2013). This would directly create employment and also enhance growth, which would

2 Chapter 4 of this publication entitled *Public Capital Investment and Public Private Partnerships in Ireland 2000-2014: A Review of the Issues and Performance,* by Eoin Reeves, provides excellent detail on how these infrastructure challenges could be addressed in the years immediately ahead. It also deals with how optimal funding and financing might be achieved.

contribute to reducing the deficit by reducing unemployment and increasing tax returns. We propose that the investment programme target both economic and social infrastructure, including the construction of social housing units, investment in water infrastructure, and investment in primary care facilities as major priorities.

In this context it is important to ensure that investment is supported to provide fair outcomes and not just to make the rich richer. Those who benefit from a growing economy have changed drastically over the past half century. Research by Pavlina R. Tcherneva shows that in the USA in the 1940s, '50s and '60s most of the income gains during periods of economic expansion went to the majority of people. (Tcherneva, 2014) However, in the decades since then more and more went to the top 10%. In the 2001-7 period of economic growth 90% of the growth went to the top 10%. In the period 2009-2012 the richest 10% captured 116% of the growth i.e. their incomes continued to grow while the incomes of the other 90% fell. Those earning above $120,136 were in the top 10%. Table 2.1 has the information.

**Table 2.1 Distribution of average income growth during expansions in the USA 1949-2012**



The data series ends in 2012 so it may be that this negative income trend has been reversed but that seems highly unlikely. The reality is that not all wealth creation is good for society. The creation of wealth does not necessarily lead to a reduction in poverty. It is important to ensure that investment is focused on areas that prevent the kind of income distribution impacts that this analysis has exposed.

### 4.2 What services are required?

There have been significant cuts to social services and welfare payments in the 2008-14 period. The authors believe many of these cuts were socially destructive and counter-productive. Many cuts were implemented without an adequate examination of their impact. Substantial additional investment in social services is required

a) To ensure that current provision is not eroded further as this would have significant future costs.
b) To address the additional requirements flowing from demographic changes as the population grows and, for example, the numbers of older people and those with disabilities within this larger population also grow.

The critical areas of service provision that need to be addressed are:

- Income – to ensure everyone has sufficient income to live with dignity which would lead to a dramatic reduction in poverty.
- Work – to ensure everyone seeking work has access to meaningful work, particularly in a situation of high long-term unemployment.
- Accommodation – to ensure everyone has access to appropriate accommodation.
- Health – to ensure everyone has access to essential healthcare.
- Education – to ensure everyone has access to basic education.

These are five basic rights the authors have argued for over many years. (cf. for example, Healy and Reynolds, 1993, 2011). They are part of seven social, economic and cultural rights we believe everyone has and public policy should always work towards their achievement. [The other two rights are the right to real participation and the right to cultural respect. They are both addressed later in this chapter.) It is important to note that all of these rights must be addressed. None should be ignored. We suspect, with tongue in cheek, that everyone would agree that keeping people sick and stupid is not good, even for the economy!

Finally, 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. These inequalities will grow as user charges are introduced, and access to medical cards is restricted.

### 4.3 How are the necessary infrastructure and service requirements to be delivered?

In recent years there has been a growing emphasis on cutting back the State as a means of promoting a post-crisis recovery. The basic assumption underpinning this approach is that the entrepreneurship and innovation delivered by the private sector is the key to recovery. A dynamic and competitive private sector is contrasted with a bureaucratic and sluggish public sector. This view is promoted in the media, argued by most business people and accepted by many politicians to a point where it is taken to be 'common sense'.

This view of the State has gone so far that many believe the 2007/8 crisis was caused by the State and not by a greedy financial industry - part of the private sector. They believe that the crisis was caused by public debt rather than by excessive private debt (in areas such as the US real estate market). Public debt did rise rapidly because of bank (private) debt being converted into sovereign (public) debt and because of reduced tax receipts that resulted from the subsequent recession that emerged in many countries.

This conviction has led to more and more public services across the world being out-sourced to the private sector. This is done in the name of efficiency. However, an analysis of the real costs of such out-sourcing, including the impact on quality, is rarely if ever conducted. The State is simply seen as the enemy of enterprise. This has not stopped business lobby groups arguing for a wide range of supports – which have been delivered in countries like Ireland. However, the major thrust of public policy has been to move more and more towards the private sector to deliver infrastructure and services.

In her ground-braking study *The Entrepreneurial State* (2014) Mariana Mazzucato has challenged this perception. She shows that the most radical new technologies in different sectors – from the internet to pharmaceuticals – have developed from the funding provided by a courageous, risk-taking State. Some of the biggest names in business today, Apple, Compaq, Intel, were supported in their early stages by the State. Development of the infrastructure underpinning the ICT revolution, the internet, was funded mostly by the State. Major developments in green technologies are currently being driven by State investment.

What needs to be learned is that ‘private good, public bad’ is a slogan that cannot withstand much analysis. There are meaningful and substantial roles for the private sector, the public sector and the community and voluntary sector in providing infrastructure and services. Each of these sectors has strengths in particular areas and weaknesses in others.

What is required is recognition that the delivery of the infrastructure and services already identified needs different combinations of public, private and community and voluntary sectors. Whatever the issues being addressed, and they can range from climate or demography and far beyond, they require comprehensive engagement by all three sectors. The level of engagement will vary depending on the issue and the required response. Decisions should be based on evidence (cf. Reeves, chapter 4). Their implementation should be subject to appropriate regulation (cf. Scott, chapter 5). None should be demonised and false narratives should not be propagated.

**4.4 How are infrastructure and services to be financed?**
Infrastructure and services are financed by taxation and private financial sources investing in these areas. There can be endless debate about the balance between these. Here we wish to make three points. If Ireland’s current deficits in infrastructure and services are to be addressed then:

a) Ireland’s total tax-take must be increased, while maintaining Ireland’s position as a low-tax country.
b) There must be a substantial increase in the benefits accruing to the State where public investment has led to major gains for private sector entities.
c) There is a need for off-balance sheet investment if current deficits are to be addressed.

**a) Ireland’s total tax-take must be increased, while maintaining Ireland’s position as a low-tax country.**

Ireland can never hope to address its longer-term deficits in infrastructure and social provision if we continue to collect substantially less tax income than that required by other European countries.

The authors have long argued that Ireland's total tax-take is simply too low to pay for the infrastructure and services necessary to ensure everyone's human dignity. Consequently, over the next few years policy should focus on increasing Ireland's tax-take to 34.9 per cent of GDP, a figure defined by Eurostat as 'low-tax' (Eurostat, 2008:5). Such increases are certainly feasible and are unlikely to have any significant negative impact on the economy in the long term. As a policy objective, Ireland should remain a low-tax economy, but one capable of adequately supporting the economic, social and infrastructural requirements necessary to support our society and complete our convergence with the rest of Europe.

**Table 2.2: Ireland's projected total tax take and the tax gap, 2012-2019**

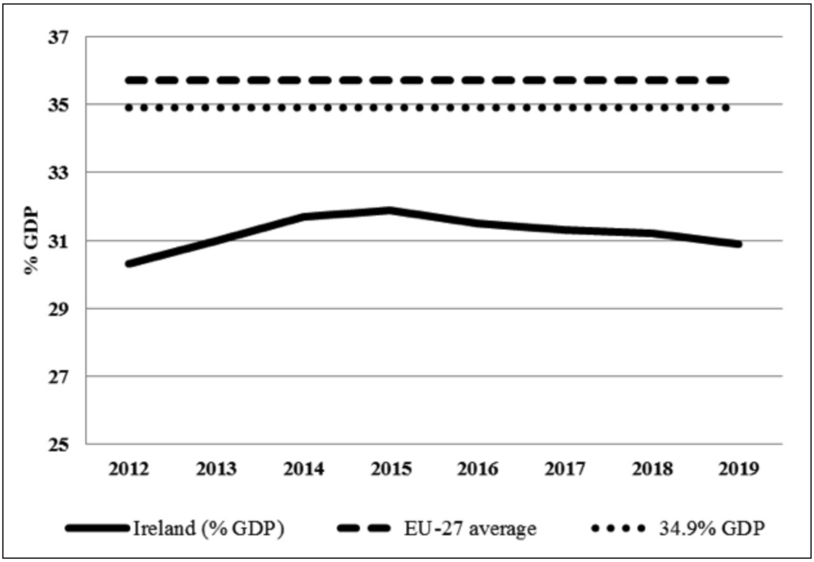
| Year | Tax as % GDP | Total Tax Receipts | The Tax Gap |
|---|---|---|---|
| **2012** | 30.3% | 49,569 | 7,525 |
| **2013** | 31.0% | 52,049 | 6,548 |
| **2014** | 31.7% | 55,245 | 5,577 |
| **2015** | 31.9% | 57,914 | 5,446 |
| **2016** | 31.5% | 59,574 | 6,430 |
| **2017** | 31.3% | 61,442 | 7,067 |
| **2018** | 31.2% | 63,882 | 7,576 |
| **2019** | 30.9% | 66,304 | 8,583 |

**Source:** Calculated from Department of Finance SPU (2013: 49, 50, 53).
**Notes:** * Total tax take = current taxes + Social Insurance Fund income + charges by local government.
**The Tax Gap is calculated as the difference between the projected tax take and that which would be collected if total tax receipts were equal to 34.9% of GDP.

Looking to the years immediately ahead, Government projections provide some insight into the expected future of Ireland's current taxation revenues and this is shown in table 2.2. We have also calculated the Tax Gap, i.e. the difference between the 34.9% benchmark we propose and Government's planned level of taxation. This gap stands at €5.5 billion in 2014 and averages at €6.7 billion per annum over the next five years. There are many ways of bridging this gap. In previous work we have set out various options that would achieve this end in a fair manner (most recently in Healy et al, 2014, chapter 4).

It should be borne in mind that over recent years the Department's projections for the overall tax-take have continually undershot the end-of-year outcomes. However, even taking the Department's projections as the likely outcome, Chart 2.1 highlights just how far below average EU levels (assuming these remain at a near record low of 35.7 per cent of GDP) and the target (34.9 per cent of GDP) these taxation revenue figures are.

**Chart 2.1: Ireland's Projected Taxation Levels to 2015 and comparisons with EU-27 averages and Social Justice Ireland target**




**Source:** Calculated from Eurostat (2013: 172) and Department of Finance SPU (2013: 49, 50, 53).
**Note:** The EU-27 average was 35.7% of GDP in 2011 and this value is used for all years.

There has been some debate on the appropriate measures of Ireland's fiscal capacity in recent years, given the difference between Ireland's GNP and GDP. The Irish Fiscal Advisory Council (IFAC) has suggested a hybrid measure in the form: [H = GNP+0.4 (GDP-GNP)] (IFAC, 2012: 53). *Social Justice Ireland* has argued that the tax-take should be increased to 34.9% of GDP, below the Eurostat threshold defining a low-tax country. An equivalent figure under the IFAC would be to increase taxes to a level that fluctuates around 39.5% of H.

**b) There must be a substantial increase in the benefits accruing to the State where public investment has led to major gains for private sector entities.**

We have already highlighted the situation where major corporations in areas such as IT benefit enormously from discoveries and innovations produced by public investment yet the benefits accrue almost totally to those who own these corporations as the profits are sheltered and little tax is paid on them. There are similar experiences in areas such as pharmaceuticals where the products of publicly-funded drug research programmes are not available to ordinary people whose taxes paid for the research that produced them in the first place.

This follows the same pattern experienced following the 2007/8 crash where the financial sector having made huge gains then socialised the risk through bailouts paid for by the taxpayers. Benefits were privatised while costs were socialised. This is a truly dysfunctional feature of modern capitalism and should not be allowed to become the norm.

So part of the conversation about securing the required levels of infrastructure and services must be questions about

- How the State is to get a fair return on its investments that have benefitted the private sector.
- How there is to be a functional risk/reward dynamic that replaces the current process of socializing risks and privatizing rewards.

For example, there has been much criticism of bank bonuses on the basis that they have promoted greed, which is true. Of greater importance, however, should be a realisation that the basis of these bonuses, as rewards for risks taken, has no foundation in reality.

**c) There is a need for off-balance sheet investment if current deficits are to be addressed.**

Given the fiscal constraints the Irish Government has been facing and continues to face there has been serious underinvestment. One way of increasing the investment level would be to develop special purpose vehicles that could borrow money off the Government's books to invest in socially-orientated initiatives. An area in which this might operate is that of social housing.

Ireland has had a social housing crisis for several years. The number of *households* on waiting lists is rising dramatically and is now close to 100,000. The number of people who are homeless has also grown dramatically. Low and middle income households are finding it extremely difficult to secure appropriate accommodation. Government introduced a welcome initiative in Budget 2015 to start addressing this issue. However, the scale of that initiative is nowhere near what is required. At the rate proposed in Budget 2015 the current waiting list would not be eliminated until 2051 – and that makes no provision for any household joining the waiting in the intervening 36 years.

Policy development in this area needs to begin by recognizing that up to one third of Ireland's households will not be able to access appropriate accommodation through the market alone. On the other hand given the difficult current fiscal situation and the likely limitations that Government will face in coming years due to the conditions imposed by the Fiscal Compact, Government will not be able to borrow on the scale required to provide the housing needed.

Consequently, Ireland needs a not-for-profit National Housing Agency which would assume charge of the current stock of local authority housing. Such a body could leverage that housing stock to borrow on the scale required to address this problem effectively and within an acceptable time-frame. This approach could be combined with the development of a cost-rental system. This would be viable only if a good supply of affordable accommodation to rent was available. It should be combined with security of tenure and a rent-control system in the private sector along the lines used in many EU countries. There should also be support for social housing organisations and co-operatives (i.e. non-profit providers) in this approach.

This is one example of how finance could be sourced to address Ireland's current deficits in infrastructure and services. It would increase employment and secure jobs for a large number of people currently long-term unemployed who lost their jobs in construction following the 2008 crash. It would be good for the economy and for the communities in which these people live. It would also be good for the Government's Budget as it would reduce the numbers receiving social welfare payments while increasing the tax-take. An obvious win-win situation.

## 4.5 How are decisions on these issues to be made?

The changing nature of democracy has raised many questions for policy-makers and others concerned about the issue of participation. Decisions often appear to be made without any real involvement of the many affected by the decisions' outcomes. In the context of the issues being addressed here there are challenges facing society if it is to genuinely engage people in shaping the decisions that affect them. The authors believe such engagement to be one of the seven basic rights referred to already. It also raises issues concerning the seventh of those rights i.e. the right to cultural respect. The authors believe there are three key issues to be addressed in this context:

a) Development of a deliberative democracy process
b) Engagement of all sectors in a deliberative process of social dialogue
c) Evaluation as a tool for ongoing learning

### a) Development of a deliberative democracy process

Some of the decision-making structures of our society and of our world, allow people to be represented in the process. However, almost all of these structures fail to provide genuine participation for most people. The resulting apathy towards participation in political processes is hardly surprising. The decline in participation is exacerbated by the primacy given to the market by many analysts, commentators, policy-makers and politicians. Most people are not involved in the processes that produce plans and decisions which affect their lives. They know that they are being presented with a *fait accompli*. More critically, they realise that they and their families will be forced to live with the consequences of the decisions taken. This is particularly relevant in Ireland in 2014, where people are living with the consequences of the bailout programme. Many feel disenfranchised by a process that produced this outcome without any meaningful consultation with citizens.

Many people feel that their views or comments are ignored or patronised, while the views of those who see the market as solving most, if not all, of society's problems are treated with the greatest respect. Modern means of communication and information make it relatively easy to involve people in dialogue and decision-making. The big question is whether the groups with power will share it with others?

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

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

**b) Engagement of all sectors in a deliberative process of social dialogue.**
At a national level a new structure for Social Dialogue is required where these issues may be discussed in a deliberative manner. Any proposal for Social Dialogue involving Government, trade unions and employers only, and excluding the rest of society, would be a recipe for ensuring that most of Ireland's resources would be captured by those participating in the discussion. Such an approach would simply lead to deepening divisions and growing inequality in Ireland.

Government needs to engage all sectors of society, not just trade unions and employers, in addressing the huge challenges Ireland currently faces in the areas of infrastructure and services. If government wishes the rest of us to take responsibility for producing a more viable future then it must involve the rest of us. Responsibility for shaping the future should be shared among all stakeholders. There are many reasons for involving all sectors in this process e.g. to ensure priority is given to well-being and the common good; to address the challenges of markets and their failures; to link rights and responsibilities.

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

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

**4.6 How and on what basis is progress on these issues to be measured?**
Sustainable development is of critical concern as has been shown by the recently published climate change study (IPCC, 2014). The future of the planet, including Ireland, depends on decisions taken now. Sustainable development is our only means of creating a long term future for Ireland. Environment, economic growth and social needs should be balanced with consideration for the needs of future generations. This has to be a central concern when progress is being measured. Sustainability and the adoption of a sustainable development model presents a significant policy challenge: how environmental policy decisions with varying distributional consequences are to be made in a timely manner while ensuring that a disproportionate burden is not imposed on certain groups e.g. low income families or rural dwellers.

This policy challenge highlights the need for an evidence-based policy process involving all stakeholders. The costs and benefits of all policies must be assessed and considered on the basis of evidence only. This is essential in order to avoid the policy debate being influenced by hearsay or vested interests or the un-reflected exercise of power. Before the current recession began the global economy was five times the size it had been 50 years before and, had it continued on that growth path, it would be 80 times that size by 2100 (SDC, 2009). This raises the fundamental question of how such growth rates can be sustained in a world of finite resources and fragile ecosystems. Continuing along the same path is clearly not sustainable. A successful transition to sustainability requires a vision of a viable future societal model and also the ability to overcome obstacles such as vested economic interests, political power struggles and the lack of open social dialogue (Hämäläinen, 2013).

Promoting a sustainable economy requires that we place a value on our finite natural resources and that the interdependence of the economy, wellbeing and natural capital are recognised (EC 2011). A sustainable economy requires us to acknowledge the limitations of finite natural resources and the duty we have to preserve these for future generations. It requires that natural capital and ecosystems are assigned value in our national accounting systems and that resource productivity is increased.

Consequently, creating a sustainable Ireland requires the adoption of new indicators to measure progress. GDP alone as a measure of progress is unsatisfactory, as it only describes the monetary value of gross output, income and expenditure in an economy. The *Report by the Commission on the Measurement of Economic Performance and Social Progress*, led by Nobel prize winning economists Amartya Sen and Joseph Stiglitz and established by President Sarkozy, argued that new indicators measuring environmental, financial sustainability, well-being, and happiness are required.

The National Economic and Social Council (2009) has published the *Well-Being Matters* report, which suggested that measures of well-being could be constructed that capture data on six domains of people's lives that contribute to well-being including: economic resources; work and participation; relationships and care; community and environment; health; and democracy and values. We believe that a set of Satellite National Accounts incorporating such indicators should be developed alongside current national accounting measures. The OECD Global Project on Measuring the Progress of Society has recommended a use of such indicators to inform evidence-based policies (Marrone, 2009: 23). They would serve as an alternate benchmark for success.

# 5. Conclusion: Five Policy Pillars

How then might we summarise the proposals we are making in policy terms, proposals we believe are the key requirements if Ireland is to be guided by the vision we set out at the beginning of this paper? We identify five key areas for policy development if this vision is to be achieved:

a) The first is macroeconomic stability, which requires a stabilisation of Ireland's debt levels, fiscal and financial stability and sustainable economic growth, and an immediate boost to investment, which collapsed during the crisis. We have spelt out how that investment might be sourced.
b) The second is the need for a just taxation system, which would require an increase in the overall tax-take to the European average; such an increase should be implemented equitably and in a way that reduces income inequality.
c) The third area is social services, the strengthening of social services and social infrastructure, the prioritisation of employment, and a commitment to quantitative targets to reduce poverty.
d) The fourth area is that of the governance of our country, which requires the promotion of deliberative democracy, new processes in policy evaluation, the development of a rights-based approach and a deliberative process of social dialogue in a society that promotes the common good.
e) Fifth, policies must be adopted that create a sustainable future, through the introduction of measures to protect the environment, promote balanced regional development, and develop new economic and social indicators to measure performance, alongside traditional national accounting measures such as GNP, GDP and GNI.

| Macro-economy | Taxation | Social Services | Governance | Sustainability |
|---|---|---|---|---|
| Debt sustainability | Bring total tax-take to European average | Secure services and the social infrastructure | Deliberative democracy & PPNs | Develop Satellite National Accounts |
| Fiscal stability and sustainable economic growth | Increase taxes equitably | Combat unemployment | Reform policy evaluation | Balanced regional development |
| Investment programme | Secure fair share of corporate profits for the State | Ensure seven Social, Economic and Cultural rights are achieved | Social dialogue - all sectors in deliberative process | Combat climate change and protect the environment |

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