

Sound Governance for the Irish People

An Explanation

**A Kerry Public Service Workers Alliance
Draft Statement of Policy**

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Foreword

Ireland is currently faced with a set of challenges that extend far beyond the sphere of economics. There is a deep political and social malaise. Leadership remains almost entirely in the hands of those who led us to our current impasse. This 'elite' sector is unwaveringly committed to a model of managing society which is deeply inimical to equity in the distribution of wealth and benefits among the public at large. The two historically dominant political parties, Fianna Fail and Fine Gael, are entirely captured by this model. Smaller parties involved in coalition governments with them have either acquiesced or been even more ideologically committed in that direction. The trade union movement controlled at the top by a leadership of similar thinking has largely capitulated. The bulk of mass media discourse is constrained within the parameters laid down by the 'elite' and is incapable, with a few notable exceptions, of reflecting an alternative vision.

Despite the nature of its leadership and the tenor of its media, the public is restless and deeply unhappy. Politicians are not trusted. Leadership at all levels is treated as suspect. People hanker after change and, when asked, say they want a much fairer and better society. They know they have been misled by their leaders and their votes have been wasted. What they lack is sufficient clarity about an alternative. This document attempts to lay out the bones of such an alternative vision of Irish society. Much of it is nothing more than what has long been the norm in a great many European countries. Some proposals are more radical but follow the logic of social and technological changes that have occurred or should have occurred. At all times the reasoning behind proposals has been explained in detail. It is a vision for a more equitable society. It does not require any particular level of national wealth for its implementation but it does involve a reordering of priorities within society as to what the purpose of wealth should be.

To pursue the vision outlined in this document, we must all learn to think outside the blinkered framework of understanding imposed by the 'elite' model, which because of its hegemony in Irish discourse, we may take to be the only way of thinking there is. We must learn to recognise that when politicians, most economists, business leaders, most journalist and media commentators and even trade union leaders speak, their logic, in the main, follows from a set of unspoken and fallacious premises. They may, therefore, seem logical in what they say but only within the context of the flawed set of assumptions which they leave unspoken. Those assumptions are rarely if ever probed in the media because most interviewers and journalists share the same blinkered framework. It is attempted here to trace the path of logic from more clearly identified foundations as to what constitutes good governance and the promotion of wellbeing in Irish society.

If Ireland is to build a better future from its present economic woes, there will have to be a radical change in the policies for governance which we as voters demand. It is intended that this document will contribute to that end.

1. Objectives of the KPSWA

1.1 Good Governance and the Failure of the Political Parties in Ireland

Stated in the most general terms, the objective of the KPSWA is to promote good governance, both nationally and locally in Ireland and to create the conditions likely to lead in that direction. It is the conviction of the KPSWA that Ireland has never been well served by the various political parties that have dominated the political scene since the establishment of the state in 1922. The parties that have wielded the lion's share of power, Fianna Fail and Fine Gael, have always represented and now more than ever, represent primarily the interests of the elite over those of the ordinary citizen, of the owners of capital over the suppliers of labour, of the haves over the have nots, of privilege over egalitarianism. They both represent a narrow and unbalanced political vision, where the distribution of wealth is subordinate in every way to its generation and where national wealth and productivity, irrespective of how unequally their benefits are distributed, are blithely equated with societal wellbeing. They take it as axiomatic that private consumption is superior to public consumption as the means towards the promotion of wellbeing in society.

Not surprisingly, then, the leading political parties have declined, when the opportunity was afforded by economic development and growing national wealth since the early 1990s, to develop public services on a par with European norms. Consequently, Ireland, despite (indeed to a large extent because of) remarkable economic growth over the last two decades has grown more divided in terms of income and wealth and has remained backward in its provision of public infrastructure and services. True to form, the response by the Government and by the main party of opposition to the present economic crisis is in every way an attempt to preserve the status quo by cutting back drastically on public services and cutting the pay of public servants rather than levying higher taxes on the basis of ability to pay so as to distribute the burden of recession fairly.

The other two political parties which have participated in national governance in Ireland in the last 50 years have either pursued a more extreme form of this political consensus, as in the case of the Progressive Democrats or, as in the case of the Labour Party, been largely ineffective in attempts to offer any alternative.

A further dysfunction at the core of the Irish political system is a strong local and clientelist emphasis. While all politics may be local in some sense, it is excessively so in Ireland with the political parties and even representatives within given parties vying with each other for the dispensing of patronage. In terms of real local benefits of an enduring nature, this approach is altogether illusory and serves only to distort the implementation of potentially sound national policies and to act as a cover for outright corruption. Believing in the myth that their turn will one day come, the public in Ireland is altogether too accepting of political patronage, the benefits of which generally tend to accrue to those who are already financially well endowed. Given the nature of the monolithic political consensus that has endured in Ireland since its foundation, it is inevitable that political graft and favouritism would redound to the benefit of the elite, to the advantage of those most connected to and most likely to bankroll the political parties.

1.2 The Narrowness of Political Vision throughout Irish Society

As evident in attitudes to political patronage, the failure of governance and public administration in Ireland runs deeper than the established political parties and represents a failure of political vision throughout society at large. In practice, the mass media, the Catholic Church (with the honourable exception of CORI and, recently, some individual Church figures) the trade union movement and the various farmers associations have all reflected and collaborated in the same narrow, conservative political vision, a vision that, not surprisingly, has been shared with the variety of influential lobbies that have over the years represented the views and interests of the business community.

To the extent that democracy represents the will of the people at large, the citizens of Ireland have chosen their political diet from a very limited menu. Whether the narrowness of the menu is down to the will of the majority or due to elite control and imposition, remains open to debate. Either way, it is the conviction of the KPSWA that the Irish people are now hungry for a radical change in the direction of public policy. The objective of this paper is to describe what we believe the nature of such policy should be.

2. The Purpose of Government

2.1 Advancing the Wellbeing of all Citizens

The primary purpose of Government is to harness the resources of society so as to maximize the wellbeing of its citizens. This requires a definition of 'wellbeing' in this context and an understanding of how wellbeing for 'citizens' as a collective translates into wellbeing for individuals.

While wellbeing, due to the nature of the human state, as discussed below, can only be achieved at a collective level, it can be understood only at the level of the individual. 'Wellbeing' must be understood as a psychophysiological reality for which, unfortunately, no simple index exists. It is tempting to render it simply as 'happiness,' the word used by the American founding fathers to describe one of their fundamental rights and it can, indeed, be understood in such terms so long as it is taken as an average over time rather than a psychological state at a particular point. One can, after all, achieve a spectacular temporary state of happiness through the ingestion of opiates, such as heroin, which will very probably over time result in a dreadful curtailment of average happiness. If, however, we focus on longer term happiness, which inevitably includes health, longevity, freedom from excessive stress and opportunity to realize basic human ambitions, then happiness and wellbeing become largely synonymous.

2.2 Failure of Government to Advance the Wellbeing of All

Failure of governments around the world to promote the wellbeing of their citizens, of which there have been legion, derive either from failures to understand what wellbeing is, from failures to harness resources to effectively promote wellbeing or failures to address the concept of the citizenry in any equitable sense.

In the modern world, the failure to properly comprehend wellbeing takes as its most typical form a highly unwarranted assumption that psychological and material wellbeing are one and the same, that wealth and happiness are next nigh synonymous. This leads to an excessive emphasis on production and material consumption with 'wellbeing' assumed to be quantifiable in Euros or Dollars. Lost entirely from the calculation are the 'opportunity costs' of production, the time lost in earning more money which might beneficially have been spent with one's family and friends or at leisure pursuits. Absent too is any accounting for the diminishing returns from material goods as one accumulates more and more and the adverse effects on wellbeing of the social competition which the accumulation of material possessions strongly promotes.

Failures to effectively harness resources so as to promote wellbeing are hardly surprising in a world where the concept has rarely been well comprehended and where those in power have rarely sought it for the majority of the citizenry.

Even where the will is there, the means are often found to be deficient. This is in part due to the inevitable limitations of knowledge and foresight bedeviling all human enterprise but it is also, in no small measure, due to the evils of short-termism that beset democratic governments faced with relatively brief electoral cycles. When re-election or defeat is only ever a few years ahead, there is a powerful motive to eschew beneficial long-term policies in favour of apparent quick fixes. More visible but ultimately ineffectual actions trump subtle but wise interventions when the electorate is not likely to learn of the real consequences of either for many years. In such circumstances, form can easily triumph over substance.

Due to the genuine dangers of diminishing accountability, the answer is probably not to increase the length and security of tenure of government but rather to expect greater clarity about justification for policy from those in government. For this to happen it is necessary for society to become more engaged with public governance and administration and more sophisticated in distinguishing content from form and in recognizing policies that are in their long term interest. This requires a diverse, vibrant and informed debate throughout society on all such matters, a debate to which in Ireland the KPSWA seeks to contribute.

The third source of failure by governments to promote the interests of the citizenry, as listed above, is the failure to equitably address the population as a whole. The problem here arises out of the real or apparent conflicts that emerge between the interests of different groups in society. Policies that benefit one group may harm another. Choices or compromises have to be made. In the Marxist analysis, the interests of capital and those of labour are inescapably in opposition. This has led to the most enduring political dichotomy of the modern era, the right-left divide. Other societal cleavages have operated along alternative lines such as ethnic, religious, geographical or occupational. While class divisions have generally been seen as manifestations of the capital-labour divide, they are in reality much more complex than that and amount variously to divisions based on occupation, education, wealth, privilege and social attitudes. Among all those who survive through the sale of their labour are many social group divisions, with many in the professional and managerial classes identifying their interests as more in keeping with those of 'capital' than those of 'labour.'

The political answer to group divisions in society and to the associated competition for privilege and resources has generally been the development of competing political parties. This, of course, leads to a version of the local clientelist focus discussed above, with each party seeking to advance the interests of its own sponsoring group in a zero sum game. Much of the systemic weakness in democratic

politics stems from the outcome of this competitive process. It magnifies apparent differences of interest among citizens and undermines the sense of unity, common purpose and inter-dependence that is necessary to reflect reality in a modern technologically advanced state. The thinking that underpins this kind of group competition is inherited significantly from a time when genuine material shortage meant that for some to have enough, others had to make do with less than that, even at the most basic level of sustenance.

2.3 Managing Material Surplus

The challenge in modern society is not how to manage a deficit of resources but how to manage a surfeit. There is more than plenty to go around. No one need do without and the nature of competition is now principally at the level of luxury and excess - too much to eat and too many material goods to be consumed for any to be appreciated. Competition is now driven more by symbol than reality. A more expensive car is not acquired for its physical benefits; it is acquired as a symbol of superiority over others; likewise, with a bigger house or some new fangled electronic gadget. This kind of competition is entirely destructive of human wellbeing, in that comparison is the only basis of satisfaction and the benchmark for adequacy continues to rise in a world where everyone competes with everyone else. It is a recipe for permanent dissatisfaction for all and an engine for undermining the sense of solidarity that, in a world of plenty, should cut across all seeming group and class divisions.

2.4 Brand Loyalty to Political Parties

A further complication that attends group divisions in society is that, in a kind of inversion of logic, political parties themselves may become the basis for group identification and loyalty. The party brand replaces policy content in the minds of the voters. In Ireland the two main political parties that emerged out of the 1922-23 civil war rift, Fianna Fail and Fine Gael, have ever since acted immeasurably more than geography, social class, occupation, education, religion or general attitudes to define political allegiance. The two parties at the beginning may have differed in terms of population sector appeal, with Cumman Na Gael (later renamed Fine Gael) initially representing the bigger farmers, propertied, business and more affluent classes while Fianna Fail drew its support more from among the small farmers and the less well-to-do. As time passed, any clear policy distinctions became largely blurred, with both parties adopting mostly indistinguishable conservative and establishment favouring social and economic approaches.

Following the logic of self interest, Fianna Fail, should have lost its original support base especially among the less well-off urban population. It signally avoided doing so. Instead, political allegiances largely became a matter of family inheritance with the sense of political loyalty having little to do with policy and much to do with which side one's family had fought in the civil war. Both Fianna Fail and Fine Gael cultivated this process assiduously with the aid of a determinedly tribal and local focus enabling them to pursue policies inimical to the interests of large portions of the electorate whose attention was solely on the, often illusory, contents of the pork barrel. The typical hard-pressed constituent voted for the local representative of his tribal hue believing that he would get a medical card or a better old age pension through the good offices of his 'friend in court,' while blithely oblivious to the fact that his 'friend' in cooperation with the other members of his parliamentary party in Government were making sure that little enough social welfare would be available for anyone in need. The unfortunate constituent never thought to enquire what *his* or *her* party actually stood for and continued to vote for it under the assumption that the only important point was having one's own tribe in power. Politics became like a football game. All that mattered was that one's own side should win. To exactly what end and, precisely, to whose advantage became questions not even to be considered. The brand became everything to the average voter. Of what did the product consist and what purpose did it serve were issues ignored except by those on the inside track.

2.5 Populism Replacing Real Benefit

The overall impact in Ireland of the 'tribalist' approach to political allegiance is to accentuate the effects of the local, clientelist focus. It has allowed a dangerous rift between policy and party support, enabling the main political parties to be captured by those who were on the inside track, mainly the elite with a corner on financial power, a recipe for democracy *by* the people but not *for* the people. The price the political parties (or more accurately the country at large) have had to pay to sustain this reality is a requirement for regular bouts of disastrous populism of the 'having your cake and eating it' variety. Voters generally don't ask too many questions if they can be kept happy with enough crumbs falling from the rich man's table.

The reckless fuelling of the property market in recent years through a plethora of lucrative tax breaks for developers is just the latest example of this general trend. The maintenance of unsustainably low income, capital gains, property and corporation taxes is another example. It was this that led directly to the crisis in the public finances when the tax income from stamp duty on the sale of

property dried up as the property market collapsed, which inevitably it had to do. Other classic examples are the public service decentralization debacle and the elimination of ‘rates’ on dwelling houses and farms in the famous ‘give away’ budget that followed the Fianna Fail landslide victory in 1977, a victory won in significant measure by promises of unaffordable largesse.

The recent unprecedented cutting of the wages of public servants in place of raising taxes across the board demonstrated the interplay of populism and elitism. The main beneficiaries of lower taxes are, of course, the wealthy, while the majority of public servants are in the low and middle income brackets. Hence the benefits of the lower public service pay versus taxation choice fell mainly to the elite. The populism element derived from the propaganda, largely inaccurate, that public servants had benefitted disproportionately during the boom times and could afford to bail out the public finances. The inevitable creation in the process of a new artificial class division between public and private sector employees betrayed the real political mentality behind the policy, that public services are really a cost rather than an investment in society. That this policy was supported by Fianna Fail, Fine Gael and the Green Party with minimal opposition from the Labour Party and genuine opposition only from Sinn Fein illustrates the peculiarly skewed political consensus that exists in Ireland.

It is a measure of the tribalist focus, which afflicts the Irish electorate that populist policies, remarkably successful at garnering votes among low and middle income earners, work disproportionately in virtually every case to the benefit of the wealthier classes. The technique has always been to give or appear to give a little benefit to the majority but at the same time to give much more to those who are already well-off. Tax breaks for property development gave modest livings to construction workers while at the same time lifting the property developers into the ranks of the super rich. A low income and property tax regime coupled with low expenditure on public services is of huge financial advantage to the rich but of dubious benefit to the poor.

2.6 Misrepresenting Taxation and the Role of the Public Service

The lack of electorate focus on policy has long enabled the dominant political parties in Ireland to misrepresent the real impact of their policies. They have been able to construe public expenditure as a cost on society at large and taxation as something to be minimized. For the bulk of the population – indeed perhaps for all with the possible exception of the very wealthy – its interests are best served by the provision of good public services with a sufficient taxation base to support this

objective. It should not be the case that political parties are able to win support through promises of low taxation, if taxation is levied fairly on a progressive basis, whereby the wealthier one is the more, proportionately, one is expected to pay (see section 10.5 below). Taxation is the primary wealth and benefit redistributive mechanism available to any society without which the capitalist system, inevitably, produces excessive and grossly unfair inequity. In the absence of adequate redistribution, the rich grow ever richer while the poor lag further and further behind. The increasing globalization of markets has added greatly to this trend.

The difference for the majority between a properly funded and an inadequate public service is perhaps best appreciated in Ireland through a consideration of the health services. Health services in Ireland are, by comparison with other European countries very heavily funded by private subvention, chiefly health insurance and individual fees for each GP visit. Under this private payment system, income and wealth are not taken into consideration. A person earning €30,000 per annum pays the same GP fee and the same health insurance premium as an individual earning several million. Under a progressive taxation funded public health system, the latter would in effect pay very much more each year than the former for the same health care.

It is a remarkable truth that the two dominant political parties in Ireland compete with each other in how best to cut public expenditure and avoid introducing a fair and adequate taxation system. How such a political consensus that militates against the interest of most of the population could possibly emerge remains an intriguing mystery to informed commentators from abroad. It can only be explained by a failure of the Irish electorate to evolve an appreciation of the true function of government at the level of society at large. In short, the population act as if the government and the economy were separate and competing forces, with the latter the source of wellbeing and the former a kind of necessary evil to maintain order in society. Government influence is seen as something to be minimized rather than harnessed in the interests of the majority. There is little hope of an improvement in Irish society until there is widespread appreciation that the government and the economy are inextricably intermeshed in the fostering of wellbeing. Left to its own devices, the economy cannot even create sustainable wealth, as the failure of banking regulation and the ensuing financial and economic meltdown attests. Such wealth as it does create, when regulated adequately by government, will inevitably fail to translate into wellbeing for the majority without a robust system of benefit redistribution through taxation and public services.

2.7 Historic Causes of Ireland's Failure to Appreciate the Purpose of Government

Why in comparison with the electorates of other western European countries, Ireland has up to now failed to develop a proper appreciation of the purpose of government is open to debate. That it has failed to do so is abundantly clear in its failure to evolve any well-supported political party which manifests that appreciation. High among the contributing factors are likely to have been a post-colonial phobia of government, the creation of a peasant proprietor land owning system at the end of the 1800s, the resilience of the agrarian influence in the economy and the late emergence of industrialisation. The ubiquitous influence of the Catholic Church, particularly its opposition to governmental influence in key areas of society such as health, education and social care cannot be underestimated. In a country where Catholicism and nationalism were largely synonymous and where, in post colonial circumstances, nationalism was a fundamental prerequisite for political acceptability, it is hardly surprising that the Church was capable of instilling a deep emotional aversion among the Irish public to the kind of governmental intervention necessary to achieve a fairer society and to maximize public wellbeing. Political movements that sought to serve this end, such as the Labour Party, were branded as communist and hence Godless unless they watered down their policies to a milder version of the dominant political consensus, which is exactly what they did. For the first 40 years or so after independence the forces and circumstances which inhibited adequate governmental intervention, also tended to inhibit economic growth, producing a poor and inequitable society. Only thereafter and particularly in the last 20 years, for a variety of complex reasons, did the dominant political consensus fully coalesce with the interests of the economic elite to produce a wealthy but even more inequitable society.

Ireland has cast off part of its historic legacy, that which constrained economic activity and wealth creation. It will recover from its present economic trough. Unless, however, it casts off the remainder of its historic legacy about the true role and function of Government, it will fail to sustain its wealth creation capacity and repeat its recent failure and it will fail to harvest the benefits of wealth created in terms of maximizing the wellbeing of its citizens. Unless constrained, the capitalist system, despite its undoubted advantages in terms of regulating the supply and demand for commodities and its consequent capacity to generate wealth, produces ever worsening inequity in society. It is, therefore, a core function of government to act as a constant restraining force on this trend. Only in

this way can it maximise the wellbeing of all its citizens. There has traditionally been a very weak and confused sense of this necessity among the Irish electorate, allowing a remarkably free political hand to the interests of the privileged and the elite. It is a core function of the KPSWA to enhance among the electorate awareness of this fundamental governmental role.

3. The Issue of Equity in Society

3.1 Low premium on Equity in Ireland

It was said above that equity has never featured as a significant political objective in Ireland. The dominant political parties have consistently pursued policies that have widened the gap between the rich and the poor to an extent that is greater than in other Western European countries. This may have been because the population does not place much of a premium on equity or alternatively the electorate may have been duped by the political parties with regards to the nature and consequence of their policies. Indeed the two alternatives may in fact be interdependent. If people are led to doubt the possibility or wisdom of greater equity they are unlikely to demand it.

There is, of course, no *a priori* reason why equity must be seen as right or desirable. There is a long strand of political opinion that holds quite the opposite: that inequity is not only inevitable but desirable, that the fit must thrive while the weak are culled. This perspective includes notions that competition is the engine of motivation that drives progress. Inequity, it holds, stimulates humans to effort, which is to the benefit of society at large.

3.2 The Necessity to Constrain Competition

Taken to its logical conclusion, the philosophy of competition translates into the sentiment that ‘might is right,’ a return for humans to the natural order prevailing in lower species but crucially without the powerful restraining influence of instinct. For animals enough is sufficient. Their needs are limited by biological imperatives. Food, shelter and reproduction are all that is required and nothing is stored beyond that which will be consumed. Crucially in other species, the aggressive instinct, the inevitable corollary of competition, is tempered by a strong submissive instinct so that aggression is carried no further than immediate circumstances dictate.

For humans, infinitely more prey to the vagaries of learned behavior, wants are unlimited, accumulation is always possible and aggression takes on unconstrained proportions. Such competition of each against all leads quickly and inevitably to a life that is indeed short, nasty and brutish, to the Hobbesian dystopia. No society founded on such an ethic could last for long.

3.3 Development of Social Orders to Constrain Interpersonal Competition

In all places and times, humans have developed one form of constraining social order or another to enable survival. Historically, such orders tend to have been largely coercive in nature with the many submitting to the power and demands of the few; tyrannies in Platonic terms. While submission to the will of a powerful ruler will tend to bring a measure of security and order, a release from the competition of each against all, it is based on acceptance of inequity and is inherently unstable. There are rulers and those ruled and what is to decide which is which and who is who? While notions of divinely ordained succession rights can offer a solution to this problem to some extent, its arbitrariness inevitable leads eventually to naked power contests. Competition of each against all becomes competition of group against group with the outcome decided by force of arms. War and conflict become endemic, a reality to which history amply attests.

3.4 Democracy and Belief in Equity

The alternative to tyranny is democracy, the modern solution to the age-old problem of constraining competition and achieving social order. Democracy in the fullest sense, contrary to other social orders, is based on a premise of equality, that each adult citizen (albeit arbitrarily so designated) has the right to participate equally in the choice of rulers from among their number. The logic of each having an equal say in how society is to be governed should lead in principle to a drive towards equity of benefit. Why would any one individual choose rulers or policies which dictate that he or she should have a smaller share of the benefits of society to that of others? An individual may be expected to forego the exercise of selfish motives only if possessed by a conviction that equity is either impossible or undesirable. Indeed, a mixture of both seems to explain the failure of democracies (some more than others) to achieve greater fairness in the distribution of wealth and benefits. A sense that it is impossible to achieve equity is promoted by the very obviously skewed distribution of talents that exist among individuals. Clearly some are much

more clever, skilled, hardworking and motivated than others. How can it ever be possible for everyone to gain an equal share of the products of society? Is not inequity inevitable, even if undesirable?

But, is inequity even seen as undesirable? In logic, it should at least seem less desirable to those who have less but, even then, not if one is possessed of the notion that it is within one's gift to alter one's situation so as to become a 'have' rather than a 'have not.' In such a case, a system governed by the imperative of equity for all may be viewed as a constraint rather than a benefit. The individual, akin to a gambler, believing that he or she will gain much more than the average in the longer term, may prefer to maintain an inequitable social order. For the majority, this, inevitably, has to remain a myth but belief in a myth is a powerful motivating force and myths have ever been perpetuated by those who stand to gain by their acceptance. The myth that everyone will be a winner in a competitive world, though logically impossible, is a major obstacle to an equitable social order. It is a myth out of which society needs to be educated.

3.5 Equity, Morality and Fair Reward

A basic question of morality is also raised by the issue of what is by right due to the individual. If, in society, as is very obviously the case, individuals are far from equal in terms of their output or contribution, should they not likewise be rewarded in a similar manner giving to each according to his or her value. Few dispute the basic premise of this arrangement and most have no difficulty in accepting that there should be some proportionality between contribution and reward. Not many think that a hospital consultant should be paid the same as his or her secretary or that a junior civil servant should be paid the same as a government minister. The question is how much more should one gain over the other.

There is no objective measure of the worth of labour and opinion tends to polarize broadly along the right-left political dimension. Those on the right argue in favour of greater inequity and those on the left in favour of the opposite. Those on the right argue that extremely high reward gaps between the bottom and the top are necessary to motivate the talented to greater effort and that such income inequity should, therefore, not be reduced significantly by taxation. It is an argument which follows the logic that, as there are great disparities in productivity, these should be matched by similar disparities in reward. The counter arguments from the left is that much of the supposed gaps in productivity are

unquantifiable and such gaps as exist between individuals are significantly a product of chance.

Viewed from the 'left', the general manager has his (note it typically is a 'he') highly paid job and the cleaner has her (again usually) lowly paid occupation because he was born lucky and she not. Typically, the difference will predate their lives, arising in the genes and social circumstances of their parents. He will, like as not, have been born to parents who passed on to him their genes for greater intelligence and for a personality profile conducive to economic success in the kind of society we have created. She is likely to have been endowed with a less favourable genetic predisposition. He, in all probability, was brought up with a wide array of social advantages, of parenting style, neighbourhood ethos and educational access, she into circumstances of classic social disadvantage. The very fact that at the moment of conception his twenty third pair of chromosomes contained both an X and a Y, hers only Xs, guaranteed him a statistically not insignificant advantage in a world where there is an economic premium on the male disposition. Add in the great disparities in wealth inheritance, hardly anything to do with the virtues of the inheritor, and individual financial outcomes appear even more a product of pure chance. Following through the argument from the 'left,' society should be hesitant in unduly rewarding or punishing outcomes which can in no sense be attributed to the favour or fault of the individual.

As with so many complex matters, the solution to the problem of relative reward lies in the middle ground. It is difficult to conceive of a society where individuals are so unselfish and accepting that their talents bear no relationship to their virtue, that they would be content to work at any job for the same reward. Some differentiation of reward appears justified, if only on pragmatic grounds. On the other hand, the arguments from the left are extremely cogent. It is indeed impossible to quantify the relative value of any individual economic contribution. Successful outcomes, the *sine qua non* of productivity, are extremely difficult to link reliably with human endeavour, even where such outcomes can apparently be quantified. Witness the bank executives who justified their enormous reward packages on the basis of profits which subsequently proved to have such mythical foundations. Men who had yesterday been vaunted as paragons of business acumen are now regarded as no better than hucksters. Apparent success may be no more than luck and failure pure misfortune. Nor can it be doubted that those who rise to positions of economic and social advantage could not have done so without a great deal of good luck in terms of their genetic endowment, the circumstances into which they are were born , not least, their inherited wealth, and all kinds of chance

events along the way. There is simply no rational moral justification for excessive inequity of reward or benefit in society.

3.6 Equity and the Wellbeing of All

There is another compelling reason for constraining the inequities that inevitably emerge in capitalist, free-market economies. A large body of research demonstrates that, at least in the more developed parts of the world, societies where income and wealth inequities are lower, such as Sweden and Japan, are happier and healthier for the vast majority of their residents than societies where there are wide disparities, such as the United States, Portugal and Singapore. This correlation holds for countries of intermediate levels of equity and for comparisons between individual states in the USA. The measures of societal 'wellbeing' used include indices of physical and mental health, longevity, homicide rates, educational performance of children, imprisonment rates, teenage births, level of trust expressed in others, obesity rates and indicators of social mobility. The benefits of equity are felt across the whole dimension of income and appear to derive from its ameliorating impact on levels of interpersonal competition, suspicion and jealousy. It seems that societies that distribute material benefits more evenly encourage a healthier psychosocial disposition with each individual viewing the next as someone with whom they are in a cooperative relationship rather than as someone who is to be viewed as a source of competition. A detailed account of this evidence is available in the 2009 book by Richard Wilkinson and Kate Pickett, entitled *The Spirit Level*.

Another large scale body of research offers strong support to this logic. Worldwide surveys going back for many decades have found that expressed individual happiness or satisfaction with life, though rising markedly with national wealth within societies at earlier stages of development and wealth generation, do not continue to rise after a society reaches something like the stage of wealth achieved by the UK in the late 1950s. After 'enough' has been achieved, individuals do not continue to experience improvements in their sense of wellbeing as they grow ever wealthier and, crucially, those who are more materialistic, generally report less happiness than those who are less so. The explanation for all this is that initially improvements in wealth bring genuine physical and psychological benefits due to the satisfaction of real human needs but further wealth takes one into the luxury zone where value is largely based on comparisons with others, a focus which is psychologically problematic and which induces the equivalent of an unwinnable arms race, a competition for status. Even if you have the best car on the street today, tomorrow your neighbour may well buy a better one, forcing you to go one

better to stay ahead and so on *ad infinitum*. It is easy to appreciate why societies that distribute wealth more equitably encourage less envy and comparison based competition and foster healthier, less stressful interpersonal relationships among its members.

Advancing and publicizing the above arguments in favour of great equity in Irish society is an important role for the KPSWA, not least because, as we will see below, a large and thriving public sector is by far the most common mechanism for the attainment of such an objective.

3.7 Equity of Outcome versus Equity of Opportunity

The transfer of wealth from private to public consumption is not the only mechanism by which equity is fostered. Narrower disparities in wages and salaries between the top and bottom earners in the workforce will obviously contribute to the same end. This is largely how greater equity has been maintained in Japan, which does not have a very large public sector. This depends on high levels of employment opportunities and on a tradition which discourages excessive pay differentials. The discouragement of excessive rewards for a minority is, without doubt, highly desirable and would contribute something towards equity in society but not near enough in a country like Ireland. The success of the Japanese approach is dependent on there not being historically ingrained socio-economic disparities in society which serve to worsen the inevitable gap between equity of opportunity and equity of outcome. The implications of this latter distinction need to be properly appreciated.

Equity of opportunity implies equivalence in the chance to achieve financial or material success. Equity of opportunity would be at its theoretical maximum in a society where at birth every infant stood a statistically equal chance of achieving any vocational position in adulthood. Due to genetic variation in intelligence, personality and physical characteristics, including health, such a circumstance never prevails in reality. However, societies that are already more equitable approach more closely this ideal, as evidenced by their higher social mobility rates. Societies that are less equitable, like Ireland, create pockets of deep social disadvantage and likewise pockets of great social advantage. A very extensive body of psychological and social research demonstrates how such societies greatly magnify the effects of the inevitably extant biological or genetic variations in the populations. Under circumstances of wide socio-economic disparities, there is very significant assortive mating along those lines. The genetically unfortunate and the genetically fortunate grow less and less likely to interbreed as society creates more

segregation, both residentially and vocationally. This segregation also breeds dysfunctional responses such as criminality, uncontrolled fertility and poorer socialisation of the young, all of which adds up to the realities of social disadvantage which permeate inequitable societies (see section 4.8 below).

In already inequitable societies, the chances of upward social mobility are strongly curtailed. Those at the bottom are too likely to have parents with less than ideal genetic qualities to confer and are likewise too likely to grow up in a pocket of disadvantage where they are ill socialized and where aspirations are low. They are not likely to succeed well in education and will, all too probably, grow to adulthood without much in the way of marketable vocational skills or qualities. They will very probably meet and have children with a similarly disadvantaged partner and begin the same cycle all over again.

Where inequities are historically ingrained in society, equity of opportunity – which, in any event, never exists at an individual level – is seriously curtailed further and turned into inherited class disparities readily identifiable on a geographical basis. Any semblance of equity of outcome is impossible if individuals are left to their own devices. Efforts at improving equity of opportunity, such as special educational provision for the disadvantaged, though valuable, are doomed to achieve disappointing results in the poorer sectors of society, so great are the biological, psychological and social obstacles built up over time.

The only real solution for any kind of genuine progress towards equity is to focus on equity of outcome – in other words having society provide the benefits which individuals are quite simply incapable through no fault of their own of providing for themselves. Greater equity of outcome in already inequitable societies such as ours can only be achieved through public service provision. Societal resources – so unfairly distributed at the private level – must be reallocated to public expenditure and a wide range of benefits provided for all on an equal footing independent of private means. In time, when fundamental benefits have been more evenly distributed for long enough, equity of opportunity measures will begin to have an impact and become visible through greater social mobility. While there is a powerful compelling logic for the provision under all circumstances of a wide range of communal public services, in a society as inequitable as ours it is the only route to any reasonably fair distribution of benefits. This takes us to the role of the public service.

4. The Role of the Public Sector

4.1 Misrepresenting the Choice between Public and Private Expenditure

As discussed above, the most serious political failure in Irish society revolves around an appreciation of the benefits of public versus private expenditure. A proper grasp of this issue eludes widespread understanding due to the use in national discourse of a deeply misleading paradigm. Within this flawed framework, private expenditure is seen as synonymous with personal benefit while the provision of public services is viewed primarily in terms of the restriction on private expenditure caused by taxation. That, equity aside, taxation is neither a net gain nor a net loss to society at large is rarely grasped. It is simply a transfer of expenditure from one set of purposes to another and a device for acquiring benefits for all in a different way.

4.2 Choices Exercised Through Taxation

When taxes are levied and public services are created, a number of choices are made. The first choice is to forego the opportunity to use the cash to purchase benefits individually and to, instead, pool the sums taxed so as to collectively purchase alternative benefits for all citizens. The second choice is with respect to the nature of the benefits purchased: they may be the same or different. A sum not paid by a citizen in taxation may be used, for example, to purchase health care through health insurance, while the same sum paid in taxation may, likewise, purchase health care through a publicly funded health system. Alternatively, untaxed income may be used to buy a car or a television, items not likely to be funded by the same money if transferred into the public domain through taxation. The third choice is with respect to the beneficiaries of the sum expended. Untaxed, that choice will be up to the individual who has the money in the first instance. Taxed, it becomes a collective choice exercised by society through the government of the day. It is here that much of the confusion in the debate about public versus private expenditure arises.

Within the paradigm extant in Irish society, it is generally taken that taxation is a net loss to the individual, which inevitably implies that the person paying the tax gains less through whatever the tax is spent on in the public services than he or she would have gained if allowed to expend the same sum privately. There is no reason why this should be so and, almost inevitably, it is not so in most cases. To understand why this is the case requires some consideration of the nature

of the benefits that money can buy and on what basis should such benefits be apportioned in society.

4.3 The Purchase of Communally Consumed Benefits

If we imagine for a moment a society without public services, we can easily appreciate that all benefits must be paid for out of private resources. In such a society all goods and services are traded products. In the same way as one usually buys food, clothing and other consumer goods, in this theoretical society one must also purchase out of private resources all levels of education and types of health care, access to roads and street lighting and even policing and security services. Leaving aside entirely all the issues of equity discussed above, an immediate technical problem begins to present itself. The level of individual usage of certain services is extremely hard to quantify. How, for example, can the charge for policing and security services or street lighting in urban areas be set for each person? It is quickly apparent that, at least for some services, the nature of consumption is communal or shared and, therefore, the cost of such services must be communally borne as well. Some level of public services in any developed society becomes inevitable.

On more careful examination the quantification of private consumption of services appears ever more difficult even in areas where we are used to a level of private provision. Health and education offer instructive examples. Who benefits from the health and education of the individual? Is it just that person, or are there knock-on benefits throughout society at large? The answer is very much the latter, as becomes apparent when society is viewed in its entirety. It is to the benefit of everyone to live in a country or in a community where the overall level of education is high, even where one's own education is poor. Higher levels of education enable greater social and economic development, offering greater opportunities for everyone, even where benefits are rationed on a strictly private market basis. Likewise with health; the health of everyone else is beneficial to each individual both in terms of protecting one from contagious illnesses and from the other adverse consequences of general ill-health such as its negative impact on development and the availability of opportunities. Sick societies are less productive and everyone suffers in consequence.

The more one scrutinizes the way we each extract benefits in a modern society, the more communal the whole process appears. We are all bound together in a complex web of interdependency and the free market is only a very partial answer to the question of how resources are to be allocated. Indeed the very

existence of a functioning free market of any kind is heavily dependent on the effective provision of communal services. Commerce cannot thrive in the absence of security, policing, a judicial system, transport and communication networks, health and educational services; the list goes on. While aspects of each can be provided by the private sector, no industrially developed society can do without a large and complex set of public services. Add to that the pressing need to ameliorate the inequities of both opportunity and outcome occasioned by the capitalist system and the necessity for a large transfer of resources from the private to the public domain is clearly all the more urgent.

That there is an inescapable need for public services is hardly controversial. There remain, however, a number of tricky questions. Exactly which services or benefits ought to be provided by the state and, of those, which ought to be provided on a communal basis? There is an important distinction here. State provision may be little different from private sector provision where a pay-per-use model is used. The provision of electricity by the ESB, a state agency, is no different as far as the customer is concerned to its provision by a private company. Either way you pay for what you use. There is a somewhat hidden but important distinction, however, which will be addressed below. This has to do with the cost of infrastructure. For the moment, however, the example serves its purpose. Each customer pays for the amount of the service used. Contrast this with policing, 'free education' or road usage. In those cases the user does not pay on the basis of usage. He or she pays at the point of being taxed. This is communal provision. It is important to decide based on the effect on wellbeing for all as to which services should, in the first instance, be provided by the state and, of those, which should be paid for on a per-use basis and which communally financed.

One crucial criterion for making those decisions has already been addressed. If benefits are communally consumed, it follows logically that they must be communally financed. This, in turn, necessitates state or public provision. The limited alternative of communally consumed services being provided by charitable agencies through private fund raising is discussed in section 12 below. Some benefits such as security, policing, judicial, penal and regulatory services fall unequivocally within the communal domain in that, in each case, it is impossible to distinguish the beneficiaries, one from another. Regulatory services of all kinds such as planning, financial, corporate regulation, consumer protection, health and safety monitoring and so on must also be included here. They are essential services without which the private sector would not function and the benefits of which accrue collectively in society. It is quite impossible to assess the degree of benefit for

any one individual. Education and health care, as argued above, should be added to that list in that, while it appears that both can be charged on a per-use basis, the degree of communal consumption is large. Everyone benefits from the health and education of everyone else.

While communal consumption offers a clear criterion for both state and communal provision of certain services, there are other important criteria that bear on one or other decision. These will be addressed in the following sections.

4.4 The Promotion of Equity

Given the excessive and unjustified disparities in income and wealth that result from the market economy, there is scarcely a single benefit that, in principle, would not be more equitably distributed through state and communal provision. This is precisely the premise on which the disastrous social experiment of Communism was predicated. This involved the effective elimination of private production and the market economy and their replacement by state provision in all areas. While it is impossible to distinguish the extent to which the demise of the whole experiment, at least in Europe, was down to the flaws inherent in such an economic model or due to the dearth of democracy which accompanied it, it is possible to identify very significant practical difficulties in total state provision. The elimination of markets removes a key social technology for price setting and for balancing the supply and demand of many goods and services. Command economies are wholly unsuited to the range and variety of commodities to which consumers in the wealthier parts of the globe have become accustomed. A monolithic system of state planning, as the alternative, proves extremely inefficient and unwieldy in satisfying consumer demand. While consumerism is a poor route to happiness and much that is produced and consumed returns the most transient satisfaction, nevertheless, it is inconceivable that the population in a country like Ireland where everyone has developed a taste for the consumerist dream would ever willingly forego that for the drab austerity of a non-market economy. It would be a classic case of throwing out the baby with the bath water.

Where markets can be made to function, their enormous collective input, assimilation and application of knowledge about demand and supply makes them very effective resource planners and regulators. This powerful tool must be retained but tamed and set to the service of society as a whole. Apart from the inevitable sacrifice of a potentially useful planning and resource allocation mechanism in the markets, complete state control of production creates an enormous monopoly with an extreme concentration of power at the apex of the whole system. While the

capitalist system is rightly criticized for allowing too much power in the hands of a small number of corporate leaders, properly organized the distribution of power in a mixed state-market system is an important balancing mechanism protecting democracy. The concentration of power in a completely state run system may inevitably run to totalitarianism as it seems to have done in all cases to date.

The solution to inequity must be found within the mixed state-market arrangement that we have rather than seeking its replacement by a model which incurs far greater risks. The drive towards equity, where the benefits in society are more evenly distributed, does not in principle require state supply or production. Equity can be achieved by the redistribution of income and wealth with the market being used as the mechanism to supply goods and services to all. It is other considerations that dictate whether benefits are better produced by the state or by private enterprise. It does not matter to the recipient which is the supplier. It is precisely what is received that matters. The main consideration that should dictate state versus private production is quality, reliability and efficiency of provision under either system. Let's now look at which services is the state more suited to provide and which the private sector.

4.5 Effectiveness of State versus Private Sector Provision.

For the market to operate properly there are a number of prerequisites. There must be many suppliers and many consumers. If there is a dearth of either, the basics of free competition, on which the system depends, can be easily undermined. There is, for example, reason to believe that there are too few large supermarket proprietors in Ireland and that it is, therefore, possible for them to restrict genuine price competition. Supermarkets also serve as an example of a dearth of customers in that they are capable of dictating unfair terms to suppliers who are in a poor bargaining position because of too few options for selling their products. Communal consumption runs counter to the principle of competition among many consumers and, as discussed above, does not allow for a free market. It is quite impossible to levy an accurate charge on the individual for what is consumed and price cannot be determined by the relationship between supply and demand.

Even where, in principle, individual charges can be assessed, the service or commodity must allow for choice with respect to quantity or quality so that the price mechanism can play its role in dictating choice. Services that should be as good as they can be for all and where price should not be an influencing factor on the quality or quantity of service received are not suited to the private market. In a

market system, if you want more, you pay more and if you want better quality you pay extra. How much and how good is determined to a significant degree by the depth of your pocket. This principle applies in a very obvious way to commodities such as food, drink, clothing, housing, household appliances, electronic goods, travel and holidays. It applies to a great proportion of what we spend our money on. It does not apply, or at least should not apply, to education and health. In those cases, the quantity an individual consumes should be defined by need or use, not affordability. A society in which only the wealthy as opposed to the most capable receive more education, apart from being most inequitable, would also suffer great inefficiency through failing to capitalize on the intellectual resources of its population. A similar argument applies to health. As for quality of education or health, again the same principle applies. Both services must be as good as they can be for everyone, not just for those who can afford them. When price and quality can play no role in determining consumption, the prerequisites for a market are absent. Only by undermining the bid for basic equity and in turn the drive towards efficient use of human resources and general societal wellbeing can a market in education or health exist. This is a compelling logic for complete public service provision.

An element of health service provision remains very much part of private sector provision even when the tab is carried by the state. This is the development of drugs or pharmaceuticals and medical devices or aids. The normal rules of the market do not apply to this sector in that there is no free price competition for patented drugs or devices. Monopoly status is granted to pharmaceutical companies for a lengthy period in those drugs which they successfully develop and then gain a license to sell so as to allow them to recoup the costs of research and development. The logic is that without this opportunity no private corporation would be able to commit the capital necessary to develop any new medicinal product. The problem is there is now no market to regulate price and, not surprisingly, such patented products tend to be extremely expensive. It is altogether unclear how good a deal this is for the consumer and for society at large. Advocates of the free market would argue that there is still great competition among the various drug producers which acts as an essential stimulus to the whole scientific endeavour to develop cures for diseases. On the other hand, the real drive is to make money as fast as possible not to develop cures and if more money can be made by treating trivial ailments than those more serious, then that is where the effort will go. In any event, it is decidedly not the free market which is regulating the process and precisely in whose interest the system operates is far from clear. It should be the function of government to investigate this whole process and protect its citizens from the possibility of abuse.

The requirement for a multiplicity of suppliers to enable genuine competition renders the provision of services highly problematic for the market where there is a necessity for any kind of large infrastructure. Obvious examples include electricity, telecommunications, water, sewage and transport. There is no physical possibility of alternative infrastructural networks to supply any of these services. At this point a distinction must be made, however. Such services are best viewed as consisting of two parts, the infrastructure and the means to access or use the infrastructure. For transport, roads are part of the infrastructure but a vehicle is a means to access the infrastructure. In so far as the means to use the service constitutes a separate commodity or benefit in addition to the infrastructure and its costs separated from those associated with developing and maintain the infrastructure, it is possible, in some instances at least, to create a market in the former, though a monopoly in the latter continues to exist. This is simple for road transport but not for rail travel. It is impossible to run two competing trains at the same time between any two locations. Any other arrangements such as the franchising of routes to private operators such as exists in the UK do not constitute open free markets and amount to effective monopolies. Such routes are almost certain to be cherry picked on the basis of popularity and profitability with the private sector completely neglecting less popular routes. The basis for levying the cost of the infrastructure on the private route operator is also very opaque beyond the outcome of the franchise auction which is likely to attract very few competitors and hence there is no guarantee that the ultimate costs to society is not inflated with excessive profits.

Water and sewage are in a similar situation to rail transport. The only possibility for the development of a market is an artificial arrangement where private operators compete in some kind of auction for a time limited opportunity to use the infrastructure and provide a service to the public. Given that the end user is allowed no choice between providers and the normal market principles do not apply, the motives for designing such an arrangement have to be treated as suspect. The only lure for private operators is profit with a very limited temporal perspective. If large profits can be made in the short term no matter what the deleterious consequences are in the longer term, private operators will always choose the more profitable option, if they are allowed.

It should be remembered that there is always a significant additional cost source in private by comparison with public provision, the profit extracted over and above the cost of delivering the service. This is normally to pay for a return on capital invested. In the case of rail-transport, water and sewage, much of the capital already exists in the form of infrastructure so there is no great need to encourage

such investment. That justification for profit is therefore significantly eroded. All that remains is the frequently ideological argument that private sector provision is cheaper and more efficient than public sector. This may or may not be the case and will vary with circumstances, much of which have to do with the reward for labour—an issue addressed in section 11 below. Our recent experience of the failure of the banking sector resulting in tremendous costs falling on Irish society does not lend much credibility to the notion of private operators being necessarily well managed or efficient.

The technology of telecommunications and electricity provision renders the creation of a market in either more feasible. In both cases, the provision of the service to the customer can be divorced to some degree from the infrastructure allowing the possibility of choice between competing providers. Great care has, however, to be taken to protect the infrastructure. The problem with private operators is their unwillingness to invest unless the return is rapid. Electricity and telecommunications are essential national utilities that require large investment to maintain and to keep pace with technological demands. The failure of the privatized Eircom to invest in high speed broadband is a case in point. A privatized electricity generation industry can not be trusted either, to invest in the kind of electricity generating technology that is demanded for the good of society in the long term. As for the national distribution grid, of which there can only be one, it would be severely folly to entrust its future development and maintenance to any kind of artificially created private market. The same of course applies to the road, rail, water and sewage infrastructures. It is inconceivable that anything approaching the current geographically distributed networks could be maintained by the profit motive. High population-density areas, being profitable would receive good service, low population regions, no service at all. Even in the high density areas there would be little likelihood that essential capital investment would occur in a timely manner, if to do so dented profits in the short-term.

There is a dangerous ideological bent towards privatization of public services throughout the EU. This is driven largely by the hunger of the wealthy, with capital to invest, for lucrative profit opportunities. This is no basis for the formulation of public policy. The profit motive is entirely amoral and, as we now know to our cost from the twin property and banking debacle, often shockingly blinkered and myopic. Any suggestion of privatizing existing public services should be supported by convincing evidence that the conditions for a genuine free market exist and that the overall wellbeing of society will be enhanced in the long run. In this context, the wellbeing of society must be assessed through a balanced consideration of the

citizen in the role of producer and in the role of consumer. This issue is discussed further in section 11, below.

4.6 Communal Funding or Pay-Per-Use

As we have seen, quite apart from consideration of equity, there are compelling arguments for the public provision of a wide range of essential services. Such services include, security, policing, emergency, judicial, penal, regulatory, educational, health, road networks, rail, postal, telecommunications and electricity. In all these cases the conditions required for a genuine free market are either entirely absent or must be seriously questioned for one reason or another. The problems are in part an absence of genuine competition and in part the reluctance of those with private capital to take a long term perspective. In the cases of education and health, free markets only become possible if we accept that access or demand, both with respect to quality and quantity, will be dictated by price. This is contrary to the basic objectives of society to maximize education and health in the interests of all.

The issue of equity arises, however, not only with services that are communally consumed such as education and health but with all the other essential services as well. While communal consumption requires public provision, the opposite is not the case. Not all state provided services need to be funded from taxation. Some services may be funded on a pay-per-use basis instead. Electricity has always been charged on this basis, as increasingly is water. Train travel likewise has been funded to a significant extent by the passenger. If there is a genuine intention to promote equity in society, what should dictate which services are funded collectively and which individually by the user?

There are major social consequences emanating from the choice made. 'Charge per use' arrangements make no contribution to the promotion of equity in society. The wealthy pay the same as the poor for the same service. In a taxation-funded communal service, those who pay more tax in effect pay more for the service. Equity considerations, therefore, bias the choice in the direction of communal provision.

The main argument in favour of a pay-per-use approach arises from the need to control and ration usage. When users of a service do not pay for use they lose an important motive to avoid waste. It has been found that metering water services very significantly reduces the use of water. Absence of any charge per unit of electricity or gas consumed would undoubtedly lead to a great deal of wasteful consumption. Waste is in every way counterproductive and inimical to the common

good and the absence of a pay-per-use approach would greatly increase the cost of services to society at large. A pay-per-use system (infrastructure costs aside) for transport, telecommunication, electricity, water and sewage services is desirable. Whether and how exactly such a system would work with respect to sewage is not at all clear. To some extent the cost of sewage services may be seen as encompassed in the cost for water, though certain modes of water consumption such as watering lawns do not add to the burden of waste water disposal. That however is a technical consideration which, though of considerable practical relevance, does not alter the underlying principle with respect to the wiser funding approach.

Alternative approaches must, therefore, be found to promote a measure of equity of access to such essential services. This would, of course, be achieved by the minimum income arrangement, discussed in Appendix 1 below, as it is to some degree achieved by the present variety of individual social welfare schemes which allow the needy free public transport, a ration of free electricity and so on. Irrespective of how equity of access is promoted, there is no escaping making decisions on how much of a service is a necessity and at what level it should be deemed a luxury in any society. It is not difficult to appreciate that a certain minimum capacity to travel, to telecommunicate, to operate electrical appliances and so on, is a necessary precondition for survival with any dignity in Irish society. Estimates as to what level of consumption should be communally furnished can be achieved by reference to norms of income throughout society and by using consumption patterns to allocate a proportion of income to each service.

What then differentiates services that will incur excessive wastage in the absence of a pay per use approach from services that can safely be provided on an entirely communal basis funded by taxation? The immediate answer is to consider the motives toward and opportunities for wasteful consumption. Are our educational services wastefully used to the extent that there are no charges for their use? Would children and older students make better use of education if they – or, more accurately, their parents - had to pay directly for that education? Some would answer in the affirmative. So many and varied, however, are the factors that impact on educational success that it would be hard to find an educationalist or informed commentator who would view the motivating impact of payment as sufficient to justify such an approach given the degree to which it would militate against the promotion of equity in society. The arguments surrounding payment for third level education will be addressed below in section 6.8.

What of health and dental services? Does free access promote wasteful usage? Doubtless it may do in some instances. There may be some who, given free GP

access, may show up unnecessarily at their GPs' surgeries. That possibility, however, has to be set against the equal possibility that there are many who delay seeking medical attention due to cost considerations, to the subsequent detriment of their health and ultimately to the creation of greater 'waste' in the form of medical conditions that are more advanced and more expensive or even impossible to treat. As with education, the financial cost motive is just one of a great many that dictate whether service usage is wasteful or not. There are many compelling motives aside from the financial to prevent individuals wasting the time and expertise of medical and dental professionals. For education and for medical and dental services, greater wastage is likely to be provoked by the presence of charges discouraging usage. The costs of exit from education at the earliest opportunity and of avoidance in seeking timely medical and dental attention in an effort to avoid costs will significantly outweigh any reduction in wasteful usage achieved. Given alongside that, the need to promote equity of access to such essential services and the great difficulty in quantifying individual consumption of such benefits, the case for communal, taxation-funded provision appears unassailable.

The need to encourage rather than discourage their use underpins the argument for communal provision in a range of recreational services – museums, art galleries, libraries, public parks and beaches. All of these can, in principle, be funded on a pay-per-use basis. Generally and with considerable justification, it is accepted that communal taxation-funded provision is better so as to encourage as many as possible to avail of what are regarded as services beneficial to the physical and mental wellbeing of the community at large. The inclusion of beaches in this context may seem peculiar to some in that superficially they appear to be free gifts of nature. Provision of access (roads and car parks), maintenance (refuse collection), safe usage (water quality monitoring, life guards, warning signs) all incur considerable costs, which must be defrayed in one way or another. Beaches, as we know them, do not come without cost. If both volume and equity of access is to be facilitated, communal provision is the only real option. Indeed, there is a strong case to be made for a considerable increase in such free to access leisure facilities in Ireland. It can hardly be doubted that facilitating young and old alike to engage in worthwhile leisure pursuits is beneficial to society at large through the promotion of fitness, the improvement of physical and mental health and through steering vulnerable individuals – often young and without the means to provide useful diversion for themselves – away from self destructive and anti-social pursuits.

In pursuit of the common good, there is another set of communally consumed services which any modern developed society must provide. These consist of a

disparate array of information and regulatory services. Without them, much private sector provision would not be possible at all. For example, the whole road transport sector at the level of means of access to the infrastructure is only possible due to elaborate communally provided regulation such as driver licensing, determination and policing of highway codes, mandatory insurance provisions and vehicle maintenance requirements. The ongoing detailed collection and analysis of social, economic and demographic information is essential to the functioning of both the public and private sectors in society. A range of financial, consumer protection and business regulation services is essential for the common good in the absence of which the 'free' market, such as it is, would fail entirely.

Few now doubt that, had adequate regulatory processes been applied to the banking sector in Ireland, the collapse and subsequent public bail-out of that entire sector would have been avoided. Those who view the 'free' market as the natural order and state intervention as artificial interference are grievously misled. Markets have never functioned in a 'free' unregulated state. If they did, they were never free for long because monopolistic and trade restrictive practices together with consumer abuse immediately emerged. Who for one moment would doubt that, allowed the opportunity, Ryanair would not squeeze out the competition and establish itself as a monopoly carrier in the Irish market, thereafter hiking prices to whatever level would not result in diminishing returns and using every possible mechanism to prevent newcomers entering the market. Who would trust pharmaceutical companies, in the absence of powerful external regulation, to honestly conduct, publish and act in accordance with research in the interests of consumer safety? The reality is that, where customers through lack of information or power cannot hold goods and service providers to account, business operates in the interests of the public only in so far as regulation obliges.

Another major regulatory function of the public sector lies in the field of planning. It would be unthinkable to leave development, infrastructural and buildings' planning to the vagaries of the free market, to let the forces of supply and demand dictate what is constructed, where and when. It would be a recipe for chaos as a result of opportunism, short term and lack of joined up thinking. Many would argue that this already describes the planning process in Ireland. It has, however, been the absence of adequate communal intervention overriding individual desires, in effect a lack of regulation, which has been at fault. This is just one of the many ways in which the dominant political consensus has allowed individual supposed rights (typically those of the elite) to trump the rights of the collective and of the common good. A small minority have been enabled to enormously enrich themselves

through the zoning, sale and development of land with all kinds of deleterious consequences for the public at large. Housing is too expensive, located without adequate consideration of facilities and transport networks and even in certain cases under threat from the risk of flooding. In addition to exorbitant prices, a great many houses and apartments were built in recent years in locations where there is now no demand and they lie purposeless and empty. The emphasis within the whole planning and development process in Ireland needs to shift towards the interest of the population at large and away from those of landowners, speculators and developers. Again, had this been the case, the property bubble and its subsequent 'bust' could have been avoided. Only firm regulation can prevent a future recurrence of this disaster.

4.7 Equity in Non-Communal Benefits

When benefits are not charged on a pay-per-use basis and are instead funded through taxation, the promotion of equity depends on the progressive nature of the taxation system (see section 10.5 below) and on the elimination of any kind of discriminatory practices in the delivery of the service. In the case of communally delivered services, everyone, rich and poor have the same standard of service available to them. But, how is equity to be promoted with respect to benefits that are not communally furnished such as food, clothing, housing and so on? In the longer term, greater equity will inevitably emerge through efforts to promote equity of opportunity such as affording the same educational chances for all. Equity of opportunity has, however, a limited impact on equity of outcome (see section 3.7 above) and direct intervention will always be necessary to ensure that a significant sector of society (those temporarily unemployed, the elderly, those mentally or physically disabled, those with poorer employment skills etc.) do not remain deprived of basic necessities. This can either be achieved by identifying them and furnishing them directly with the required benefits such as in the provision of public authority housing or, alternatively, by providing them with an income from which to purchase what they need.

Direct provision of benefits has the effect of depriving the recipient of consumer choice, the kind of choice which is available to everyone else who is in a position to earn an income. There ought to be compelling reasons to justify not giving social welfare recipients enough of an income to enable them to purchase what they need within the choice framework that such an income allows. The direct provision of benefits, reminiscent of food hand-outs and soup kitchens, undermines dignity and is difficult to justify unless benefits can be provided at a much lower cost by the state than that at which they could be purchased by the individual. The

main direct benefit provided by the state in Ireland is public authority housing. The arguments in favour of an alternative model of housing support are addressed in the next section (4.8) below.

Whether directly provided or indirectly through income, non-communal benefits that are the subjects of wealth transfers through the taxation and social welfare systems require difficult decisions about entitlement. By what criteria should such transfers be made and who satisfies those criteria? The current solution to these problems is the complicated, costly and frequently unfair benefit-specific, means-tested entitlement approach. There has emerged a complex array of benefit entitlements for different categories of recipient, all dependent on an assessment of circumstances and means. This piecemeal approach is far from an ideal system. Its disadvantages and an alternative approach are discussed in Appendix 1.

4.8 Housing support

Direct provision of public authority housing has been far from an unadulterated success story in Ireland. Determination to rescue the poor from the overcrowded and unhealthy inner city tenements and slums, which were characteristic of the earlier part of the 20th century, by the building of ‘council estates’ in the suburbs created a range of new and intractable social problems. Attempts to control costs led to the disastrous high-rise experiment. Even where there was no dalliance with the high-rise notion, public authority housing, by its concentration of social disadvantage, has produced the ‘sink estate’ phenomenon, a term which has been applied to both high and non high-rise arrangements. While there are ample reasons to doubt the suitability of high-rise accommodation, particularly to families with young children, the problems in ‘sink estates’ arise more from their segregated concentration of social disadvantage and social problems rather than from architectural design failings.

Concentration of social disadvantage contributes much to anti-social and other counter-productive behaviours and, in turn, to the perpetuation of social disadvantage. Growing up in a ‘bad’ neighbourhood is identified as a significant contributor to negative life outcomes over and above the disadvantage that is associated with the home and family. Apart, altogether, from the level of actual dysfunction created, there is also a level of adverse labeling and stigmatization associated with living in a public authority housing estate. From the earliest age, the child growing up with the ‘wrong address’ has a label of inferiority attached

which has a powerful capacity to determine his or her expectations and opportunities in life.

The answer would seem to be the integration of public and private housing provision. Just as food, clothing and other basic benefits are furnished to those in need through indirect financial subvention, there is no *a-priori* reason why housing could not be provided on the same basis. After all, no one would suggest that those in need of public authority housing should be accommodated in a specifically inferior manner so as to save costs. In practice, public authority houses in Ireland are built to the same standards as that built in the private sector of a similar style and scale so costs should not be very dissimilar. If those in need were financially enabled to buy or rent through the private sector, then the spatial and inevitable consequent social segregation between recipients and non recipients of state support for housing would be at an end. There would be no concentrations of disadvantage, no critical masses of co-located youths with social problems to engender a culture of anti-social behavior.

Such objections to integration as arise appear to be of a psychological nature, mainly to do with gaining acceptance from owner-occupiers that it is reasonable to live in an identical house, which one finances entirely from private sources, as that which immediately adjacent is provided free of charge by the state to another family. Such direct comparisons are significantly avoided at present by segregating such families in public authority housing estates, locations that, not infrequently for good reason, are viewed as deeply unattractive by private house owners. Must we consign those provided housing by the state to generally undesirable accommodation to achieve public acceptance? The answer boils down to the way the circumstances of those provided housing are viewed and to the extent to which they are seen as achieving *excessive* benefits, which all others may achieve only through their own resources?

If public authority housing recipients are viewed as in need of such support through no fault of their own and if the level of benefit obtained is seen as no more than is genuinely necessary, then the comparison problem is obviated. The first element of this takes us back, unfortunately, to the distinction between the putatively deserving and the undeserving poor, agreement as to which is which is difficult to achieve. All kinds of suspicions arise. Is the individual unemployed because of genuine inability to find a job or because he is lazy or work shy? Are the young single mother and her child deserving or not of accommodation separate to that of her parents? Should the father of her child not be helping to provide accommodation for his family? Indeed, is he doing so but pretending not so as to

enable his partner and child be housed by the state. Should those without adequate private means be accommodated in bigger houses when they insist on having more children? Often such cribbing seems mean and begrudging but it is natural for people to bridle against a sense of unfairness if they suspect the system is being 'played.' For the general acceptance of any arrangement designed to promote equity, it is essential that it is not seen to throw the balance and seem to cause inequity in the other direction. It is far from easy to find that crucial balance.

Part of the answer at least lies in the distinction between adequacy and surfeit, between need and luxury. Few begrudge, even those whom they morally suspect, the provision of enough to eat to avoid hunger, or of sufficient clothing to protect them from the elements, whereas, they will quickly feel a sense of indignity if the arrangement results in *haute cuisine* or *haute couture*. The same applies to housing. In location, design, scale and facility it must, if provided free to the recipients, be no more than the least that the less well-off in society might reasonably be expected to furnish from their own means and not stray into the realms of anything that might be designated as luxurious or beyond necessity. Otherwise, irrespective of the structural and natural inequities in society that, in fact, produce the need for such housing assistance, there will be a general backlash against what is seen as another kind of inequity. The end result of this will be such a degree of resentment against recipients of public aid for housing that the drive towards equity will be undermined to the ultimate disadvantage of all.

Resentment against social welfare recipients is very understandably accentuated when there is a suspicion that they are engaged in fraud, having sources of undeclared income. When expenditure and lifestyle do not seem commensurate to the income provided by social welfare, such suspicions are aroused. It is of great importance to the maintenance of the whole social contract that underpins a drive towards equity in society that such fraud be well nigh impossible. Fraud by the few will undermine commitment to fairness for all. Its prevention is essential to foster acceptance of the integration of private and publicly funded housing. The proposals for a cashless economy outlined in Appendix 2 have great relevance in this context.

The process of integrating public and private housing would, of course, have to be managed carefully so as to avoid any concentrations of social disadvantage building up under the new arrangement. Initially, the system might well be more expensive and the inevitable resistance by those purchasing their own houses without support to living alongside certain families regarded as undesirable would have to be addressed. Much here could be achieved by a firm insistence on basic

standards of civic behavior from all, with the resources put in place to police and implement such a policy. If residents are satisfied that no unacceptable intrusion on their lives by other residents in a neighbourhood will be tolerated and allowed to endure by the authorities, then fears are allayed and prejudices minimized. All this, of course, requires public resources and initially the process may be relatively expensive but in the longer run, the benefits to society at large and the contribution to the promotion of genuine equity would be very significant indeed. As with fraud, unacceptable behaviour by a minority, left unchecked can undermine the whole process of integration.

The issue of criteria for entitlement to public authority housing support raises the same problems as in the provision of other social welfare services, problems which integration in no way helps to resolve. The setting of income and wealth thresholds and the conduct of associated means testing are difficult processes that frequently lead to unfairness. Serious consideration needs to be given to whether the alternative 'minimum income' approach (see Appendix 1) outlined below can be applied so as to include the provision of housing.

5. Health Policy

5.1 Communal Provision of all Health Care

The arguments in favour of a universal, communal health care system were largely addressed above in the section on the role of the public sector. No civilised society should regard the right to health care as in any way dependent on individual wealth or income. The best possible provision should be made available on an equal basis for all without individual cost at the point of consumption. The UK system is one obvious model to be emulated.

5.2 What is and what is not Health Care

The communal provision of all health care raises the necessity to distinguish carefully between what is genuine health care and what is individual whim, luxury and waste. Scientifically unsubstantiated treatments of any kind cannot be regarded as genuine health care, nor can the differences between patented and generic drugs of equivalent content where they are available. Decisions whether to fund expensive marginally beneficial treatments have to be made in light of what is not in consequence then being funded from what are ultimately finite resources. Medical care inflation has for a long time far outstripped the general rise in living costs. Much of this is due to the enormous marketing power of the giant pharmaceutical industry, not least through its control of research, convincing the

medical profession of the necessity to prescribe new and expensive patented drugs, the real benefits of which are marginal. Investment in cheap preventive measures focusing on diet, exercise, stress reduction and control of substance abuse would achieve much more than many current highly expensive drug treatments. It is an important function of the public sector to bring the whole provision of health care under rational economic control where the resources invested are used to best effect and where other interests such as those of the stock market do not trump the interests of medical care.

In distinguishing luxury from medical care, a standard of in-patient accommodation in hospital has to be set. This concerns the degree of sharing or non-sharing of rooms, nature of meals provided and access to facilities such as TV, telephone, internet etc. Once the common minimum standard has been defined, the question of provision of luxury standards to those who wish to pay immediately arises. Should the public health system engage in the provision of such services or should that be left entirely to the private sector? The question raises more problematic issues than are immediately obvious. The provision of 'private' or privately funded accommodation services by the private sector implies the existence of a parallel system of privately funded hospitals unless the provision of private accommodation run by the private sector can somehow be grafted on to ordinary communally funded hospitals. If there is a true commitment in society to equity in health care for all, then there is no logic to privately funded health care services of any kind: they would be very expensive with no treatment gains at all to be achieved for the patient.

There is another context in which accommodation and health-care needs are closely juxtaposed. In its broadest sense this context can be defined as disability. This includes all those who have lifelong mental or physical disabilities, those who have become disabled due to accident or illness and those who are disabled due to advancing age. The latter group, which we do not normally think of when we use the term disability, will always be by far the most numerous and, like the others, frequently require special accommodation or assistance and/or modifications within their homes to enable them to cope because of the degree of both physical and mental decline that is often attendant on ageing. If we accept that communally funded health care is the right of all, are we then accepting that, for all those with disabilities, special accommodation needs must be viewed as part of health care? Should nursing homes or supported housing for the elderly be funded entirely by the state? Should the special accommodation needs of disabled children be entirely funded by the state? What of the accommodation needs of disabled adults?

The alternative to full communal provision is the expectation that parents, where they have the resources, would be responsible for the accommodation needs of disabled children and the elderly would be required to fund any special accommodation out of their own resources. Means tested state support would in both cases then take care of those without adequate income or wealth. Disabled adults, in the absence of voluntary support from relatives would require state support since there would be no legal means by which to compel relatives to support them.

Given that, ordinarily, accommodation is privately funded by those who can afford it with the state effectively acting as a guarantor of a minimum provision for all, should the same not apply with respect to the disabled? By what criteria should it be decided as to whether special accommodation for the disabled, including the elderly, ought best be communally funded for all or whether private provision should be regarded as the norm?

If such accommodation is viewed as an integral part of health care, which for some it undoubtedly is, then the same criteria apply as to health care. Communal provision follows logically with health needs defining the standard or nature of accommodation required. If, on the other hand, accommodation for the disabled is viewed the same way as housing or accommodation for everyone else, then the matter of choice arises and the logical consequence is that the exercise of choice be enabled in a private market with the state guaranteeing a minimum provision for those who cannot afford it. There is also the perspective that disability coupled with the resulting special accommodation needs is a random misfortune, against which it is best if the state acts as an insurer. This returns us to the logic of universal communal provision, a logic that is strongly supported by the circumstances of the elderly. An individualist approach with respect to care for the elderly incurs great risk. It requires foresight and discipline by each individual to save resources for a potentially lengthy and extremely expensive period of dependence in old age, with no one knowing in advance how much savings they will need. This is a recipe for misery and hardship for many. It is far better, in the interests of all, that the process be communally managed, with the taxation system, in effect, imposing the necessary savings to provide for all when and if they become dependent.

Can such a communal provision and individual choice coexist? Before considering that, we need to ask whether such choice is necessary. With health-care, it is not, because it is right that everyone should have the best that science and the collective resources of society can provide. With accommodation or housing, there are no criteria for defining 'best' and no limit to what choice may be demanded

in individual cases. Housing is a necessity and a luxury wrapped together. Up to some socially defined threshold of space, comfort and facilities, it is a necessity. Beyond that, it becomes a luxury. Can accommodation for the disabled be regarded similarly? There is no doubt that for every disabled person, there is some type and quality of accommodation that would be regarded as minimally necessary for the maintenance of physical and mental wellbeing. It seems reasonable, in light of the random nature of disability to arrange for that quality of accommodation to be furnished communally to all. Beyond that, as with hospital accommodation discussed below, it should be left to the free private market to provide whatever luxury additions that are demanded.

For many, particularly those with more serious disabilities, the question of choice may not be a practical issue. Their disabilities will entirely dictate the nature of accommodation that they require. In this sense their accommodation and their health care are essentially one and the same. For others, there may be real choices to be exercised, if they are fortunate enough to have the requisite means. For example, it may be that, for the elderly, the standard of nursing home accommodation provided by the state might include a semi-private room. Those with the means to pay might supplement the state provision to acquire a private room. The model would be one where, in some facilities, state payment covers the full cost, while in others the luxury standard of accommodation is such that the state would only cover part of the costs. Of course, both arrangements might exist side by side in the one facility.

The whole system would need to be supported by a philosophy and policy of care for the disabled. This should be founded on the principle of enabling maximum independence which is the approach generally agreed as conducive to wellbeing and longevity. It is essential that a wide range of facilities with varying levels of support are available with sufficient geographical distribution as to facilitate the disabled to remain within their own communities. The range should extend from supports to continue residence at home for as long as possible, through special supported housing, right up to full nursing care. An effective policy of enabling maximum independence is not only best for each individual concerned but is also the most cost effective model for caring for the disabled, whether elderly or not. This is so, not least, because it capitalizes on all the voluntary support available within families and communities, support which relatives and friends are eager to give so as to maintain the independence of their loved ones.

5.3 Provision for Private Health Related Accommodation

As distinct from health care, there is sound logic behind the private provision of accommodation in hospitals analogous to the approach described in the last section for accommodating those with disabilities. There is no justification for the communally funded system providing a luxury standard of accommodation but it is perfectly reasonable for those who can afford it to pay for increased privacy, a more spacious, comfortable and aesthetically pleasing environment, better telecommunication and TV facilities and a more varied dietary menu. The two concepts of accommodation and health-care need to be kept separate. Better accommodation, privately obtained, must never lead to easier access to or better medical care. For the latter, the best possible must be available on an equal footing to the richest and the poorest. There is no rationale for private hospitals per se but there is a rationale for private accommodation within hospitals if it is demanded.

There is a strong argument for sub-contracting the operation of private hospital accommodation to private sector operators in that there is no obvious case for the state to be engaged in or to maintain an expertise in such provision. Careful attention would, however, have to be given to ensuring that there is no leakage of the status distinctions implied across to medical care. Under no circumstances must privately accommodated patients ever come to be distinguished on that basis with respect to medical treatment. The same principle applies to the private furnishing of luxury standard accommodation for the disabled, as discussed above.

5.4 Should Private Health Care Exist

Under a properly funded universal health care system, does any justification remain for the existence of private health care? Should health care provision be removed entirely from the market economy? Given such a high standard universal provision coupled with the availability of private hospital accommodation, what market niche might remain to be exploited by the private sector? Without some failure in the universal provision there should exist no genuine medical need remaining unserved. If it were possible to gain some advantage through private provision as in speedier access or more expert medical personnel, the whole basis of equity in health care provision would be undermined. This should not be allowed and it may mean the prohibition of private medical care in competition with the public service so as to avoid a slow drift of resources once more to the benefit of the wealthy and the detriment of society at large. Short of that, the public policy should in no way aid or facilitate the existence of private health care alongside a comprehensive public system.

The one obvious niche to be exploited by private health care is in the gap between what is deemed by expert opinion as genuine health care and what can be sold to the public as health care – a range of alternative, unproven, experimental or marginal treatments. Should the public be allowed to privately purchase such services if they wish?

5.5 Protecting Health Care Consumers

In protecting the public against ‘snake-oil purveyors,’ there has always been a tension between the collectivist and the individualist tendencies. The individualist perspective veers in the direction of a free society allowing individuals to market and sell such services as they can gain custom for. *Caveat emptor*, let the buyer beware and protect his or her own interests, is the expectation. The collectivist tendency is towards a communal obligation to monitor and regulate the sale of products and services and legislate against anything harmful or sold on a duplicitous basis. A middle ground concerns itself with the availability of information on which consumers can exercise choice.

Current practice in protecting consumers consists of a mixture of proscribing the outright harmful and requiring all else to be sold on the basis of accurate information. It is with this latter requirement that the protection of consumers from dubious medical treatments encounters a peculiar set of difficulties. The long established and increasingly appreciated existence of the placebo effect is one major problem that applies to products and practices outside the mainstream. This simply means that when one believes that a cure or symptom amelioration is to be obtained through a particular treatment, quite independent of the content or mechanism of the treatment, the mind-body nexus generates a significant improvement in wellbeing. Mainstream drugs and treatments are required to be tested against the placebo baseline and licensed for sale on the basis of a significant benefit above that baseline – a provision not without its own problems, as we will see. Alternative and non-mainstream provisions are not tested in this way and are marketed on the basis that previous consumers have declared a benefit.

Should all products and practices marketed for medical benefit be subject to placebo comparison trials? There is a strong argument on the grounds of information provision for the consumer that this be done. It is less easy to be prescriptive about whether failure in such trials should eliminate a product or service from the private market. A labeling system declaring failure in placebo controlled trials may be sufficient to protect consumer interests. After all, the placebo itself, being of far from insignificant medical advantage, might be regarded

as a legitimately marketed product even if the belief crucial to this effect can only be achieved through some degree of myth and mystery.

5.6 The Limitations of the Current Drug Licensing System

Placebo controlled trials, the standard for the pharmaceutical industry, do not by any means altogether resolve the difficulties in defining the efficacy of such products. While the protocols for the conduct of such trials are strict, the researchers employed by the manufacturers are allowed to run trial after trial in an effort to obtain satisfactory results, publishing only the successes. Admittedly, a series of 'no effect' outcomes or, in other words, no benefit over a placebo treatment is not statistically likely to be followed by a major effect in a subsequent trial. The problem is that drugs are often licensed on the basis of very small treatment effects, so long as, in those trials, the effects are statistically significant. Statistical significance does not refer to the size of the effect or the amount of improvement achieved over and above the placebo treatment. It refers to whether there is a reasonable likelihood that the difference obtained, no matter how small, could have occurred by fluke or as a result of pure chance factors. The net effect is that drugs on the market may have shown very marginal benefits indeed and, even then, not in all trials. In trials, statins, a class of drugs used to lower cholesterol, have been shown to protect against mortality in only 1 out of every 250 patients (without pre existing heart disease) treated in a 5 year follow up (www.thelancet.com, vol 366, Oct 8, 2005). Despite such marginal benefits, this is one of the most profitably classes of drugs ever produced by the pharmaceutical industry and is consumed by an ever increasing proportion of our population who are in no way ill but who have been identified as having high cholesterol. This is despite the fact that the connection between blood cholesterol and heart disease and between statins and health protection is, to say the least, scientifically tenuous.

There is obviously a major role for the public service in ensuring that the scientific footing for health care is maintained scrupulously independent of powerful commercial interests so that health budget are spent in the most beneficial manner for society at large and not in the interests of raising the stock value of multinational pharmaceutical companies.

It must be accepted that in every respect good governance is required to free the provision of health care from powerful private interests. Nothing of that kind can be expected while the dominant political ethos in Ireland views such interests with peculiar favour. The stock market matters much more than the quality of medical care for the majority in the current political milieu, as does ensuring

privileged treatment for the elite. A universal, equitable, high-standard health care system can only develop when the Irish public elects a class of political representatives genuinely sympathetic to that end. Publicizing the scandal and the confidence trick that is the provision of health care in Ireland is an important role for the KPSWA, as is setting out what can and should be achieved.

6. Education Policy

6.1 Communal Provision from Pre-school to the Leaving Certificate

The case for a universal and entirely communally funded educational service from pre-school through to the end of second level is unassailable on the basis of the nature of communal consumption of education and on the basis of its essential role in the promotion of equity in society. This had already been discussed in section 4 above.

Since the 1960s a general commitment to the communal provision of secondary education joined the long existing 'free' primary school system in Ireland. In practice, however, neither system has been fully funded through taxation. For the vast majority of schools, those not in state ownership – mainly under the patronage of the Catholic Church – there is only a partial state commitment to capital funding. The shortfall must be met by private sources such as parental contributions and fund raising efforts. This situation should not be allowed to continue as it is altogether inimical to equitable educational provision. The term 'free education,' misnomer though it is since education like all services must be paid for by the public at large in one way or another, should mean what it is taken to mean. That is: education funded entirely on a communal basis through the taxation system.

Communally funded education should also be fully extended into the pre-school sector. Appropriate early education facilitates child development and enables children to cope more effectively with primary school. There is a large body of research which demonstrates that such early education is of particular advantage to those children who come from more deprived homes. The advantages have been shown to extend right through to secondary education and beyond. Comprehensive pre-school education is a key component to maximizing the value of all educational investment in society and minimizing the cost of educational failure. It is a well established international research finding that school failure is a critical step along the route to delinquency and crime with all its attendant costs and damage to

general wellbeing in society. Pre-school education is a critical tool in the box of preventative measures against such dysfunctional outcomes.

Matching the commitment to communal provision for the education of the vast majority of children, any consideration of equity demands that there be a similar commitment to comprehensive educational provision for those with disabilities whether of a physical, emotional or intellectual nature. Allied to this must be the resources to meet the specific mental and physical care needs of such children so as to enable them to avail of educational opportunities.

The educational model employed for those with disabilities whether integrated into mainstream schooling, based in dedicated facilities, residential or non residential, should depend on established research as to best practice. It is a crucial role for the public service to continue to monitor and review such research and adjust practice accordingly.

6.2 What is and what is not Educational Provision

As with health care, decisions have to be made as to what is and what is not genuine educational provision. The buildings and facilities required to service the agreed curriculum are clearly part of that provision, as are teaching professionals and administrative services. School books and related individual resources are also definitively part of education provision. The status of school uniforms is debatable in that they may be regarded as elements of normal clothing. They must not, however, incur excessive costs over and above that which ordinary clothing entails. Expenses associated with extra-curricular activities such as school tours, sports beyond curricular requirements and other such activities may be regarded as additional to education and it is reasonable to expect schools to fund them if they wish through individual charges or fund raising activities. The agreed curriculum, however, which should not be narrow or purely scholastic and which should provide for the rounded development of the whole person must be communally funded. No school or individual student must be set at a disadvantage with respect to the curriculum through funding considerations.

Except in exceptional circumstances as might arise in the case of certain levels and kinds of disability, residential or boarding facilities cannot normally be regarded as a necessary part of communal provision. There is a comprehensive, geographically distributed network of schools so that daily access is not likely to be an obstacle. The wherewithal to travel to and from school must, however, be regarded as being a core element of education and accordingly such travel must be communally funded where expenses would otherwise be incurred. The practice of

charging for school travel is in no way different to charging for a proportion of teachers' salaries. In the rare cases where due to unusual geographical or other circumstances daily travel to and from school is not feasible, accommodation costs must be regarded as part of communal educational provision.

6.3 Ownership, Patronage and Management of Schools

The patronage, management, and organization of educational provision must be a matter of adequate ongoing public consultation. It should not be taken that because arrangements were suitable in the past that they remain so. Ireland has undergone large-scale social, religious, demographic and economic changes in the last few decades. Whether it is appropriate in a much more secular and pluralist society for the bulk of primary and secondary schools to remain under the patronage, control and ethos of the Catholic Church should be a matter of widespread public consultation.

It may well be that, despite the degree of secularization in society, the organic adjustment which has occurred within Catholic educational institutions is sufficient to meet the needs of the public at large. On the other hand the current arrangements may be viewed as obsolete and in need of major reform. It should be for the public to decide. It certainly is unacceptable that patronage arrangements should in any way act as an obstacle to complete communal funding, as is currently the situation.

6.4 What should be taught in our Schools?

The time and energy expended and the teaching consumed by each child during his or her education have to be regarded as scarce and valuable resources. Time and effort devoted to one endeavour cannot be retrieved and devoted to another. If that time is not well spent, it is a net loss to the child and to society. It behoves us collectively, therefore, to ensure that the objectives to which our children devote their energies in school are those best suited to maximizing their future wellbeing. What is taught must be submitted carefully to the 'wellbeing' test and decisions about curriculum should never be based on tradition, assumption or on pressure from any ideologically disposed or vested interest group. The balance and content of curriculum throughout the educational system needs to be the subject of widespread public consultation.

6.5 The Future of Irish in our Schools

The time devoted to the teaching of the Irish language needs to be examined. For historical reasons, Irish was afforded a peculiarly favoured status in our educational system and, while it does not now receive the emphasis it formerly did, it, nevertheless, continues to occupy a lot of school time.

The great mission, commenced at the foundation of the state, to restore Irish as the vernacular has long since failed. Is it appropriate to continue to mandate so much time to the learning of a language spoken on a daily basis by so few and which has grown so marginal to what it is to be Irish? While the wish to sustain and foster the language may indeed be culturally desirable, is its imposition in the school curriculum justified, particularly as so little seems to be achieved either in love of the language or competence in its use? Would the time devoted to learning Irish not be much more profitably devoted to the achievement of a better standard of literacy, numeracy, scientific understanding and social competence to the overall greater enrichment of the individual? These are questions that need to be debated openly and fully.

It is the perfect right of those with an interest in the Irish language to seek to foster and sustain it. It is not the right of any minority, however, to impose that objective on others. Only if it is clear that there is an informed, majority will in favour of its continuance as a mandatory part of the curriculum in primary and secondary schools should it continue to have that status. This principle should also, of course, apply to any other subject as well. It must be for all of us collectively to decide what is best for our children to devote their energies to learning in school.

6.6 The Teaching of Religion in Schools

In light of the secular ethos that now pervades society, is the emphasis, particularly in primary school, on the learning of Catholic doctrine justified. Just as it is a matter for parents to decide whether they enjoin their children to pray at home or attend religious ceremonies, choices a great many now make in the negative, should it not be the concern of parents whether to otherwise imbue their children with any specific religious beliefs or sentiments? Much of what currently transpires is a sham. A great many parents with no commitment to Roman Catholic beliefs enroll their children in Catholic schools because there is little in the way of suitable alternatives. They then outwardly accede in a minimalist way with the inevitable religious rituals such as Communion and Confirmation and the associated teaching of doctrine, which their children must undergo, and bring up their families with no further concern whatsoever for the Catholic faith.

As with the time and energy devoted to the learning of Irish, it should be for the public at large to debate carefully whether it is sensible for children to spend so much time and effort engaged in the learning of religious doctrine to which such a large proportion of the population show so little commitment. Inevitably the debate suggested above on the patronage and management of schools is virtually one and the same as the debate on religious education. It would seem perverse to expect continuance of Catholic Church patronage in the absence of a commitment to the Catholic faith being taught in schools. The present reality involves all parties turning a blind eye to each other's behaviour. This is not an infinitely sustainable reality as various, more outspoken, Church figures have occasionally intimated. The debate should be facilitated so as to allow the public to decide what is sensible rather than blundering on as if nothing has changed in Irish society since the middle of the last century.

6.7 Educational Responses to Change in Society

It is not just the teaching of Irish and Religion in our schools that needs careful analysis. There needs to be a thoroughgoing consideration of what it is we expect our educational system to achieve and how such objectives are best achieved. The information technology revolution over the last several decades has changed in very fundamental ways the realities of everyday life. Information access, which the most gifted and well resourced scientists and scholars could only dream about a generation ago, is now freely available on the internet to everyone. The key pad and the PC have almost entirely replaced pen and paper as the vehicles for written communication in virtually every workplace. Schools in Ireland can hardly be said to have kept pace. Just as it has always been the expected norm for all children to be able to write with pen and ink when leaving primary school, it should now be expected that they be proficient typists and users of basic information technology applications such as word processors, spread sheets and web browsers. Children in more affluent homes who have ease of access to such technology often develop a remarkable proficiency at a young age. Such opportunities should be afforded to all through the educational system.

The ease of access to information on the web with all the associated issues raised, of provenance, accuracy, bias and understanding, demand that education greatly switch its focus from the traditional acquisition of memorized information to the retrieval, understanding, appraisal and application of information. There is little evidence that secondary education has in any way seriously begun to meet this educational challenge. On the contrary, at a time when rote memory and regurgitation of predigested information was never less appropriate, the

examination system seems to have given a renewed breath of life to such outmoded techniques. Far from a determined focus on the skills of comprehension, application, analysis and synthesis of information so appropriate in an era of information overload, the educational approach appears to emphasise learning-off answers to predictable questions, answers which have been well honed with the teachers assistance, so as to be able to extract maximum marks in a predictable Leaving Certificate examination. This is the route to maximizing the all important CAO points but the skills and limited knowledge acquired in the process have little or no real world application.

Education in content and method must be purposeful. It must be the most adequate preparation possible for the world as it is, equipping learners with a body of knowledge and a range of skills that render them best able to cope with the real demands of life. Education for each person is a finite resource. He or she has only a given amount of time, ability, energy and opportunity to devote to the whole endeavour. This finite resource must be treated with the respect it deserves and every effort made to establish that the education provided is as appropriate as it can be rendered. That there are ample grounds for disagreement about priorities in the purposes of education is no excuse for not reaching an ongoing renewable working consensus on educational purpose. To fail to do so is to leave the whole educational mission rudderless, lacking any clear sense of what it should achieve beyond the circular self-referenced yardstick of achievement in examinations. Once the purposes of education are clear, then it is crucial to sustain an evaluation of educational output benchmarked against those purpose. It is of no value to know that learners are doing well in terminal examinations if such achievements are not demonstrably related to real world demands. It should be a primary mission of the educational sector at all levels in Ireland to validate educational provision in this way. Only in this way can education be made to make its necessary contribution to the wellbeing of society at large.

6.8 The Funding of Third Level Education

In stating the case for universal, communally-provided education at the beginning of this section, reference to the third level was purposefully omitted. The case with respect to universal provision of 'free' higher education is not so clear-cut and the arguments for and against its inclusion need to be considered.

The main objection offered to the inclusion of higher education in communal provision is its weak track record in promoting equity. There is a strong positive correlation between socio-economic background (income and education of parents)

and access to third level education. This is, in the main, not a direct effect of choice but is mediated through the differential educational success of the social classes at second level. In simple terms, students with higher income and better educated parents tend to perform much better on average in the Leaving Certificate Examination and so proceed to third level in far greater proportions. It is accepted that third level qualifications typically result in a considerable income premium for the individual throughout life, though how this varies from qualification to qualification is far from certain. The communal provision of third level education is therefore seen by many as a process wherein the already advantaged are subsidised by the less well-off, adding to rather than ameliorating inequity in society. Viewed from this perspective, there is a case for obliging those who can afford it to pay for their own higher education with those who cannot afford being assisted by means-tested grant provision.

The arguments in favour of incorporating higher education in communal provision include the communal nature of educational consumption, the usual difficulties and inequities associated with means-tested assistance and the degree to which a progressive tax system can be structured so that third level education is, in effect, funded by those who are most likely to benefit directly from it.

The communal consumption argument derives from the fact that education is an investment not only in the individual but in society at large. It is not just those who achieve third level qualifications who benefit but everyone in society. In our technologically advanced world, national development and progress are peculiarly dependent on higher levels of education. Higher education in aggregate is not an optional expenditure like high-powered cars, holidays abroad, or villas in the South of France. It is a necessity like policing, security and health-care and, thus, there is the case that it should, like them, be communally funded. This, however, does not change the reality that those with third level qualifications are especially benefitted and they tend to be those who are already advantaged in society. Would the development needs of society be endangered in any way by requiring those who can afford it to contribute to the costs of higher education?

In the event of a user-pays system in place of communal provision, any degree of equity requires some kind of means-tested grant provision for those who cannot afford to meet the costs. This immediately throws up the exquisitely problematic question of threshold setting. At what level of wealth and income are parents deemed able to pay and to pay how much? The debate about student contribution focuses entirely on the issue of fees – charges levied on the student to defray the cost of providing the course. It should be appreciated that any such fees

proposed constitute only a portion of the overall costs of higher education for the individual, which in total have to include earnings foregone and maintenance costs for the duration. The actual costs of higher education are very significant and, furthermore, they vary enormously dependent on nature, duration and location of course. Science and engineering courses cost a lot more to provide than those in arts and business. It takes much longer to qualify as a doctor than to qualify as a teacher. Students who can reside in the parental home during third level education have much less maintenance costs than those who have to relocate to go to college. Add to this complexity the great variation among those popularly regarded as the professional and middle classes who constitute the sector from which the bulk of third level students derive. Some are in the super-wealthy multi-millionaire category, with vast holdings of property, while others, such as teachers or middle rank civil servants, earn modest enough incomes and are unlikely to have accumulated any significant wealth beyond the family home. Farmers may have quite poor incomes while owning land worth many millions. How is such a variation in circumstances to be fairly assessed with respect to need for grant aid? A further significant obstacle to the fair administration of a means tested system is the varying capacity of parents to conceal income. The black economy, hidden cash income and creative accounting practices all contribute to a widespread concealing of income outside the PAYE net. Means tested grant aid has not surprisingly a long history of unfairness and inadequacy in this context.

There is one additional criticism of parental means-testing for grant aided third level education. At the age of 18, the typical age of higher education commencement, offspring are no longer children in any legal or social sense. Is a system predicated on parental circumstances appropriate? Parents have no legal obligation to fund the third level educational aspirations of their offspring while they in turn do have the right to exercise their own choices. The loan system extant in Australia to be recouped from future earnings addresses this problem but only to an extent. While the loans can be obtained by all with access to third level courses, they can be substituted or repaid by parents with the means and wish to do so. While such loans may seem initially to put rich and poor on an equal footing such equality may be illusory with only the less well-off carrying the burden of those loans on into the future.

The problem of inequity inherent in the communal provision of higher education, which seems to involve the poor subsidizing the rich, may not be as intractable as it appears. Taxation out of which all communal services are funded is not a fixed sum, nor are the mechanisms by which it is levied set in stone. Taxation

can be adjusted to alter the contribution made by different sectors in society. The concern here is that the children of the already well-off are the main beneficiaries of higher education and the desire is to require the better-off to fund the system. This can be achieved quite simply by increasing the tax contributions of the better-off, by in other words, making the income tax system more progressive. Aside entirely from all the other alterations that are needed in our current taxation system, there is no reason why the annual projected cost of third level educational provision on the state can not be determined and a new higher band or bands of income tax set at a rate required to fund the sum determined. The current higher income tax rate can also be increased as necessary.

A potential down-side of all communal financing is the potential for encouraging or allowing waste of resources. This would arise here if unsuited applicants are more likely to pursue third level educational courses when they do not have to pay and if students on courses are less likely to strive to make full use of the opportunities afforded them. This would almost certainly be the case if there were no other method but 'price' to dictate level of consumption. However, higher education, instead of being rationed on the basis of price, should be rationed on the basis of predicted and actual educational performance. The availability of course places in any discipline or specialism should be restricted on a national basis by projected demand in society for such specialists and by estimates of what proportion of the population cohort is likely to have the capacity to benefit from such courses. Attracting students into vocational courses for which there is insufficient demand in the economy is extremely wasteful, as is attracting students onto more general or non-vocational courses where their academic abilities are insufficient for the educational demands involved.

Access to and progress through third level courses must be carefully controlled by academic performance. At present the minimum CAO points' requirement for any third level course descends to an astonishingly low level, indicative of extremely weak academic ability, if demand for places is insufficient. That entry to medical and veterinary training and such courses require a very high CAO tally is purely a function of demand and supply. Should demand fall sufficiently under the present arrangements, the CAO requirements would plummet to levels where it is inconceivable that such individuals would be capable of learning to be a doctor or a vet. Because of tightly restricted places nationwide and unremitting high demand among academically capable students for such courses, this reality has not been faced. It is however faced in many other third level courses and all the evidence suggests that a major consequence is that academic

standards decline as institutional managers, desperate to maintain student numbers, put pressure on academics to demand less of students so that they do not fail and drop out. All of this must change to avoid extreme wastage in third level education. The answer, of course, is not to restrict access by imposing fees but to restrict access by imposing appropriate minimum academic entry requirements. Advancement through courses must also be on the basis of robust academic performance.

The current process whereby a large number of third level institutions compete for the same students in a quasi-free market involves a great deal of waste. It involves much costly marketing and advertising, which if indulged in equally by all results in a zero sum game and which, beyond advising students of available options, contributes nothing to education. This market arrangement also encourages an emphasis on appearance over content, with all kinds of efforts being engaged in to make courses seem attractive. Even more problematic is the extent to which such competition among institutions encourages the debasement of academic standards in an effort to attract and retain students who are increasingly being viewed as customers to be satisfied rather than recipients of an expert service where decisions on content and process cannot possibly be made on an informed basis by students. Education should be regarded as similar in this respect to medical care whereas competition among institutions is rendering it ever more comparable to the retail sector.

To avoid wholesale resource wastage, the current process of competition among third level institutions must be severely restricted. Third level education should be carefully planned on a national and regional basis. The motive to attract the maximum number of students must be eliminated. Courses should be made available on the basis of genuine societal need, not as institutional marketing devices. Access to courses should be restricted to those who are more likely to be able to benefit from them. The primary mission of educational institutions must be to service the social and economic needs of society, not to maximize their own growth and attract the most resources possible irrespective of the impact this has on educational quality, as is currently the case.

All things considered, given the communal nature of educational consumption, the profound difficulties in operating a fair system of grant aid and the possibilities inherent in progressive income taxation, the best solution for higher education is to extend the communal provision generally agreed (though only partially implemented) at the lower levels and allow a progressive taxation system take care of equity considerations. The problems of waste must be addressed

through determining educational provision on the basis of genuine society needs and through restricting access and progress by academic ability rather than ability to pay.

7. Environmental Policy

7.1 The Responsibilities of a Wealthy Developed Society

It is axiomatic that good government would include the necessity to protect and enhance the environment on which the community depends. This, of necessity, includes the global environment comprising the atmosphere, weather, oceans and natural resources requisite for life on the planet as well as the landscape, water, air and resources under direct national control. The global environment can only be protected by an effort of our species as a whole, responsibility for which lies more heavily with the community of richer more developed countries to which we belong and which have collectively contributed most of the damage to our planet's eco system. We must, therefore, as a nation play our rightful part in ensuring that greenhouse gas emissions are stemmed and that present material consumption, much of it wasteful, is not won at the price of a much less clement environment for future generations.

7.2 Factoring the Cost of Protecting the Environment into Commodity Prices

We must demand that our governmental leaders pursue policies that face up to the reality of finite natural resources rather than collude with a populist but ultimately lethal 'head in the sand' psychology. The immense cost of cleaning up after the April 20, 2010, BP oil rig blowout in the Gulf of Mexico cannot escape entering the price of petrol at the pumps for all of us, if the damage done is actually to be reversed. Undoubtedly, the profits of BP and the incomes of all those who collectively own the giant corporation must suffer but it is economic illiteracy to imagine that the real costs of damage to the environment wrought by industrial processes can be addressed without their being factored into the price of products and services. To date, we have had the benefits of industry on the cheap by the simple but unsustainable device of ignoring the mounting costs of environmental damage. We have borrowed, or more accurately thieved, a large percentage of the real price of what we have consumed for the last few hundred years from future generations. This is a mortgage which accumulates daily and which, if not soon

addressed, will be beyond repayment. We must now start to factor the present and future cost of environmental damage into present prices. It is not a policy which Ireland can hope to pursue alone but we must encourage it and be ready to play our part when international agreement is reached.

To lead a population into understanding and accepting the real cost of the material goods it consumes will require government of a hue that is altogether alien to Irish society. It will require an emphasis on the collective and a challenge to selfish individual motives that is not just national but global in emphasis. The damage apparent today in the Gulf of Mexico, in Pakistan or in some other far-off part of the planet will be the damage wrought on us tomorrow if we allow the world to continue as it is.

Only government leaders with the respect and trust of the whole community can gain the cooperation necessary to stem the tide of destruction. Government that is short termist, allied to the interests of the economic elite, that has no understanding of or sympathy for collective national wellbeing, let alone collective global wellbeing, will not and can not rise to the challenge.

Only by fostering a strong appreciation of the collective through the promotion of equity in society can any government lead today's society to make the material sacrifices necessary to ensure the wellbeing of tomorrow's. Government that fosters inequity, materialism and competition cannot at the same time insist that the real price of industrial processes be paid. To do so, it would need to convince the population that it will lose little if no psychological wellbeing in doing with less since the marginal gain from excess consumption is so small. Such an anti-materialist stance is anathema within the political milieu that prevails in Ireland.

While it is true that we all consume far too much and a major shift of emphasis in society away from materialism and towards the social and the spiritual would bring much happiness, political leaders who have always set their sights in the contrary direction cannot be expected to suddenly do a *volte face* or to be believed for a moment if they did. Political policy and political leadership comes as an integrated package. Contrary objectives cannot be effectively pursued. The collectivism inherent in protecting the environment cannot coexist with the competitive individualism that sets its sights against a universal health care and educational system and against all other expressions of equity in society. Only the kind of equity-focused political thinking, envisaged in this document, can hope to

lead a nation away from environmental destruction. Such thinking does not come piecemeal. It comes as a package.

7.3 The National Environment and the Tragedy of the Commons

The same principles apply to the protection of the national as to that of the global environment. A great many of the challenges for protecting the national environment arise within the planning and environmental regulation processes. The state of house building in Ireland serves as a salutary example of the problems that emerge. Many of those problems are understandable within the dilemma known as ‘the tragedy of the commons’.

‘The tragedy of the commons’ takes its title from the ultimate disaster faced by farmers who share common grazing land. It is in the individual interest of each of the commoners to place as much stock as possible on the commons while not investing in any fertilizer. If, however, all the commoners follow this logic, the pasture soon becomes overgrazed, infertile and useless to all. The lesson is that what is beneficial in the short term for the individual may in the longer term be a tragedy for all. If I can buy a site for a house in a peaceful location with a beautiful view, I may be much motivated to acquire it and build my dream home. The same motive applies to a great many others. No sooner am I residing in splendid seclusion than the acre of woodland beside me is felled to make way for two other homes. The process continues until I am living in a transformed and far from secluded and peaceful environment. I am likely to move to another location and begin the process all over again. If the freedom to build remains unregulated, commonality of individual motives leads to the constant undermining of their satisfaction. In the process, the beauty of the natural environment is destroyed; sewage disposal becomes a major problem; dwellings are divorced from work and services, creating traffic with all its attendant problems. Ultimately everyone loses out.

The built environment cannot be constructed following the preferences and motives of individuals in isolation. That is a recipe for the ‘tragedy of the commons.’ Only if we maintain a foolishly short-term and myopically individualist perspective does light-touch regulation in planning seem sensible. While, admittedly, it is questionable as to the extent to which it makes sense to legislate for aesthetics in building, so subjective and whimsical is taste, it is certainly possible to plan in the collective interest with respect to location, purpose and scale.

7.4 The Necessity for a Collectivist Emphasis to Protect the Environment

It is the citizens with more resources, the elite, who will always exert the greatest impact on the environment. In the interests of everyone else but also of the elite, the longer term collective interest must be made to triumph over what are often the ephemeral 'rights' of the individual.

All aspects of environmental protection likewise require long term collectivist emphasis. The manner in which we generate energy and the extent to which we consume it, whether for domestic, commercial, transport or other purposes, cannot safely be left to the whims of the individual. Admittedly the accurate pricing of all commodities and services so as to include the cost of environmental damage, as proposed above, would greatly encourage conservation. The free market is not, however, likely to be enough. A great deal of direct governmental intervention will be required to foster the development of clean energy technologies, to maximize energy efficiency and to extract the greatest possible gains from materials' recycling.

Maximising energy efficiency or, in other words, minimizing waste will require considerable behavioural and attitudinal change. We must learn to live nearer to our places of work, travel less and use much less energy through transport. Efficient, public transport systems must be developed to replace a great proportion of individual car journeys. Cycling and walking must replace short car trips. We must use much less transport in the production, distribution and retail of goods and services. Our current mega-supermarket model for food shopping is extraordinarily demanding on energy. An internet shopping model with home deliveries would be far more efficient. In our homes we must avail of all the technological advances to limit our energy expenditure on heat and power. We must each consume much less materials and resources. Our diet must be altered to minimize the currently enormous environmental impact of animals reared for food. Meat production is approximately three times as energy demanding as crop production. In addition, certain animals, cattle especially, are prodigious producers of methane a much more potent greenhouse gas than carbon dioxide. There is an additional major impact on greenhouse gas production from changes in land use, such as deforestation, to feed the immense number of animals now reared for food. Approximately 30% of the world's land surface is used to rear agricultural animals. A shift to a greater reliance on deriving nutrition directly from plants is essential.

A considerable shift from meat to plant consumption is also essential for another reason altogether. In a world where the population is set to reach a staggering 9.2 billion by 2050 (UN 2006 projection), up from approximately 6.8 billion today, meat is too resource-demanding a food product to sustain such a population. Animals consume much more calories in vegetable matter than they yield up in meat. An acre of fertile land can feed up to 7 times more humans if it is used to produce crops for direct human consumption than if it is used for animal feed with the animals then being eaten. This may well be an underestimate of the difference, in that around 40,000 lbs. of potatoes can be grown annually on an acre of land, whereas the same acre will only yield around 250 lbs. of beef.

Any serious intention to adequately feed a global population of 9.2 billion will require the consumption of more vegetable matter and less meat in the developed countries, a change which, fortunately, nutritionists counsel would have significant health benefits for us all. Lifestyle changes, such as those associated with dietary habits, beneficial though they may be for everyone, will not happen of their own accord. They must be encouraged and facilitated by government policy such as can never be expected from political leaders who operate off the premises that inequity is desirable and that those individuals who can afford should be allowed to consume as they please while ignoring the consequences for collective wellbeing.

8. Crime and Justice Policy

8.1 Inequity and Crime

Crime and anti-social behaviour is to a very considerable extent a product of inequity in society. The more unequally benefits afforded by a given society are distributed, the more crime that can be expected. The mission to minimize inequity is, therefore, also a mission to reduce crime. International and historical experience, however, suggests that despite the best intentioned efforts of any developed society, sufficient inequity will always remain to induce a certain level of crime. A more equitable society would inevitably dampen down the materialistic motivation to cheat, steal and engage in illicit trade so as to grab a slice of the pie at all costs. It would also reduce very significantly the extent to which individuals psychologically compete with others and view them as a threat of one kind or another and in so doing the motive to do violence to others would be greatly curtailed. A cultural move away from competitive materialism would help foster the psychological conditions necessary for more stable family life and fewer unplanned pregnancies which in

turn is productive of better socialized children. It cannot be doubted that a more equitable society would be a more civilized society. Nevertheless, there would still remain individuals who, in one circumstance or another, would commit crime, sometimes serious crime such as homicide. How should society respond?

8.2 Competing Philosophies of Crime

In broad terms, the favoured response to crime in any time or place tends to hinge on attitudes towards free will and, by extension, towards the individualism-collectivism dimension. Where it is assumed that individuals are in control of their own destiny, act rationally to maximize benefit for themselves, choosing deliberately which path to follow, a likewise individualist response to crime is to be expected. The commonest manifestation of this perspective is a punitive approach. It is taken that the criminal should know the consequences of his behaviour and the consequences of harming others should be unpleasant in proportion to the actual harm done. In this way, it is assumed, the would-be criminal, a rational human, is best deterred and a particular sense of expiatory justice is best served. The victim must be assured that his victimizer will suffer as he did. From this logic flow corporal and capital punishment and imprisonment, as punishment, rather than as an opportunity for reform.

The alternative perspective on crime follows the logic that humans have very imperfect control over their actions and that such rational control as there is varies greatly from individual to individual. It is taken that factors beyond individual control, such as genes, birth circumstance and rearing, dictate the likelihood of any individual committing a crime, a view well borne out by survey and statistical analysis. Considerable stress is placed on the degree to which crime follows predictable social and economic patterns. The notion of free will is accordingly afforded much less emphasis and reform rather than punishment features as the core response to crime. This perspective is inescapably collectivist in character in that it is assumed that crime is more a product of society and less a product of the individual. There is, therefore, taken to be a collective responsibility to prevent crime by addressing its causes and to rehabilitate or reform perpetrators who are seen as victims of circumstance as well as those directly hurt by crime.

While societies tend to veer towards either the individualist or the collectivist response, with the USA paradigmatic of the former and European countries, by and large more representative of the latter, the two perspectives coexist in every society. The tension between them presents a significant dilemma. Those who are

victims of crime or who fear becoming victims are understandably angry and wish to see their persecutors punished. At an individual level, we naturally tend to view others interacting with us as responsible for their actions. If they hurt us, it is natural that we feel they are to blame and desire revenge, which is felt to be a restoration of equilibrium. It is our very hunger for equity in our dealings with others that makes us feel dissatisfied until we have seen our victimizers paid back in kind for what they have taken from us, be it our property, sense of bodily integrity, feelings of security or whatever we have lost through the crimes committed upon us.

The natural desire of the victim for vengeance is, however, not without an ameliorating contrary response. We are mostly all well equipped to take into account, at least the immediately tangible, circumstances of our victimizer. If we recognize, for example, that he is in a state of psychosis when committing his crime, we are not likely to wish him punished. Or, if we should know that the perpetrator had been the victim of intolerable neglect and abuse in his upbringing, our thirst for revenge tends to be allayed. It is a natural human impulse to view circumstances as mitigating blame but knowledge and belief act as intervening variables. We must know about the circumstances and we must believe that they do lessen culpability. These are important provisos with significant consequences, addressed further in 8.3 below. The key point, initially, is that there is a kind of natural inclination in the individual both towards the individualist and the collectivist response to crime. The prevailing culture and the nature of discourse about crime throughout society can enhance the credibility and acceptability of either perspective. Which is the more profitable in terms of reducing crime?

8.3 Reducing Crime in Society

Wherever they lie on the punishment-reform dimension, everyone is agreed that prevention is better than cure. If punishment of perpetrators had a clear deterrent effect on would-be criminals, irrespective of all other philosophical or moral considerations, there would be an empirical case for a punitive approach. The weight of evidence, however, is decidedly to the contrary. The ultimate punishment for homicide, judicial execution, has never been shown to be an effective deterrent. Jail, the other standard punishment, does not even deter a great many of those who have already had its experience from offending again when released. The recidivism rate in Ireland is alarmingly high. We should not be surprised at this. If the risk of negative consequences were a real deterrent, young men in Dublin and Limerick would not so readily follow their murdered father's, uncles, cousins and friends along the criminal path that led to their demise.

Given a certain disposition and experience of life, cause and effect are only loosely associated in the mind of the individual. Psychologists tell us that it is the swiftness and certainty of consequences that deter not their severity. Unfortunately, no matter how effective we render policing and apprehension of offenders, consequences will never be swift and sure enough to deter those who have grown up in an environment where the positive and the negative are largely random outcomes over which they have learned to have little personal control. The typical criminal's sense of risk is skewed. He – strikingly it is mostly a he – lives in an egocentric infantile world of the here and now leaving the future to its own devices.

Paradoxically, the threat of punishment probably has a much greater deterrent effect on those who need it least. The very idea of being arrested or even summonsed and appearing in court on a charge has a salutary effect on most ordinary citizens. While, in the main, the average member of the public is law abiding, it is likely that he or she would be less so in the absence of the judicial threat. The chances of losing a driver's license has given many an inebriated individual pause for thought before taking the wheel of a motor car. This depends, however, on the appreciation that the chances of being stopped by the Gardai are, at least, reasonable. There is no doubt that crimes, which are seen as having little chance of detection, seem far more common among the otherwise compliant public. Tax evasion and domestic violence would appear to be two such examples. This suggests a continuing role for punishment – fines and imprisonment – but not the primary role of responding to major crime as is normally assumed. Punishment, though it has its place there as well, has proved to be a very inadequate response. We are likely to experience much more success by addressing the social causes of crime and seeking to genuinely reform existing perpetrators.

Even if the limitations of the punishment orientation in controlling serious crime are accepted by society at large, will not the natural desire to see the guilty pay for their misdemeanours perpetuate the demand for punitive responses? As suggested above, the vengeful reaction is tempered by appreciation of mitigating factors. Only if we regard all criminals as in the same moral circumstances as ourselves will this not be the case. There is an educational role here for society. We must develop a more sophisticated appreciation of the human condition. The vast corpus of psychological and sociological research demonstrating how we are each creatures of our circumstances must be made to impact on public understanding. The notion that we are each possessed of an equal share of conscience and free will, each equally responsible in a moral sense for our actions, simply does not stand up

to scientific scrutiny. It is a myth that perpetuates and in turn is perpetuated by an individualist philosophy of life that is in a host of ways inimical to wellbeing in society.

Anyone paying even superficial attention to the comparison on TV shows between discussion in the US and discussion in Ireland or the UK about those guilty of disturbing crimes cannot but be struck by the contrast between the two sides of the Atlantic. It is no surprise that the death penalty is prevalent in the US and has lapsed for generations in these islands. In the US, the simple dichotomy of good and evil is assumed to have explanatory value. In Ireland and the UK, explanation takes on a much more nuanced and far less vengeful tone, with often ordinary victims or witnesses admitting a lack of understanding as to the make-up and mind-set of the perpetrator but showing no great urge to impose a moral framework. This readiness to accept bewilderment indicates receptiveness to an explanatory model that is likely to be far more productive in the long run than the trite and ultimately circular moral reasoning so readily trotted out in the US. To say that men do evil because they are evil is no explanation at all and excuses us from any examination of the role played by society in producing its evil doers. Fostering the widespread appreciation of a psycho-sociological model of crime throughout society is an important step to enabling the kind of policies likely to achieve the reduction in serious crime that we all desire. Such policies will not in the main flow from an emphasis on punishment.

All of this is not to say that punishment has no role in crime prevention. As suggested above, a genuine risk of suffering negative consequences will deter more ordinary, less habitually crime-prone citizens from breaking the law. There will always be a role for prisons, if for no other reason than to take the more dangerous out of circulation. Prison should be very sparingly used, in that deprivation of liberty is a poor basis for teaching responsibility for one's own behaviour. While imprisonment and loss of liberty will always be punitive to some extent, the prison model should focus on reform. That can not be achieved in large corrals where inmates have nothing to learn but the bad example of others and where drug abuse is rife and may be tacitly accepted as necessary to control a bored, stressed and often depressed population. Prison, in as much as it continues to exist alongside greatly enhanced community based provision, must be an experience that prepares and equips its clients for a responsible lifestyle. It must serve to separate and free them from the influences that led them to that juncture in the first place. Support, control and influence must extend in time and space long beyond the prison gates.

It is out in the community that offenders must adapt to an alternative lifestyle and it is there that they must be primarily supported to do so.

A genuine response to crime with a real chance of success does not come cheaply in the first instance. It is contrary to the short-term superficial thinking that pervades the political milieu in Ireland and requires serious investment so as to win long-term dividends for the community at large. Once again, thinking must be collectivist rather than individualist, requiring a wholesale philosophical change in the way Ireland is governed.

8.4 The Drugs' Problem

It is not possible to consider the issue of serious crime in Ireland without addressing the whole complex web of issues surrounding substance abuse, particularly those substances deemed illegal. Organised crime, the origin of much of our more serious offences, is heavily dependent on the trade in narcotics. Our prisons are significantly populated with repeat offenders who are addicted to substances and, in effect, to the theft and robbery required to feed their habits. Addicts not infrequently get drawn into the drug trade. There is a whole cycle of extra-legal lifestyle, social dysfunction, crime, violence, imprisonment and misery associated with the trade in illegal narcotics. Immense resources have been devoted around the world to fighting the drugs' war with little success. It has proved a Sisyphean task. It is time to seriously reconsider the logic of abolition. It was the abolition of alcohol in 1920s America that led to the rise of the Mafia and to a vast illegal trade in liquor with all its socially corrosive effects. The whole experiment was terminated before long. Should the modern abolitionist experiment be terminated as well?

The logic of ending abolition, not something that one country could easily do alone, depends on the alternative circumstances then created being decidedly advantageous over those currently prevailing. It is simplest to consider the legalisation of all substances. At a stroke, a whole class of crimes would disappear from the statute books, admittedly, to be replaced with some new ones such as trading in drugs without a license. Drugs would be made available through suitably regulated and controlled vendors. There would be quality assurance for the purity and dosage calibration of the substances supplied and proper monitoring and advice with respect to health risks and implications. The insidious underground drug trade and the associated base for organised crime would be eliminated. A whole industry in the manufacture, distribution and retail of substances would be added to the official economy, with regulated employment practices and taxation.

What would be the down-side? The biggest risk would be a considerable increase in the consumption across society of psychoactive substances with a concomitant increase in addiction and associated medical and social costs. The extent to which this would occur is very difficult to predict. There is no doubt that availability increases the consumption of substances and a balance would have to be struck between restriction on access through price, licensing arrangements etc and the risk of continuing the illicit trade. At any given increase in the level of consumption of substances through lawful access, the social problems resulting would certainly not match such an increase occurring under current circumstances. The well healed middle class consumers of cocaine do not rob, assault and live in squalor as a result of their habits. They have the money to purchase their 'fixes' and while they feed organized crime through their purchases they otherwise do not become social problems themselves. They may well develop a variety of medical and social problems however, the cost of which to society would have to be put against the savings when considering legalisation.

Precisely what level of threat to public health at large is occasioned by narcotics such as heroin, cocaine, ecstasy, marijuana etc is not easy to quantify because at present the consequences of their consumption is so tied up with their illegal status. Certainly, many of the adverse health consequences associated with addiction among the urban poor, where the problems loom largest, has much to do with illegality. The more obvious risks to mortality are crime related and high risk practices like sharing needles and failing to seek medical help when health is threatened. Legalisation would greatly ameliorate such risks.

The popular bleak image of drug use, as in the wild eyed, emaciated heroin addict cruising the slums in pursuit of an opportunity to rob or steal the price of his next fix, is very much a product of inequity. It is a vision like that of Hogarth's painting 'Gin Lane,' which in its day portrayed a similar picture of substance induced dissolution and decadence, but which was also a product of inequity more than of gin. Plenty of strong spirits were consumed by the middle and upper classes in London in the nineteenth century which generated no apocalyptic vision like Hogarth's. It is the misleading association of disturbing social dislocation with substance abuse which should more rightly be associated with inequity that acts as a serious obstacle to legalization.

There is a widely shared view among the better-off in society that drugs might visit the privations of the inner cities on their sons and daughters too. Better to leave it to the police, the courts and the jails to keep drugs among the lower classes through prohibition rather than risk the whole malaise spreading into 'nice'

neighbourhoods. This, of course, is all based on a myth. Drug consumption is rife in all kinds of middle income and wealthy neighbourhoods right across Ireland but employment, money, education, discipline and social convention keep it under control and under wraps. Substance use or abuse (when use causes harm) do not manifest similarly in all circumstances. It is the already deprived who suffer the really adverse consequences and, particularly, when drugs are the gateway to the illegal criminal underworld, a world which their marginal economic position bring them cheek by jowl with, in any event.

It is the duty of responsible government to recognise failed policies. The war on drugs has failed and will continue to do so. A radical alternative perspective is essential. It is time to begin the process of investigating the advantages of lifting prohibition. Undoubtedly a level of health and social problems would be caused where they might not otherwise exist. Criminals, deprived of their lucrative trade in illegal narcotics will seek out other illegal means to enrich themselves, though few opportunities as lucrative, as insidious, or as made to measure for crime obviously present. It is possible that an open and considered debate might well conclude that the risks of lifting prohibition are too great. It is also possible that there are acceptable measures as yet untried for curbing the drugs trade. The concept of a cashless economy, discussed in Appendix 2, below may have promise. The key point is that, as with so many other failed policies we must not continue to pursue courses of action without open debate and analysis. Good governance in Ireland requires that we commence a national debate on the wisdom of continuing our prohibitionist policies towards narcotics.

9. Economic Development Policy

9.1 Maintaining the Distinction between the Economy and Society

The economy refers to the means through which material resources are exploited to create goods and services, how those goods and services are traded to create wealth and how wealth is circulated throughout society. There is no clear delineation between the economy and society at large and the former must be seen as a subset of and subservient to the latter.

When we speak of ‘society’ as in the phrase ‘Irish society,’ we are talking about all the people who live in Ireland and all the social mechanism they have for regulating their interactions with each other. Economic interactions are clearly an

important subset of all interactions but by no means the total or even the most important interactions. Economic factors impinge on how we choose partners in life, how we interact with our families, what we choose to do to earn a living, what political policies we favour, what standard of education we have and how healthy or unhealthy a life-style we lead. Economic factors are never the only influences on behaviour and interaction, however, and it is crucial that we maintain a balanced perspective on the relationship between the economy and all the other dynamics of which society consists.

There is a frequent unspoken assumption underpinning the formulation of and debate about political policy that our economy and our society are one and the same or that, if separate, the latter is subservient to the former. We must be ever vigilant for such thinking and ready to combat this kind of misconceived materialism.

9.2 The Function of the Economy

The function of the economy is as an enabler. It is a servant of society and must always be seen as such. It should ideally enable us to collectively achieve those objectives which we deem essential or desirable. It is not the function of society to maximize the output of the economy, as the dominant political ethos assumes. At a basic level, the economy should provide for all those born in the country, something that traditionally the Irish economy singularly failed to do. In practice, this requires the generation of sufficient jobs, through the production of goods and services as to sustain something close to full employment. Immediately, two important questions arise. What is 'full-employment' and how lucrative does such employment need to be? The answers will take us back to the all important issue of equity. It is useful to consider the latter question initially.

9.3 How high do Incomes need to be and what is 'Full-Employment'?

The income anyone requires is decided partly by what that income will buy and partly by what he or she wishes to buy. This is self evident but worth stating so that we can be clear about the need for income. If the prices of goods and services are high, then more income will be needed to maintain any given level of lifestyle. Lower prices allow people to do with less income. Beyond a certain level, what anyone wishes to buy tends in general to be a function of what others are buying. If others have a big car, then a big car becomes more desirable. If they have a holiday home, then the desire for a holiday home is likely to grow.

The twin factors of price and desire to buy exist in a complex interrelationship. Greater desire for goods tends to drive up their price if there is any limitation on supply, which there always is, to one extent or another. Housing is a prime example of this dynamic. On the other hand, high prices may dampen desire when people accept that goods are beyond their reach, whereas, lower prices may create populous new markets for previously restricted goods.

Full employment refers to the availability of employment for all those who want or need a job. It does not mean employment for all adults who are able to work. A significant proportion of women, for example, remain outside the labour force at any one time – typically supported by partners who are in employment. Whether such women remain outside the labour force is heavily influenced by whether they can or cannot afford to do so. If the family can survive adequately on one income, then they may choose not to take up employment. Of course, this is once more a function of perceptions about adequacy – what is viewed as necessary to buy.

The key point about all this is that it is not enough to say that the economy must provide full employment. What exactly this means depends ultimately on what collectively are the material demands of the population as a whole. That is why it is foolish to think of the economy first and the other dynamics of society second. What we need the economy to deliver depends on what kind of lifestyle we collectively wish to have and, particularly, on how materialist we insist on being.

9.4 Materialism and the Limitations of Economic Growth

If we demand ever better cars, bigger houses, more elaborate furnishings and holidays in more distant exotic locations, then we are at the same time making demands for continuous economic growth. Nothing can grow inexorably. Any suggestion to the contrary is a myth, to which the recent precipitous collapse of the Irish property market ought to amply attest. In the longer run, the general secular trend of global economic growth, which has been sustained since the industrial revolution will prove unsustainable in the face of resource depletion, world population growth and environmental damage. Ever more and more material consumption is not a basis for planning our futures.

If on the other hand, we collectively curtail our material demands and focus instead on the non material - leisure time, quality of social interactions, intellectual and spiritual development –we can charge our economy with an achievable task. As always, this will require a more equitable distribution of benefits: of employment access and of the income it generates, in this case. A more equitable approach to

income distribution is needed in the first instance to help forestall the competitive impulse that drives materialism. A more equitable approach to income distribution is required also to enable all rather than the few to benefit sufficiently from the economy.

We need to first decide as a society what are our priorities and then harness the economy to serve them. If we are realistic and judicious in our choices we should achieve a sustainable future, maximizing benefit and happiness for all. If we are foolish, we will create a society where dissatisfaction and unhappiness is rife not only among those who are deprived but even among those who are the economic winners. Inequity breeds discontent for all and ultimately undermines stability for all. Moreover, the materialist drive for ceaseless economic growth and ever greater consumption is a sure route to disaster in the longer run when the material resources of the world can no longer feed the insatiable appetite of its rapidly burgeoning consumer population. This issue has been addressed in more detail at 8.4 above.

9.5 Focus of Government Policy on Equity rather than Growth

Government policy in a democracy is the surest way for the collective will to prevail. Up to now we have largely accepted policies built on the primacy of the material, the acceptance of growing inequity and the illusion of unceasing growth. It is expressed through our taxation system, attitude to public service and the encouragement of ever greater income disparities. We can choose an alternative vision, where the taxation system and the provision of public services is designed to promote equity, where nothing done by government encourages materialistic excess and where all policy is targeted in the first instance at general collective wellbeing and only secondarily at wealth creation. Through the application of such policies societal mores, expectations and culture would follow suit. We would fall less into the self-defeating trap of materialism and adopt more communal and pro-social attitudes, coming to regard each other as interdependent allies rather than sources of competition and envy.

With a more sustainable sense of what we desire from our economy it should be easier to rationally plan for its delivery. The cycles of boom and burst which seem inevitable in the international capitalist system could be domestically managed to help smooth the graph. Excesses of wealth created during the boom cycles could be stored up and fed back into the economy during international recessions. This proves politically impossible in a system dedicated to constant growth and ever increasing expectations. When stability and sufficiency are valued

over growth and surfeit, such judicious balancing policies become normal. Dangerous overheating and bubble tendencies can also be dampened down in a timely fashion, something the greed inherent in the current vision of our economy prevents.

A more collectivist culture will allow for the application of appropriate regulatory controls on industry and commerce, the kind of interventions that would not or could not be engaged in to forestall the banking crisis because the overwhelmingly individualist culture allowed a small coterie of powerful individuals such scope to behave as they pleased, even to the point of undermining the whole economy. A comprehensive system of regulatory control over key elements of the economy is essential. This system must at all times be protected from capture by the agencies under regulation. Regulators must be maintained at arms-length from those they regulate with every effort made to sustain the appropriate relationship between the two. Regulators must also be protected from any kind of political interference that may undermine their capacity to discharge their duties without fear or favour.

9.6 Novel Risks in the Irish Economy

A novel and problematic characteristic of the Irish economy is the extent of wealth that has been advanced by the state to the financial sector, both in recapitalizing various banks and in assuming the risk associated with the vast body of now non-performing loans extended recklessly by the financial sector to property developers during the boom. This enormous advance of capital must at all times and under all future circumstances be regarded as a commercial loan which the state must recover with interest. In effect the financial institutions supported are heavily mortgaged to the state and they must be made to repay those mortgages by one mechanism or another.

Should current arrangements put in place to recover the capital extended by the state fail at any time, alternative arrangements must be introduced. If, for example, the price paid by NAMA to the banks for the non-functioning loans should prove excessive and the state owned NAMA should lose money, then the financial institutions should be taxed or levied in the long term until the losses are recovered. If the level of indebtedness of the banks to the state should render them incapable of functioning due, for example, to the hesitancy of the financial markets to extend such indebted institutions credit, then, if necessary, the banks should be nationalized.

There is a strong body of expert opinion which holds that in addition to Anglo Irish Bank, several more financial institutions should already have been nationalized. There is considerable doubt also about the wisdom of NAMA. These are technical financial matters on which opinions differ as to what is the best strategy. Irrespective of the precise mechanism by which it is done, the key thing is that government pursues a policy with one overriding objective. That is to ensure that under no circumstances are the enormous losses and risks incurred by the financial and property development sectors absorbed in the long term by the ordinary tax payer. That would amount to an extraordinary transfer of wealth from the less well-off to the elite.

It may well prove impossible to achieve this objective, except over a long period of time, but ultimately the elite, who would have profited immensely if the whole speculative enterprise had continued to flourish and who did profit immensely while the bubble endured, must be made to pay the full cost of the whole debacle. Only the very naive would trust the current political milieu to pursue such a policy. As with all key political policy decisions which this country faces, the critical factor is commitment to the principle of equity. Nothing in the track record of the dominant political parties or the lesser ones with which they have formed coalitions of expediency suggests any such commitment.

Only if the nation demands political representation that is committed to equity in every other way as described in this paper is there any chance that the enormous extension of capital to the financial sector will not ultimately represent an unprecedented transfer of wealth from the poor to the rich.

9.7 Improving Competitiveness

It is a regular mantra of the business community that Ireland has rendered itself uncompetitive. This statement is generally followed by calls for wage cuts or wage restraint, a view which, not unsurprisingly, finds immediate favour with the political classes. It is very difficult not to immediately dismiss such rhetoric out of hand knowing the self-serving hypocritical attitudes of most business and political leaders. Those who make such calls are the same individuals who have conspired to ensure that the 'elite' sector to which they belong are by far the biggest offenders in terms of excessive pay and have no intention whatsoever of accepting cuts for themselves. The restraint is meant to apply to the ordinary worker, not to the elite.

Could, however, the idea of 'income restraint' in a more general and equitable sense have some merit in fostering economic recovery? If every individual actively engaged in economic activity accepted a cut in income, it would have the immediate

effect of reducing prices of all goods and services produced within the economy. There is no question that this would indeed stimulate economic growth in that our exports would be cheaper, increasing demand. Imported goods would be relatively more expensive, encouraging their replacement by Irish products. The lower prices for goods and services would offset the impact of the lower income to a significant extent and the increase in economic activity would redound to the benefit of all.

Once again it is the issue of inequity that presents the obstacle. The proposal only works if applied fairly to all. It only works if it applies equivalently to those who are self-employed and to those who are employed by others. It must also apply to those who derive their income from capital investment rather than through employment. Whether such equity can be achieved is the question. For the sake of simplicity, let's imagine that the objective is that everyone should take a 5% income cut. It is technically easy to organize that for all those in the PAYE sector. It would simply involve employers reducing the wages and salaries of their employees. The difficulty arises when we address the circumstances of the self-employed and business owners. To the extent that the self-employed draw an income from the profits of their businesses, it might be possible to envisage their being obliged to reduce that by 5%. What then happens that 5%. If it is not drawn down as income it remains within the business adding to its capital value. This amounts to a saving or investment for the individual available to be drawn down as income in the future. This arrangement incurs no cost at all on business owners. Only if they can be made to forego the 5% and pass the benefits of it on to the economy or the community at large is the situation equitable.

It is possible to envisage the taxation system being employed to extract the 5% from business owners. If a special 5% increase in income tax for the self-employed was implemented, together with a 5% increase in capital gains tax, this group might be made to contribute in the same way as employees of all kinds. Of course, capital gains taxes only apply when the capital is traded for cash, so the additional 5% would have to be sustained for a long time. Otherwise, all business owners would have to do, is let their capital sit, and wait out the end of the whole arrangement. An alternative might be some form of increased wealth tax in lieu of the capital gains approach so as to avoid having to wait until the capital is disposed of to gain the contribution.

The idea of income cuts has merit in principle as a device to stimulate economic recovery. The 'wage cut' or 'wage restraint' version regularly proposed by business leaders and their political friends is not the same thing. That is simply a device to have ordinary employees take the pain while business owners and their

elite coterie of top employees derive the gain. Ensuring that everyone makes a fair contribution, in the way public servants have already been forced to do, is not something that the present political classes have even thought of engaging with. Such a policy might in principle be pursued but only by a political leadership committed to an equitable vision of society. It is, however, the alternative that should be proposed immediately whenever there are calls for wage cuts or restraint.

10. Taxation Policy

10.1 A History of Promoting Inequity

This topic deserves a very detailed analysis designed to illustrate how taxation policy in Ireland is now and has always been designed to protect the better-off from paying their rightful share towards the wellbeing of society at large. It is a system calculated to ensure that equity is not promoted. Such an analysis should be the subject of a future paper from the KPSWA in its campaign to promote good governance and equity in Ireland. Consideration of the detail of the taxation mechanisms and an account of the relevant figures is beyond the scope of this document. Instead, the key general principles of a fair and adequate taxation system will be enunciated.

10.2 A Mechanism for Reordering Priorities

An adequate taxation system must, in the first instance, reliably transfer from private to public expenditure sufficient funds each year to support the communal benefits described above. Precisely how high a level of communal services, is a function of the level of wealth created in the state and of the proportion of that wealth that is deemed appropriate to transfer from private to public expenditure.

Transfer from private to public expenditure must never be considered a cost. It must be seen as an ordering of priorities. If, for example, a higher priority is given to communal health care, communal education and the social security net with the transfer adjusted accordingly, then, perforce, that is a decision to lower the priority of private expenditure, such as on motor cars, electronics, houses and holidays. There is no net financial loss or gain to the collective, to the Irish population as a whole. There is, however, an inevitable redistribution of benefit within the population towards the creation of greater equity.

10.3 The Impact of Taxation on Collective and Individual Benefit

It is not at all simple to estimate the level of transfer of benefit achieved through taxation in that money and benefit cannot be directly equated. To the wealthy, the luxury-benefits foregone in private expenditure at a given level of taxation exert much less a restraint on their wellbeing than the wellbeing improvement to the unemployed or the elderly through the same sum of money transferred in social welfare. The reality of diminishing marginal returns of increasing wealth ensures this outcome. In addition, when resources are transferred from private to public expenditure, benefits are regained by the tax payer in the form of communal services such as health care, education, policing and security. The overall beneficial transformation wrought in society through greater equity has also to be factored in. This represents a gain for both the rich and the poor. Less crime, better education, better public health, a generally pleasanter physical and social environment, less inter personal competition and envy together add up to improvements in wellbeing for all. The better-off cannot purchase such benefits through private expenditure.

When the nature of true benefit, as opposed to material wealth, is appreciated, everyone gains through a significant transfer of wealth from private to public expenditure. This will be true to a level of transfer much greater than that which currently prevails or has ever prevailed in Ireland. Precisely what transfer target should be aimed for is a function of the level of public services that we desire. Approximations might be reached by considering current high-transfer, more equitable societies such as Denmark and Sweden. If they can operate successful market economies with such a high level of transfer, there is absolutely no reason why we can not. Our aim of course should be to improve on the Scandinavian model and achieve greater equity.

10.4 The Relationship between Taxation and Economic Success

The economic success of high taxation countries such as Sweden and Denmark demonstrates the vacuity of the argument mounted by those who oppose equity in society, that a high tax-take undermines economic activity. If that were so, Portugal would be the richest country in Europe and Denmark and Sweden two of the poorest. The reality is very much the reverse. The notion that taxation undermines economic activity is based on a doubtless deliberate misrepresentation of tax and public services as cost on the economy. They are not, of course, costs. Wealth is simply transferred from one use to another. Through the fact that in Ireland much private expenditure is lost to the economy in imports and most public services must be provided within the country, there is likely to be a net economic

gain in the transfer. Jobs manufacturing motor cars in Japan, Germany and France are instead generated in health care and education in Ireland.

It suits those who wish to discourage equity in society to construe the manufacture and sale of cars or the provision of air transport as productive activities, part of the 'real economy,' while representing education and health care as a cost on the real economy. Arguments following this logic are frequently swallowed by the public at large despite the fact that even a cursory examination will demonstrate their vacuity. Cars and air-travel are products which we, as a society, purchase and pay for, as are education and health care. They all give us some level of utility or benefit both at the individual and the collective level. They all generate organisations dedicated to their provision, which generate employment, which in turn generate taxes to pay for public services, which, of course, are essential to enable private enterprise to flourish. The crucial difference between the two classes of activity is that the providers of cars and air-travel tend to be privately owned and generate profits directly for those with wealth to invest. Education and health care tend more often to be publicly owned and therefore the wealthy are unlikely to profit directly from them. Of course, if they were privatized, as they both are to some extent in Ireland, the situation would be entirely different and no arguments about them being a cost on the economy would be heard.

At the level of society at large and for the vast majority of the population, the order of priority is hardly to be doubted. A major cut-back in expenditure on cars and air travel could be far more easily absorbed without serious damage to overall wellbeing than could a major reduction in expenditure on education and health-care. The priority order for those with wealth to invest seeking a profit is different to that of the vast majority, however. Cars and air transport, being in the private sector offer investment opportunities, the chance to directly increase personal wealth whereas education and health care, unless privatized, represent no such personal opportunities. Instead, they are myopically seen by the rich as costs they have to privately bear through their taxes, forgetting of course that they themselves and their business interests benefit from a generally healthier and educated population.

10.5 Progressive Taxation

In addition to its achieving sufficient transfer from private to public expenditure, a second prerequisite for an acceptable taxation system is that it be sufficiently progressive. In this context, 'progressive' implies no value judgment but instead refers to a system where a progressively higher percentage of tax is taken

as the base being taxed increases. This most typically applies to income tax but can be applied to other taxes also. A flat rate of income tax, one where say all income is taxed at 30%, would not be a 'progressive' approach. A system where the first €40,000 is charged at 25% and all else at 40% would be progressive to an extent. It would mean that those with lower incomes (up to €40,000) would pay a significantly lower proportion of their income in tax than those with much higher incomes. In this example, a person earning €40,000 would pay 25% of his or her income (€10,000) in tax while a person earning €100,000 would pay 34% of his or her income in tax (25% of €40,000 + 40% of €60,000 = €34,000). For the sake of simplicity, tax free allowances are not included here. They deserve attention because they can seriously distort the progressive nature of taxation and will be discussed below at 10.7.

More progressive systems involve more tax bands with ever higher rates. At some point a situation of diminishing returns may be reached. If for example, over say €300,000 all income was taxed at 95%, there would be little or no financial incentive for anyone to earn above that level. Whether that would be a good or a bad thing is a matter of debate, but it cannot be doubted that the incentive to make more money can be undermined by very high income tax rates. The logic of the progressive system is that those who earn more can better afford to do without a greater proportion of their larger earnings without such a noticeable loss of personal benefit. This is unquestionably the case, as discussed at various points above. There is a diminishing marginal gain in terms of wellbeing as private expenditure grows.

The same progressive principle can be applied to wealth and expenditure taxes as well. A progressive scale of tax can be levied, for example, on the market value of domestic property or inheritances can be taxed at increasing rates as the value of the inheritance increases. The progressive element in expenditure taxes is likely to be somewhat more complex, based not so much on the amount of expenditure as on its nature or purpose. Typically higher percentages are levied on more luxury items. On high value items such as motor cars, it is possible to have a progressive system analogous to income tax, where as the price of the car rises, the rate rises as well at certain thresholds. Thus, a higher proportion of the price of an expensive executive class car will be paid in tax than in the case of an ordinary family car. To promote equity, the progressive basis of expenditure taxes needs to be carefully calibrated. The proportion of income spent on different commodities by those of different income levels varies greatly. For example, the less well-off spend a far higher proportion of income on basic necessities such as food, electricity and clothing than do the wealthy. Taxes on such commodities and services are regressive, demanding proportionately more from those who can least afford it.

How progressive the taxation system should be is a matter of judgment. Much more than is currently the case, is certainly a necessity. Again, comparisons with other more equitable countries should be informative.

10.6 Broadly Based Tax Collection

A third requirement of an effective taxation system is that it be sufficiently broadly based. Every taxation approach, income, expenditure, property, inheritance, corporation, capital gains and so on has advantages and disadvantages. They may have undesirable effects on behaviour; they may be evaded to differing extents; they may be, in some sense, unfair to certain individuals or groups; they may impact adversely on economic activities and their capacity to return a yield may vary from time to time.

It is desirable that a broad-based package of taxation measures be employed. In this way, since the eggs are distributed over several baskets, the consequences of something going awry in one are minimized. It is a distribution of risk approach, required since the precise impact of any tax is uncertain. A different weighting across the various approaches will be needed from time to time as economic, demographic and social circumstances change. Whatever approaches are used and whatever their respective weightings, the package should at all times be evaluated against the progressive principle and against its contribution to equity in society.

10.7 Transparency and Avoidance of Distorting Effects

A fourth characteristic of effective taxation is that it be transparent and not subject to or the cause of unintended distorting effects. Complex, Byzantine systems disallow the ordinary citizen, the voter, from being able to evaluate the true manner of governance. The taxation system is a core feature of governance and in a functioning democracy it should not take the skills of a specialist accountant to gain an accurate insight into how the transfer from private to public expenditure is being effected.

Arcane systems offer a cloak behind which dishonesty and all kinds of subterfuge can flourish. The more complex the system, the more it offers opportunity for those who can pay for the requisite insights, to use the system to their advantage in ways of which the public would not approve. The use in Ireland of a raft of tax allowances offers a perfect example. That they can be used to enable those with very large incomes to pay little or no income tax is an affront to democracy. The Irish Times on August 28, 2010 reported that close to 4,000 of those who earned over 100,000 in 2007 paid no tax at all. Most of them were company

directors. It also reported that, in 2008, those who earned over 500,000 paid on average just under 20% of that income in tax. This was possible because of a variety of tax breaks, which the very wealthy could avail of. The manner in which such tax breaks can distort economic activity is also a major concern. There is no doubt that a variety of extremely lucrative provisions of this nature did much to fuel the property bubble in Ireland, which on its inevitable explosion brought the whole economy crashing down.

The case for allowances has to do with, on the one hand, taking account of the varying circumstances of different groups of individuals and, on the other, the encouragement of activity that is seen as in the common good. These are laudable objectives in themselves but it should be explored very carefully how much those ends are actually achieved and if the same ends might not better be achieved by other means. Tax allowances, like grants, can have unforeseen effects. It may well be the case, for example, that the tax free allowance for private health insurance by reducing the most visible cost of health care for a large proportion of the population is simply enabling the continuance of an inequitable and inadequate two tier system of care in place of a universal communal health care system. The same may be said for medical expenditure allowances. Doubtless, that may have been the intention of those allowances, to help perpetuate the current inequitable system, but whether it is one with which an informed electorate would agree is a matter of question. Mortgage repayment allowances, as with first time purchaser grants, very likely result in higher house prices. The benefits go to the property developer and to the builder not to the recipient. Again that may well have been the real intention of the allowances but it is hardly one the house buyer would vote for.

Some allowances and exemptions, as with some grant payments, may be permissible. Great efforts should be made to establish who the real beneficiaries are and whether the unintended effects outweigh the advantages in each case.

10.8 Elimination of Tax Evasion and Full Collection

A final crucial prerequisite of an acceptable taxation system is that the taxes due be collected in full. Tax evasion is a blight on society, the deleterious effects of which go far beyond the loss in tax revenue. Tax evasion distorts the whole political and governmental system. To the extent that it exists, it means that what is officially true about Irish society and what is actually true are at a divergence. Since income identified for taxation purposes is the only basis we have to establish the degree of income disparities across society, tax evasion results in the official figures being underestimated. Only when all income is traceable can we establish just how

inequitable our society actually is. Until then, the formulation of all public policy that has any bearing on the distribution of wealth in society is predicated on a partial myth.

The opportunity to evade tax by any sizable proportion of the population distorts the democratic process. If, according to government policy, income tax is charged at $x\%$ on all income and that is what all those in the PAYE net will end up paying but, due to opportunities to avoid declaring income, large sections of the self employed sector pay a much reduced rate, the two sectors are in effect lending their political support to an entirely different tax regime. We have all seen the extent to which even the most senior politicians have engaged in tax evasion. It should be appreciated that their sin was not only to have used the opportunities for such evasion but to have created and perpetuated them in the first place. It would be extremely naive to think that politicians willing to break the law in this way were not complicit in ensuring that such opportunities existed and in failing to take the steps necessary to foreclose on them.

Opportunities for tax evasion are in every way contrary to the promotion of equity and the associated emphasis on collective wellbeing. They exemplify and promote the myopic individualist thinking that has given us such bad governance in Ireland. Every effort must be made to close them down.

So important is it to prevent tax evasion that collective wellbeing must be appreciated as outweighing any consideration of rights to individual privacy. The tax authorities must, without difficulty, be able to assess the income and wealth of every citizen in the state. At present this relies on a system of spot checks or audits. The more thorough and the more frequent such audits occur, the fewer individuals who will feel safe in concealing income. To this end the Tax Commission must be funded and staffed to an optimum degree. This point will be reached when additional and more thorough audits are for a significant period shown to uncover little or no further unpaid taxes. The penalties for tax evasion must also be sufficiently severe and certain. Unlike habitual criminals in the urban sink-estates, a high proportion of would-be tax evaders are likely to be sensitive to the prospect of punishment. By and large, the self employed are rational individuals who weigh up risk as best they can and seek to maximize their longer term benefit. Their horizons extend well beyond the immediate.

By the same token, if the self-employed can conceal income without any reasonable chance of it being traced, then many may be expected to do just that, as equally would many from the PAYE sector given a similar opportunity. This is the

great problem about the cash economy. The self employed receive a great deal of income as cash in transactions which need leave no trace whatsoever, in contrast to payment by cheque or by electronic means. The absence of any indelible evidence that money has changed hands is an insuperable obstacle to enforcing full income disclosure. How can taxation auditors even come to suspect that the doctor, carpenter, solicitor or plumber has received additional income in cash beyond that declared. It will appear in no bank statement or other account of financial transactions. It will have been received in cash for unrecorded services and spent likewise as cash.

Admittedly, if the individual indulges in income concealment to an excessive extent, it should be possible to detect evidence in the inevitable discrepancy between income and expenditure or in the peculiarly meager level of income disclosed. This requires a concerted effort on the part of the tax auditors to discover the true nature of tax payers' expenditure and such expenditure can be well concealed again by a variety of simple devices. The discrepancy is likely to be evident in only the more egregious cases of concealment. Most cases are not likely to be so extreme as to attract too much attention but, nonetheless, involve the non taxation of significant percentages of income. The more progressive the tax system is and the higher the marginal rate of income tax, the more rewarding such income concealment becomes and the more urgent becomes the need to render this impossible.

The ultimate solution to income traceability would appear to necessitate the elimination of cash from the economy with all payments being made by electronic means. This proposal is discussed in detail at Appendix 2 below.

11. The Citizen as Producer versus the Citizen as Consumer

11.1 The Focus on the Citizen as Consumer

It may be something of a tautology to point out that in a materialistic consumerist society, emphasis on wellbeing is significantly skewed towards the individual in the role of consumer. It is worth pursuing the impact of this emphasis, however. It focuses attention on the availability of goods and services, on their quality and on their price and on the satisfaction thereby obtained. More choice and easier access to commodities are taken to be unequivocally positive, as are lower

prices. So ubiquitous are such assumptions in Irish society that any alternative perspective is not easy to grasp. Despite that, few individuals are likely to define themselves in terms of their consumption. Most are far more likely to define their self-image in terms of their role as producer. In seeking to gain an insight into the life of others, we are much more likely to ask what they do for a living, than what they spend their income on or what brand preferences they have. Most of us spend more time consciously in our role as producer than we do in any other, with the possible exception of parenting, which is also a producer role.

For most of us, our producer role is that which enables our consumption and any difficulties or threats in the work sphere has an immediate deleterious impact on all other aspects of life. If we are unhappy at work, we are far from happy consumers. This is easily appreciated when we consider the psychological impact of employment insecurity.

11.2 Cheap Consumption at the Price of Poor Employment

Most people readily appreciate the impact of a happy work life, yet often fail to see the connection between the quality of working life and consumer benefits such as lower prices. Prices of virtually all commodities can be reduced by reducing labour costs. It is this that fuels the relentless flight of capital around the world in search of the cheapest labour market, the country in which the workforce is willing to work hardest for the least recompense. The reduction of labour costs is achieved by mechanization, labour force downsizing, insecurity of employment, longer working hours, shorter holidays, greater geographical mobility, lower standards of health and safety protection, lower wages and related benefits such as pensions, sick-pay and rights to maternity leave.

While lower commodity costs can also be achieved by a variety of other interventions such as greater technological efficiency, those producers who capitalize on such interventions while also lowering labour costs in the ways described above can sell their wares even more cheaply. Without any countervailing pressure, the logic of the international capitalist system is to reduce labour costs to the lowest possible. The cost of lower prices for the consumer is paid for by poorer working conditions for the producer. Paradoxically, they are in the end the same group of people. We are mostly all both producers and consumers.

Were it not for trade unions and other organized efforts to protect conditions of employment through statutory mechanisms, the working conditions of all would have remained at the intolerable level normal in the 19th century. The lowest common denominator would apply everywhere.

Because of the competitive logic of the capitalist system, pay and conditions of employment are always and everywhere under threat. Collectively, we must remain ever conscious of the trade-off between our roles as producer and that of consumer. The materialist demand for more and cheaper goods, for ever more consumption, is also a demand for poorer pay and conditions of employment. Of course, poorer pay means less ability to consume. This is the double whammy of unfairness delivered by an unrestrained capitalist system. Not only does the majority lose out in terms of a harsher, more stressful and less secure working life but they lose out also, through poorer pay, in being able to reap the consumer benefits. The benefits accrue to a minority at the top, the business owners and the managers and technologists that they need to keep on side to make the system work.

11.3 Balance between Role of Producer and Role of Consumer

There is an alternative, which is to balance out in society the emphasis on the role of consumer with an equal emphasis on the role of producer. Collectively, through trade unions and through the democratic representatives we elect to govern the nation, we must insist on policies that improve the quality and security of employment. We must be ever aware that economic growth achieved at the cost of employment conditions is a poor trade, particularly when we know that the benefits of growth are distributed so disproportionately in society.

Of course, the elite minority whose financial interests are served by growth, that same minority controlling the dominant political parties in Ireland and large sections of the media, will always seek to represent their interests as for the good of all. They will naturally represent lower wages, insecure employment and poorer working conditions as necessary and inevitable, as required to meet international competition. Such arguments must be dismissed as self-serving propaganda. There is always a choice and if it is between secure and well paid employment, on the one hand, and ever cheaper consumer goods, on the other, the doubtful benefits of which accrue heavily to a minority, then, from the perspective of wellbeing, the choice is clear. Better a decent job that will not disappear overnight than cheap travel or more electronic gadgetry.

12. The Role of Charity in Society

12.1 The Meaning of 'Charity'

The word ‘charity’ has two connotations. It refers to the voluntary giving by those who have to those who have not without expectation of recompense. It has by a process of extension also come to refer to agencies or organizations that operate on not-for profit basis, even when such agencies are partly or wholly funded by the state through taxation. In Ireland a wide variety of such agencies, frequently of religious origin, provide a range of communal services on behalf of the state.

12.2 Charity is Contrary to Equity

The concept of ‘charity’ in either sense is problematic from the perspective of fostering equity in society. ‘Charity,’ as in voluntarily giving to or doing good for others should never be the basis for seeking to foster equality of access to essential benefits. Anything that is required for the individual to live a life of dignity should accrue automatically from their presence in society. It should emerge from the redistributive taxation and public-service processes. Charity or voluntary giving should be limited to extras or luxuries over and above the essentials. Computers for schools, if required for educational delivery, CT scans for hospitals, if necessary for health care, and essential services for the disabled, should be funded entirely from the public purse. The distinction between what is essential and what is not, though never possible to distinguish definitively, must be carefully considered when it is proposed to engaged in charitable funding. If such funding should intrude into the provision of necessities, there is a grave danger that public finance will be withdrawn or withheld.

12.3 The Limited Role of Charitable or Non-Profit Agencies

As for charitable institutions providing public services funded by the state, the danger here is that such an approach implies and enables a lack of proper public commitment to the provision of those services. It is easier to underfund services or withdraw funds in such circumstances. Such a funding model may be predicated on the notion that the charitable institutions will seek other sources of finance to supplement inadequate budgets. A further danger is by the maintenance of a distance between the state and the provision of services, public accountability may be compromised. The reliance on religious orders to run orphanages and industrial schools in the past and all the abuse of children that ensued and for which the state agencies disavowed responsibility is an example of this danger.

There is a strong case for indirect funding through charitable or voluntary agencies for experimental or once-off projects. Where it is clear that the service should be a normal part of public service provision, it is better that it be directly provided by a state agency avoiding any equivocation about public commitment.

Appendix 1

A Minimum Income Policy

Ap1.1 Basic Welfare Protection

As discussed above, there are compelling arguments in favour of a system of universal and direct communal or state provision of a range of crucial benefits in society such as health care and education. Ensuring that everyone in society has enough food, clothing and other basic consumer goods necessary to live a life of dignity is even more important but requires an alternative approach to direct universal provision. These are not communally consumed benefits like education and health. In modern developed societies it is normal to assume that the majority will, through the labour market or the use of capital, privately furnish themselves adequately. Those who for one reason or another fail to do so must then be regarded as genuinely unable and given financial subvention. This has led to a complex, expensive and far from accurate system of means, eligibility and needs assessment. A plethora of benefit schemes with eligibility based on age, marital status, parental status, health, income, property, savings and so on, have followed.

Ap1.2 Disadvantages of the Current Model of Provision

Assessing individual entitlement is inevitably expensive and, even then, not always accurate by any means. Those who are in need may be unaware of their entitlements and those less in need may quite easily defraud the system by the provision of false information that is difficult to detect. The whole structure is altogether too opaque with the public at large far from clear as to what is the real commitment of society to protecting the disadvantaged.

An additional, inescapable, adverse consequence of means tested provision is the public identification and stigmatization of those in need. The system inherits much from nineteenth century obsessions about the distinction between the worthy and unworthy poor based on the assumption that much poverty was due to moral deficiency and should not be rewarded with handouts. It is doubtful if the implied moral censure in means testing exerts much restraint on those determined to free-

load on society but it imposes a good deal of indignity on those who are in genuine need and require no censure to discourage them from such circumstances. Ireland's recent experience of 'full employment' in favourable economic times demonstrates adequately that, given the opportunity, the overwhelming majority will grasp at any opportunity there is to provide for themselves as best they can and few will elect to remain economically inactive just because social welfare is available.

Ap1.3 The Alternative: A Universal Minimum Income

The alternative approach to the current approach to social welfare is a universal minimum income for all adults in society. The disparate plethora of existing social welfare schemes – unemployment assistance, single parent allowance, widows and old age pension, family income supplement etc. – would be replaced by this one universal provision.

Any state administered income insurance arrangement such as employment insurance would remain separate. Such systems involve individuals, as in private income insurance or pension schemes, investing a portion of their income over time so as to retain some proportion of that income for a period should they become unemployed. Income from such sources must be treated the same as income from employment or investments.

The universal minimum income might be envisaged as commencing at age 18 or at the point of completing the Leaving Certificate Examination. It would be available to allow individuals to support themselves through third level education and when in employment or otherwise in receipt of a sufficient private income, that income would obviously replace or pay for the individual's universal income. The arrangement of income taxation and the payment of the state income would have to be carefully linked so that everyone automatically retains the minimum income level under all circumstances.

At first glance, a universal minimum income might seem unduly expensive but there is no reason why it should be so. The majority would, as now, be net-contributors to and not recipients of communal support. Individuals would only begin to benefit when their independent incomes fell below an agreed threshold.

Ap1.4 Should there be a Minimum Family Income?

Difficult questions arise at the point of setting a minimum income and whether such an income should be entirely individualized or tied to family circumstances. What is the basis of designating an income level as a minimum?

Generally such a notion is tied to the overall financial circumstances that exist in a given society. As the notion of poverty is tied to average incomes in society and so varies from place to place and time to time, so too would that for a minimum income. The threshold for relative poverty or risk of poverty is often set at 60% or less of median earnings across society. Such a percentage approach might serve for setting a minimum income. The actual figure would have to take into account the effect of communal benefits available and exclude from the calculation transfers obtained through the minimum income. In the absence of this latter provision, the real threshold would rise inexorably.

Given that privately obtained incomes, obtained through the labour market or the investment of capital, take no account of family circumstances, should the minimum income also be entirely individualized? The answer to this question depends on how we view family and children. Do we take it that there is a responsibility within a family for partners or spouses to financially support each other and do we view it as a fundamental right of the individual to have children or is having children to be seen as a kind luxury that should only be indulged in by those with the private means to support the venture?

It is generally accepted, without much dispute, that partners and spouses have a responsibility to support each other and to support any child-dependents they may have. The existence of universal child benefit indicates, on the other hand, acceptance of some communal responsibility for the support of children in society. If we accept the family, albeit no longer so easily defined, as the primary economic unit for consumption, then it follows that the universal income should be defined for the family where one exists. One significant effect here is that, where one partner has a sufficient private income to ensure that the family unit as a whole is above the poverty threshold, the other partner, even if not in employment, does not financially benefit from an additional universal minimum income. Such an approach, of course, implies that the family is also the unit of taxation. The current arrangement in Ireland is that for social welfare purposes partners are expected to support each other and their children but for taxation purposes, under individualization, they are treated to a significant extent as if they have no such responsibilities. This is contradictory and contrary to the realities of functioning family life. Where there is an identifiable family, it should be treated as an economic unit for all taxation and social welfare purposes.

Admittedly, as indicated above, there are practical difficulties in defining and identifying 'the family' as a unit in modern Ireland. Traditionally, legally constituted marriage acted as a perfectly adequate working definition. Social

changes involving single parent and dual parent unmarried but cohabiting arrangements render identification more problematic. Same sex partners add further complexity. If cohabitation of partners and some minimum commonality of economic arrangements are to act as the criteria for a family unit, the challenge is how to identify such cases. At present, it is quite simple for unmarried individuals to claim that they are wholly economically independent when they are not, even when they have children together. They can deny that they are cohabiting or claim that their cohabitation is nothing more than the sharing of accommodation. These opportunities for concealing economic support arrangements discourage marriage and encourage less stable family arrangements, especially in the more economically marginal sectors of society where reliance on state support is greatest. This is hardly a desirable effect of social welfare.

All the limitations of means' assessment alluded to above are thrown up but these are, of course, the same problems that prevail under the current social welfare system. The effect of introducing a universal income system would be to highlight more starkly the deficiencies under which the state labours in appraising the economic circumstances of individuals. From the point of view of taking corrective action, this might be no bad thing at all. The proposals for a cashless economy outlined in Appendix 2 would go a long way towards addressing those deficiencies.

Ap1.5 Should Family Income Increase with Number of Child Dependents?

How then should a universal family income take account, if at all, of the number of children being supported? Attitudes towards the right to have children have always been peculiarly schizoid in Irish society. On the one hand, influenced by Catholic Church teaching, there has been a traditional assumption of an inalienable right, even a duty, to have children, albeit circumscribed by an obligation that children should be born only within a properly constituted marriage. On the other hand, there has never been anything approaching an adequate commitment within society to the logical corollary of the right to have children, which is the right of children to be brought up in circumstances where there are at least the minimum material means to avoid misery and hardship.

Two fundamental attitudinal and behavioural changes have occurred in recent decades with respect to having children. One is that the notion of duty has been set aside in favour of individual choice. Thus, it is nigh on universally accepted that it is a matter for parents, assisted by contraceptives, to decide whether to have children and how many to have. The other change is that it is widely accepted that a properly constituted marriage is not a precondition to exercising the choice to

have children. Around one in three children in Ireland are now born into and raised, at least for part of their lives, in alternative family circumstances, either with cohabiting or non-cohabiting parents.

Against this background, how should a minimum income be viewed? While any sense of duty to have children has evaporated in Irish society, though the matter is rarely if ever openly addressed, there is a strong sense in which an individual right to have children is retained, a right which may be regarded as having been extended in recent decades by the acceptance of child-birth outside of marriage. There is a partial acceptance that a communal obligation exists towards the raising of children, manifest in child dependents qualifying for additional unemployment assistance and in the provision of family income supplements and universal child benefit. Even if there is some level of expectation that individuals should have no more children than they can reasonably support, it is accepted that, once born, children must be provided for communally if in need, however irresponsible their parents were in giving birth to them in the first place. All of this militates in favour of a family minimum income that takes account of child dependents. Is this wise, given that, ordinarily, private income does not vary with number of dependents and family size must be planned within limitations imposed by available resources?

Unless there is a deliberate policy to increase the birth rate – a policy which may well be warranted under certain circumstances, though there is no clear case for it in Ireland at present – is it wise to encourage those without private means to have larger families through the guarantee of state or communal support? Undoubtedly, there is a significant body of opinion in Irish society that it is not wise and there are sound reasons, beyond prejudice, to support this view. Children in larger families tend to suffer a variety of disadvantages that are not necessarily ameliorated through income support, particularly where parents are themselves beset by intellectual, educational and social challenges. Larger families generally mean less parental attention for each child, which knocks on to deficits in socialisation, followed by educational and ultimately vocational disadvantages. It is no accident that in every society worldwide, when there is widespread access to contraceptive provision, family size diminishes greatly among the majority of the population. Most responsible parents recognize that the limits of their resources are reached in raising a small number of children. Should not then public policy be to encourage limitation on family size by avoiding a coupling of family minimum income to number of dependents?

As with so many other tricky questions of social policy, the sensible answer would seem to require a compromise. An arrangement where the minimum income rises with number of dependents but with a limit of two or three would seem sensible. This is a compromise between an acceptance that there is, on the one hand, a universal right to have children and, on the other, that there is a duty on each individual to exercise the right responsibly.

One can appreciate that a system such as advocated here would have to be phased in over time. Otherwise, those who have already had large families under the existing welfare system might suddenly find their incomes seriously reduced with attendant hardship. There is no guarantee either that, in some cases, families unable to supplement their 'capped' minimum income by private means might not go on having more and more children? There would have to be some special provision to protect such children from privation. Such cases might reasonably be viewed in the context of child neglect with 'social work' intervention determining how best to support such families and alleviate distress.

Ap1.6 Potential Objections to a Universal Minimum Income

Skeptics about the whole notion of a minimum income are likely to claim that, with freedom of travel across the EU, any country that introduced such a system would be flooded with 'welfare tourists' from less well-off countries. It must be recognized, however, that social welfare entitlements already vary considerably from country to country in the EU and the more equitable states have not had their systems undermined by such a flood despite the fact that any EU resident can move there and avail of their provision. In any event, the attractiveness of social welfare is more a function of what it nets the individual rather than how it is organized. In principle, a universal income system does not have to involve an increase in the transfer of resources from tax-payers to non tax-payers. That is a matter for the level at which the minimum income is set. What it does involve is a change in the whole manner of how social welfare is viewed and administered.

A universal minimum income would be simple and cheap to administer, would eliminate a great deal of the complexity in distinguishing between those entitled and those not and would do away with many possibilities for fraud. Difficulties would remain, however, in distinguishing those in a 'family unit' from those who have entirely independent economic circumstances. As with the current complex social welfare arrangements, the level at which a minimum income is set relative to available economic opportunities in the labour market will have a significant bearing as to whether there is an incentive or disincentive to work.

One feature of the minimum income approach that may give rise to problematic motivational issues is the ease and inevitability of its arrival. If the payment into one's bank account arrives each week or month regardless of one's actions and the effective switch to paying for this income oneself occurs with similar inevitability as soon as employment is assumed, is there a different impact on motivation to seek employment than under current arrangements? The issue really arises only where the income from work is not significantly greater than the minimum income. At higher levels of income the seemingly insatiable desire of humans in modern consumerist societies to earn ever more and obtain ever more material possessions seems guaranteed to be a sufficient motivating force to gain employment, aside altogether from all the important non-material motives to work. While, as advocated throughout this paper, it is highly desirable to discourage excessive materialism, there is no realistic danger that the success of such a policy would be such as to render any significant portion of the population content to remain on the minimum income.

The key question is what under the current system motivates those who cannot earn much more through employment than they can gain in welfare to assume such low paid employment. To what extent does the stigma and bother associated with gaining benefits play a part or are people motivated to accept poorly paid employment by the expectation of future economic advancement or by non-financial motives, such as the sense of purpose gained or the degree of social contact afforded by the workplace?

It is not easy to quantify such factors. It seems likely that individuals who are most anxious for economic advancement and those who are more motivated by non-monetary benefits of employment are also more affected by the negative psychological reality of the current social welfare system. They would want to support themselves economically, irrespective of how social welfare was administered. In contrast, those who are not overly motivated to support themselves are likely to be relatively immune to any negative impact of social welfare receipt on their self-image. To the extent that such individuals exist, whether social welfare is more or less conveniently obtained is probably, in the main, irrelevant. What is certainly not irrelevant with some proportion of this latter group is the capacity to both economically advance and receive welfare benefit at the same time. This applies as much to the current social welfare system as to a universal income approach. Cutting off the capacity to commit social welfare fraud through detection of concealed income would undoubtedly encourage greater engagement in the official economy and less social welfare dependence. The

proposals for a cashless economy detailed in Appendix 2 have obvious relevance in this context.

Another form of fraud, which would need to be prevented is the reception of the minimum income when resident outside the jurisdiction. This necessitates one of two systems. One is the current arrangement which involves the provision of regular proof of current residence as in appearing at some office to sign on. The alternative involves the capacity to identify when a given individual leaves and is absent from the jurisdiction. It is possible to envisage travel off the island being traceable through air and sea ports. Everyone already provides evidence of identity at some point when travelling abroad. An automatic computer matching of this data to the list of those availing of the universal income is easy to envisage. The greatest challenge would occur with travel to Northern Ireland. It is not feasible to identify who is travelling across the border and whether or not they are returning. Identifying individuals resident in Northern Ireland would require the cooperation of the authorities there to identify anyone on the list of Irish minimum income beneficiaries who come to the notice of officialdom. It would not be an entirely perfect system but it would probably pick up on any longer term fraud.

Ap1.7 Should a Universal Minimum Income take account of Housing Costs?

Currently, while other immediate survival necessities are largely covered indirectly for those in need by financial subvention, a large degree of direct provision applies in the case of housing. The disadvantages of such direct housing provision and the arguments for phasing out public authority housing estates have been discussed at 4.8 above. The alternative is to enable those who are in need to rent or purchase housing in the private market. Such assistance can take on a variety of forms, one of which is to enhance the universal minimum income so as to enable self-provision of housing.

A universal income that includes housing costs is simpler from a taxation perspective in that it makes sense that all income above that threshold can be taxed to some extent. Income that is the bare minimum for survival, and housing is necessary for survival, cannot in logic be taxed. If the universal income did not include a provision for housing then taxation could not begin at that point since an allowance to provide for accommodation would have to be assessed and deemed tax exempt. Ultimately, however, both work out at taxation beginning the same threshold.

Clearly a minimum income that includes a provision for housing would have to be considerably higher than without such a provision. If we assume that the costs

of housing those in need do not increase by their inclusion in this system, what arguments for and against such an approach exist? One question is the extent to which housing need varies considerably from person to person and much more so than applies to the other benefits (food, clothing etc.) on which a minimum income is spent. One can easily appreciate that the cost of housing for younger adults living with parents may be minimal whereas if they leave home and rent their own accommodation, costs increase considerably. Is the system to assume that all adults over the age of 18 have a right to live independent of their parents? If so, to what standard have they a right to be accommodated? Not long ago it was widespread practice for young adults to share, not only rented houses, but to share bedrooms within rented houses so as to constrain costs. Sharing a bedroom in an apartment or house is cheaper than having a bedroom of your own, which is in turn cheaper than renting a whole apartment. Against which standard of accommodation should costs be benchmarked? While these questions seem difficult to answer, the difficulty is no greater than with the current system. There is currently assumed to be an obligation on the state to accommodate all those who are unable to house themselves and the standard of suitable accommodation has to be determined in each individual case. The current system, however, allows for needs to be assessed on a case by case basis, something that is not possible in a universal income approach. Variations between individual and family circumstances would, however, be accommodated as discussed above. If we accept that all single individuals should be entitled to the same income to facilitate their housing needs, that all families without children would have the same entitlements and that families with the same number of children, to a maximum of two or three, would likewise benefit similarly, the minimum income approach would work. This is not all that different to the current means tested provision.

The only real difference between the present and the proposed systems may be the simplicity and transparency of the universal minimum income approach. The reality of what minimum standards are and what precisely are the available benefits can be blurred in the complexities of the current system. In a universal minimum income approach, this would not be possible, which should be no bad thing.

As with all social welfare provision, a universal minimum approach that enables accommodation raises the spectre of a disincentive effect on individuals providing for themselves. A young person living with his or her parents, for example, may be motivated to work harder or get a better job so as to obtain the income to live independently when private resources are the only way. Would a

universal housing benefit discourage such a personal economic effort? If the system were to encourage too many to reduce their economic input below that which makes them net contributors, then the burden on the remaining contributors would become unsupportable. The preponderance of evidence with respect to human motivation and behaviour in modern consumerist societies is that few if any are content to make do in the longer term with what is materially sufficient. On the contrary, having achieved sufficiency they strive for more and more. Given economic opportunities to increase income over and above the minimum set by the state, all the evidence suggests that the vast majority will readily avail of them and few will be content to live at the minimum standard communally guaranteed.

Arguably, a point of risk of welfare dependence might occur on transition from education to work. If an income enabling survival were available automatically on leaving education, particularly if some level of comfort were achievable through remaining in the family home, might there be a significantly increased number of young people who would fail to make the transition to work even where suitable opportunities existed? This stage might need to be carefully managed with the transition into the labour market being facilitated and automatic reception of a minimum income being circumscribed by obligations to engage positively with the process of obtaining employment.

It is difficult to argue for a minimum income approach, which is not sufficient to provide accommodation. If the intention is to enable everyone to survive irrespective of their private means at or above some generally agreed minimally acceptable standard of living, then the costs of gaining accommodation have to be factored in. Under the present system, the practice of building and granting dedicated public authority housing creates a degree of artificial separation between housing and all other costs of living. Under an integrated public/private housing approach providing an income sufficient to enable each person without independent means to provide his or her own accommodation is the most logical approach

Including the cost of housing in a minimum income grants the recipients similar discretion over its expenditure as they currently gain over existing social welfare payments. It would be up to themselves to decide what to rent or seek to purchase. They may choose to avail of cheaper accommodation than they can afford, such as sharing with family or friends, and otherwise spend or save the balance. It would be in the interests of equity and of wellbeing across society for there to be available advice and assistance for lower income individuals and families to manage the process of acquiring accommodation and other budgetary needs. Most of those who are likely to remain chronically dependent on the state minimum income are

those who labour under educational, intellectual, social, personality and health deficits. Provision of sufficient income alone will frequently be insufficient to protect them from adverse circumstances.

Appendix 2

A Cashless Economy

Ap2.1 Problems caused by Cash Transactions

The facility for entirely untraceable cash transactions will continue to act as an insuperable barrier to quantifying income obtained through self-employment. This enables a level of tax and social welfare fraud which is grossly inequitable, undermines the provision of public services and delegitimizes state policy. The cash economy also acts as a major barrier to crime detection by enabling the concealment and expenditure of illicit income. A further, not insignificant, disadvantage of cash is the opportunity for robbery and theft it affords. This is compounded by the attendant personal risks to all those who handle cash in any quantity and the expensive security measures necessitated.

Ap2.2 Feasibility of a Cashless Economy

The solution, which should be explored without delay, has only become technically feasible in recent times. That is the creation of a cashless economy. Already the economy is cashless for the vast bulk of large transactions, which take place through such mechanisms as credit transfer, credit or debit cards and cheques. Increasingly many small transactions take this form as well. The same can be done for all small transactions. It would, of course, require every economically active individual to operate a current account. Such accounts could lie in post offices just as well as in banks or building societies. Few of any significant means are without them in any event and if they are, their motives have to be suspected. The electronic process for making transactions would have to be quick, simple, secure and cheap. Debit cards already serve this function and alternative even more efficient systems are feasible. Mobile phones may now be adapted to this purpose.

Skeptics may wonder how children are to receive and spend money under such a system. Already, many children have accounts of one kind or another in banks, post offices or credit unions. There is no reason why a child cannot carry a magnetic card as easily as carrying cash. Parents would, of course, have to have the

wherewithal to transfer pocket money to children electronically without the possession of any costly equipment. Again, the telephone offers the most obvious solution. Dialing a number, using some security codes and entering an account number would be sufficient to make such a transfer.

The facilitation of visitors from outside the jurisdiction presents a further challenge. On arrival in the country, or in advance of arrival, they would have to be provided with temporary accounts into which they could lodge funds (or the means of accessing their own accounts abroad) and given the necessary wherewithal to conduct transactions with ease in the absence of cash. Again, this is far from an insuperable obstacle given the advanced state of electronic money transfer technology.

Vending machines and ticket dispensers would have to be adapted but such machines taking debit and credit cards have long since existed. Organisations reliant on street or money-box collections for subvention would have to adapt their technology and techniques accordingly so that contributions would be made electronically. The traditional rattle of the collection-can would be at an end. Begging would become decidedly problematic but there should be absolutely no requirement for street begging in any civilized society. The superstitious tossing of coins in fountains would also be terminated. There would be less to wear holes in trouser pockets and women's purses would be less bulky.

While the definition of legal tender – the form of payment which a creditor is obliged to accept in payment of a debt – would have to be altered to exclude the traditional notes and coins, otherwise, the change envisaged is a quantitative not a qualitative one. We are all accustomed to cashless transactions. We are likely to receive our wages or salaries in that fashion and we make most of our large and many of our smaller purchases in this manner. This, of course, presupposes that we are not in the business of concealing income, in which case cash transactions will feature more prominently. Tax evasion aside, we are all well accustomed to the process of operating without cash. A completely cashless economy would bring no qualitatively new demands upon us, just the need to do what we already do in more circumstances.

Once the necessary electronic infrastructure was in place and the public educated for the changeover, the process of conversion would be no greater than that involved in the changeover to the Euro or in the previous decimalization of the currency. In fact, it would be cognitively much less demanding than those transitions in that there would be no difficult alterations to currency or in the

designation of prices to be contended with. One would simply have to get used to not carrying cash.

Ap2.3 Advantages of a Cashless Economy

Apart from the enormous benefits in terms of preventing tax evasion, there would be many other advantages of a cashless economy to offset any additional costs involved in setting up and maintaining the necessary electronic infrastructure, most of which already exists in any event. Notes and coins would not have to be printed and minted, then transported and stored securely. All those who handle significant quantities of cash, whether in banks, post office or shops would be alleviated of the threat of robbery. All of the costly security apparatus that is required to safeguard cash – armoured vans, army and Garda escorts, time-locked safes, bullet-proof screens and so on – could be dispensed with. No bank official would ever again have to see his or her family held hostage while being escorted by armed robbers to open the vault. Theft and mugging for cash would disappear. The whole process of installing, loading, securing and maintaining ATM machines would be at an end.

The absence of cash would deal an enormous blow to the criminal underworld. As with the tax evader, criminals rely on their transactions leaving no electronic trace. All financial transactions being traceable would be of enormous value to the police in their efforts to pursue criminal behaviour. If the capacity to carry out transactions, to give and receive money, to buy and to sell, is at least as easy and as universally facilitated as with cash, then for the individual, having no cash to carry would be both convenient and secure. A much more accurate and clear picture of the distribution of income in society would emerge. As indicated above, this is essential to the proper formulation of government policy and to enabling the democratic process in giving the electorate a clear picture of what they are being asked to vote for and against by politicians.

Ap2.4 Opposition to a Cashless Economy

Opposition to proposals for a cashless economy may be expected from a number of sources. Novel ideas – even if only novel in extent – tend to be opposed on the basis of fear of the unknown. If that were an insuperable obstacle then decimalisation and the introduction of the Euro should have proven impossible. Opposition may take the form of assertions about the need to protect privacy. Apart from the general riposte that privacy is a much overstated virtue which has real value only to those who have something to hide, the extent to which a cashless economy would alter the privacy of most individuals' financial affairs is debatable.

Already, in the majority of cases the details of our finances are readily visible in our banking records to which state agencies can gain access if they need. It is likely that those most vociferous about privacy invasion will be those who are intent on concealing income through the expedient of cash transactions. Unfortunately, Irish culture has always given too much favour to individualist over collectivist concerns to the extent of giving unthinking credence to such arguments. There is an educational mission required to change this culture, to which the KPSWA should contribute as best it can.

A significant additional source of opposition to the cashless economy may centre on fears that a completely electronic system could be entirely disabled under certain circumstances. This might be on foot of a catastrophic national power failure, some kind of hitherto unknown computer virus, an all-out labour strike throughout the financial services sector or, perhaps, terrorist destruction of key infrastructure. Such apocalyptic fears should not be entirely dismissed but they should be viewed in context. For better or for worse a great part of the modern world consists of complex integrated systems, many of them electronic, upon which everyone relies and which could in principle be brought to a halt. Dangers must be minimised by such precautions as building in redundancy in systems, maintaining back-up emergency facilities and creating fire-walls to prevent the spread of destruction. The banking system is already an essential part of the infrastructure without which society as we know it could not function. The exact same dangers are already in existence. Admittedly with a cashless economy, our eggs have to a greater extent been put into the one basket. Greater precautions are therefore warranted to prevent any kind of catastrophic system's failure.

It should be recalled that cash is also an integrated system that under certain circumstances suffers catastrophic failure. In the first instance, it requires a functioning banking system for its availability and distribution. Secondly, it requires (as would any entirely electronic system) the political and economic circumstances necessary to maintain an appropriate supply and public confidence in the currency. When such circumstances were absent in 1920s Germany, the Mark became worthless and cash became less valuable than toilet paper. Whether a national system is old or new, employing modern or ancient technology, under certain circumstances it may fail. The trick is to carefully avoid those conditions. Fear of apocalyptic failure associated with more modern technology is just one more variant on fear of the unknown. If such fears are acceded to, progress both technological and social ceases. To make the world any better than it is we have to enter the unknown. We should of course do so with due caution.