

Sound Governance for the Irish People

A Summary

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

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Foreword

The people of Ireland have experienced the recent collapse of the economic and social model through which it has been governed. Despite this, there remains a dominant political consensus to retain at all costs this deeply inequitable approach to running Irish society. This determination is sustained through the control of the main political parties by elite economic interests. Those interests are not only extremely selfish but also driven by a dangerously blinkered and myopic sense of their own wellbeing. Ireland is at a critical juncture in its history. The Irish people must now decide whether to continue to follow this same flawed vision or to strike out in an alternative direction. They can only begin to accomplish the latter if they can see how an alternative and better future may realistically be forged. This document is a contribution to that end. It is a summary version of the more detailed document entitled *Sound Governance for the Irish People, An Explanation*.

1. Objectives of the KPSWA

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

While the KPSWA was established in an effort to combat the altogether unjustified and partisan cuts to the incomes of public servants and the reduction of public services, it was appreciated that this would always be, necessarily, part of a wider endeavour. The cuts being opposed were just a particularly striking example of the poor governance to which Ireland has long been subject. The only sound solution for public servants and those concerned about public service in Ireland to the immediate problems presented by the present government is to address the historic failure of the political system to deliver good governance.

1.2 The Narrowness of Political Vision throughout Irish Society

The achievement of good governance requires a widespread understanding of the duty of government and of how the wellbeing of society is best served. The vision that has imbued virtually all shades of political leadership in Ireland is extraordinarily narrow and biased in the direction of inequitable outcomes. This limited and narrow perspective constrains thinking and discourse on matters of national policy at all levels and in all sectors of society. The problem can be traced to a range of identifiable historic factors relatively unique to Ireland. Those causes now lie in the past and it is possible for Ireland to develop a new and better political vision.

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 all its citizens.

2.2 Failure of Government to Advance the Wellbeing of All

There are three obvious reasons why governments fail to meet their primary purpose. They misconstrue 'wellbeing;' they use the wrong means to achieve 'wellbeing' or they deliberately pursue the wellbeing of some to the neglect and detriment of others. In Ireland, all three apply. In recent decades, in particular, the notion of individual material wealth has, to an inordinate degree, been assumed to be synonymous with wellbeing. Inevitably, then, the pursuit of wealth has dominated government policy to the exclusion of an emphasis on a range of other policies that are equally or more important. Added to that is the fact that at all times since the foundation of the state the dominant political ethos has been extraordinarily conservative, favouring in a myriad of ways those who have over those who have not.

2.3 Managing Material Surplus

It is not surprising that in conditions of scarcity, political allegiance will split along various class, ethnic, religious, geographical and other lines, with each seeking to garner the lion's share of resources in a zero sum game. In a developed economy such as Ireland's the real problem is not the management of scarcity but the management of surfeit. A zero sum game is both unnecessary and counter-productive for the wellbeing of all. Competition at the level of luxury is not the same as competition at the level of necessity. Competition over luxuries tends largely to be status driven, which leads to a kind of unwinnable race where everyone constantly tries to outdo everyone else. Enough can never be enough, which is a sure recipe for permanent dissatisfaction for all.

2.4 Brand Loyalty to Political Parties

A structural failure in effective political representation in Ireland, dating back to the early days of the state, has resulted in a complete dominance of politics and government by bourgeois or right-wing parties, even to the present day. The interests of property, capital and the elite managerial and professional classes were always well accommodated but parties of the left, such as emerged all across Europe to represent the interests of the majority, failed in Ireland to gain any significant support. There are various historical explanations for this but the degree to which the dominant parties, emerging from the Civil War, achieved brand loyalty among the electorate to the exclusion of any serious consideration of their policies, is the key to this peculiar Irish conundrum. Allied to this blindness towards policy is a peculiar localist, clientelist and individualist focus among the Irish electorate. Politics and politicians gain support much less for what they do on behalf of the collective -for the nation as a whole - than for what they are perceived to do for the

individual on a local basis. The majority of the Irish electorate has generally failed to see the wood for the trees, allowing a small minority with the resources and economic leverage to dominate the political process.

2.5 Populism Replacing Real Benefit

Not surprisingly in the 'pork barrel' political culture that has prevailed, governments pursue populist give-away policies that generally redound to the benefit of the already wealthy but allow enough crumbs to fall from the rich man's table to keep the majority from asking uncomfortable questions.

2.6 Misrepresenting Taxation and the Role of the Public Service

The excessive emphasis on the local and the individual, blinding the public to the collective good, has enabled taxation to be viewed as no better than a necessary evil to be minimized and public service as a cost on society.

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

Failure among the Irish electorate to appreciate the true role of government, taxation and public services in fostering the wellbeing of all has its origins in specific aspects of our history. It derives from our colonial past with its legacy of mistrust of government, from the influence of the Catholic Church and its opposition to state intervention, which it viewed as a threat to its own hegemony, and from the creation of a countrywide peasant proprietorship over land coupled with very late industrialization, a recipe for conservative property focused policies. Those conditions are now sufficiently in the past to allow for the emergence of a new political culture.

3. The Issue of Equity in Society

3.1 Low premium on equity in Ireland

Fostering equity has never been accorded a high priority by government in Ireland despite the fact that greater equity in the distribution of wealth and benefits would be to the advantage of the vast majority. It may be that the value of equity in society and the practical and moral justifications for such an approach have never been adequately appreciated by the general public raised on a contrary philosophical diet. The arguments in favour of equity need to be outlined and widely publicized..

3.2 The Necessity to Constrain Competition

In every society it is necessary to constrain interpersonal competition if there is to be a sufficient degree of harmony to enable survival.

3.3 Development of Social Orders to Constrain Interpersonal Competition

The most common social order throughout history that has exerted a constraint on the battle of all against all is an acceptance, willing or otherwise, of the right of the few to dominate and, in the process, to grasp the lion's share of resources. It is the creation of harmony through the acceptance of inequity. Such orders are inherently unstable and always lead eventually to competition for power exercised through force of arms.

3.4 Democracy and Belief in Equity

The alternative social order for constraining competition is democracy, the rule of the majority. In logic, democracy is predicated on the principle of equity, in that each citizen has an equal say in lending assent to governance. A dearth of equity is then a failure, not an inevitable result of the system, either resulting from the electorate not appreciating the value of equity or not grasping how it can be promoted. An important obstacle to a demand for fairer distribution of benefits in society is belief in the individualist myth that each person can be a winner in a competitive bid for resources.

3.5 Equity, Morality and Fair Reward

The primary moral argument in favour of fostering equity, through communal or government intervention, is that the market economy does not reward on a fair basis. To an extreme extent it returns greater benefit to those who, through no particular virtue of their own, are advantaged in terms of inheritance, biology and fortunate circumstance.

3.6 Equity and the Wellbeing of All

Aside from issues of morality, recent research has demonstrated convincingly that human wellbeing is much better fostered by the more equitable distribution of income and wealth in society than by the level of wealth created by society.

3.7 Equity of Outcome versus Equity of Opportunity

Equity can be pursued indirectly through fostering equity of opportunity by seeking to level the playing field for all. While this will reap dividends in the longer run, in any society like Ireland with historically ingrained structural inequity, the only realistic approach to fairer distribution of resources is through direct communal intervention. Taxation and the provision of communal benefits is the only option.

4. The Role of the Public Sector

4.1 Misrepresenting the Choice between Public and Private Expenditure

Within the sociopolitical model that dominates Irish society, 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. It must be fully appreciated that taxation and the provision of public services simply represents a transfer of spending from one set of purposes to another within society.

4.2 Choices Exercised Through Taxation

Taxation involves a reordering of spending priorities, typically from luxuries to necessities. It also involves a shift from individual and private to communal provision of certain benefits to all and a rebalancing of benefit provision throughout the population.

4.3 The Purchase of Communally Consumed Benefits

Certain benefits in society such as security, policing, judicial, environmental protection and regulatory services are communally consumed. It is not possible to say who is benefitting to what extent and to fix individual prices accordingly. Health and education services, when properly understood, also fall into this category. The logical consequence of communal consumption is communal provision through the public services.

4.4 The Promotion of Equity

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.

4.5 Effectiveness of State versus Private Sector Provision.

The private market can be an efficient mechanism for the regulation of price through supply and demand and for efficient planning and supply. It is a mechanism which must be harnessed for the common good. The market fails, however, where certain crucial conditions are not met. Included here is the necessity for individually quantifiable consumption, the existence of genuine competition involving a multiplicity of producers and consumers and relatively short term returns to investors to encourage the employment of their capital. Such market conditions are not adequately met in what traditionally have been regarded in Ireland as public utilities such as water, sewage, rail transport, airports, sea ports and roads. They are not met either in the provision of infrastructure for electricity, telecommunications and piped gas, though markets in the *supply* of those commodities may be justified. Privatising provision, where the prerequisites for effective markets do not exist, is never in the long term interest of society.

4.6 Communal Funding or Pay-Per-Use

State provision does not always imply communal provision paid for through the taxation system. Where consumption is not communal in nature, a pay-per-use approach is frequently justified so as to ration consumption and minimize wastage. This applies to

water, gas, electricity and transport, though the provision of infrastructure for such services cannot always be factored into the price for the service for reasons of equity, because the real cost varies greatly depending heavily on geographical considerations.

4.7 Equity in Non-Communal Benefits

Equity in non-communal benefits must be achieved through subsidization of those in need. This can be achieved by the direct state provision of benefits as in 'free' gas or electricity or indirectly through income support. Income support, in allowing the recipient choice about expenditure, equates more closely to the norms of society and avoids discriminating against those in need. The process of defining and identifying those in need has led to a confusing plethora of means tested social welfare benefits. Means testing is costly, frequently unfair and can be inimical to the dignity of recipients. There is a strong case to be made for a unified minimum income approach, which is addressed in Appendix 1.

4.8 Housing Support

Housing support for those in need has traditionally involved a high proportion of direct provision in the form of public authority housing. This has had the regressive effect of geographically concentrating social disadvantage and stigmatizing recipients with many attendant adverse consequences for society. There are strong arguments in favour of an indirect model of housing support integrated into the private housing market. In a minimum income approach to welfare provision, the costs of housing would logically contribute to the definition of such a minimum.

5. Health Policy

5.1 Communal Provision of all Health Care

Apart from the imperative, from the perspective of equity, to provide the same standard of health care to all in society, irrespective of means, the degree to which health care is communally consumed offers a powerful additional argument for its communal provision by the state. Everyone benefits from living in a healthier society.

5.2 What is and what is not Health Care

In communally providing health care, it is essential to distinguish what is and what is not health care. For example, beyond the standard necessary for optimum patient care, the nature of hospital accommodation is not itself health-care, nor is the provision of alternative or experimental treatments, which have not been scientifically validated. What should be regarded as health-care, however, is the minimum standard of accommodation necessary to enable those who are disabled, whether by age or other reason, to sustain their physical and psychological wellbeing. Such accommodation and facilities should be financed for all through the tax system.

5.3 Provision for Private Health Related Accommodation

While all forms of in-patient and out-patient health care should be communally provided by the state, standards of in-patient accommodation, beyond that required by health considerations, would best be privately furnished. The same applies to luxury standards of accommodation for the disabled, including for the elderly.

5.4 Should Private Health Care Exist?

Where the service should be equivalent for all, the best scientific medicine and national resources can afford, there is no place left for a private market. The only one niche that might be exploited by the market would be in the gap between that which science defines as health care and that which can be marketed to the public as such.

5.5 Protecting Health Care Consumers

Where there is any private-market impact on health care, there is an important role for the state in protecting consumers. This, particularly with respect to 'alternative' care can be achieved by outlawing the most egregious practices and mandating full information disclosure in all instances to prevent the making of unsubstantiated claims in marketing services.

5.6 The Limitations of the Current Drug Licensing System

There continues to be a major market influence on healthcare irrespective of communal provision while drugs and medical aids are researched, manufactured and marketed by private industry. The current patent and licensing system leaves a great deal to be desired in terms of protecting patients and society at large. The patenting system allows the existence of monopoly supply which fundamentally undermines the market mechanism. Furthermore, the licensing of drugs and other medical care products is based on statistical significance of effect not the degree of benefit demonstrated. Drugs with extremely small treatment effects can be produced and marketed under patent, the cost-benefit balance of which to the individual and society is highly questionably, particularly when opportunity costs are factored in. It is the role of government to do all it can to address these problems.

6. Education Policy

6.1 Communal Provision from Pre-school to the Leaving Certificate

Both equity and the communal nature of consumption demand that education be fully provided on a communal basis, at least from pre-school to the end of second level.

6.2 What is and what is not Educational Provision

As with health-care, it is essential to distinguish clearly between what is and what is not education. Communally funded education must in all cases mean full state covering

of necessary costs and the absence of any form of consumer charge to do with access to and benefiting from educational provision on an equal footing.

6.3 Ownership, Patronage and Management of Schools

In the context of full state funding and of the secularization of Irish society, it is essential that a widespread public debate be commenced on the ownership, patronage and management of schools. It should be for the public at large to decide after free and informed debate whether the current, largely religious patronage system should continue, or whether ownership should be vested in the community at large.

6.4 What is and what is not taught in Schools

The content and balance of subjects and curriculum in schools must be the subject of ongoing review and public consultation. Tradition is no basis for such decisions, nor is pressure from vested interest groups or those with ideological prejudices. The time and energy of learners is a scarce resource which should be dedicated to that which will be of greatest benefit to them throughout life.

6.5 The Future of Irish in our Schools

For historical reasons, Irish has been accorded a peculiarly favoured status in our schools. This has failed in its original purpose which was the restoration of Irish as the vernacular in Irish society and it is not now a purpose to which very many would lend support. The opportunity costs of investing the current level of time and energy of our children in learning Irish has to be carefully reviewed. A widespread rational debate is required on the matter.

6.6 The Teaching of Religion in Schools

The debate on school patronage advocated above implies inevitably a review of the manner in which religious instruction is integrated into education. The nature and extent of religious instruction in schools must be rationally considered in light of the extensive secularization of society.

6.7 Educational Responses to Change in Society

Education had not adjusted adequately to developments in computing and information technology. In a world where unlimited information is freely available to all through the internet, the key function of education is not so much to inculcate a command of knowledge, though that will always be necessary to some extent, but to teach the skills of understanding, evaluating, applying and synthesizing information. An examination system at second and, to a significant extent, at third level based heavily on the measurement of pre-digested memorized information is no longer valid. All education must be evaluated against its contribution to post-educational functioning in society.

6.8 The Funding of Third Level Education

The case for communal funding of third level education is countered somewhat by the sector's poor record in being able to directly advance equity in society. It is the children of the already well-off who benefit the most. Nevertheless, given the communal nature of all educational consumption and the capacity of a progressive taxation system to ensure that the better-off fund the lion's share of third level education, there is a strong argument for communal funding. Otherwise, means tested grant aid must be depended on for equity of access. There are a variety of factors which renders means tested support a problematic option. In the absence of a cashless economy discussed in Appendix 2, means testing proves to be frequently inaccurate and unfair. There are further difficulties which follow from the great variation in costs for different students depending on their circumstances and from the fact that students at age 18 are no longer children, for whom there is an obligation on parents to support. The provision of loans to enable third level education is, in practice, likely to do little to improve equity of access as the wealthier parents can easily repay or replace the loans for their children.

7. Environmental Policy

7.1 The Responsibilities of a Wealthy Developed Society

A developed society such as ours must be prepared to shoulder its share of the responsibility for global environmental damage wrought by industrialization.

7.2 Factoring the Cost of Protecting the Environment into Commodity Prices

We must be prepared to factor the costs of environmental damage into those of commodities and services which we consume. We cannot continue to have economic growth on the cheap by ignoring the environmental consequences. Global environmental damage is a mortgage which we or our children will one day have to repay in full.

7.3 The National Environment and the Tragedy of the Commons

In protecting our own national environment, we must learn to emphasize collective and long-term wellbeing over short-term individual rights. This is particularly pressing with respect to all aspects of environmental planning. What is seen as good for each individual in the short term can in the longer term be a disaster for all.

7.4 The Necessity for a Collectivist Emphasis to Protect the Environment

The nature of economic planning and development, on the one hand, and environmental protection, on the other, are inextricably linked. A competitive, materialistic ethos is not compatible with sustainability. Only politicians and governments imbued

with a collectivist spirit, a spirit that is entirely contrary to the kind of government we have always experienced in Ireland, can command the necessary credibility to steer society towards choices that lead to a sustainable economy.

8. Crime and Justice Policy

8.1 Inequity and Crime

There is a very strong connection between inequity and crime. Policies designed to combat inequity also combat crime. Experience in countries where there is a fairer distribution of income and wealth indicates that, while crime is indeed reduced, it nonetheless remains a problem in society. There will always, therefore, be a need to decide how best to respond to those found guilty of criminal behaviour.

8.2 Competing Philosophies of Crime

Response to crime is informed by two competing philosophies, one derived from an individualist tradition, the other based on collectivist premises. The former emphasizes individual responsibility and focuses on punitive solutions. The latter views crime as more psychosocially determined and sees the answer as lying in preventative and rehabilitative interventions. Both views coexist to some degree in all societies, the punitive driven by a natural desire for retribution and the alternative by an equally natural tendency to appreciate the mitigating relevance of circumstances. The weight of psychological and sociological evidence on the origins of crime strongly favours a deterministic explanation and renders individual morality as a largely circular and uninformative explanation.

8.3 Reducing Crime in Society

Aside from moral or philosophical considerations, the important question to ask is what is likely to be successful in reducing serious crime. Punitive responses have a poor track record, with imprisonment and even capital punishment showing very weak deterrent effects. A distinction should be drawn between the perpetrators of most serious crime and the bulk of law abiding citizens. While punishment exerts little restraining effect on the former group because of their peculiar psychology, more criminal behaviour may be expected from the latter in the absence of the threat of sanction. Equity focused economic and social interventions are much more likely to yield fruit in preventing habitual crime. To improve the benefit to society, prison must become part of an effective process of rehabilitation, which is largely based in the community. Punitive strategies, best used sparingly, will always have a role, though, paradoxically, a more effective one with the generally law-abiding than with the truly criminal.

8.4 The Drugs Problem

A key sustaining dynamic of serious crime is the extraordinarily lucrative illicit market in narcotics. Despite enormous and expensive effort in Ireland and internationally, the war on drugs is as far from being won as it ever was. Just as the US in the 1930s was

eventually forced to accept that prohibition as a cure for alcohol abuse was much more harmful than the disease, it is now the duty of government to rationally evaluate whether the same is true of narcotics. The legalization of drugs would potentially create significant additional public health problems through increased use and addiction but that has to be weighed against the extensive social problems that follow directly from prohibition. Unless there are new and untried policies, such as the introduction of a cashless economy as described in Appendix 2, which we as a nation are willing to implement and which hold out real hope for success in the battle against organized crime and the illicit sale of drugs, good governance requires that we very carefully evaluate the prospect of legalizing drugs.

9. Economic Development Policy

9.1 Maintaining the Distinction between the Economy and Society

It is crucial that the distinction between society and the economy is maintained in the formulation of national policy. The latter must at all times be seen as subservient to the former, which includes all the interrelated dynamics, not just financial, that have a bearing on the wellbeing of the population.

9.2 The Function of the Economy

The function of the economy is to 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 continues to assume. It *is* necessary, however, for the economy to provide for all of the population of the country, which in practice requires circumstances approaching full employment.

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

Required income levels are determined by how much money will buy and by how much individuals deem it necessary to buy. Neither of these is fixed at any point and the two are interrelated in a complex way. Full employment does not require a job for every adult of working age but does require the provision of an income for every family. In practice, many women, in particular, choose to remain outside the labour force, supported by the income of partners, when they can afford to do so. The size of the active labour force is, therefore, significantly determined by what money can buy and what families deem it necessary to buy.

9.4 Materialism and the Limitations of Economic Growth

If we maintain a highly materialistic focus in society, the task set the economy becomes unsustainable. Since material wants, largely due to status competition, continue to grow inexorably, the economy must return unending growth. This is not sustainable

indefinitely and a wall erected by the depletion of the earth's resources and by environmental damage will be reached.

9.5 Focus of Government Policy on Equity rather than Growth

It is crucial that Government policy shifts its primary focus from maximizing growth, which does not have a long term future and which as a prime objective is not in the interests of general population wellbeing, to advancing the more equitable distribution of the benefits of our national economic output.

9.6 Novel Risks in the Irish Economy

The recklessly myopic growth-led policies, pursued and encouraged through the dominant political consensus, have now bequeathed a set of unprecedented risks to the Irish economy. The bailing out of the banks and the nationalizing of their immense losses must under no circumstances be allowed to further undermine equity in society. The vast sums poured into the financial institutions must be regarded as loans to be repaid to society by the financial institutions and those who own them, irrespective of how long the process takes. This objective will never be achieved by a political leadership irreconcilably dedicated to the opposite of equity in society.

9.7 Improving Competitiveness

The proposal regularly advanced that wage cuts or restraint is necessary to improve our national economic competitiveness is deeply inequitable in that it places no burden at all on those who are self-employed or earn their wealth through the investment of capital. If however, all those who are economically active in the economy were to take an income cut, then the proposal might well deserve attention. It is possible to envisage all employees taking a wages cut and all those self-employed and drawing their income from capital making their contribution through special taxes. In this way the cost of Irish goods and services would be reduced, improving competitiveness and economic performance with everyone making a contribution either by foregoing pay or by paying increased taxes.

10. Taxation Policy

10.1 A History of Promoting Inequity

The taxation system in Ireland has always been designed to sustain and further the inequitable distribution of wealth in society. The prerequisites of a sound taxation policy and the logic behind it will be set out in the remainder of this section.

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. Taxation must never be portrayed as a cost in any sense within society but must always be understood to be a mechanism for reordering spending priorities for the good of the population as a whole.

10.3 The Impact of Taxation on Collective and Individual Benefit

When the nature of true benefit, as opposed to material wealth, is appreciated, everyone gains through a significant transfer from private to public expenditure. Through changing the culture of society, individual benefit is enhanced even among the wealthiest citizens who pay the most taxes.

10.4 The Relationship between Taxation and Economic Success

A high transfer through taxation from private to public or communal expenditure is perfectly commensurate with economic success as proven by the Scandinavian countries. There are compelling reasons why public expenditure improves economic wellbeing through replacing imports with services providing employment at home.

10.5 Progressive Taxation

So as to promote the equitable distribution of benefits in society the taxation system must be sufficiently progressive with tax rates rising in accordance with income and wealth. Since there are sharply diminishing wellbeing returns as the acquisition of material luxury grows, the marginal benefit loss due to luxuries foregone diminishes with greater wealth and higher taxation.

10.6 Broadly Based Tax Collection

The tax system must be sufficiently varied and broadly based in terms of its revenue generating mechanisms to even out disutilities or disadvantages inevitably associated with each individual tax and to minimize temporal variation in the overall tax-take.

10.7 Transparency and Avoidance of Distorting Effects

The taxation system must be simple and transparent enough to allow for accountability to the public with respect to what exactly it is achieving or failing to achieve. Every effort must be made to avoid unwanted distorting effects of the tax system, as occurs with the present system of allowances which allows some of Ireland's highest income earners to pay the lowest tax wedge and even to avoid paying any tax at all.

10.8 Elimination of Tax Evasion and Full Collection

Arguably, the most crucial feature of a sound taxation system is that taxes be collected in full. The capacity to evade taxation by concealing income and wealth is not only a recipe for unfairness but also undermines the foundations of democratic government. If the law and what actually takes place are at any significant variance, society is being governed on a fraudulent basis. This specific fraud is at the core of the deleterious political culture which has blighted Ireland for so long. The final elimination of tax evasion would be of

inestimable benefit to Irish society. This may only be possible through the creation of a cashless economy. At first this may seem a radical step but it is well within the capacity of current technology and no different qualitatively from current practice in the widespread conduct of electronic transactions. The details of a cashless economy are analyzed in Appendix 2 below.

11. The Citizen as Producer versus the Citizen as Consumer

11.1 The Focus on the Citizen as Consumer

Throughout the EU and in particular in Ireland there is an unbalanced focus on the role of the citizen as consumer versus that of producer. The majority of adults of working age occupy both roles simultaneously. More consumer choice and cheaper commodities are generally assumed to be positive outcomes. Despite that, individuals rarely define themselves primarily as consumers. They are more likely to see their self-image in terms of their work or producer role and anything that negatively impacts their lives in the workplace has an all-round deleterious effect on their general wellbeing.

11.2 Cheap Consumption at the Price of Poor Employment

What may appear good for the consumer is by no means always good for the person in the workplace or for his or her wellbeing in a general sense. Low prices and the availability of more material goods can easily be obtained at the price of insecure employment, poor wages and unsatisfactory working conditions for the majority of workers. From the point of view of maximizing wellbeing, this is an extraordinarily unwise trade. The unbalanced focus on consumption leads in the capitalist system to every greater inequity, unless there are countervailing forces. The role of producer must be protected through the work of trade unions and through government policy to enhance the security and quality of employment in society.

12. The Role of Charity

12.1 The Meaning of Charity

The word 'charity' has two, albeit related, connotations. It refers to the voluntary giving by those who have to those who are in need without expectation of recompense. It also refers to the state of certain non-governmental agencies or organisations that operate on a not-for-profit basis in the provision of services to society. Frequently such agencies are funded by the state through the tax system and effectively act as sub-contracted providers of services for the state.

12.2 Charity is Contrary to Equity

Charity is not a moral basis for the delivery of public services. It derives from an individualist philosophy which flies directly in the face of the true collectivist nature of society. All essential communal services should be funded fully through taxation and normally delivered directly by state agencies.

12.3 The Limited Role of Charitable or Non-Profit Agencies

In general, charities should be limited to the provision of services or benefits that are not deemed essential. The sub-contracting of essential services to charitable agencies allows the state to underfund such services and to evade responsibility for adequate service provision. The delegation of responsibility for public services through charitable or non-profit agencies may, however, be wise where once-off or experimental projects are concerned, even where public funds are being employed. This allows for a degree of responsiveness, flexibility and voluntary input which state agencies may be ill suited to achieve.

Appendix 1: A Minimum Income Policy

Ap1.1 Basic Welfare Protection

In addition to direct communal provision, the state needs to provide those in need with sufficient funds to provide for the daily necessities of life. This has led to a complex array of means tested schemes

Ap1.2 Disadvantages of Current Model of Provision

The current approach is too complex and opaque. Also, heavy reliance on means testing for various entitlements is expensive, often inaccurate and can be contrary to basic human dignity.

Ap1.3 The Alternative: A Universal Minimum Income

An alternative, which needs to be considered, is the provision of a universal minimum income, a level of income below which no one is allowed to fall designed to eliminate poverty in society. The income would commence at age 18 or on completing second level schooling and would be available for life whenever private income falls below that level.

Ap1.4 Should there be a Family Minimum Income?

Given that the norm in society is for families to constitute a single economic unit, with spouses or partners, where possible, supporting each other financially and providing for any child dependents they have, it is necessary to define a minimum income for families as well as for individuals not financially interdependent with others.

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

There is no mechanism by which family-income from private sources rises with number of child dependents. At present there is no convincing argument for and significant arguments against, in terms of child welfare, the encouragement of large families. These considerations militate against tying minimum family income to number of children. On the other hand, a policy of this nature would fly directly in the face of the accepted right of all who can to have children. The answer may be a compromise with increases in the family income up to a maximum of 2 or 3 children.

Ap1.6 Potential Objections to a Universal Minimum Income

The main objections are likely to be about the level of taxation required, the dangers of 'welfare tourism' and the disincentivising effects on work. The impact with respect to all three has to do with the level at which the minimum income is set, not with the concept itself. It is for society to decide the appropriate minimum, taking account more openly of such factors as it does at present in a very opaque way. The main advantages of the system would be clarity, ease and efficiency of administration and some amelioration of the stigma associated with welfare dependence.

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

There is and must always be a state commitment to ensuring that everyone has adequate accommodation. There are very serious disadvantages associated with the direct provision of housing as indicated at 4.8 above. It is logical, therefore, that the indirect provision of housing would be achieved through the minimum income, should such an approach be adopted.

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.

Ap2.2 Feasibility of a Cashless Economy

With the increasing use of credit cards, debit cards and other modes of electronic money transfer, we are already far along the road to a cashless economy. A complete transition would enable all income and expenditure to be traced. The technology exists to enable the electronic conduct of all transactions, big and small. All practical and convenience-related obstacles can be overcome. Only those with ulterior motives can object to what is already very much the case for those in the PAYE category.

Ap2.3 Advantages of a Cashless Economy

A cashless economy would not only eliminate tax and social welfare fraud and greatly enable crime detection but would also put an end to all types of cash theft and robbery. The elimination of cash would result in very considerable savings and enhanced convenience and security in the distribution of money throughout the economy. The elimination of income concealment would render incalculable benefits for society through clarity about the genuine pattern of wealth distribution and through accountability to the public for the real impact of government policy with respect to income and taxation.

Ap2.4 Opposition to a Cashless Economy

It is to be expected that novel ideas will be opposed on the basis of a common fear of the unknown. Such resistance, if yielded to, would stifle all forms of progress. Another basis of opposition to be expected is the threat to individual privacy. This must be viewed with skepticism. Only those with something to hide have anything to fear. It may be argued that a wholly electronic currency is vulnerable to some large-scale system's failure. A great deal of our modern world is dependent on similar integrated electronic systems. The fear of systems' failures is frequently exaggerated but, nevertheless, can and must be guarded against. It must be recalled that a paper currency is also dependent on a complex integrated system of banking and economic management. Any system employing ancient or modern technology is open to failure. The solution is to identify the risks and design safeguards against them. Fear of system's failure is just a variant of fear of the unknown. It cannot be used as a basis for halting progress that is in the interests of society as a whole.