



THE IRISH ASSOCIATION
for cultural, economic and social relations

Challenges to social Values
in a Changing Economy

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Ireland today is in many ways unrecognisable from the Ireland of the fifties and sixties in which I grew up. The economic fatalism of the fifties, a decade in which about a third of each generation emigrated, has been replaced by buoyant economic conditions and inward migration totalling over a quarter of a million in the last five years.

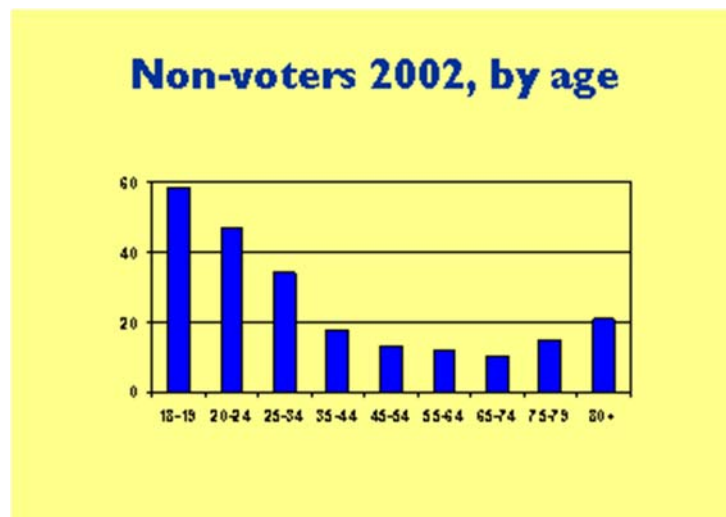
The invisible women of the 1950s, expelled from economic life on marriage, have been replaced by women confident in their position in the workplace and the world.

The monolithic position of the Catholic Church has gone. But if the church no longer shapes our values, where do they come from? Have we as a society developed a new civic morality, a new set of values, to replace that handed down by the church? Or has the growth of prosperity left us with a me fein society?

The headlines on The Irish Times front page of 2nd October caught the three strands I want to address today. The lead story was the absence of a Presidential election, the other two headlines were "Ireland's gap between rich and poor among the widest in the EU" and "Nightclub hours curtailed to curb public order". This paper echoes these themes, and addresses civic values, economic and social values, and personal values.

Civic engagement

Participation in national elections and referenda has been steadily falling. On the ground, the detachment of younger people from politics is very striking, figures borne out by the age breakdown of those who did not vote in the general election of 2002.



Non-voters were in the majority among 18 and 19 year olds, and only half of those aged 20 to 24 turned out to vote. The national struggle, the political rivalries of the civil war, our national debates over emigration and unemployment, over women's rights and a more liberal Ireland, all evoked passion and political interest. Today when those particular struggles are largely over, many of the under 25s no longer see politics as important or voting as a mark of civic participation. On the doorstep, very often it is local services rather than political positions which the public say will sway their vote "I'll vote for whoever gets that grass cut/that pothole filled before election day".

A lazy journalism often minimises differences in political positions and political values so we get the cult of personality rather than political ideas. For many voters, this leaves the only differences between candidates as the efficiency of the constituency work. And that of course is influenced by the resources at the candidate's disposal - those with big fund-raising machines or wealthy backers can fund an army of staff to chase the constituency queries, relay back the answers, and get the leaflets out to claim the credit.



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The wrongdoing unveiled by the Tribunals has accelerated a loss of public trust in politics. While a minority in one corner of the political system have ruthlessly used their public office for private gain, the populist view that "You're all the same" is an easy way to tar all with the same brush. There has been little public discussion of the structural links that remain between money and politics. While we have not, fortunately, reached the depths in that respect of the US political system, political activity and in particular electoral activity is still disproportionately dependent on larger-scale donors, and some candidates are able to ruthlessly outspend their opponents. The ceilings placed on election spending in the Electoral Act of 1997 have been cynically raised to have virtually no meaning. Is it surprising that one confused young man told me he was voting for Fianna Fail because he couldn't vote for Fine Gael "after what Charlie Haughey done".

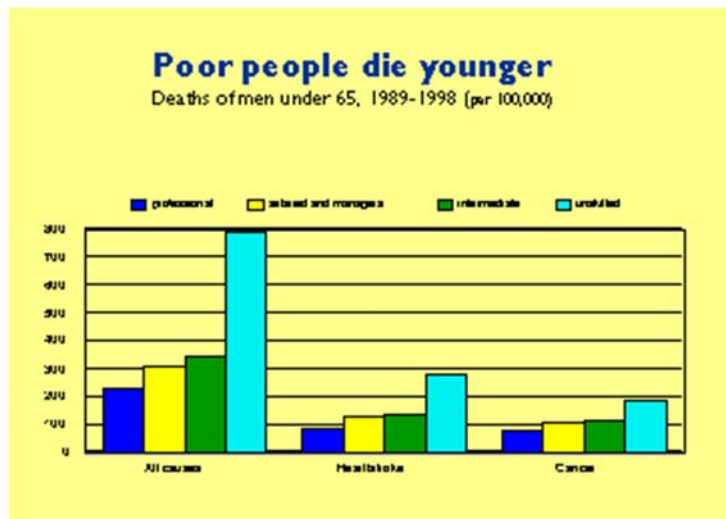
Social and economic values

Ireland has come through the most sustained period of economic growth we have ever seen in the history of the state. For most of us aged over thirty, we grew up with an image of Ireland as chronically underdeveloped, one of Europe's poor relations, unable to provide jobs for our own people, unable to afford decent public services.

That no longer holds. In 2001 we were exactly twice as rich, measured in real terms, as we were in 1990. The numbers at work have grown by two thirds, and large-scale unemployment is gone. Emigration today is voluntary, and usually temporary. Instead, we now have net inward migration. About 10% of our population were born outside Ireland.

Over the boom years, the demand for unskilled workers increased, their wages rose, and earnings dispersion narrowed. But the gap between rich and poor widened, because tax rates fell faster for the rich, and social welfare incomes failed to keep pace with average earnings. This widening inequality cannot be attributed to unseen market forces but to actual government policy.

Some people hold that inequality is not of major concern, once absolute want is falling. Indeed the current Minister for Equality (and Justice and Law Reform) is on record as a supporter of inequality as a driver of economic growth. But economic inequality pervades to other spheres of life, and most notably to life itself. Poorer people die younger.



For almost a decade, Ireland has been the fastest growing economy in the EU, and has now not only caught up but has surpassed the income per head in our partners. In terms of GNP per head, Ireland is now the eighth richest countries in the world, and has third largest output per head, ahead of the US. However, the quality of public services in areas like health, community supports, social security, child care and public transport fall seriously behind the European norm.

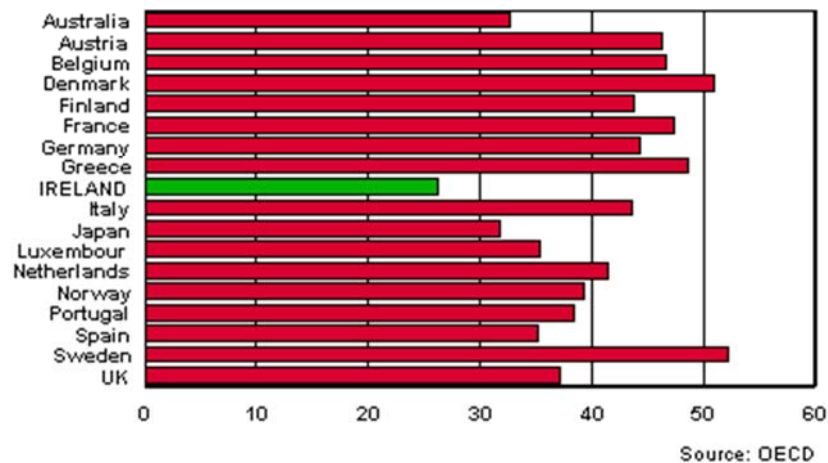


The unprecedented economic boom which began in 1994 should have offered a unique opportunity to catch up. However, while public spending did rise throughout the boom years on the main social services, the share of national income spent on public services fell steadily throughout the boom years. Some of this was for positive reasons:

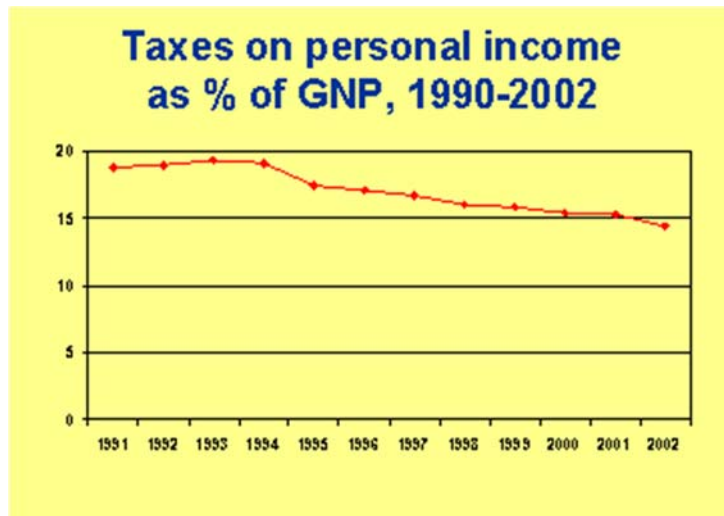
- Economic growth was faster than anticipated, so planned spending lagged behind as a share of income
- Unemployment fell sharply, bringing down the cost of social welfare
- Economic dependency fell with falls in births, an expanded working generation and higher workforce participation
- Interest rates fell sharply as a result of EMU, and national debt interest payments fell

As incomes have grown, public spending has failed to keep pace. Current public spending as a share of GNP has fallen from 44% in 1990 to 31% today. Some of this reflects falling unemployment and falling national debt interest. Our older age profile is much more favourable than in France and Germany who are struggling to pay today's pensions. But even allowing for these factors, Ireland is well behind other European countries in the share of national income it devotes to public services.

Total public expenditure as % of gross national income, OECD 2000



The core bargain at the heart of social partnership involved a trade-off between lower taxes and moderate wages. This helped facilitate a focus of budgetary policy, particularly as the exchequer began to generate surpluses after 1997, on the scale of the tax cuts to be offered rather than on enhancing public services. There was and is a clear ideological view at the heart of government that favours cuts in income tax, in corporate taxes, in capital gains taxes. Starting from a philosophy of "giving people their own money back" rather one built on social solidarity, it has been unsurprising that the detail of tax cuts has focused the gains on the wealthiest.



Middle class opt-out

The shape of modern western welfare states reflects whether or not the middle class have been co-opted into the process, it is argued by one of the most influential writers on the welfare state. Ireland's welfare state, unlike mainstream European or Scandinavian ones, has struck a relatively fragile bargain with the middle classes. We opted for a model of basic level provision, where many of the middle class, be it in health, education or pensions, add on a privately funded layer on top of their state entitlements. Without a strong engagement by middle class voters with the welfare state, its future may be fragile as Ireland becomes an increasingly prosperous society, heading rapidly towards an 80% middle class society.

Virtually every child in this state attends a state-run primary school, and people engage with what has been by and large a high quality public service. In contrast, 48% of the public pay into private health care, largely motivated according to ESRI research, by speedier access to treatment as well as perceived shortcomings in the standard of public care. And in perhaps a signal of what is to come, over half the second level pupils in South Dublin in the triangle from Rathfarnham to Ringsend to Bray attend fee-paying schools

Philip O'Connell and David Rottman have argued that welfare state expansion in Ireland has been shaped to attract an expanding middle class (1992). They see that Irish welfare state as offering basic benefits which can be topped up by the better-off through private provision, and as a system whose effect is to consolidate inequality rather than redistribute resources.

Research across OECD countries shows that universal services tend to be generous ones, but selective services for the poor only in turn get poorly funded. Korpi and Palme (1998) using evidence from the Luxembourg Income Study show a strongly consistent link between highly selective welfare systems and poor levels of income support. This finding supports the hypothesis that countries whose middle class have little stake in the welfare state are likely to have a poorly funded and developed welfare state. (Lazar and Stoyko, 1998)

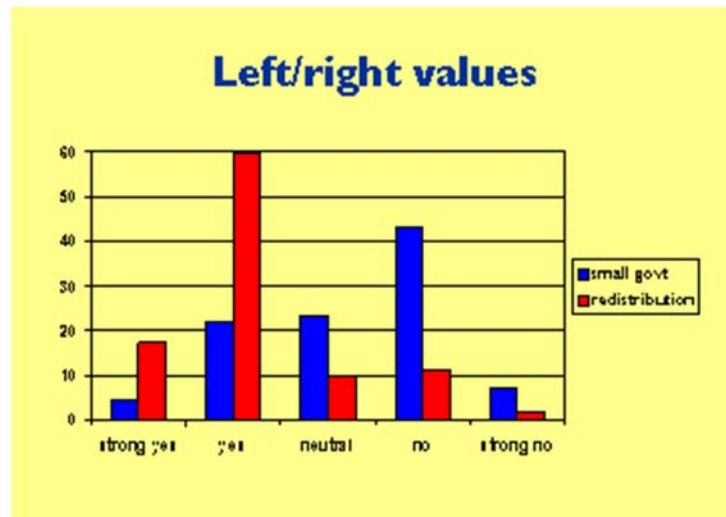
Will concern for collective services outlast our parents' generation?

We remain for the time being a middle class society with one foot in the past. We are just 150 years, about six generations, from the Great Famine. Today's pensioners typically left school at primary level, and most are heavily reliant on state welfare pensions. They rely, to a much greater extent than their sons or daughters, on the public health services. The prosperous middle aged retain an important link to the welfare state through their parents. Many of today's home owners were reared as council tenants. But while many of today's middle class have a stake, through their parents, in ensuring adequately funded and properly run state services, will that stake survive the passing of that older generation? What future for the welfare state in an era of increasing prosperity, where the culture of contentment is in the ascendancy?



Our expressed social and economic values?

The drift to the right in terms of distribution of public resources towards tax cuts and a lower budget share, the upward redistribution of income through the thrust of tax and welfare policy over the last number of years, are at odds with the expressed views of the public, as recorded in the European Values Survey. There, asking do people agree that Government should reduce differences in income levels, Irish people score high on the left end of the spectrum, and conversely, there is not a great deal of support for the view that the less government intervenes in economy, the better it is for the country.



Building world-class public services

While growth is likely to be slower in the coming years, there is nevertheless a real opportunity to opt for world-class public services. If growth were to average in the medium term its current 3.5 rate (as forecast in the ESRI's Medium Term Review) we would see real incomes rise by 75% over the next twenty years. If growth returns to its long-term trend rate of 4% a year, living standards would almost double over that time.

Earnings-related pensions for all

We are almost unique in the western world in not having earnings-related social welfare pensions which could allow living standards be maintained into old age. At the same time we do not have mandatory occupational pensions. In Ireland, only half of the working population have occupational pension cover. In the private sector, however, only one worker in three is in a pension scheme and can expect a pension linked to pre-retirement earnings. There is a large group on low and middle incomes for whom state welfare provision falls far short of a reasonable replacement target, yet who have no alternative private cover of their own.

Pre-school education

A wealth of research evidence points to the importance of pre-school education in laying the foundations for future learning and giving children a headstart in life. Here again is another area where Ireland is at the bottom of the EU league table of participation.

Community supports

The debate underway about the crisis in Accident and Emergency services has used the ugly term "bed blocker" to describe people who are no longer getting acute hospital treatment, but cannot be discharged home in the absence of community supports. The glib answer is to increase the number of nursing home places, a more human-centred approach would develop the care supports so people could be cared for in their own homes and surroundings.



Funded parental leave

The Scandinavian countries have excellent child care services, and an excellent system of funded parental leave when children are young. In Finland, for example, a parent receives generous financial support when children are under three, that offers a real choice between staying at home or working.

The strategic choice made as the Celtic Tiger budget surpluses began to accrue was to put more into tax cuts than into spending, lowering the share of public spending in the economy. We have an opportunity today to make a strategic decision to use the fruits of future growth to deliver world class public services.

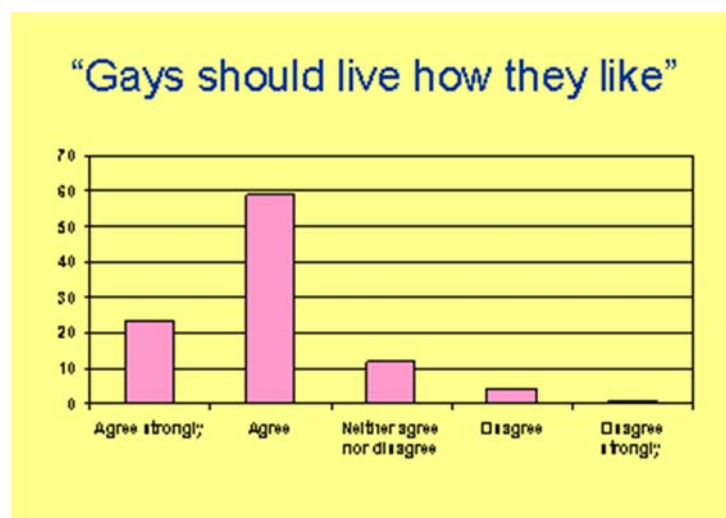
Personal values

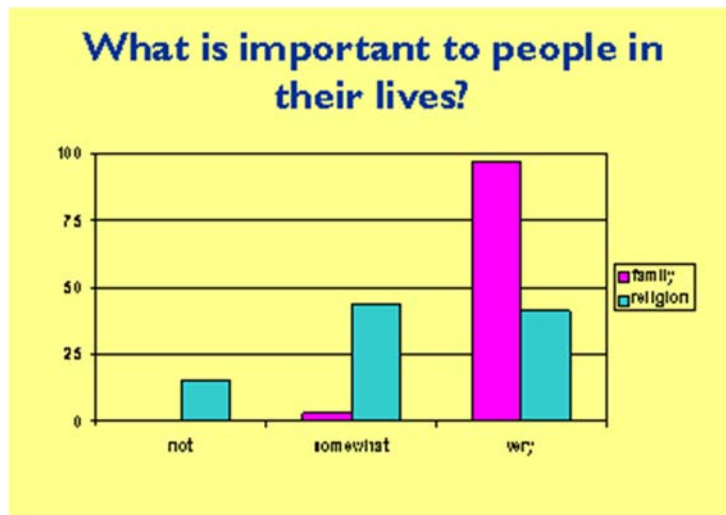
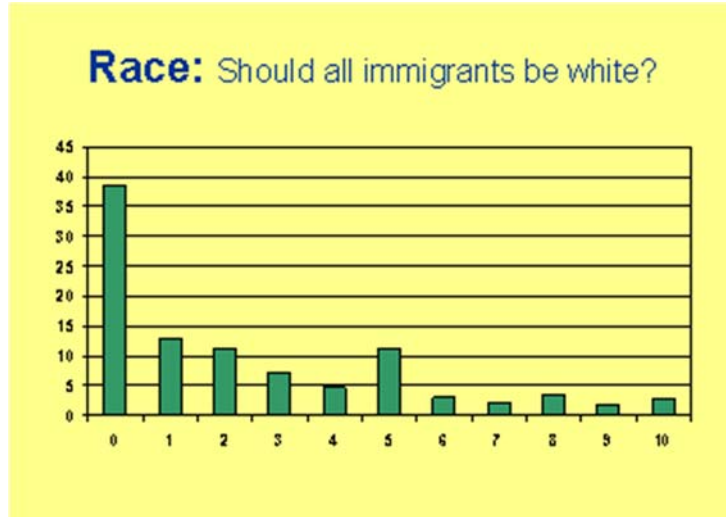
We have looked at where society spent the Celtic Tiger boom money. It is interesting to look at where individuals spent their increased income over this period, bearing in mind that relative prices of many items have changed over the last decade. In real terms, the increased spending per head on some keynote items between 1990 and 2002 is shown below - little change in food spending, but a 35% real increase in spending on alcohol. We are spending nearly twice as much on cars and motoring, hardly a surprise in our traffic-choked streets. We are better dressed, we spend more on foreign holidays, and technology that was in its infancy in 1990 like mobile phones and the internet now takes a surprising share of our personal budgets.

- food + 2%
- alcohol + 35%
- cars + 86%
- furniture and home appliances + 146%
- clothes + 180%
- spending abroad + 183%

House prices have trebled over the period, and the term "property" has increasingly replaced the word "home". Those who have no homes of their own have little voice - it is not widely realised that there are more families on official housing waiting lists than there are full-time farmers.

Our expressed personal values, as recorded in the European Social Survey, show a continuing importance given to religion and the family. They show a strong sense of altruism and personal tolerance. On the negative side, we have an increasing incidence of serious problem drinking, our crime statistics record increasing levels of random street violence, racial abuse belies our image of the hundred thousand welcomes, and the number of immigrants to our shores who have been murdered is a sobering and worrying figure.





The shotgun weddings are gone, and children born outside marriage no longer bear the stigma of illegitimacy. Family formation has changed radically over a generation, and a third of births are now outside of marriage. But if church teaching on sexual morality has largely been bypassed, we are slow to develop an alternative ethic of sexual responsibility. While family is professed to be overwhelmingly important, a quarter of babies born today do not have their father living with them at the time of the birth. One in ten children do not have their father's name registered on the birth cert., although we have signed up to the UN Declaration on the Rights of the Child which provides for the right of children to know both parents and be in contact with both parents (articles 7 and 9).

What we say and what we do?

Is there a divergence between what we say and what we do? Is there a divergence between our ideal image of ourselves and our behaviour?

Survey data on our value system show we place a lot of emphasis on personal values like caring and equality, less so on wealth or just having a good time. Politically, we profess to favour redistribution and better services, though our recent governments have been ardent tax-cutters.



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Is there an underlying dissonance between belief and behaviour, between values and actions? Or has political competition and the search for the median swing voter caused the political system to compete in appeals to our selfishness rather than appeals to our idealism?

Ironically, as church social teaching moves from the conservatism of the 1950s to the goals of liberation theology, the moral influence of the churches, in the face of increasing secularisation and in the wake of sex abuse scandals, has rarely been weaker.

If Irish society no longer takes its values from St. Peter's or Drumcondra, if ex cathedra pronouncements and the fear of hell no longer have the power they once had, where are we now to build a new morality, a new civic ethic? Will our values be those of Material Girl, of celebrity, conspicuous consumption and let the losers go to the wall? Can we build a new framework of values based on interdependence, mutual respect, care for others and a sense of the public good?

Traditionally as an emigrant country we looked to the world outside ourselves. We remember our own colonial past, and we saw a sense of solidarity with other countries that had known foreign rule.

Today, as multiculturalism is evident on the streets of our cities and towns, there is a temptation to become more insular, to concentrate on our own prosperity and forget the wider world outside. The €4,000 Gucci bags for which there is a waiting list in Dublin cost the equivalent of over ten times the annual income of someone living in the Congo.

We have pledged to finally reach the UN target of 0.7% of GNP in overseas aid by 2007. Hopefully the political fumbling on this issue is now over.

As the eighth richest country, in terms of income per head, on this planet, we have a moral obligation to the rest of the world.

ENDS

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One clear measure of this is the proportion of the population with a Leaving Certificate, the traditional passport to a white collar occupation.