

Will We Take This Opportunity?

A New Course for New Times conference, 11 April 2014

Tom Healy, Director NERI

With tentative signs of economic recovery for some and hopes of recovery in the future for others we must face the question: will we take responsibility for a different society in the future? Imagining a different world in, say, 20 or even 50 years time may seem fanciful in the light of current day problems and challenges. If there is one positive dimension to the terrible crisis we have been through – it is that we had an opportunity to see things differently and act accordingly.

If there is one negative dimension I would say it is that we have not succeeded in changing the course of history in this small part of the globe. The signs are very much to hand that the rich will continue to get richer, the poor will continue to be poor, young people will continue to emigrate in very large numbers, communities will remain cut off and impoverished and political power will drift to the global centres of finance capital and unaccountable supra-national inter-governmentalism.

Meanwhile many individuals and families continue to pay a high price for the follies of unbridled capitalism which placed profit before people, rights of capital before rights of labour, property before homes and the fiscal rules of austerity before human rights. The result is clear: high levels of inequality and rising levels of material deprivation as measured by the Central Statistics Office, increased levels of alienation from politics as evidenced in Europe and Ireland today and a declining share of wage income in total national product.

A new course must be based on three cornerstones:

- A sound analysis;
- A clear vision; and
- A sensible strategy

A sound analysis must face the difficult and unpleasant truths about what happened and why it happened. This is why detailed, careful and evidence-based economic research provides an essential ingredient of a sound analysis.

However, a sound analysis is not enough. A clear vision is needed that is based not on pious aspirations and platitudes but on concrete goals that can be observed, measured and contrasted. A vision for the best small country in the world in which to do business is not worth the paper it is written on if it does not deliver:

- Full quality employment that pays secure, living wages and enables people to live with dignity, responsibility and freedom from want and shame;

- A level of care and provision of common goods such as learning, health and particular minding when we are young or old; and
- Sustainable community and physical environments in which we can bequeath to future generations an Earth worth living in.

A sensible strategy to realise these goals must take account of the strengths, weaknesses, opportunities and threats that face us. And then there are the unknowns which change everything as we proceed.

Ireland is strong through its natural resources, its relatively well educated and generally well motivated people and its grasp of culture and language.

Ireland is weak in its excessive dependence on multinational investment and under-developed indigenous enterprise sector.

Ireland has many opportunities to break free from the failed Anglo-American model of capitalism by moving closer to a European norm of public goods and taxation – if it wishes. Ireland is faced with many threats – not least the prospect of long-term climate change and environmental damage.

Key to a new strategy that works, I believe, will be the following six critical areas of public policy:

1. A **new banking system** that works for households and enterprises.
2. Adequate levels of **taxation** to pay for excellent public services in a reformed and accountable government system at local and central level.
3. Reform of our **health and education** systems to make them accessible to all and to raise, further, the quality of their outcomes.
4. A national **investment** strategy to rebuild and renew Ireland's infrastructure especially in the areas of social housing, early childhood care and education, renewable energy, retro-fitting, water and broadband.
5. A strengthening of **collective bargaining rights** and employment protection to tackle the economically and socially damaging area of low-pay and precarious work.
6. A gradual movement towards a **decarbonised** economy through appropriate investment and shifting of taxation to 'bads' allied to an adequate living income for all.

In regards to taxation I am deeply worried that the calls for tax cuts will be acted on. How can anyone talk of tax cuts when our public services are grossly under-funded in key areas

of human need? We cannot have a European style public service without European norms of taxation including social insurance and local taxation.

Without a re-structured and cleaned up banking system we will not see the speed of economic recovery needed to bring about full employment. I would suggest a *Banc Glas* – a new Green Bank formed as a separate commercial entity from AIB and BOI, publicly controlled and accountable and competing in the market for enterprise lending, small to medium-sized saver deposits and investment in ‘green technology’. Such a bank could work in tandem with the European Investment Bank and help rebuild the damaged areas of our economy.

In regards to the **immediate task before us** I suggest the following:

The best way to reward work is to pay decent living wages.

The best relief to give hard-pressed working families is to stop cutting further into education, health and welfare which only impact disproportionately on poorer households.

The best way to ensure greater social equality is to increase Ireland’s ‘social wage’ by way of a proper employer and employee-funded social insurance system – this will pay for education, health and income during periods of learning, unemployment, sickness or retirement.

The best way to tackle poverty is to create decent jobs that pay, not welfare-dependent households which must rely on a fragmented combination of tax reliefs and welfare payments.

The best way to create employment is through enterprise – public, private and voluntary/not-for-profit and not excessive reliance on large footloose multinational companies (welcome as they are).

The best way to fix our public finances is to grow the economy – not to continue cutting our way out of a deficit.

And the best way to raise levels of happiness and well-being is by economically empowering individuals and communities so that they can live lives of worth and mutual support and caring.

And in conclusion...

In five years time, we remember An Chéad Dáil and the Democratic Programme discussed and endorsed in this very room in which we meet today. That Programme contained the following pledge:

'We declare that the Nation's sovereignty extends not only to all men and women of the Nation, but to all its material possessions, the Nation's soil and all its resources, all the

wealth and all the wealth-producing processes within the Nation, and with him we reaffirm that all right to private property must be subordinated to the public right and welfare....

'It shall be the first duty of the Government of the Republic to make provision for the physical, mental and spiritual well-being of the children, to secure that no child shall suffer hunger or cold from lack of food, clothing, or shelter, but that all shall be provided with the means and facilities requisite for their proper education and training...

In many ways the unfinished business of the democratic revolution unleashed at that time was the goal of social equality and true emancipation. I can only conclude with the words of James Connolly in 1897:

If you remove the English army tomorrow and hoist the green flag over Dublin Castle, unless you set about the organization of the Socialist Republic your efforts would be in vain. England would still rule you. She would rule you through her capitalists, through her landlords, through her financiers, through the whole array of commercial and individualist institutions she has planted in this country and watered with the tears of our mothers and the blood of our martyrs.

For 'England' read 'Neo-liberalism' and a host of policies, trends, assumptions, interests and ideologies that haunt and control Europe and Ireland at this time.

It is time to break free and face the future with a new vision for this Republic.

ENDS