



The Future of the Welfare State

Social Justice Ireland

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I.S.B.N. No: 978 1 907501 03 6
First Published: September 2010

Published by:

Social Justice Ireland

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Sponsored by
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INTRODUCTION

The welfare state is not an end in itself. It is a means to an end – the well-being of all people. The future of the welfare state has been a topic of discussion and argument for more than 30 years on issues ranging from education to employment, from healthcare to social housing, from welfare rates to pensions to provision for people with disability. Some have claimed it cannot survive because the population is aging. Others have argued that globalisation will undermine it in due course. Recent economic upheavals and huge budget cutbacks in many countries have added to the questions faced by the welfare state.

Is the welfare state really under threat? Has the era of the welfare state passed? Will people continue to support it? What are the major challenges faced by the welfare state at this time? What impact does the welfare state have on reducing poverty? Can the necessary funding be provided? If the welfare state is to survive how should it adjust to the changing economic situation? What are the implications of demographic developments? What should be the core of the welfare state if it is to persist in the twenty first century? Can the nation state continue to be the basis for this kind of development model, this kind of social contract?

In these economically turbulent times it is essential to focus on the shape of the society we wish to see emerge. The welfare state has been in existence in Ireland for about a century. Do we wish to see it continue? If so, what form should it take? What are the key challenges it faces in Ireland? How might these be addressed effectively and efficiently? Should people's expectations of the welfare state change?

The chapters in this book, which were first presented at a policy conference on the topic of *The Future of the Welfare State*, seek to address some of the key questions and issues that emerge in this context.

This publication is the 22nd volume in this series organised and published by *Social Justice Ireland* (previously published by *CORI Justice*) which has sought to address these questions and issues on a day to day basis.

Tony Fahey's opening chapter provides an overview of the welfare state and addresses some key questions concerning its future. Willem Adema analyses the welfare state across selected OECD countries including Ireland, asks how much it really costs and how good it is in reducing poverty. Daniel O'Connell asks if there is a place for values-led debate and discourse in the public sphere in the shaping of public policy and proposes a core set of guidelines that should underpin such debate. Seán Healy and Brigid Reynolds focus on the purpose of the welfare state, the challenges it faces and what the core elements of a welfare state for the 21st century should be. They also address the key issues of financing and of responsibility.

Social Justice Ireland is concerned with issues of principles, paradigms and guiding values as well as with the specifics of problems and policies. It approaches all of these from a social justice perspective.

Social Justice Ireland is a recognised social partner within the Community and Voluntary pillar of social partners. In presenting this volume we do not attempt to cover all the questions that arise around this topic. This volume is offered as a contribution to the ongoing public debate around these and related issues.

Social Justice Ireland expresses its deep gratitude to the authors of the various chapters that follow. They contributed long hours and their obvious talent to preparing these chapters.

A special word of thanks also to the AIB Investment Managers whose financial assistance made this publication possible.

Brigid Reynolds
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September 21, 2010

1.

The future of the welfare state: An overview

Tony Fahey

Introduction

The welfare state has been in existence for about a century in Ireland. The introduction of old age pensions in 1908 and unemployment insurance in 1911 marked its birth (McCashin 2004: 3-27). Some state funded services long pre-dated this period – the National school system, for example, was founded in 1831. On a broad definition, therefore, the origin of state supports for the welfare of the population goes well back into the nineteenth century. However, it is common to think of provisions for maintaining people's incomes in times of need, conceived of as a matter of right rather than of charity, as at the heart of the welfare state. On that basis the first decade of the twentieth century witnessed sufficiently radical shifts in the direction of modern welfare provision for it to be counted as a founding period. Developments in this era were not peculiar to Ireland: the initiatives of 1908 and 1911 came from the UK government rather than from within Ireland and reflected the growing strength of the labour movement in Britain. They were in keeping with the widespread movement in leading western countries at that time to expand the state's welfare role: Germany led the way in the 1880s with the world's first system of state-backed social insurance for sickness, accidents, old age and invalidity, while the United States did not get on the same track until Roosevelt's New Deal of the 1930s (Flora and Alber 1981). The welfare state could thus be said to be entering its second century, as long as we take that to refer to something like its average duration across the western world as a whole rather than its exact duration in every country.

As the welfare state reaches this stage, the question we are concerned with here is what its future will be. I will address this question as it applies to

the welfare state in general rather than in Ireland as it is worth trying to focus on the overall thrust of likely developments rather than dwell on the undoubtedly important issue of national variations. Taking a big-picture approach, then, we can ask if the best days of the welfare state are behind it, or if it has become a too firmly rooted part of modern societies for it to be easily dislodged. Will it take the same form in the future as we have become accustomed to in the past?

The present paper provides a three-fold answer to these questions:

- first, that the welfare state has become so well established and so tied into the fabric of modern life that it is extremely difficult to cut back – the welfare state is unlikely to be much *smaller* in the foreseeable future than it is today;
- second, the *progressivity* of the welfare state (its effectiveness in providing protection to the vulnerable rather than favour the well off) is less secure than its size: there are real risks that ever-present tendencies for the poor and marginalised to come second in welfare distribution will gain the upper hand;
- third, the very notion of what progressivity means is coming under new scrutiny in the light of cross-national inequalities and various movements towards cross-national integration, of which the European Union is a leading example. The issue here is whether the nation-state as the frame of reference for defining and understanding public welfare provision will continue to be as dominant and unquestioned in the coming century as it has been in the century just gone and what that means for what we would define as the ideal welfare state of the future.

Underlying these answers is a more general theme of the cross-cutting nature of forces affecting the welfare state and the consequent difficulty of detecting a single clear underlying direction of movement. So many things are happening at once that it is difficult to list and grasp them all, much less add them together and come up with a forecast of where the resulting balance of forces will lie.

Crisis and retrenchment?

The question of how big the welfare state should be has often been discussed over the past century. Supporters of the welfare state have often worried that it might be about to shrink, while opponents have often sought to bring that outcome about. As we in Ireland, like other peoples in the world, try to come to terms with the recession and financial upheaval of the past two years, talk of welfare cuts is in the air and the future of welfare provision seems particularly threatened at the present time. In dealing with this issue, we have to distinguish between short-term changes during recessions which are more-or-less automatic responses arising from the current structure of welfare provision (such as the increase in welfare payments for the unemployed as their numbers soar) and longer term structural changes which might alter the underlying nature or role of the welfare state. In the short-term, the recession has caused social expenditure to balloon in Ireland, as it has in many other countries, both in absolute terms and as a share of a national income. However, this tells us little about long-term prospects since the future direction of welfare provision will be the outcome of longer-term forces. It is the latter we will be concerned with here, and for guidance on this question, it is useful as a first step to look at past experience and see what that can tell us about where we are headed. Over the past century, there have been two episodes of crisis of a type and on a scale of what we are now experiencing – the depression of the 1930s and the long recession which followed the oil-price shock of 1973. What do they tell us about how the present crisis might affect the welfare state?

The 1930s depression

The value in referring briefly to the depression of the 1930s in this context is the reminder it gives us of the role of welfare spending as part of the *solution* to recession and of how widely that role was adopted and put into practice in the 1930s, even before Keynesian theories of macro-economic management provided a new orthodoxy on that question. Roughly speaking, in the first half of the 1930s the still-young and small systems of state welfare provision of that period come under severe pressure, often to the point of collapse. Economic contraction, soaring unemployment

and falling revenues in effect bankrupted services like Britain's system of unemployment insurance and led to economic chaos in Germany. However, there were other countries where social insurance principles continued to expand, and in many cases did so because of rather than in spite of the social and economic pressures created by the difficult economic problems of the time. The state stepped in to strengthen the fiscal base of social insurance in Britain as its original revenues from insurance contribution bases dried up. In the United States, the Social Security Act of 1935 in effect created the American welfare state (such as it ever was) and was a central component of Roosevelt's New Deal. In New Zealand, the Social Security Act of 1938 was hailed at the time as setting a new benchmark for social insurance provision (Lindert 1984).

At the same time, Keynes was building an intellectual case for the welfare state which presented it not as an altruistic support for the poor but as part of a package of policy instruments which states could use to keep the market economy on track and prevent recurrences of economic collapse. Welfare spending in his model served not only to protect the economically vulnerable but also to stimulate economic demand at times when private expenditure by firms and households dried up and locked economies into downward spirals of falling output and falling demand. In trying to account for the burgeoning of the welfare state after the Second World War, it is difficult to separate out the effects of the war itself from the groundwork that had been laid in the 1930s, but there is no doubt that the experience of depression and the failures of free-market capitalism in that period contributed to the groundswell of support among both political elites and the general public for state social provision that built up during the war. It is instructive in this context to recall that the Beveridge Report, which drew up the blueprint for the post-war welfare state in Britain and was an inspiration for similar efforts around the world, was initiated in 1941 and published in 1942 (Hills, Ditch and Glennerster 1994). The 'giant evils' of 'squalor, ignorance, want, idleness and disease' it sought to combat were of the 1930s and earlier decades rather than of the war itself. Beveridge had been involved in the design of social policy in Britain since 1908 and his thinking in the early 1940s on Britain's welfare state had thus been maturing for over three decades. Beveridge also

emphasised the benefits of welfare provision for the competitiveness of the British economy and as a necessary element of general economic reconstruction.

In general, therefore, it is reasonable to say that the economic crisis of the 1930s was a major spur to the flowering of the welfare state which occurred after the war. It is well to keep in mind this generally pro-welfare outcome of the 1930s depression as we think of the possible consequences of the present financial crisis for the future of the welfare state.

The 1970s recession and the new right

Although the post-1973 recession was less severe than the depression of the 1930s, its portents for the welfare state seemed to have all of the negatives and none of the potential for a stronger public role that were present in the earlier crisis. By the early 1970s, the western world in general, and most western European countries especially, had experienced 'thirty glorious years' of the post-war welfare state. This was the period when there seemed to be no contradiction between strong economic growth and rapid extension of social provision, since both had expanded at an unprecedented rate since the 1950s (Lindert 1984). However, the economic shocks of the 1970s – the collapse of the Bretton Woods agreement in 1971 and the oil crisis of 1973 – brought this period to an end and gave rise to a new era of slow growth, high unemployment and industrial unrest. Most puzzlingly for champions of the then standard model of welfare capitalism, the period was marked by a combination of stagnation and inflation ('stagflation') which could not be accounted for by Keynesian economics and which challenged the intellectual consensus that had underpinned the state-market mix of welfare capitalism. The way was opened for the alternative 'monetarist' doctrine of Milton Friedman and the 'Chicago school of economics' to build a following. This doctrine highlighted control of the money supply rather demand management by government as the key instrument of macro-economic guidance. It advocated a minimal role for state intervention outside the field of monetary policy.

The election victories of Margaret Thatcher in Britain in 1979 and of Ronald Reagan in the United States in 1980 seemed to signal a triumph for

this new approach. Both were swept into power on the back of attacks on high taxation and generous social provision, which they blamed as the causes of slow growth and high unemployment. Their pledge to roll back the state in favour of a stronger role for the free market seemed to herald a new era of retrenchment in social spending, while the historic champions of the welfare state, the trade unions and left-wing parties, were on the wane. It appeared that, in some ways, this period was the reverse of what had emerged in the 1930s and 1940s. Welfare provision in the 1970s and 1980s was not a new arrival on the scene which could be presented as offering a solution to the ills of the day. Intellectual radicalism came from the new right rather than the left, and the 'giant evils' portrayed by the new right as obstacles to progress had to do with indolence and lack of enterprise caused by the nanny state rather than the old problems of destitution and diseases caused by the heartlessness of the market.

Against that background, the surprise of the period which followed is how resilient the system of social provision proved to be. Far from succeeding in cutting back on social spending, both Reagan and Thatcher either held it steady or allowed it to expand somewhat (see esp. Pierson 1994). Looking over the whole of the OECD and over the longer period from 1980 to 2005, the overall pattern was for social spending to continue to grow. In the UK, for example, gross social expenditure rose from 16.7 per cent of GDP in 1980 to 21.3 per cent in 2005. In the USA, the corresponding increase was from 13.1 per cent in 1980 to 15.9 per cent in 2005, while taking 24 OECD states together, the increase was from 16 per cent to 20.6 per cent (Adema and Ladaique 2009: 22-24; see also Obinger and Wagschal 2010: 336-7).

There has been a great deal of scholarly debate on how complete and accurate this picture of continued expansion is. The range, diversity and complexity of state social programmes are so great that it is difficult to summarise trends in individual components, much less add them all together to get an overall picture. In the case of social expenditure, for example, programmes come and go over time, the boundaries around what to include and exclude as relevant expenditure are often difficult to define, and tax-related factors such as tax claw-backs on gross

expenditures and tax-breaks for private pensions and health insurance mean that actual net social expenditure can be very different from what gross expenditure data suggest (on these complexities, see Adema and Ladaïque 2009). Some fields – such as supports for housing – are so complex to compute on a comparable basis across time and place that they are usually omitted from comparative data on welfare states (Fahey and Norris 2010). Thus even the more comprehensive attempts to measure the scale of the welfare state often have to overlook certain components.

These complexities have enabled some scholars to offer different interpretations of the durability of social provision over recent decades and to argue that in fact there has been ‘more retrenchment than meets the eye’ (Levy 2010: 558-61). Some individual instances of harsh cutback did occur (e.g. New Zealand in the ‘mother of all budgets’ in 1991); there were many shorter periods of regress that are lost sight of if long time comparisons are made, and in many cases apparent expansion concealed reductions in levels of benefit since rising unemployment, population ageing and changing family structures caused need to outstrip growth in provision (Korpi and Palme 2003, Starke 2008). Others have argued that to interpret developments along a single axis of expansion and contraction is too narrow since many important changes in welfare provision have had to do with redesign and recalibration of programmes rather than simple growth or decline. This is the case, for example, in regard to the interest in ‘activation’ which was added to programmes for the unemployed in the 1990s as governments sought to shift the emphasis of unemployment supports from income maintenance to training and incentives to return to work (Eichhorst and Memerijck 2010: 220-9).

Nevertheless, in spite of these qualifications, the picture of trends in the level of social provision in the aftermath of recession in the 1970s and growth of the new right in the 1980s is of resilience and durability rather than radical cutback. The extent of the welfare state may have differed between countries, it may have fluctuated somewhat over short periods and individual programmes may be subject either to contraction or expansion. But it proved surprisingly resistant to overall sustained

reduction, even at the hands of political leaders who seemed to have secured a popular mandate for just that. Thus, the welfare state that took root and flourished in the first thirty years after the Second World War was often assaulted in the second thirty years that followed and was sometimes clipped back here and there, but it has just as often thrown out new shoots and nowhere has returned to the minimal levels of provision of its earliest years.

Why resilience?

In the light of this apparent resilience of the welfare state since the 1980s, researchers have tried to understand what protected it and made it seemingly immune to large reduction (Levy 2010). Many of the forces that caused it to grow in the early years (such as strong labour movements and the success of political parties with left-wing leanings) went into decline and new threats emerged from a resurgent new right, yet large-scale social provision persisted. Why was that so?

Part of the answer lies in basic changes in economic and demographic trends. As the era of full or nearly full employment came to an end in the 1970s, the resulting rise in unemployment put upward pressure on welfare spending. For many European countries in particular, high unemployment seemed to become a fixed part of the landscape in the 1980s and 1990s (Eichhorst and Hemerijck 2009). Population ageing also began to have an impact, as pension costs started out on a long rising trend that has not yet reached a plateau.

In addition to these underlying socio-demographic movements, a range of political factors served to protect the welfare state. The pioneering analysis of this issue by Pierson (1994) traced these factors to the political mobilisation of new interest groups that had grown up around the welfare state as it developed into a major feature of the institutional landscape. Some of these interests centred on the recipients of welfare benefits, of which the elderly in receipt of old age pensions were a particularly large and powerful example. However, it was not just the elderly: the growth

of the welfare state in previous decades had meant that, taking all elements of social provision together, the share of the population that gained no benefit from it was small. Even voters who might be sympathetic to the general idea of a roll-back of the state were likely to resist it very strongly when it came to those aspects of public provision which benefited themselves.

Another large block of interests sympathetic to social provision formed on the provider side of the system, particularly in regard to services in fields such as education and health. An important role was played here by trade unions not so much as advocates of the interests of the working class in general but rather as protectors of jobs and working conditions for their own members in the public sector. Trade unions in general had gone into decline in western countries outside the Nordic regions since the 1970s, particularly in the new and expanding private services sectors of the economy, but rates of unionisation remained high in the public sector in most countries (Visser 2006). Public sector unions provided a powerful source of resistance to wage and job cuts in state social services and thus acted as a bulwark against reductions in spending in these areas of the welfare state.

In addition to the factors which acted directly in support of public social provision was the growing public doubt about the effectiveness of market alternatives (Glennerster 2010). Private pensions provide an important example since it was in the field of pensions that the Chicago school of economics had made a particularly strong case for the virtues of market-based over public provision. It also had its greatest real-life impact in the form of the wholly market-based pension system which was introduced in Chile in 1981 and was held up at the time as a model which other countries should follow.

However, over the past three decades private pension systems have run up against problems of coverage, cost and reliability that have raised as many question marks over their effectiveness as have been raised over any area of public sector provision, and these questions reached a new level during the recent financial crisis. A fundamental issue is their inability to make

provision for the poor – the private pensions system in Chile never reached more than two-thirds of the population and in recent years has had to be supplemented by a public system directed at low-income households. Annual fees charged by the private pensions industry range from 0.5 to 2.0 per cent of fund assets and thus depress the real rate of return – and the more market competition there is, the higher the level of fees since contributors are more swayed by promotion and sales effort than by fees (Tapia and Yermo 2007). In addition, those relying on private pensions have had recent dramatic lessons in how unreliable they can be: before the recent financial crisis, the median funding level for 2,100 private pensions funds across 15 OECD countries was 13 per cent in deficit; by 2009, as a result of the crisis, that median deficit had increased to 26 per cent (OECD 2010: 9).

Protecting the vulnerable

The more inclusive and precise measurement of social expenditures that is now possible on the basis of the OECD data has shown that there is less difference in the size of welfare states across the OECD than had previously been thought: the strong role of private social expenditures and related tax breaks in some countries means that their welfare states are bigger than they seem, while the taxation levied on social welfare incomes in the more generous welfare states means that they are smaller than they seem (Adema and Ladaique 2009). A comparison between Denmark and the United States provides a good illustration (the following is based on Table 5.5 in Adema and Ladaique 2009). Using a traditional measure (gross social expenditure as a percentage of GDP), the Danish welfare state is 87 per cent larger than that of the United States. However, if we take account of the quite high taxes levied on welfare payments in Denmark and the generous tax breaks for pensions and health insurance allowed in the United States, the differential narrows a great deal – the Danish welfare state reduces to a 29 per cent size advantage over the United States. If in addition, account is taken of voluntary private expenditures on social services, which is very high in the United States and low in Denmark, the differential disappears altogether – total social expenditure

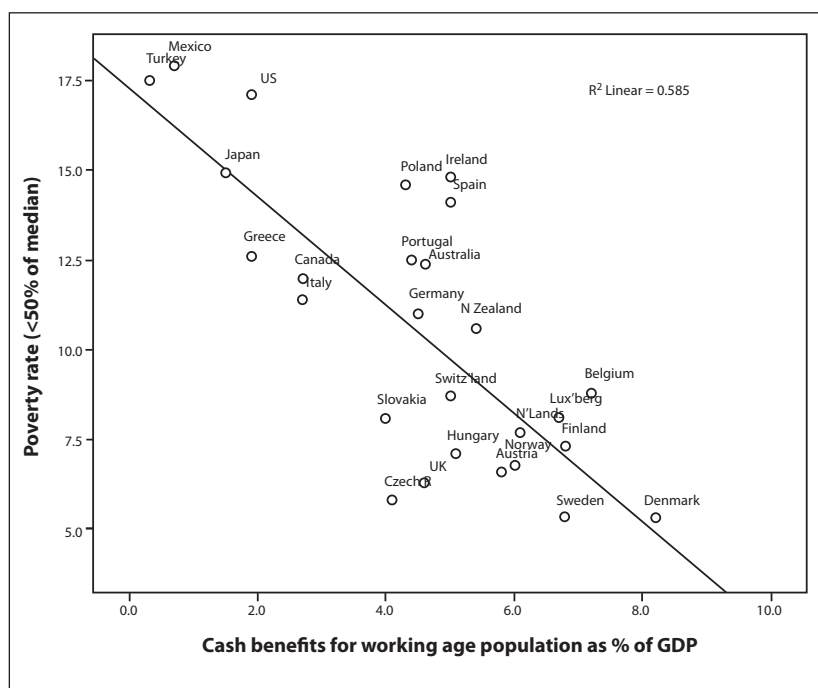
according to the broadest measure used in OECD data is marginally higher in the United States than in Denmark.

However, to say that some welfare states are bigger than we had thought and others are smaller is not necessarily to say that they are also similar in how progressive they are. Precise measurement of the progressivity of a package of social programmes is impossible to achieve (Esping-Andersen and Myles, 2010), but nevertheless there are useful summary measures that go a long way towards capturing their overall distributive impact. A particularly important one is the poverty rate, which provides a metric for the effectiveness of the welfare state in achieving what some would regard as the most important of its core goals, namely, the protection of the economically vulnerable from basic inadequacies in living standards. According to this measure, states in the developed world continue to be quite different from each other and to differ very much along the lines of traditional measures of welfare effort. This pattern is shown in Figure 1, which plots poverty rates in OECD countries against a core traditional element of welfare spending, namely, gross expenditure on cash transfers for the working-age population (the focus here on the working-age population serves to keep to one side the impact of pensions systems where distributive effects often have a distinctive character). As this graph shows, levels of poverty vary widely and are closely related to the measure of welfare spending used. To take the Denmark-United States comparison mentioned earlier as an example, the poverty rate in the United States is roughly three times higher than in Denmark, while cash transfers to the working age population as a percentage of GDP are about four times higher in Denmark than in the United States.

Trends in poverty rates over time also enable us to assess the impact of the rise in social expenditures since the 1980s noted earlier. Here again there are problems of consistency and comparability in the available data, but insofar as a picture can be constructed, it suggests that poverty rates in OECD countries over the period 1985-2000 either remained stable or rose slightly, with very few instances of significant decline (Nolan and Marx 2009: 322). The dominance of stability and increase in poverty levels in most countries over this period could be interpreted to mean that the rise

in social expenditures over the same period did not produce the kind of anti-poverty results that might have been expected of them. Such an interpretation would be consistent with the scepticism about the real significance of those increases among some critics, as outlined above – the ‘more retrenchment that meets the eye’ view. However, an alternative view is that inequalities in market incomes widened considerably in this period in most countries but disposable household incomes did not, or did so less consistently (Brandolini and Smeeding 2009). This would suggest that the equalising job to be done by public social expenditures increased over this period and that it represented a considerable success on the part of welfare states that there wasn’t a considerably larger deterioration in poverty rates than actually occurred.

Figure 1. Cash benefits for working age population as % of GDP and poverty rates (<50% of median income) in OECD countries, 2005



Source: OECD database

Progressive versus regressive programmes

In looking to the future of the welfare state in the light of these patterns, there is a strong case for arguing that we should be less concerned about overall size than about distributive impact. That in turn would require us to treat social expenditures not as a uniformly good thing but as a mix of progressive, regressive and neutral elements which could develop in different directions in the future. In looking at the resilience of the welfare state and its apparent immunity to radical cutback outlined earlier, then, we would have to ask where the greatest resilience lay across these types of elements and what factors were more supportive of the progressive as opposed to the regressive or neutral elements.

Such an exercise is beyond the scope of this paper, but a few points can be made. The first is that certain elements of public social expenditure broadly defined are inherently either regressive or neutral – they are incapable of being progressive. This is most true of ‘tax breaks for a social purpose’, which are of benefit only to those earning taxable income – and usually the more taxable income they earn, the greater the benefit they can derive from these measures. The prominence of measures of this kind in the United States, along with the private social expenditures they stimulate, is the main reason why the US system of social expenditure seems bigger on a comprehensive measurement than it appears in standard measurement – but also the main reason why the positive distributive impact of American social expenditure remains relatively small no matter what measurement is used. In that context, the pressure to restructure taxation in the light of the sudden deterioration in the fiscal situation in most countries as a result of the financial crisis is an important turning point. It offers the opportunity for champions of welfare distribution to highlight regressive tax expenditures as a particular area for reform and as an area where hard-pressed finance ministries could seek to raise additional revenue.

A second and related point that can be made is that the stance of the public system towards private social expenditures also has important effects on the types of resilience that is present in welfare states. Broadly

speaking, a public-private mix of the American type is more effective in harnessing private sector interests to the defence of social expenditures – but not necessarily in a benign way from a social distribution point of view. Such interests, acting on the provider side of the private social services in fields such as private health care, private pensions and owner-occupied housing, typically strive to maintain public subsidisation of those services through the tax system and resist attempts to reform such subsidies in a more progressive direction. This is one area, therefore, where resilience in the current structures of the welfare state is not necessarily a good thing. However, it is also an area where the appeal of market solutions has been dented by the financial crisis and where the ground for a stronger public role in welfare distribution is more fertile than it has been for many decades.

A final point we can make about prospects for greater progressivity in welfare distribution is the vigilance that needs to be exerted over social provision that is more wholly contained within the public system. The problem here is that public provision can be and often is regressive. A good example is provided by pension systems in some parts of Europe, particularly in the Mediterranean countries. Here, public pensions have tended to be constructed on an insider-outsider basis in such a way that those in secure long-term employment (quite often in the public sector) enjoy generous pension benefits, while those in the secondary labour market have weaker entitlements.

Welfare States and Nation States

I will turn now briefly to my final and most uncertain theme – the future of the nation state as the platform for the welfare state. Twentieth century systems of welfare distribution, as is well recognised, had their economic foundation in the free market and we constantly debate how welfare institutions and market institutions should interact. Less attention is paid to the political dimension of the welfare state in the nation state or to the question of how welfare institutions should relate to the politics which underpin them. Lack of interest in this topic arises largely because the

nation state has become such a taken-for-granted element of the global – and especially the European – landscape. The welfare state in its earliest forms was created by European imperial powers, principally Germany and Britain. But its maturation and full development came about with the end of empire and the emergence of the relatively small and ethnically homogenous nation state as the standard political formation in Europe. One might argue, in fact, that the character of Europe as a continent of small, highly bounded, ethnically distinct and internally homogenous nation states was a foundation of the ‘European social model’: welfare solidarity was an expression of national solidarity and a means by which national solidarity was built up. Its highly successful impact in that regard is evident in the taken-for-granted character it now possesses in Europe (on these issues, see esp. Bartolini 2005 and Ferrera 2005).

European fragmentation – its proliferation of small to medium-sized nation states – has been coming into question for European political elites since the earliest days of the European movement in the 1950s. Europe’s competitors since that time have been large, multi-ethnic continental scale states – in the 1950s, the United States and the Soviet Union, today with rising powers like China, India and Brazil added to the mix. The European project is in part a peace process designed to ensure that European states will never again assault each other as they did in the first half of the twentieth century. But it is also a power process by which the larger states in Europe – now merely mid-sized states by global standards – have sought to come together, gather in their smaller neighbours and together create a polity and an economy that will large and united enough to hold its place in the world.

The long, slow and halting process of European integration has encountered one of its many crises – possibly its worst ever crisis – in the current phase of financial upheaval. The painfully built up single market and the monetary union which seeks to further it are teetering on the brink of collapse, with the financial problems of the Greek government having provided a flashpoint (and with Ireland’s problems not far behind). There is now a widely held view that the EU must now move either forwards or backwards: it must integrate more – that is, transfer further

sovereignty from member states to the European level – or slip back into fragmentation.

The welfare state is a core focus in debates on these issues. The retention of national control over social policy has been a cardinal principle of European integration. For European publics, the idea that welfare responsibilities should cross national frontiers has been inconceivable (witness the recent fury among German voters at the idea that German taxes might be used to shore up Greek pensions). As we talk of the future of the welfare state, we automatically think in national terms – we talk of distribution *within* states, not between states. Real household incomes among the Polish middle classes are only about half of what we in Ireland would count as the poverty threshold. The Polish poor, not to speak of the poor in Romania and Bulgaria, are even further removed from what we would count as a basic living standard. So far, it has been possible for us to talk of our welfare state without taking either German financing or east European social need into account. But we are also now becoming aware that these factors could well loom larger in the future: a European polity with European powers of taxation and distribution might have to become part of the context in which the next phase of evolution of welfare states will take place.

Conclusion

The central message to be drawn from the reflections presented in this chapter is that current conditions leave the future of the welfare state relatively open. Financial turmoil and economic slowdown are now exerting a great deal of pressure on public social expenditures. There are also long-term forces at work, such as population ageing, widening inequalities in market incomes and sustained periods of relatively high unemployment, which pose difficulties for welfare states. However, the balance between market and state which public social provision represents is shaped not only by problems on the state side. Of equal significance is what is happening in the market. Here of course what has to be noted about the present crisis is that, echoing the experience of the 1930s, it is a

crisis of the market rather than of the state, and the role of the state as rescuer of last resort for market institutions is now evident in ways that it has not been since the middle of the twentieth century. The global economy has thus been catapulted into a new era of state activism, to a degree and in ways that were wholly unexpected as recently as 2007.

As far as welfare distribution is concerned, a further lesson of recent decades is that state activism is not always progressive and protective of the vulnerable – but equally that it often is. Which of these routes the state takes over the coming decades is a matter of politics in which the weight of political forces is not yet set in any clear direction. It all is to play for. As that play is worked out, there is a particular political challenge for European welfare states in how they relate to each other. The European social model has usually been defined as a distinctively European commitment to social solidarity but it could equally be characterised by the fragmentation of Europe into a multiplicity of states, each with its own jealously guarded control over its welfare system. Whether that fragmentation can continue into the future is one of the looming question marks now emerging over the European tradition of highly bounded national welfare states.

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2

The Welfare State across Selected OECD Countries: How much does it really cost and how good is it in reducing poverty?

Willem Adema¹

This chapter argues that the conventional measures of public spending are incomplete measures of welfare state effort. They can be improved upon by accounting for private social spending and the effects that tax systems have on social expenditure: direct taxation of benefit income; indirect taxation of consumption by benefit-recipients; and the award tax breaks with a social purpose. There are significant differences in the extent to which private spending and tax systems affect levels of social support, so accounting for these issues is crucial to international comparisons of the welfare state.

Public and private social expenditure programmes may also have different redistributive effects. However, cross-national differences in redistribution are not just related to individual programme design, but also to the overall level of social spending, and the nature of tax systems. Net spending indicators may give a better idea of “true” levels of social spending they do not cover employer social security contributions and private pension contributions which limit their use for assessing re-distribution in tax/benefit systems. In particular, research on the redistributive nature of employer social security contributions would be a most welcome addition to the expanding areas of social welfare research.

¹ Willem Adema is a senior economist in the OECD Social Policy Division. He is indebted to Pauline Fron and Maxime Ladaïque for statistical support, and he thanks Dominic Richardson for helpful comments. The views expressed in this paper cannot be attributed to the OECD or its Member governments; they are the responsibility of the author alone.

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1. Introduction

1. The welfare state is once again in the spotlight. In the aftermath of the financial crisis that unfolded in 2008/9 public budgets are being reconsidered with an eye on potential savings. Since public welfare spending constitute almost half of general government spending, it is not surprising that social spending programmes are being re-assessed.
2. But what is social welfare? Is it largely public provided or does the private sector play a role? How is it measured, what is included and what not? Most analyses on the size of the welfare state are based on social expenditure data as on public budgets, and relating this spending aggregate to gross domestic product (GDP) then gives a comparison of the size of welfare states across countries. Such an analysis has many advantages, not least that it allows for a detailed examination of different social spending programmes. But it has its shortcomings: it ignores the effect of tax systems as well as private social spending.
3. Tax systems can significantly affect the degree to which expenditure budgets reflect true public social effort. In particular, account should be taken of: direct taxation of benefit income; indirect taxation of consumption out of benefit income; fiscal supports to households that are similar to cash benefits; and, tax breaks to encourage individuals and/or commercial and non-commercial entities to provide social support (e.g. through favourable tax treatment of private pension contributions or tax breaks to charities). Accounting for these effects of the tax system on budgetary allocations with a social purpose leads to indicators of net, *after tax*, public social expenditure.
4. Furthermore, public authorities are also instrumental in generating delivery of social benefits by the private sector. Most directly, governments can mandate individuals to take up certain types of insurance, or employers to provide pension coverage or continued (partial) wage payment in case of sickness. Governments can also

stimulate private provision of benefits or take-up of insurance through favourable fiscal treatment of such arrangements. In all, through regulation and fiscal stimulation governments affect redistribution within private sector arrangements, thereby enhancing their social nature.

5. Inevitably, the analysis of social expenditure starts with outlining methodological concepts. This section is kept short, and may therefore appear somewhat dense: for more detail the interested reader is referred to Adema and Ladaïque (2009). On the basis of new and preliminary data in the *OECD Social Expenditure database* (SOCX), the paper then provides new data on gross public and private social expenditure, and indicators on the effect of the tax system on social expenditure (OECD, 2010a). The different public and private spending measures, as adjusted for the effect of taxation on social spending are then considered in view of poverty outcomes, and the paper concludes with considering the overall effect of tax and cash transfers on the redistributive nature of welfare systems.

2. Setting the scene: what is the social domain?

6. The OECD defines social expenditures as:
“The provision by public and private institutions of benefits to, and financial contributions targeted at, households and individuals in order to provide support during circumstances which adversely affect their welfare, provided that the provision of the benefits and financial contributions constitutes neither a direct payment for a particular good or service nor an individual contract or transfer.”
 7. Since only benefits provided by institutions are included in the social expenditure definition, transfers between households – albeit of a social nature, are not in the social domain (Adema, and Ladaïque, 2009).
 8. There are two main criteria which have to be simultaneously satisfied
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for an expenditure item to be classified as social in SOCX. First, the benefits have to be intended to address one or more social purposes. Second, programmes regulating the provision of benefits have to involve either a) inter-personal redistribution, or b) compulsory participation

2.1 Social purposes

9. Expenditures with a social purpose towards circumstances that adversely affect welfare include: *Old-age benefits* – pensions and home-help and residential services for the elderly; *Survivor benefits* – pensions and funeral payments; *Incapacity-related benefits* – disability benefits and services, employee sickness payments; *Health expenditure* – spending on in- and out-patient care, medical goods, and prevention; *Family benefits*³ – child allowances and credits, supports for early childhood care and education⁴, income support during leave, sole-parent benefits; *Active Labour Market Policies* – employment services, training, youth measures, subsidised employment, employment measures for the disabled; *Unemployment benefits* – unemployment compensation, early retirement for labour market reasons; *Housing*⁵ – housing allowances

³ SOCX does not include public supports for married couples, as there is no international consensus on whether marriage support is a social policy objective or not. Such support can be substantial, and in some countries married couples are viewed as the appropriate unit for taxation (OECD, 2006).

⁴ To improve comparisons of public spending on early childhood and education supports, indicators have been adjusted for cross-national differences in the compulsory age of entry into primary school (which vary from age 5 to 7 across the OECD). Expenditures concerns formal supports for children age 0 to and including 5 years of age (OECD, 2010b, *OECD Family database*).

⁵ Rent subsidies are considered social, as is residential support for the elderly, disabled and other population groups (as recorded under Old-age, Incapacity-related benefits, etc.). Mortgage relief for low-income households has some similarities with such programmes. However, it is unclear up to what level of income, or what level of property value, such support should be considered social. Relevant thresholds differ across countries, and, in any case, cross-nationally comparable data is not available. Therefore, mortgage relief and capital subsidies towards construction of housing are not considered here.

and rent subsidies; and, *Other contingencies*, other support measures, including non-categorical cash benefits to low-income households, legal aid, supports towards substance abuse, etc.

10. The detailed recording of spending data in SOCX allow for a thorough assessment of quality whilst limiting the risk of double counting. There remain some gaps in data quality, particularly in areas which are the remit of local government. For example, expenditure data on early childhood care and education services or social assistance benefits in federal countries as Canada and Switzerland are deemed of lesser quality than in most OECD countries.
11. SOCX includes data on the magnitude of private social spending across the OECD, but this data is nevertheless deemed of lesser quality than information on budgetary allocations for social support.

2.2 Compulsion and/or inter-personal redistribution.

12. Expenditure programmes are considered ‘social’ if participation is compulsory⁶ and/or if they involve inter-personal redistribution of resources among programme participants; in other words, if entitlements are not the result of direct market transactions by individuals given their individual risk profiles. The provision of social services (by public authorities and/or non-government organisations) and social insurance and social assistance programmes practically always involves redistribution across households. Such programmes are either financed through general taxation or social security contributions, which lead to the redistribution of resources across the population or within population groups (e.g. all members of an unemployment insurance fund).

⁶ In theory, it is possible that public and private pension programmes do not involve redistribution of resources across households, but only over time. However, if participation is compulsory that reflects a policy judgement that coverage of these plans is desirable, and hence, these programmes are considered social.

13. Inter-personal redistribution in private programmes is often introduced by government regulation or fiscal intervention. Governments may force individuals and/or employers to take up protection provisions regardless of their risk-profiles or the prevailing market prices. For example, through risk-sharing (*e.g.* through forcing insurance companies to have one price for both sick and healthy people) public policy can subsidise sick people, and thus ensure redistribution between households. Public fiscal intervention to stimulate private take-up on a collective or individual basis also means that the take-up decision is not fully determined by the individual risk-profile or prevalent market prices (the same holds for social benefits derived from collective agreements or taken out by employers on a collective basis). There is a high degree of similarity between legally-stipulated private arrangements and tax-advantaged plans.

2.3 Public, private social and exclusively private expenditure

14. The distinction between public and private social protection is made on the basis of whoever controls the relevant financial flows; public institutions or private bodies. Public social spending concerns programmes whose financing is controlled by different levels of government and social security funds, as income support payments. All social benefits not provided by general government are considered 'private.'
15. Private social benefits can be categorized in two broad groups. First, there are mandatory private social benefits, including legally stipulated employment-related incapacity-related cash transfers, such as sickness, disability and occupational injury benefits and, pensions derived from mandatory contributions. Second, there is a range of voluntary private social expenditure items, including: social services provided by NGOs, employer-provided income support during child-related leave or sickness, and pensions derived from employer contributions or fiscally advantaged individual contributions (as in the National Accounts, SOCX records pensions

paid to former civil servants through autonomous funds as a private spending item, e.g. Denmark, Sweden and the United Kingdom).

16. Take-up of individual insurance, even with a social purpose, is a matter for the persons concerned, and premiums are based on the individual preferences and the individual risk profile. For example, if someone takes out private pension insurance which is actuarially fair, then there is no *ex ante* redistribution across households. The insurance company sets the price so that the individual can expect to receive back in compensation payments exactly what it costs him or her. Such spending is not considered social, but 'exclusively private.' Table 1 summarizes which expenditures are social and which are not.

Table 1: Categorisation of benefits with a social purpose ^{1,2}

	Public		Private	
	<i>Mandatory</i>	<i>Voluntary</i>	<i>Mandatory</i>	<i>Voluntary</i>
Redistribution	Means-tested benefits, social insurance benefits	Voluntary participation in public insurance programmes. Self-employed 'opting in' to obtain insurance coverage.	Employer-provided sickness benefits, benefits accruing from mandatory contributions to, for example, pension or disability insurance.	Tax-advantaged benefits, e.g. individual retirement accounts, occupational pensions, employer-provided health plans
No redistribution	Benefits from government managed individual saving schemes		Non tax-advantaged actuarially fair pension benefits	<i>Exclusively private:</i> Benefits accruing from insurance plans bought at market prices given individual preferences.

- (1) By definition transfers between individuals, also when of a social nature, are not considered to be within the social domain.
- (2) The shaded cells reflect benefits that are NOT classified as social.

3. The size of the welfare state: indicators on social spending

3.1 *Public social spending before taxation*

17. Since 1980, gross public social expenditure has increased from about 16.0% to 20.6% of GDP in 2003/4 before falling back to 20% on average across the 30 OECD countries (Chart 1). Experiences differ across OECD countries, but on average, public social spending-to-GDP ratios increased most significantly in the early 1980s, early 1990s and, again in the beginning of this millennium, when the average public spending-to-GDP increased by almost 1.5% of GDP from 2000 to 2003. Except for Denmark, Ireland, and Sweden, spending-to-GDP ratios were considerably higher in 2007 than they were in 1980 in most selected countries⁷. During the 1980s social spending-to-GDP ratios in Ireland reached 20%, but with sustained GDP-growth outpacing spending increments, spending-to-GDP ratios have oscillated around 15 percentage points until 2008. In 2008/9, the contraction in GDP and the increase in unemployment and social assistance spending will have led to a marked increase of social spending-to-GDP ratios in most OECD countries (Box 1).
18. On average across the OECD, spending on cash benefits (11.3% of GDP) is 3 percentage points higher than spending on health and social services (Chart 2). Public pension transfers to the retired population and survivors at 7.2% of GDP and public spending on health care services at 6.1% of GDP are the largest spending items. By comparison,

⁷ At the time of writing, work on updating OECD gross and net social expenditure indicators was ongoing. The data concern 2007, as estimates on taxation of benefits income become available two to three years after the relevant year. Because of this as well as presentation reasons, in parts of the paper the analysis has been restricted to a limited group of OECD countries, broadly representing the different groupings of welfare systems and the geographical spread of OECD countries. The selected countries included Ireland, the larger European countries, France, Germany, Italy and the United Kingdom, two Nordic countries (Denmark and Sweden) as well as Japan and the United States.

public spending on income transfers to the working-age population is on average considerably lower across the OECD at just over 4.1% of GDP in 2007, while spending on social service other than health is around 2.2% of GDP. Only Nordic countries spend considerable more, because of the comprehensive system of early childhood care and education supports as well as services for the elderly.

19. Cross-national variation in social spending is considerable, in particular for public pension expenditure. Public pension spending is highest in France, Germany and Italy and much lower in the US, Denmark, the UK and Ireland. The reasons for this are many and include: the relative importance of in-kind benefit provision to the elderly (Denmark); low gross mandatory pension benefit replacement rates in Ireland, the UK and the US (OECD, 2009a); the US and particularly Ireland have old-age dependency rates well below the OECD average (OECD, 2009b); and, the relative importance of private pensions (see below).

3.2 Private social expenditure

20. In terms of benefits paid and services delivered private pension payments are the largest private social expenditure item across the OECD area at almost 2% of GDP. Health services covered by private health insurers amount to almost 5.5% of GDP and 1.5% of GDP in France. Employer-provided sick-pay is most important in Germany and Sweden. Social services by NGOs are important, but these organisations are not obliged to report to central agencies. Hence, there is no comprehensive dataset on the magnitude of social benefits provided by NGOs.

Box 1. Austerity measures and family and child policies: an initial overview

Over the years, the unfolding ageing of populations has led to pension reform in many OECD countries. Frequently, such reform involved increasing retirement ages, as part of a more general drive to put pension systems on a more financially sustainable footing (OECD, 2009a).

The financial crisis which started to unfold in 2008 has put welfare programmes under more pressure, although initially many European governments increased the generosity (in terms of eligibility criteria, and/or duration, and/or supplementary payments) of income supports for unemployed low-income families (Richardson, 2010).

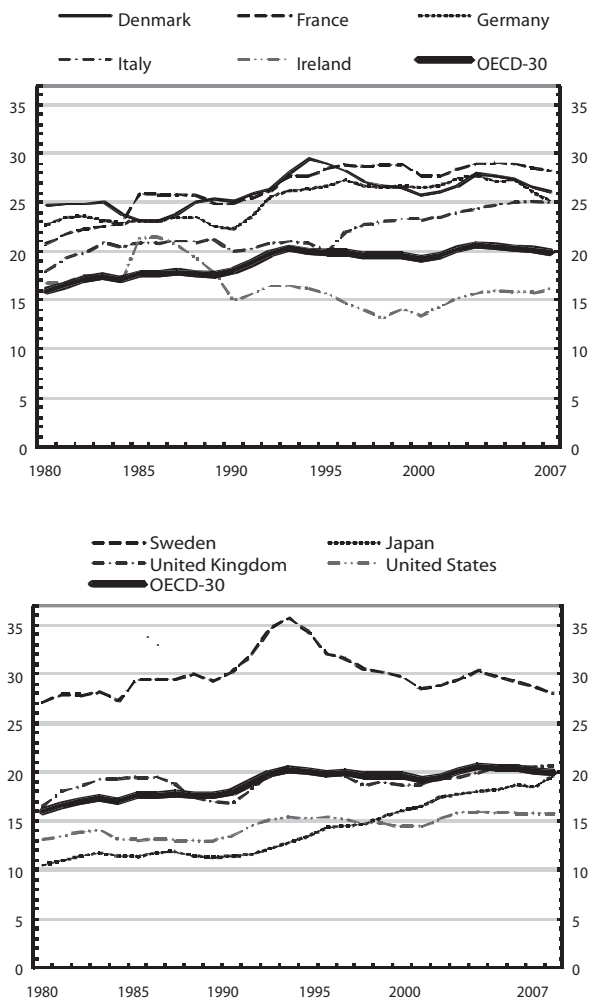
In the area of family policy (including child allowances, fiscal supports for families, income support during leave, and family services including early childhood care and education supports), many European governments are planning austerity measures. Austerity packages have been approved or are under approval in Denmark, Germany, Greece, Ireland, Italy, Portugal, Spain and the United Kingdom. Austerity packages have been announced in Estonia, France, Hungary, Luxembourg, and Slovenia. Discussions are ongoing following elections in Belgium, the Czech Republic, Finland, the Netherlands, the Slovak Republic and Sweden. There are no austerity measures in the family policy area in Poland and Austria; indeed, in Austria family supports were increased in response to the unfolding crisis.

Family policy supports in both Korea and notably Japan are being extended with the aim to support families to have more children (OECD, 2007). In the US the “Recovery Act” included special measures extending family policies to the working poor including in-work benefits and the Earned Income Tax Credit. Australia plans to roll out paid parental leave supports in 2011. Following elections in New Zealand plans to extend free early childhood care and education services to 2-year olds have been shelved, and reform to limit unconditional income support for sole parents to when children are in primary school is being considered.

Thus far, most of the measures are of a temporary nature, the few benefits that have been scrapped altogether include the first child tax break in Estonia, and the baby / maternity / trust fund / health grants in Spain and the UK. Up to now, there has been no reform which added an income or means-test to universal benefits (Richardson, 2010).

Chart 1: Social expenditure has increased significantly since 1980

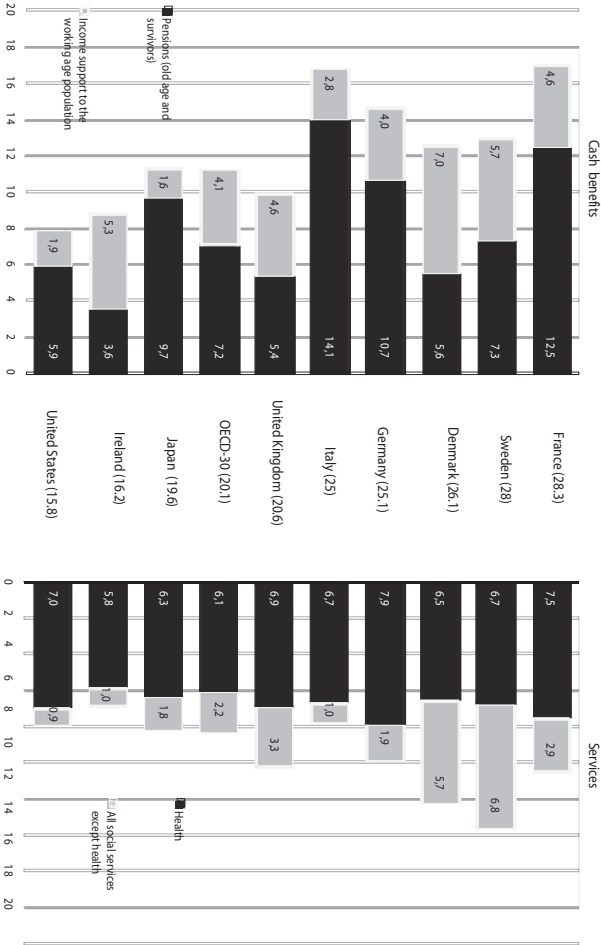
Public social expenditure-to-GDP ratio, 1980-2007, preliminary data



Source: OECD (2010a), *OECD Social Expenditure database*.

Chart 2: In terms of spending are pensions and health the most important social policy areas?

Public social expenditure by broad social policy area, in percentage of GDP in 2007, preliminary data

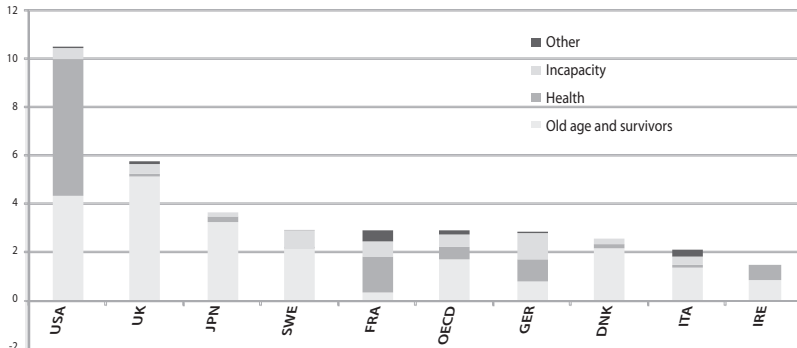


Countries are ranked by decreasing order of public social expenditure as a percentage of GDP. Spending on Active Labour Market Programs (ALMPs) cannot be split by cash/services breakdown; they are however included in the total public spending-to-GDP ratios shown in brackets.

Source: OECD (2010a), OECD Social Expenditure database, preliminary data.

Chart 3: Private social expenditure largely concerns pensions across the OECD, but not in France, Germany or the US

Private social expenditure by broad social policy area, in percentage of GDP in 2007, preliminary data



Source: OECD (2010a), OECD Social Expenditure database, preliminary data.

21. Already in the mid-1990s, the value of spending on private pension benefits in Ireland amounted to around 1% of GDP (Hughes and Whelan, 1995). Available data indicate that the spending-to-GDP ratio had not increased much until 2007. This suggests that spending on tax expenditures on pensions (See Table 2 below and Hughes, 2008) is about as high as spending on current private pension payments.

3.3 The tax system and social spending

22. Taxation, including social security contributions, is used to finance social support (OECD, 2009c), and the manner in which this is done influences the redistributive effects of tax/benefit systems (OECD, 2008). Tax systems also affect levels of social expenditure, and broadly speaking they do so through direct and indirect taxation of

benefit income, and the provision of social supports through the tax system, so-called tax breaks with a social purpose.

23. There is a range of methodological and measurement issues involved in the estimation of the effects of tax systems on social expenditure. This discussion is not presented here, but can be found in Adema and Ladaïque (2009). For our purposes here, it suffices to say that generally, the quality of estimates on the size of taxation of benefit income and tax breaks with a social purpose is considered lower than the quality of information on public social expenditure.

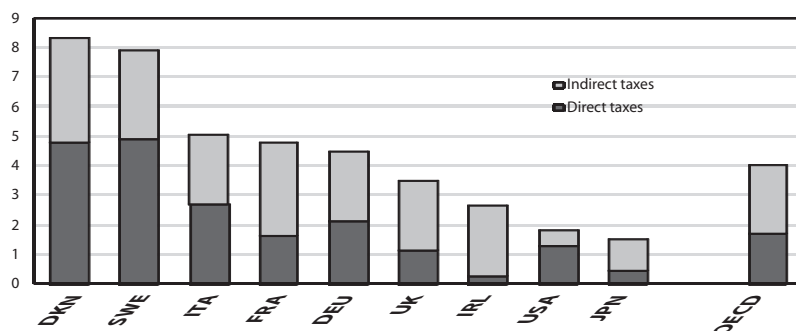
3.3.1. Clawing back benefit income through direct and indirect taxation

24. Tax systems are also used to claw back social support in two ways. First, through *direct taxation of benefit income*, Governments levying income tax and social security contributions on cash transfers to beneficiaries. Second, benefit income is provided to finance consumption of goods and services by recipients and consumption is subject to indirect taxation.
25. The extent to which benefit income is taxed varies hugely across countries, and thus affects international comparisons of social support. For example, in Sweden a sole parent with two children on unemployment benefit who previously was on average earnings, pays about 20% of his/ her income to the government through income taxation and social security contributions, whereas unemployment benefit income in Germany and Japan is not subject to taxation (OECD, 2010c). This means that in net terms, i.e. after tax, differences in aggregate spending on unemployment benefits between Sweden and Germany and Japan are not as large as suggested by gross spending indicators. Apart from variation across countries, different benefits are also taxed differently. Child benefits, social assistance and housing support are generally not taxed across the OECD; pensions and income support payments during periods

of child-related leave, sickness and invalidity are often part of taxable income.

26. Taxation of consumption using benefit income is lowest in non-European OECD countries, since indirect tax rates are lower. Adema and Ladaïque (2009) estimated that in 2005, on average indirect tax rates on consumption in Japan (6.6%) and the US (4.3%) were very low compared to Sweden (20.5%), Ireland (21%) and Denmark (25.9%). Consequently, in non-European countries with limited indirect taxation, gross spending levels can also be relatively low to generate the same net income level for benefit recipients in European countries.
27. At just below 5% of GDP at factor cost in 2007, direct taxation of benefit income (including private transfers) is particularly high in large welfare states such as Denmark and Sweden, three times as high as the OECD average at 1.7% (Chart 4). Direct tax on public benefit income is 0.5% of GDP or less in Japan and Ireland. Indirect taxation of consumption out of benefit income is around 3 to 3.5% of GDP in Denmark, France and Sweden, and about 2.5% of GDP in the other selected European countries. In Japan and the US it amounted to 1 percentage point of GDP or less.
28. Taken together, through direct and indirect taxation of benefit income Danish and Swedish Exchequers claw back about 8 percentage points of GDP_{fc}, while this is about 3 to 5 percentage points of GDP_{fc} in other European countries, and less than 2% of GDP_{fc} in Japan and the US.

Chart 4: Benefit income in Denmark and Sweden is taxed heavily



Direct and Indirect tax of benefit income, percentage of GDP at factor costs, 2007, preliminary data

Data for the United States refer to 2005. Data for indirect taxes refer to 2005. GDP at market prices is the most frequently used indicator on the size of an economy. However, net social spending indicators are better related to GDP at factor cost, because both Net spending indicators and GDP_{fc} are adjusted for the value of indirect taxation. Source: OECD (2010a), OECD Social Expenditure database, preliminary data.

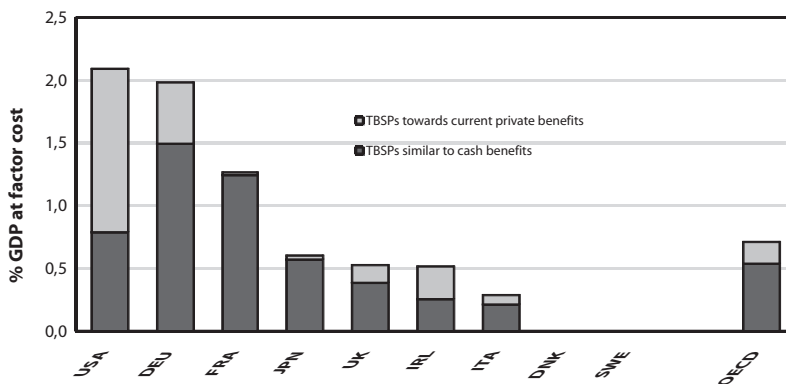
3.3.2. Providing social support through the tax system

29. The tax system can be used to directly provide social support to clients, and this delivery channel is often used to support families with children, most notably in France, Germany and the United States (Chart 5). In Germany in 2007 tax relief for children amounted to EUR 36.6 billion of which EUR 20.9 was off-set against tax liabilities and EUR 15.7 billion paid out in transfer income. Similarly, in 2005, the cost of the Earned Income Tax Credit in the US amounted to USD 43.2 billion, of which USD 5.0 billion off-setting tax liabilities of clients and USD 38.2 billion in cash payments. In many OECD countries, support for families with children is also embedded in the tax unit. In France, fiscal support towards children through a variety of fiscal measures (including the 'Quotient Familial') amounted to EUR 13.6 billion in 2007. In all, the role of the

tax system in providing family support was most pronounced in France, Germany and the United States with fiscal benefits towards families amounting to around 1% of GDP^{fc}.

Chart 5: Tax breaks with a social purpose are most important in France, Germany and the US

Tax breaks with a social purpose (excluding pensions), 2007, preliminary data



Data for the United States refer to 2005. Data for indirect taxes refer to 2005
Source: OECD (2010a), OECD Social Expenditure database, preliminary data.

30. Governments also use the tax system to stimulate the take-up of private protection insurance coverage by individuals and/or employment-related plans. These tax breaks can be categorised in two broad groups. First, there are 'Tax breaks towards *current* private social benefits', *i.e.* favourable tax treatment aimed at stimulating the provision of private social benefits in the current year such as voluntary private unemployment coverage or private health insurance. This type of tax break is important in Germany (where about 18% of the population is covered by private health insurance) and, particularly in the US where the exclusion of employer

contributions for medical insurance premiums and medical care amounted to about 1.0% of GDP (Chart 5).

31. Second, there are tax breaks towards pensions. These are important, but there is, as yet, no comparable data set available on the value of tax breaks for pensions. Favourable tax treatment of pensions can be in three different forms: tax exemptions for contributions to private pensions; tax relief for investment income of capitalised pension funds; and tax relief for pension benefits. These three forms of support should be netted out against each other according to a common methodology to facilitate international comparison. However, at present such a data set does not exist. Consequently, the information which is available has been included in Table 2 (below) as a memorandum item. Nevertheless, it is clear that fiscal supports for private pensions are important in Germany, Japan, the United States and Ireland.

3.3.3. *From gross public to net total social expenditure*

32. Considering gross public spending indicators and information on the effects of the tax system on social spending gives an indicator of *net current public social expenditure*. This indicator gives an impression of the real magnitude of budgetary efforts in the social field. Also considering information on private social spending and taxation of such benefit income identifies that proportion of an economy's domestic production to which recipients of social benefits can lay claim: *net total (public and private) social expenditure*.
 33. At about one-third of GDPfc gross public spending is highest in France and Sweden among the countries selected here as well as across the OECD. Gross spending is lowest in Ireland (19%) and the US at 17% of GDPfc.
 34. In most countries, governments claw back more money through direct and indirect taxation of public transfer income than they
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award in tax advantages for social purposes. Hence, net public spending is often lower than gross amounts. But the effect of tax systems varies considerably across countries. For example, in France net public social expenditure, is close to 30% of GDP_{fc}, only 3 percentage points below gross spending levels. This is because direct taxation of benefit income in France is limited, while French policy (as in Germany) also makes intensive use of fiscal supports for families. By contrast, net public social spending is around a quarter of GDP_{fc} in Denmark and Sweden

35. In the United States, gross public spending is actually lower than net public spending, because they tax benefit income at very low rates, but use their tax system relatively intensively to deliver social support directly or indirectly subsidise its private provision.
36. Pulling together all the information on public and private social benefits and the importance of tax systems facilitates comparisons of net total social expenditure. This proportion is highest at 33% of GDP_{fc} in France. Denmark, Germany, Italy, the United Kingdom and the United States all spend about 25 to 29% of GDP_{fc} on social effort. Total social spending is around 24% of GDP_{fc} in Japan and on (a preliminary) average across the OECD. Total social spending is considerably lower in Ireland at 18%, but as noted that does not include an estimate on private pension expenditure. The similarity of net spending levels is driven by including private social spending, particularly in the UK and the US, and the relatively high level of direct and indirect taxation on income transfers and ensuing in European countries vis-à-vis non-European countries

Table 2: From gross public to net total social spending, 2007

Social expenditure, in percentage of GDP at factor cost, 2007, preliminary data

	DNK	FR	GER	IRL	ITL	JPN	SWE	UK	US	OECD
1 Gross public social expenditure	30.7	33.0	28.1	18.9	28.8	21.3	32.9	23.9	17.1	24.3
- Direct taxes and social contributions	3.8	1.6	1.5	0.2	2.5	0.4	4.1	0.3	0.5	1.5
2 Net cash direct public social expenditure	26.9	31.3	26.6	18.6	26.3	20.8	28.8	23.2	16.6	
- Indirect taxes (on cash benefits)	3.0	2.8	2.0	2.1	2.1	0.8	2.5	1.5	0.3	2.0
3 Net direct public social expenditure	23.8	28.5	24.6	16.5	24.2	20.1	26.3	21.6	16.2	
+ T1 TBSPs similar to cash benefits	0.0	1.2	1.5	0.3	0.2	0.6	0.0	0.4	0.8	
- Indirect taxes	0.0	0.2	0.2	0.1	0.0	0.0	0.0	0.1	0.0	
4 Net TBSPs similar to cash benefits	0.0	1.0	1.3	0.2	0.2	0.5	0.0	0.3	0.8	
+ T2 TBSPs towards current private benefits	0.0	0.0	0.5	0.3	0.1	0.0	0.0	0.1	1.4	
5 Net TBSPs (not including pensions)	0.0	1.1	1.8	0.5	0.3	0.6	0.0	0.5	2.2	0.6
6 Net current public social expenditure	23.8	29.7	26.4	17.0	24.5	20.6	26.3	22.5	18.4	21.5
7 Gross mandatory private soc. Exp.	0.3	0.4	1.2	0.0	1.8	0.6	0.5	0.9	0.4	0.5
- Direct taxes and social contributions	0.1	0.0	0.4	0.0	0.2	0.0	0.1	0.0		
- Indirect taxes	0.0	0.1	0.1	0.0	0.2	0.0	0.1	0.1	0.0	
8 Net current mand. private soc. exp.	0.1	0.3	0.7	0.0	1.4	0.5	0.3	0.7	0.3	0.4
9 Net publicly mandated soc. exp. [6+8] ^b	24.0	29.9	27.1	16.9	25.8	21.2	26.6	22.8	18.8	21.8
10 Gross voluntary private soc. exp.	2.7	3.0	2.0	1.7	0.7	3.3	3.0	7.8	10.6	2.5
- Direct taxes and social contributions	0.9	0.0	0.2	0.1	0.0	0.0	0.6	0.7	0.6	
- Indirect taxes	0.4	0.1	0.1	0.2	0.0	0.2	0.5	0.7	0.2	
11 Net current voluntary private soc. exp.	1.4	2.8	1.7	1.5	0.6	3.1	1.9	6.3	9.8	2.1
12 Net current private soc. exp. [8+11]	1.6	3.2	2.4	1.5	2.0	3.7	2.1	7.0	10.2	
13 Net total social expenditure [6+12-T2] ^c	25.4	32.9	28.3	18.2	26.4	24.3	28.5	29.4	27.2	23.8
Memorandum items										
TBSPs towards pensions ^d	..	0.0	0.9	1.4	0.0	0.8	0.0	..	0.9	..

Data for the United States refer to 2005. Data for indirect taxes refer to 2005.

GDP at market prices is the most frequently used indicator on the size of an economy. However, net social spending indicators are better related to GDP at factor cost, because both Net spending indicators and GDP_{fc} are adjusted for the value of indirect taxation.

Source: OECD (2010a), OECD Social Expenditure database, preliminary data.

4 Re-distribution of income

4.1. *Social expenditure indicators and income poverty*

37. Considered together the social expenditure and income poverty outcomes (as measured in terms of disposable income) provide an indication of the redistributive power of social expenditures. Chart 6 shows poverty rates as cross-plotted against gross public social expenditure (Panel A); gross private social expenditure (Panel B); net public social expenditure (Panel C) and net total social expenditure (Panel D) using preliminary data on income poverty (based on EU-SILC for EU countries) and social expenditure for 26 OECD countries.⁸
38. The picture emerges that gross public expenditures are effective in reducing poverty, while private social expenditures have the opposite effect. Furthermore, once account has been taken of the effect of taxation on benefit income and tax breaks with a social purpose, the linkage between net public social spending and poverty is much smaller than for gross spending, and almost disappears when net total social expenditures is considered (see also Castles and Obinger, 2007; Goudswaard and Caminada, 2009; and, Caminada, Goudswaard and Koster (2010)).⁹

⁸ Outcomes for Korea and Mexico have been excluded from the analysis here for reasons of robustness. These are countries with relatively low public spending and above average poverty rates (Chile would be similar) and are thus statistical outliers.

⁹ These four indicators of social expenditure can also be linked with indicators on poverty reduction (differences in poverty rates at market income and poverty rates at disposable income) or indicators on the reduction of inequality (the Gini coefficient measured at market prices and the Gini-coefficient at disposable income) and generate similar results (not reported here). Gross public social spending reduces further poverty reduction and reduces inequality, with weaker effects for net public and total social expenditure, while private spending as measured here, is associated with reduced poverty reduction and reduced income inequality. However, it seems inappropriate to link private social spending and changes in poverty and income inequality at market income and disposable income, as private transfers are included in market income, and thus do not affect the difference between market income and disposable income in the way public spending does.

Chart 6: Income poverty and different indicators of social expenditure

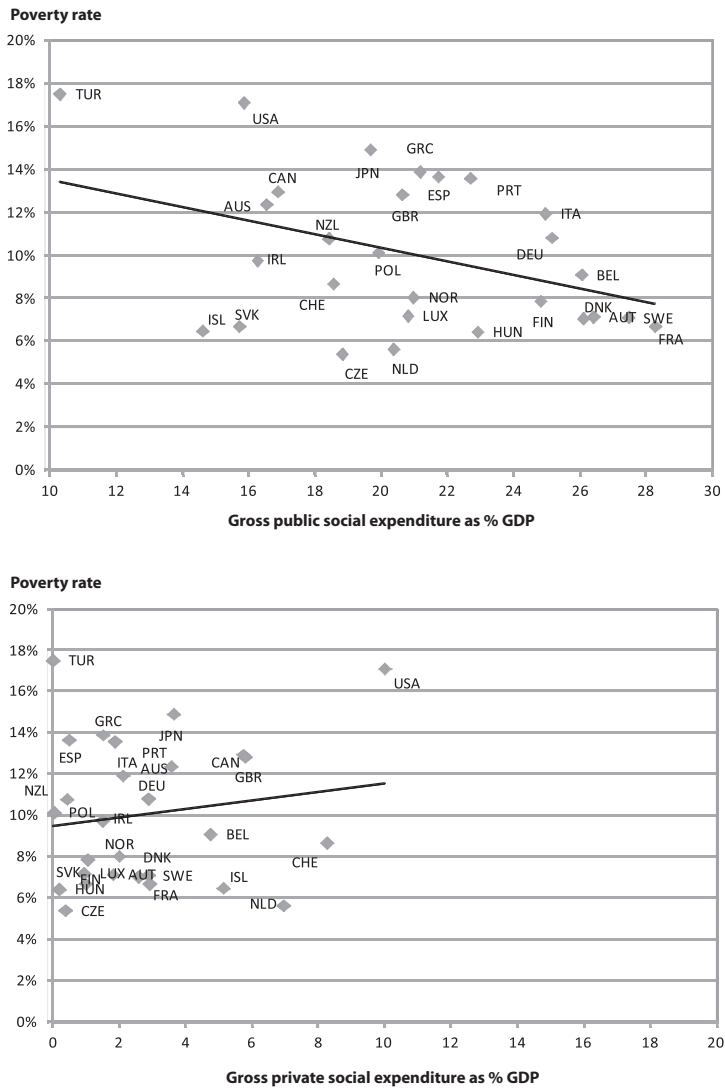
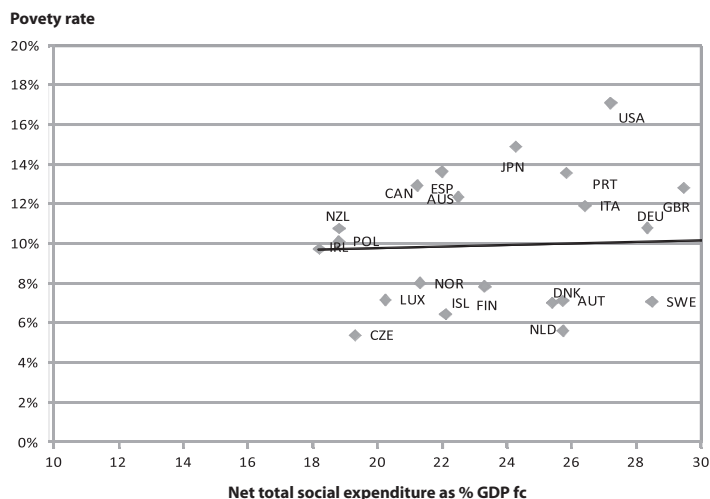
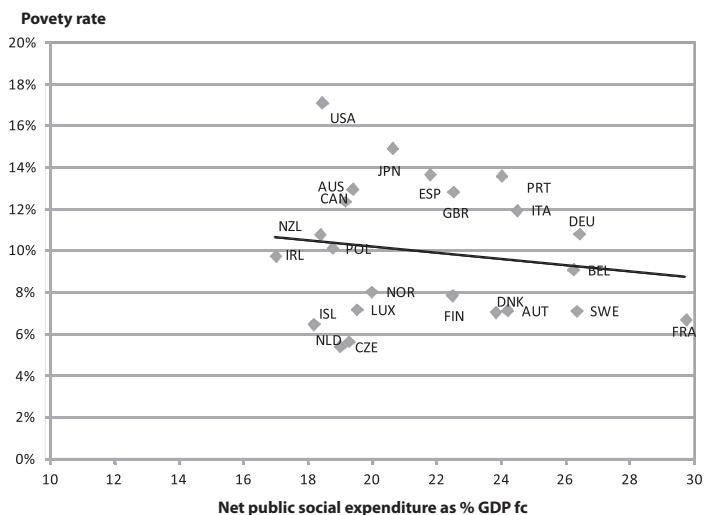


Chart 6: Poverty and different indicators of social expenditure
(continued)



The income poverty rate is measured against the usual threshold of 50% of median equivalized household income.

Source: EU-SILC and preliminary OECD data on poverty and income distribution and social expenditure.

39. Poverty indicators are income-based and are limited in the sense that they do not account for differences in access to services across the population. That is a drawback, but not one which invalidates the use of poverty rates. However, there are different items that are not covered in the indicators of social expenditure whose omission is likely to affect the results, including (see Adema and Whiteford, 2010, for more detail):
- Private social spending by charities: more comprehensive data on such spending would enhance the distributive effect of private spending.
 - Personal income tax and social security contributions by workers not in receipt of benefit income, are not covered in the analysis.
 - Employer social security contributions are not covered in the calculations; these are insignificant in Denmark while they account for more than a quarter of tax revenue in France (OECD, 2009c).
 - Employer contributions to pension and other employer-provided supports are not covered.

Household surveys are used to look at how broad categories of public transfer income are allocated to households across the income distribution, although often not on a programme by programme basis. However, employer contributions to public and private social benefits are not covered by these surveys, and little is therefore known about their redistributive effect on household incomes.

4.2 Taxes and public cash transfers

40. Considering the effect of tax and public cash transfer systems, rather than social expenditure levels, is a better, though imperfect (see below), way of looking at the redistribution of resources in societies.
41. Table 3 illustrates the nature of redistribution towards people in the lowest quintile of the income distribution, and does so by separately identifying the role of gross public transfers (the first three columns)
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and then taxes and social security contributions (data for 2007/8 is not yet available). The role of cash transfers in supporting the income of people in the bottom quintile is computed by first estimating the average ratio of cash transfers as a percentage of household disposable income measured in income surveys (Column A); second, by calculating how much of this share goes to the poorest 20% of the population (Column B); and finally, by multiplying the size of spending by the progressivity of its distribution to calculate gross benefits accruing to people at the lower end of the distribution (divided by 100, in Column C). The same procedure is used to calculate how much tax is paid by people at the lower end of the distribution, while the difference between the two values (in Column G) represents the “net” cash transfers to the lowest income quintile.

42. The results in Table 3 include:

1. Further evidence corroborating the finding that Anglophone countries pay less generous transfers, place a limited tax burden on low-income families, and in these countries the value of the public transfers to people in the lowest quintile (Column C) is at least 15 times that of the household taxes they pay (Column F). By contrast, Denmark and Sweden transfer large amounts of gross benefits to low-income people but also levy a significant amount of household taxes on them.
2. Public cash transfers are more targeted to the poorest 20% of the population in Denmark, Ireland and the United Kingdom (where the lowest income quintile receive more than 30% of all transfers, and; in this sense the level of targeting is roughly similar in Sweden, and the United States).
3. There are large differences in the overall size of the redistribution towards low income households: this ranges from almost 6% of household disposable income in Denmark and Sweden, to values of around 2% in Japan and the United States (Column G).

Table 3: Denmark, Ireland and Sweden are successful in transferring public social spending to low-income groups

Redistribution through cash transfers and household taxes towards low-income groups, mid-2000s

	Gross public transfers paid to households			Direct taxes and social security contributions paid by households			G. Net transfers to lowest quintile (C-F)
	A. Average ratio of household disposable income	B. Share of public transfers paid to lowest quintile	C. Transfers to lowest quintile (A*B/100)	D. Average ratio of household disposable income	E. Share of taxes paid by lowest quintile	F. Taxes from lowest quintile (D*E/100)	
Denmark	25.6	36.0	9.2	52.5	6.1	3.2	6.0
France	32.9	16.2	5.3	26.0	5.6	1.5	3.9
Germany	28.2	17.4	4.9	35.5	2.1	0.7	4.2
Ireland	17.7	30.8	5.4	19.4	0.9	0.2	5.3
Italy	29.2	12.6	3.7	30.2	1.8	0.6	3.1
Japan	19.7	15.9	3.1	19.7	6.0	1.2	2.0
Sweden	32.7	25.9	8.5	43.2	6.5	2.8	5.7
United Kingdom	14.5	31.4	4.6	24.1	1.7	0.4	4.1
United States	9.4	24.8	2.3	25.6	1.6	0.4	1.9
OECD-23	22.0	24.4	5.4	28.3	4.2	1.2	4.2

Note: Values in Columns A and D are the ratios of public transfers and household taxes, respectively, in the disposable income of the entire population; Columns B and E show the shares of public transfers and household taxes received and paid, respectively, by people of the bottom quintile of the population. Data refer to the mid-2000s for all countries.

Source: OECD (2008), *Growing Unequal?*

43. Thus, redistribution as measured in Table 3 depends on size of spending, the targeted nature of the social protection programme, and the progressivity in the tax system. Table 3 underestimates redistribution in Denmark and Sweden as it does not capture the redistributive effects of tax-financed provision of social services to different population groups. And Chart 2 showed that both these countries spend much more on public social services for the elderly, and early childhood care and education facilities for families of working age than the other countries (and most other OECD countries).

5. Conclusions

44. Conventional measures of public spending are incomplete measures of welfare state effort. They can be improved upon by taking account of private social expenditures which are legally mandated or financially stimulated by government intervention. Furthermore, account should be taken of: tax advantages for social purposes (*e.g.* child tax allowances); direct taxation of benefit income; and indirect taxation of consumption by benefit-recipients.
45. There are significant differences across countries in the extent to which social policy goals are pursued through the tax system or in the role of private provision within national social protection systems. These differences point to substantial variance in the redistributive nature of social systems. Some private social programmes may generate a more limited re-distribution of resources than public ones, and tax advantages towards private pension and health plans are more likely than not to benefit the relatively well-to-do. Private employment-related social benefits mostly re-allocate income between the (formerly) employed population, and the same holds largely true for fiscally-advantaged individual or group retirement plans. Cross-national differences in redistribution are not just related to individual programme design, but also to the overall level of social spending. Income re-distribution
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in a high public spending country such as Denmark tends to be larger than in, for example, the US, where private social spending plays a much more substantial role.

46. Although net after-tax measures of social expenditure give a better idea of levels of social effort, important items are missing from the net spending framework, which limit their use for assessing redistribution in tax/benefit systems. Arguably, most important is the lack of good information on employer social security contributions and private pension contributions and their redistributive effect, and innovative studies in this regard would be a very welcome contribution to social research.
47. Finally, the financial crisis which started to unfold in 2008 will exert further pressure on social spending. Initially, many countries extended income supports to help those affected by the crisis, but in an increasing number of European countries austerity packages are being introduced that will limit access to social welfare provisions. The challenge will be to cut smartly and spend wisely: public welfare programmes will be re-assessed on their efficiency in providing support to people, supporting people of working-age back to work and investing in human capital the moment it matters most.

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3.

Shaping Public Policy: Is there a place for values-led debate and discourse in the public sphere?

Daniel O'Connell

Introduction

This paper argues that there ought to be a place for values-led debate and discourse in the public sphere. It uses faith communities as a focus for developing its position. The paper outlines the importance of our public lives and the values of civil society as a buffer against the encroachment of the state and the market, and it points out the contribution of faith-communities to this endeavour. In analysing faith communities it outlines the reasons for the public presence of the Christian faith tradition, an inherently public religion. It goes on to explore the issues around justifying participation by faith-communities in public debate and the legitimate role of government in this process. It outlines three approaches to public participation by a particular faith community that is in keeping with the principles established earlier in the paper and extrapolates from these some suggestions for all who participate in the public sphere.

Civil Society and Public Life

There are many meanings to the word 'public'. At a very basic level, the public refers to all the people in a society. It makes sense to say something like: 'In the eyes of the public, she did the right thing.' But it can also refer to distinct groups of people within a society who share a common interest. We can have the theatre going public, the Cosmo reading public, or the football public. This happens when people gather around shared interests, perhaps objects, other people or movements. Finally, when used as an adjective, public describes openness and accessibility. A public hospital is

there for all, a public park can be shared by everyone and a public good, such as a clean environment, is in the common interest.

Just as a public can refer to everyone, a particular interest group, or be used as an adjective, it is important to note that there are different sorts of publics. Alastair Hannay, in *On the Public*, makes this point tellingly when he asks: “Did Roman citizens form a public? Was there ever an Iraqi public? What about present day China?”¹⁰ If someone were to answer ‘yes’ to any of these questions, then we need to wonder if the use of the word public in these cases has the same meaning as when we refer to the public in Ireland today? And if not, what is the difference?

Being a public is more than having freedom to move about in public spaces as one wishes or to gather as an audience around a common interest. Both of these could have been enjoyed by the Romans. Rather, an essential element “includes the freedom to influence public debate.”

¹¹ The opportunity to participate in matters of common concern goes to the heart of a democratic society. A healthy public life helps political institutions to become accountable. It pre-exists political life and allows people to gather casually in a myriad of places throughout society, where they form common lives, where they reflect and feel and debate and disagree about issues of concern to them. This is essential if politics is not to be a ‘theatre of illusion,’ with the real work going on backstage. “Public life creates community which both establishes legitimate government and holds it accountable to what people want.”¹² This is in keeping with the Latin meaning of the word public – *publius*, the people. It is the realm governed by the people and the source of the republic – *Res Publica* – ‘things of the public.’

¹⁰ Alastair Hannay, *On the Public* (London ; New York: Routledge, 2005), 3.

¹¹ Ibid., 19.

¹² Parker J. Palmer, *The Company of Strangers : Christians and the Renewal of America's Public Life* (New York: Crossroad, 1981), 23.

Public and Private

I return to the idea of the public as all the people we meet in our daily lives, those we know but most of all, those we don't know. Parker Palmer in *The Company of Strangers* describes it very well when he says that:

The word 'public' as I understand it contains a vision of our oneness, our unity, our interdependence upon one another. Despite the fact that we are strangers to one another—and will stay stranger for the most part—we occupy a common space, share common resources, have common opportunities, and must somehow learn to live together. To acknowledge that one is a member of the public is to recognize that we are members of one another.¹³

This vision must do battle with the turn to the 'private' that is so popular today. There is not a great deal of value placed on being 'members of one another.' Rather, we attempt to carve out our own space in society, one protecting us from unwanted interference from others and the state. Our self-understanding is attracted by the notions of individuality and autonomy. In the midst of strangers, complexity and ambiguity, people understandably seek refuge and security in the private realm of life. It is the place where we can 'really be ourselves.'

There is a danger if we see these two spheres in oppositional terms, the private and the public. We need both, a healthy private life and a healthy public life. Hannah Arendt, in *The Human Condition*, points out one of the dangers in an overly privatised life. She warns that:

[t]o live an entirely private life means above all to be deprived of things essential to a truly human life: to be deprived of the reality that comes from being seen and heard by others, to be deprived of an 'objective' relationship with them that comes from being related to and separated from them through the intermediary of a common world of things.¹⁴

¹³ Ibid., 19.

¹⁴ Hannah Arendt, *The Human Condition*, 2 ed. (Chicago: University of Chicago Press, 1986), 58.

An appreciation of how we are all connected, hearkening back to Palmer's view of our interdependence, is essential. We need to be open to other perspectives, insights and ways of living in the world. This is not an easy thing to do – hence the attraction of a private life. Such openness can be difficult to realise, for it might challenge our own assumptions about what we value and force us to take responsibility for what we believe and how we act in a new way. If this is to be a possibility, we need a healthy private life; we need to feel safe in some place, secure and at home. Arendt also supports such a view, warning against too much time being spent in public, in the presence of others, for life will become shallow.¹⁵ She appreciates the need for places that are 'hidden' from the light of publicity if there is to be depth to our lives. But the opposite is also true; the quality of our private lives is also contingent on the quality of our public lives.

A poor public life will negatively impact on the quality of one's private life. Take the example of security. If the public areas in our neighbourhood become unsafe, then our freedom is curtailed and simple tasks like walking to the shops for the newspaper become a worry. There are a number of important aspects to a healthy public life. It is an environment for learning. It is here that "we are reminded that the foundation of life together is not the intimacy of friends but the capacity of strangers to share a common territory, common resources, and common problems — without ever becoming friends."¹⁶

Public life allows for countless opportunities to meet with the 'other.' In a study of lives committed to the common good, Laurent Daloz et al., in their book *Common Fire, Lives of Commitment in a Complex World*, found that "constructive engagements with otherness was the single most critical element undergirding commitment to the common good in the lives we studied."¹⁷ Everyone in the study described at least one significant experience at some point during their formative years when they

¹⁵ Ibid., 71.

¹⁶ Palmer, 31.

¹⁷ Laurent A. Parks Daloz, Cheryl Hollman Keen, James P. Keen, Sharon Parks Daloz, *Common Fire: Leading Lives of Commitment in a Complex World* (Boston: Beacon Press, 1996), 215.

developed a strong attachment with someone previously viewed as 'other' than themselves. The authors found that where people crossed boundaries in liberating and transformative ways, they came to a deeply held conviction that *everyone counts*.¹⁸ This does not *necessarily* happen in public life but it does provide a context for it to take place. These sorts of encounters are not always pleasant or easy. It is in meeting others with whom we disagree, disapprove, or even fear a little, that real transformation can take place.

Public life also provides needed respites and refreshment. There are all sorts of places in the public that help us get through the day – shops, cafes, community centres, faith communities, hairdressers, blogs, social networking sites, bars and theatres. It operates as a centre of communication. It allows for communication between diverse individuals and groups. Finally, public life helps with the creation of cosmopolitans, places where different cultures and ethnicities mix freely, in mutual appreciation for one another. The very fact of living and moving in public life among strangers, does seem, over time to create tolerance and appreciation towards others. There are, of course, many exceptions to this, but public life allows space for human diversity to be openly expressed. And as a consequence, "one of the most critical uses of the public realm is its capacity to teach its residents about tolerance—its capacity to transform its residents into cosmopolitans."¹⁹

Civil Society

A dimension of public life that contributes towards a healthy balance between the public and private dimension of human existence together is called 'civil society'. It is composed of those 'secondary institutions' or 'mediating structures' that stand between the person and the state on the one hand and the person and the market on the other. Civil society includes families, voluntary and community organisations, religious

¹⁸ Ibid., 76.

¹⁹ Lyn H. Lofland, *The Public Realm : Exploring the City's Quintessential Social Territory* (Hawthorne, N.Y.: Aldine de Gruyter, 1998), 237.

institutions, NGOs and neighbourhoods.²⁰ People are embedded in a host of groups and communities at any one time. They might be members of their own families, socialise with their friends, are members of the local football club, nominal members of their church, sing with a choral society, and do some work with a local charitable organisation.

When thinking of civil society, it is important to remember that it is not a homogenous sphere of society. There is great diversity in it and this is the cause of some tension. In order to be effective at the level of social policy, the sector needs to find a balance between presenting a common set of beliefs and finding a space for the diversity of the sector. A vibrant “civil society is one that provides a space for a diverse range of voices to be heard and where different interests and opinions are respected.”²¹ But all that goes on in civil society is not positive. For example, racist communities are members of civil society and at times, require the intervention of the state. Although there is great emphasis on the importance of community and belonging in civil society, we need to pay careful attention to what sorts of communities are at work. Communities rich in social capital can be formed in opposition to issues such as immigration or social inclusion. We need to acknowledge the shadow side to civil society.

Civil society shapes identity

At a very fundamental level, the relationships, groups, associations, and communities in civil society shape the kinds of persons we are and will become. In civil society, it is not monetary exchange (the market) or the coercive use of power (the state) that creates and sustains relationships and gives them meaning. Rather it is a commitment to a common purpose characterised by qualities such as love, friendship, loyalty, faithfulness, and trust that is essential here. Civil society fosters pre-political virtues such

²⁰ Don E. Eberly, “The Quest for Civil Society,” in *Building a Community of Citizens: Civil Society in the 21st Century*, ed. Don E. Eberly (Lanham: University Press of America, 1994), xxv.

²¹ Siobhan Daly, “Mapping Civil Society in the Republic of Ireland,” *Community Development Journal* 43, no. 2 (2008): 74.

as civility, integrity, honesty, reliability. These sorts of values are essential to the market and the state. They both need consumers and citizens who are, among other things, trustworthy, honest, loyal, self-controlled, and fair. It is in civil society that these virtues are learned in such a way that they become 'habits of the heart.' It is ironic to think that both the market and the state rely on the sorts of qualities that are produced in civil society and at the same time, they both undermine the very conditions that make their own existence possible. Ties of trust and solidarity are essential to markets – but the market does not foster these sorts of qualities. The state relies on communities to keep it at the service of all the people but it does not foster these conditions on its own.

Such virtues are not learned in an abstract fashion. They are cultivated in the give and take of relationships in specific communities of civil society, which are themselves shaped by the surrounding culture and public institutions. Aristotle pointed this out in the *Nicomachean Ethics*. He saw that the brave were found where bravery was honoured. When the Greeks were at war, it helped to have people who were willing to fight. To recruit soldiers, they built statues to their brave heroes, and they told stories of their great deeds. Children grew up influenced by these sorts of traditions and so were more inclined to follow in the footsteps of those that their community honoured. The same dynamic is at work in the cultivation of all sorts of other qualities, such as trust, compassion, and forgiveness. Bellah et al., in *Habits of the Heart*, refer to these sorts of communities as 'communities of memory.'

The communities of memory that tie us to the past also turn us toward the future as communities of hope. They carry a context of meaning that can allow us to connect our aspirations for ourselves and those closest to us with the aspirations of a larger whole and see our own efforts as being, in part, contributions to the common good.²² This is a question of "having the social systems, institutions, and environments on which we all depend, work in a manner that benefits all people."²³

²² Robert N Bellah and others, *Habits of the Heart: Individualism and Commitment in American Life* (New York: Harper & Row, 1985), 153.

²³ Sean Healy and Brigid Reynolds, "Making Choices - Choosing Futures, a Question of Paradigms," in *Making Choices - Choosing Futures: Ireland at a Crossroads* (Dublin: CORI Justice, 2008), 45.

Importance of civil society

Gordon Brown, former British Prime Minister, states:

My intuition was and still remains that modern politics has been dominated by two entities, the individual and the state. They are embodied in two institutions, namely markets and governments. The shared assumption has been that between them they hold the answer to all social problems. The right prefers the market. The left prefers the state. Both however have found themselves faced with social problems that have resisted all attempts at a solution.²⁴

Brown's implicit point is that civil society is essential. In the relationships, institutions, and structures that characterise this dimension of society, people discover the bonds of love and trust, they hear and participate in the collective stories of which they are a part and in which their lives make sense, and they belong to communities of memory where they learn the importance of solidarity and the common good. This takes place through the sharing of common interests, working with others on common projects such as the Tidy Towns competition or through membership of the local football club. Collectively, it is here that the language of 'we' is learned along with the language of 'I'. In civil society, people learn moral literacy, the give and take of rights and responsibilities, and the importance of honesty and fairness. This learning takes place through a myriad of relationships that people are a part of from the cradle to the grave.

Although Tocqueville never used the phrase 'social capital', he understood the importance of those relationships that produced it—families, religious bodies, associations of all kinds—in forming democratic values and habits, and facilitating citizen participation that could influence and moderate the power of government. Finally, Bellah et al., also remind us that along with providing a check on the function and power of the state, these mediating institutions that constitute civil society are "the only alternative we as a nation have ever had, or are likely to discover, to the dominance of business leaders."²⁵

²⁴ Jonathan Sacks, *The Politics of Hope* (London: Vintage, 2000), xiv.

²⁵ Bellah and others, 212.

The Public Sphere

Communication is essential to civil society. People need opportunities to share information, opinion, values and ideas. The public sphere is the metaphor used to refer to this dynamic. According to Jürgen Habermas, it is a “domain of our social life where such a thing as public opinion can be formed [where] citizens...deal with matters of general interest without being subject to coercion...[to] express and publicize their views.”²⁶ It is where and how people find out what is happening in their communities and the world around them. It is the forum in which they see the news, read the papers and magazines, surf the web, blog, podcast, look at television, listen to the radio and so on. But the public sphere is not just a forum for information; it is a space for participation on issues that are of interest to people. They go to meetings, participate in online blogs, write books, articles, journals, submit letters to newspapers, talk on the radio, produce music and theatre, participate in conferences, demonstrations and protests. This sort of participation gives rise to public opinion and helps shape consensus about how to live together. The public sphere is not unlike a public notice board where private citizens can publish their views on a whole range of ideas, not just political, but economic, social, and cultural. The important dimension of all this is how debate becomes public. Circulation is an important feature of this context. “Anything that addresses a public is meant to undergo circulation.”²⁷ The public sphere ought to be characterised by conversation and a diversity of positions.²⁸ Alan McKee says “We hear a story on the news, then we talk about it with friends; we exchange ideas on email groups, down at the pub, at the hairdresser; we telephone a talkback radio station, write a letter to a magazine, stop buying a newspaper because we disagree with its political stance.”²⁹

²⁶ As quoted in Alan McKee, *The Public Sphere : An Introduction* (Cambridge ; New York, NY: Cambridge University Press, 2004), 4.

²⁷ Michael Warner, *Publics and Counterpublics* (New York Zone Books, 2002), 91.

²⁸ David Tracy has much that is helpful to understand about the dynamics of conversation in *Plurality and Ambiguity: Hermeneutics, Religion, Hope* (Chicago: University of Chicago Press, 1994); and Hans Georg Gadamer, Joel Weinsheimer, and Donald G. Marshall, *Truth and Method*, 2nd, rev. ed., Continuum Impacts (London; New York: Continuum, 2004).

²⁹ McKee, 5.

Charles Taylor in *Modern Social Imaginaries* points out two important features of the public sphere. It is independent of the political and it has a force of legitimacy.³⁰ In other words, it can lend credence or credibility to particular perspectives or social arrangements. It is in the public sphere that the public have somewhere to stand that is outside of the political and gives a perspective from which to reflect on society. Political society is founded on the consent of those bound to it. The government must always seek the consent of those governed. And when the public come to a common mind on important matters, through debate and critical reflection, government is obliged to listen to it. “The public sphere is, then, a locus in which rational views are elaborated that should guide government.”³¹ But the public sphere is more than an instrument to guide government. It is, at its best, a humanising place,³² where relationships are built across differences, where perspectives are enlarged, and questions about what it means to live a good life are explored and behaviour changed accordingly. The public sphere is a place of contestation.³³

Habermas believes that there were two essential characteristics to the public sphere. It depends upon both quality of discourse and quality of participation. These are foundational to the public sphere.

A strong public life is essential for the overall cohesion of society and well-being of the person-in-community. Civil society plays a critical role in finding the right balance between the public and private dimensions of our lives. It is the place in society—outside of the state and the market—where civic virtues are taught and interests are acted upon in organized and meaningful ways. Participation in the public sphere itself is essential

³⁰ Charles Taylor, *Modern Social Imaginaries*, Public Planet Books (Durham: Duke University Press, 2004), 87.

³¹ Ibid., 89.

³² This does not mean that it is always pleasant or enjoyable, but it can build community, consensus, and enlarge our sense of ‘we’ and improve our sense of ‘I’ at the same time, see Hannah Arendt, *The Human Condition*, 2nd ed. Chicago: University of Chicago Press, 1986.

³³ This is a phrase used by Jose Casanova to refer to the public as the place in which ideas are contested with one another, see José Casanova, *Public Religions in the Modern World*. Chicago: University of Chicago Press, 1994.

if members of the public are not to become passive in the face of the state and simply consumers in response to the market. It is in the public sphere that ideas are generated, contested, accepted or rejected, and these in turn shape identity, understanding, and action.

Religion and Society

There is much discussion about the appropriate place of religious traditions in the public sphere. In the next sections of this chapter, I will explore the relationship between religion and society, its contribution to civil society, the internal logic for the public presence of the Catholic Christian community in the public sphere and three forms this 'public' presence can take.

The relationship between religion and society can be characterised by two very different points of view.³⁴ The first can be called the 'inclusive' position. It holds that Jerusalem does have something to say to Athens and that it is appropriate for people of faith to bring the social significance of their religious traditions to bear on public issues.

The other view, sometimes referred to as the exclusive position, suggests that religion and religious beliefs are best kept at home or within the church. People who hold this view are conscious of the pluralistic nature of societies today. Since there are many different religious beliefs present in society, they fear that the public involvement of religion will inevitably lead to a loss of freedom for some or the imposition of an agenda that is religiously based, thus compromising the neutrality of the state. Behind these fears is the assumption that religion in public inevitably leads to conflict and division.³⁵ Our history testifies well to such concerns.

³⁴ See Kent Greenawalt, "Religion and American Political Judgments," *Wake Forest Law Review* 36, no. 219 (2001).

³⁵ For more about people's fears concerning the negative dimension of religion in public see Kristin E. Heyer, *Prophetic & Public : The Social Witness of U.S. Catholicism* (Washington, D.C.: Georgetown University Press, 2006), Chapter 1; Martin E. Marty and Jonathan Moore, *Politics, Religion, and the Common Good : Advancing a Distinctly American Conversation About Religion's Role in Our Shared Life* (San Francisco: Jossey-Bass Publishers, 2000), 23-41.

The two ways of framing the relationship between religion and society just outlined need more nuance. Religion is not simply a set of convictions that one can bring to bear on issues of public significance. "It is a considerably more dynamic and multidimensional reality than the term 'convictions' might suggest."³⁶ It is part of the identity of the person and community. It is one of the 'ways' that people make sense of the world in which they live. It shapes how some people see, feel, understand, judge, and act in society. Therefore, it is not so easy to deliberately bring religion into the public sphere (in many ways it is already 'with' people from a religious background, whether they know it or not). This is equally true when one is expected to leave religious beliefs behind in one's private lives (which aspect gets left behind, and how much of one's identity is to be excluded from the public sphere, how does one separate religious convictions from one's values?). The resolution to such issues will depend on the prevailing cultural assumptions about what is the most appropriate place for religious expression and these vary from place to place.

Contribution of Religion to Society

Much of the discussion about religion and society concerns the influence of religion on the working of government and policy issues. This is a very narrow focus and one that misses much of how this relationship actually takes place. David Hollenbach reframes this conversation in a very helpful way. He goes beyond the direct impact of religion on policy choices and explores the more indirect and subtle ways that religion influences politics and society at large. He emphasises the importance of intermediary associations in realising human dignity and the value of civil society as a counter weight to the market on the one hand and the state on the other. "Society is composed of a rich and overlapping set of human communities such as families, neighbourhoods, churches, labour unions, corporations, professional associations, credit unions, co-operatives, universities, and a host of other associations."³⁷ These overlapping communities, their identity and values, give rise to particular political environments. And it is here, in and among these different communities, that religion has its greatest influence.

³⁶ David Hollenbach, "Contexts of the Political Role of Religion: Civil Society and Culture," *San Diego Law Review* 30, no. 4 (1993): 878.

³⁷ *Ibid.*: 884.

Churches make a significant contribution to the qualities of civil society. The fact of religious freedom—something that is essential in the development of democracies—draws attention to the importance of this right for other diverse groups to organize and participate in society.

The right to religious freedom allows religious traditions to be resources to democratic states through their teaching of compassion, love of neighbour, their myths and stories, imagination and source of civic skills.³⁸ Martin Marty fleshes out the contribution of religion, at its best, to society. He says that one of the positive elements of religious discourse in public is that it reveals the hidden motivations and assumptions of one's conversation partners. "A republic would be better off if everyone brought into the open whatever motivates and impels the citizens to decide and to act."³⁹ Marty outlines many other contributions of religion to society. He points out how religion can help bring perspective and point to the limits of politics; it can help combat apathy; its communities are practiced and durable; it contributes to conversations about the common good, and can draw on overlooked resources such as community, tradition, memory, intuition, affection and hope; religion provides a voice for the voiceless; encourages dealing positively with the other; provides stamina for dealing with crisis and offers chances for renewal.⁴⁰ Habermas recognises this contribution of religion to society and suggests that the liberal state

has an interest in unleashing religious voices in the political public sphere, and in the political participation of religious organisations as well. It must not discourage religious persons and communities from also expressing themselves politically as such, for it cannot know whether secular society would not otherwise cut itself off from key resources for the creation of meaning and identity.⁴¹

³⁸ Ibid.: 888.

³⁹ Marty and Moore, 47.

⁴⁰ See Chapter 2 in Marty and Moore.

⁴¹ Jürgen Habermas, "Religion and the Public Sphere," *European Journal of Philosophy* 14, no. 1 (2006): 10.

Another way to look at the contribution of religion to society is to recognize the social capital it generates. According to sociologist John A. Coleman, religion generates “an inordinate amount” of social capital.⁴² Active citizenship relies on social capital. People who are connected to others in bonds that are characterised by trust and reciprocity are more likely to vote and engage in volunteer activity. And if they belong to churches, they are significantly more likely to vote and give money to others.⁴³ In their sociological survey, *Voice and Equality: Civic Voluntarism in American Politics*, Sidney Verba, et al., found participation in churches sows seeds of political activism and facilitates political participation in the United States.⁴⁴ This is because churches offer three key resources that increase the likelihood of political and civic participation in society. First, people learn transferable skills, such as public speaking, setting and running a meeting, writing a memo and raising money. These are the sorts of things that make the transition to wider participation much easier. Second, the churches provide dense networks of relationships among a wide variety of organisations; this makes it all the more likely that someone will be ‘asked’ to become involved in something more. And finally, churches give people a sense of their own power and ability to make a difference.⁴⁵ *Voice and Equality* provides evidence of the importance of churches to civil society and democracy. Coleman sums it up by saying that “The churches make our society more participatory, more egalitarian and more communitarian than it would be without them.”⁴⁶

⁴² John A Coleman, “Compassion, Solidarity and Empowerment: The Ethical Contribution of Religion to Society,” *Journal of Religion in the Social Services* 19, no. 2 (1999): 12.

⁴³ Ibid.: 13.

⁴⁴ Sidney Verba, Kay Lehman Schlozman, and Henry E. Brady, *Voice and Equality: Civic Voluntarism in American Politics* (Cambridge: Harvard University Press, 1995), 9.

⁴⁵ See Coleman: 13-14.

⁴⁶ Ibid.: 14.

These findings are confirmed by a later survey conducted by the John F. Kennedy School of Government at Harvard. A 2001 survey entitled the "Social Capital Community Benchmark Survey," found that

religiously engaged people are more likely than religiously disengaged people to be involved in civic groups of all sorts, to vote, to be active in community affairs, to give blood, to trust other people (from shopkeepers to neighbours), to know the names of public officials, to socialise with friends and neighbours, and even simply to have a wider circle of friends.⁴⁷

Finally, the public role of Christianity and the Catholic Church in particular, has been noted for their contribution to building up democracy throughout the world since Vatican II. Samuel Huntington illustrates how more than thirty countries in Europe, Asia, and Latin America moved from authoritarianism to democracy between 1974 and 1989. He points out that most of the population in them is Catholic and that their culture has been shaped by Catholicism in significant ways.⁴⁸

It can be difficult to recognise this contribution when we are living with the knowledge of the unspeakable harm done to children in the care of the Catholic Church. The subsequent mismanagement and cover up by Church authorities compound this shocking and abominable practice. So much so, that there are many who cannot contemplate any sort of contribution to the public good by the Catholic Church.

That said, we must remember that the Church is made up of millions of good people and religious organisation, who in their day to day activities, generate much needed social capital and teach necessary civic skills that are required by functioning democracies. They shape and influence the

⁴⁷ John F. Kennedy School of Government, "Social Capital Community Benchmark Survey" <http://www.ksg.harvard.edu/saguaro/communitysurvey/index.html> (accessed 30 October 2007).

⁴⁸ As found in David Hollenbach, *The Common Good and Christian Ethics*, New Studies in Christian Ethics 22 (Cambridge, UK ; New York: Cambridge University Press, 2002), 98.

culture of a society in thousands of ways. Religious values and arguments that take place in the public sphere, that shape the imagination and vision of communities and persons, also filter up into the working of government by a process of osmosis. There is a symbiotic relationship between what happens in the background culture of a society and the apparatus of the state. But what is the theological warrant for such an engagement of religion and society? Why doesn't the Catholic Church simply look after its members and leave the public sphere to others?

Social Mission of the Catholic Church

The Catholic Christian tradition is inherently public. There is no choice for its members but to allow its vision, beliefs and convictions into the public sphere. There is no separation between love of God and love of neighbour. They are the two sides of the same coin. Catholic Christians are called to show love to their neighbours through the practice of justice and compassion, most especially to their neighbours who are poor, vulnerable and excluded. This social mission goes to the heart of the very identity of the Catholic Church.

At Vatican II, a dualistic view of the world and the confinement of religion to the private domain of one's life is described by *Gaudium et Spes* as one of the "more serious errors of our age."⁴⁹ One of the ways to avoid such an error is to re-examine the relationship between the religious and social mission of the church. These two dimensions do not exist independently of one another – rather, they are constitutive and indispensable to one another. It is not possible to find something 'essential' in each so that a clear distinction can be made between them. Rather, we need to allow for a complex intersection between them – one that is in constant motion and creative tension. Theologian Francis Schüssler Fiorenza offers a helpful analogy. If we are asked to define what it means to be human, we

⁴⁹ Vatican II, "Gaudium Et Spes," in *Catholic Social Thought: The Documentary Heritage*, ed. David J. O'Brien and Thomas A. Shannon (New York: Orbis Books, 1999), #43.

might say that our rationality is what makes us different from animals. But that answer would not be sufficient on its own. We would need to add something about our emotions and the fact that we are embodied. In this way, we inevitably show how there is some overlap between what it means to be human and what it means to be animal. The same is true for the social mission of the church. The religious dimension does not stand alone; it criss-crosses with economic, political, social, and cultural dimensions of life. Attempts at exclusive descriptions inevitably lead to distortions. Fiorenza suggests that the “religious and social mission of the church relate to each other not in a singular or essential manner but with overlapping and crisscrossing characteristics.”⁵⁰ They are dialectical, in that the religious and social constantly *affirm*, *question*, and *enhance* each other. The religious mission criss-crosses with the humanisation of the world in which we live. This is not only a social task but rather is also “a sacred task for a vision of the world and humanity, as created and redeemed by God in an eschatological hope and promise.”⁵¹

Gaudium et Spes ⁵²

Prior to the Vatican II there was a great deal of work being done by theologians to overcome a theology separated from ordinary life and share with the world “an intellectually rich and spiritually powerful Christian vision.”⁵³ This new effort in theology sought to overcome the dualistic eschatological vision of life that had come to characterise the practice of

⁵⁰ Francis Schüssler Fiorenza, “Social Mission of Church,” in *The New Dictionary of Catholic Social Thought*, ed. Judith A. Dwyer (Minnesota: The Liturgical Press, 1994).

⁵¹ *Ibid.*, 167.

⁵² *The Pastoral Constitution on the Church in the Modern World*, a key document of Vatican II known as *Gaudium et Spes* (from the opening lines of the document, meaning, joy and hope).

⁵³ J. Bryan Hehir, “The Church in the World : Responding to the Call of the Council,” in *Faith and the Intellectual Life: Marianist Award Lectures*, ed. James L. Heft (Notre Dame: University of Notre Dame Press, 1996), 107.

faith. It wanted to move the church from being ‘over against’ the world, to a place where it was in conversation with social movements, both learning from society and teaching out of its own tradition and wisdom. This was an enormous shift; for so long Catholicism had defined itself over and against three movements: the Protestant Reformation, the Democratic Revolution, and the Enlightenment.⁵⁴ Now the church was placing itself ‘in’ the world, not over and against it but in it. “The joys and the hopes, the griefs and the anxieties of the men (sic) of this age, especially those who are poor or in any way afflicted, these too are the joys and hopes, the griefs and anxieties of the followers of Christ.”⁵⁵

In *Gaudium et Spes*, the church starts with examining the ‘signs of the times,’ i.e. to the world. This listening is done in light of a particular biblical anthropology (view of the human person), eschatology (end times), ecclesiology (nature of the church) and Christology (understandings of Jesus Christ and his mission to the world).⁵⁶ This shift in the church’s relationship to the world has been described as being from a juridical conception of the church’s role to an anthropological one.⁵⁷ This is one of the central theological shifts that places the social mission at the heart of the church. Significantly, the person is now seen as the place of intersection between the church and the world. *Gaudium et Spes* says “The role and competence of the Church being what it is, she must in no way be confused with the political community, nor bound to any political system. For she is at once a sign and safeguard of the transcendence of the human person.”⁵⁸ This text captures the essence of how *Gaudium et Spes* understands the relationship of the church to the world. It takes the central theme of social teaching – the protection of human dignity – and gives it ecclesial standing.⁵⁹ Bryan Hehir puts it this way: “The reason why the

⁵⁴ J. Bryan Hehir, “The Social Role of the Church: Leo XIII, Vatican II and John Paul II,” in *Catholic Social Thought and the New World Order*, ed. Oliver F and John W. Houck Williams (Notre Dame: University of Notre Dame Press, 1993), 37.

⁵⁵ Vatican II, #1.

⁵⁶ David Hollenbach, “Gaudium Et Spes,” in *Modern Catholic Social Teaching: Commentaries and Interpretations*, ed. Kenneth R. Himes (Washington DC: Georgetown University Press, 2004), 273.

⁵⁷ Hehir, “The Church in the World : Responding to the Call of the Council,” 113.

⁵⁸ Vatican II, #76.

⁵⁹ Hehir, “The Social Role of the Church: Leo XIII, Vatican II and John Paul II,” 37.

church enters public or social ministry is to protect the transcendent dignity of the human person.”⁶⁰ The decisive shift of this text was to locate the defence of the human person at the centre of Catholic ecclesiology and this moved the social ministry from the margins of the church to its centre.

Gaudium et Spes outlines four principles concerning the relationship of the Catholic Church to the world:

1. the ministry of the church is religious in nature and it has no political charism or ambition;
2. the religious mission is to seek the reign of God, this is its purpose and the church serves this aim;
3. the religious mission touches all parts of life; there is no part removed from God's reigning power;
4. finally, there are economic (resources), political (power), social (relationships) and cultural (meaning) consequences to the gospel – the church seeks to fulfil its religious mission by asking its members to uphold human dignity, promote human rights, contribute to the unity of the human family and help people make meaning in their lives.⁶¹

*Dignitatis Humanae*⁶²

The social mission is realisable because of the recasting of the church–state relationship that took place in *Dignitatis Humanae*, Vatican II's *Declaration on Religious Freedom*. Since the seventeenth century, the

⁶⁰ J. Bryan Hehir, “Church-State and Church-World: The Ecclesiological Implications,” *Catholic Theological Society of America* 41 (1986): 57.

⁶¹ See Ibid; Hehir, “The Social Role of the Church: Leo XIII, Vatican II and John Paul II.”; Hehir, “The Church in the World : Responding to the Call of the Council.”; Hollenbach, “Gaudium Et Spes.”

⁶² *Declaration on Religious Freedom*, another key document from Vatican II. *Dignitatis Humane* comes from the first line of the document, meaning Dignity of the Human Person.

Catholic Church believed it should be accorded special status in society by the state and that the coercive power of the state should be used to promote Catholic faith. However, *Dignitatis Humanae* replaced this belief with three principles. The first accepted the reality of religious pluralism in society and that religious freedom is a human right and should be protected by civil law. The second accepts the secular nature of the state – that it is not divinely constituted nor so ordered – rather, it has its own constitution and is limited by the law on the use of force. The third concerns the freedom of the church to be itself, without particular favour from the state.⁶³ This last principle creates a challenge for the church, in that, without any favouritism from the state, it is only as good as its witness. Sociologist José Casanova sees in this differentiation of the church from the state an opportunity for the church to “come fully into its own, specialising in ‘its own religious’ function and either dropping or losing many other ‘nonreligious’ functions it had accumulated and could no longer meet efficiently.”⁶⁴

Dignitatis Humanae has helped depoliticise the church-state relationship and *Gaudium et Spes* is responsible for putting the social mission of the church at the centre of its identity. Taken together, their legacy has been, as Hehir puts it, “to plunge the church more deeply into the political arena precisely because the protection of human dignity and the promotion of human rights in fact happen in a political context.”⁶⁵ Although this can sound very unreligious and very political, we must remember the context. The church is focused on improving the dignity of the person, building up solidarity among the human community, and with caring for creation. It has this purpose because by its nature it is to “continue to make present in history God’s salvation in Jesus Christ.”⁶⁶

⁶³ See Hehir, “Church-State and Church-World: The Ecclesiological Implications,” 1-2.

⁶⁴ José Casanova, *Public Religions in the Modern World* (Chicago: University of Chicago Press, 1994), 21.

⁶⁵ Hehir, “Church-State and Church-World: The Ecclesiological Implications,” 58.

⁶⁶ Fiorenza, 156.

Implications of Vatican II

The work done at Vatican II regarding the church's social mission meant three things. First, the social mission became central to the nature of the church. It is no longer an optional task on the margins to be engaged with from time to time, before or after evangelisation. Second, the church has a right to work in freedom from political systems in society, expecting no favours from the state, while acknowledging the secular nature of the state. And finally, Vatican II has provided the theological basis for the church's legitimate engagement with the world.

The work the Council did on articulating theological principles that brought the social mission of the church to the centre of its identity was solidified in the 1971 and 1975 synodal documents, *Justitia in Mundo* and *Evangelii Nuntiandi*. In the now famous statement of the bishops in 1971, there is no doubt about the centrality of the social mission, "Action on behalf of justice and participation in the transformation of the world fully appear to us as a constitutive dimension of the preaching of the Gospel, or, in other words, of the Church's mission for the redemption of the human race and its liberation from every oppressive situation."⁶⁷ However one understands the use of the word 'constitutive',⁶⁸ there is no doubt that its use places the social mission at the heart of the identity and purpose of the church in and to the world. The concern for justice must be a part of all the dimensions of Christian life, and every aspect of the Church's ministries should help promote social justice and the dignity of the person in community.

⁶⁷ Synod of Bishops, "Justitia in Mundo," in *Catholic Social Thought: The Documentary Heritage*, ed. David J. O'Brien and Thomas A. Shannon (New York: Orbis Books, 1999), #6.

⁶⁸ Kenneth Himes, O.F.M. asks if the bishops were "putting the work of justice on a par with the preaching of the Word and the celebration of the sacraments as being definitive of the Church? Or were the bishops simply making the point that working for justice is not merely an ethical implication of discipleship but something at the very heart of Christian life?" see Kenneth R. Himes O.F.M., "Commentary on Justitia in Mundo (Justice in the World)," in *Modern Catholic Social Teaching: Commentaries and Interpretations*, ed. Kenneth R. Himes O.F.M. (Washington, D.C.: Georgetown University Press, 2005), 341.

The duty to work for social liberation is central to Christian evangelisation. However, there are dangers if there is too much emphasis on liberation, with only a horizontal view of the world. *Evangelii Nuntiandi* warns against the reduction of the Good News, the politicisation of the Christian message, the over identification of religion with the struggle for liberation, and a danger of forgetting about the importance of attitudinal change.⁶⁹ These are helpful provisos in finding the right balance in the overlapping and crisscrossing characteristics that make up the church's social mission.

It is one thing in principle to articulate the reasons for the Catholic Christian Church's involvement in the world, it is another to see how it is and ought to be done in practice. We will now explore some of the challenges and tensions facing the Church and faith communities in participating in the public sphere and working for social change in liberal democratic systems.

Faith-communities: being public

In a secular state, religion becomes invisible at the political level, even when still prevalent at the personal level. Secular governments and politicians do not invoke scriptures or religious authorities to defend their policies. Instead they speak to principles and concerns that all the population can share irrespective of their beliefs or non-belief.⁷⁰

The legitimacy of a law, which the whole of society must adhere to, rests on the understanding and agreement of all. Only secular reasons can achieve this end. The explanation and justification of a law must be readily accessible to everyone in the society, religious and secular alike. One of the fears that drives some secular liberals to exclude faith-communities and religious discourse from the public sphere is the prospect that a law

⁶⁹ Pope Paul VI, "Evangelii Nuntiandi," in *Catholic Social Thought: The Documentary Heritage*, ed. David J. O'Brien and Thomas A. Shannon (New York: Orbis Books, 1999), #32, #33, #35, #36.

⁷⁰ Julian Baggini, "The Rise, Fall and Rise Again of Secularism," *Public Policy Research* 12, no. 4 (2006): 204-212.

or policy imposed on all, will emerge and be justified by a belief from a particular religious tradition. This has happened in the past in this society and some are afraid that it might happen again, despite the advance of Modernity and separation of church and state. Consequently, an emerging assumption is that it is best to confine faith-communities and religious discourse to the realm of the personal and private dimensions of life. This will minimise conflict in the public sphere, prevent against the possibility of religious privilege and bullying inappropriately impinging on the state, and ensure a level playing field for all, regardless of creed.

For instance, Minister of Environment, John Gormley, might share some of this concern, when he said, in response to the Catholic Church's public participation in the Civil Partnership debate:

Well, first of all I must say I was taken aback when I heard the news this morning. I thought we had left the era of Church interference behind us and I'm speaking as someone who recognises that the Church has made a contribution to this country but really it should concentrate its efforts on looking after the spiritual needs of its flock and not intrude into temporal or state matters.⁷¹

When Minister Gormley refers to the Church here – it seems he is referring to the Bishops of the Catholic Church, the Church hierarchy. I wonder if he would say the same for Social Justice Ireland, Trocaire, or the St Vincent de Paul Society? They are also motivated by the Christian tradition and attempt to shape public policy from a Christian values perspective.

For instance, *Social Justice Ireland*, previously *Cori Justice*, have sought to bring the Christian tradition, particularly its understanding of justice, to bear on the quality of life in our society and world, particularly for those on the margins. They believe that public debate needs to include exploration of values – the ones stated and the ones operative. They say,

⁷¹ John Gormley, News at One, RTE, 17th June, 2010.

Our fears are easier to admit than our values. Do we as a people accept a two-tier society in fact, while deriding it in principle? This dualism in our values allows us to continue with the status quo, which, in reality, means that it is okay to exclude almost one sixth of the population from the mainstream of life of our society, while substantial resources and opportunities are channelled towards other groups in society.⁷²

Such a juxtaposing of reality and stated values can be found just as jarring when applied to the Catholic community as when applied to the wider society in Ireland today. However, the point remains. The introduction of values into public debate is much needed.

Social Justice Ireland believes that “engaging in activity to influence public policy and to generate structural change is answering the call to transform society which is a constitutive dimension of the Gospel.”⁷³ Over the past twenty years they have sought to translate Christian values into a language that is persuasive and reasonable to the public at large. They have done this through the use of accurate social analysis, credible alternatives and effective pathways from the present to the future. This combination is core to their work. It recognises the importance of speaking in “a language appropriate to the particular audience whether religious, secular, academic, policy maker or general public.”⁷⁴ When speaking to government, they speak the language of social policy, when speaking to economists, they speak in an economic language, and when speaking to church, they speak in a language of faith. This is one of their great strengths – they ‘communicate according to the mode of the receiver.’ They are multilingual, non-sectarian and expect no special favour from

⁷² Sean Healy and Brigid Reynolds, *Planning for Progress and Fairness, Policies to Ensure Economic Development, Social Equity and Sustainability*, Socio-Economic Review 2008 (Dublin: Cori Justice, 2008), 215.

⁷³ Sean Healy S.M.A. and Brigid Reynolds S.M., “Spirituality” <http://www.cori.ie/Justice/Spirituality/45-Spirituality/120-Spirituality> (accessed 1st February 2008).

⁷⁴ Social Justice Ireland, “About Us” <http://www.socialjustice.ie/content/about-us> (accessed 30th July 2010).

the state. The quality of their argument, their ability to work in partnership, openness about their motivation, and willingness to change when the evidence suggests it, all contribute to their effective participation in the public sphere. "We believe a public debate is urgently needed around the issues of progress, paradigms and policy, around the future that is to be built and the choices that need to be made now if the world is to move towards that future."⁷⁵ Clearly, such a debate is much needed today.

Public justification for policy or laws

A core principle—that needs to be appreciated by all who participate in the public sphere—is that executive and legislative decisions need to be at the service of the public good – this is the purpose of the state. Such decisions must be justified in a language that is available to everyone – regardless of whether they actually agree with the particular measure or not. It would be wholly inappropriate for an organ of the state to justify a new piece of legislation or social policy with recourse to a particular faith tradition, or simply because the St Vincent de Paul Society sought it. The use of Christian Scriptures to justify new levels of social welfare payments, on behalf of the Department of Social Protection would be inappropriate in our democracy. It would not be acceptable if the Irish Government were to justify a new law concerning environmental protection through reference to recommendations from the World Council of Churches. Those sources are neither available nor intelligible to all and so are inappropriate for use by the state. The reasons given would be more like confessions of faith rather than reasons that every citizen could find intelligible and the possible basis for law. If the justifications for law and policy appear to the public as unintelligible and impositions from particular religious traditions, the legitimacy of the law will be undermined and the political order will rightly be called into question. The nature of the reasons given to justify law and policy, on behalf of the state, is the key issue here. Habermas puts it this way: "In a secular state only those

⁷⁵ Healy and Reynolds, "Making Choices - Choosing Futures, a Question of Paradigms," 60.

political decisions are taken to be legitimate as can be impartially justified in the light of generally accessible reasons, in other words, equally justified vis-à-vis religious and non-religious citizens and citizens of different confessions.”⁷⁶ Churches and faith-communities who participate in the public sphere must remember this and act as if they know it.

Appropriate level of involvement in public debate for faith-communities

While this principal has widespread acceptance in any functioning democracy, the appropriate level of involvement of faith-communities and religious discourse in wider society is more contested and complex. Ought faith communities to have a view on social and economic issues? If so, should they confine their voices to their own membership or is it legitimate for them to engage in public and political debate about these issues? And if debate is legitimate, what sort of language is appropriate? Can they use religious language or must it be a form of language that includes everyone, a form of public reasoning? These are important questions and suggest a place for faith-communities and religious discourse somewhere between the sacristy and the state. Some of these questions have been addressed earlier in this chapter. However, the issue of language is an important one.

There is a danger with too much care and attention being given to ensuring that the justification for policies and laws is equally accessible to all. While this is an essential dimension to our democracy, we ought not to let this principle stifle debate at the deliberative dimension of policy and law making. Perhaps there is room in this dimension for people to disclose some of their motivations for caring about particular issues – what values are behind the protection of human dignity and the environment? Some will draw strength from beliefs embedded in secular sources – others, from religious tradition(s). While there are opponents to

⁷⁶ Jürgen Habermas, “Religion and the Public Sphere,” *European Journal of Philosophy* 14, no. 1 (2006): 5.

such an exercise, AC Grayling, Richard Dawkins and Christopher Hitchens, there are also emerging proponents, even ones that have shifted their position on this issue. Jürgen Habermas changed his position, believing now that there is wisdom in religious traditions that modern democratic societies could benefit from. He believes that there is a place for religious voices and traditions in the public sphere. Another voice is that of atheist and secularist Julian Baggini. He says that:

Traditional secularism...has to go. In its place must be a public domain in which religion is allowed back in. The idea is not to create conflicts of belief but to allow disagreements to be resolved openly, without people feeling the need to deny differences in the fundamental convictions that shape their views. The secret of harmonious society in which different religious and non-religious beliefs are held is not for everyone to remain silent on the things that divide us, but discuss differences openly in a spirit of mutual respect and understanding.⁷⁷

It is important that we try to allow disagreements to be resolved openly rather than on remaining silent on what divides us. In Ireland, there are new worldviews, values and principles at work in our communities and society. These need to be talked about, explored and open to public scrutiny. While there are all sorts of disagreements about what is truth, the nature of the human person, role of the state, human rights and responsibilities, we still must share this island together, we must learn, in the midst of differences, to live together. "Uncovering the underpinning values and having them discussed, scrutinised and evaluated is crucial if there is to be any agreement or consensus on what constitutes real progress."⁷⁸ How are we to deal with competing worldviews, to show respect to one another and reach consensus where possible? I suggest that excluding the participation of faith communities and the voice of religious language, while making for a less conflictual public sphere, is not the way to move forward. Rather, if those who participated in the public sphere

⁷⁷ Julian Baggini, "The Rise, Fall, and Rise Again of Secularism," *Public Policy Review* 12, no. 4 (2006): 210.

⁷⁸ Healy and Reynolds, "Making Choices - Choosing Futures, a Question of Paradigms," 41.

were encouraged to disclose the values behind their views, then the quality of participation and debate might improve.

In this approach, in the realm of the public sphere, there ought to be room for people or groups to bring their faith traditions into conversation with particular issues in a more overt manner. What is the advantage of such an approach? Firstly, it provides important opportunities for religious groups to participate in the public forum, partly because it allows for the use of religious language. This helps minimise sectarianism and promotes a tolerant public sphere. It also allows for the possibility of new voices, insights, challenges to the status quo. The inclusion of, for instance, the Evangelical, Catholic, Muslim and Hindu voices in the Irish public sphere allows it to represent in reality the members of society, reflecting the plurality of our country.

Appropriate use of language

The issue of language is a complex one. The challenges arising from the use of religious language will depend on a variety of circumstances. Much will depend on the context, the intentions of the speaker or group, what it is that the audience hears and/or experiences and how the participants relate what they hear to their own world view. For instance, if a member of a faith community were appearing on Frontline with Pat Kenny, to talk about care for the homeless, they need to think about their audience and the appropriate use of language in that context. Are they trying to raise consciousness about the plight of the excluded, push for a piece of legislation, call the government to account on a particular issue, and/or explain why it is that Islam requires Muslims to reach out to those who are homeless. The nature of the audience, coupled with the speaker's own intention should be instructive on what sort of language to use. Would it be helpful to quote from the Koran and tell the audience about the five pillars of faith? There is little use in speaking in a manner that might resonate with one's constituency but is misunderstood by one's immediate audience. In such circumstances, along with political debates, confessional self-restraint will be the norm. Jonathan Chaplain points out that:

“harnessing faith-based reasoning to the task of discerning the public good will already discourage a great deal of possibly inappropriate faith-based language.”⁷⁹

Strategy of Avoidance

Those who favour the use of liberal public reason and the confinement of faith-communities and religious discourse to the personal and private spheres of life, sometimes do so out of a sense of respect for others. They believe that the bringing of values rooted in religious and moral traditions into public discussion in a pluralistic society will only lead to conflict and disagreement, and the respectful thing to do is to avoid what will fracture and harm relationships. Accordingly, politics, policy and the law ought not to be mixed up with religious and moral arguments. This is a legitimate concern. However, this concern, motivated out of respect, often just leads to avoidance. It is an avoidance of the deeper moral and value issues behind policy and legislation. For the idea of a neutral state is really just a chimera. It is a fiction. Behind laws and underneath policy there are implicit views, often unarticulated, about the good life – what it means to live well. If these deeper questions are removed from public debate, there is a loss to our discourse. The evacuation of the public debate of the values dimension can also lead to resentment and a backlash from excluded communities and voices. Respect in this instance can also mean leaving the moral intuitions of our interlocutors undisturbed and unexplored. But is this really respectful? I suggest not. Avoidance is not respectful, even if done for the best of reasons. Michael Sandel suggests that:

A more robust public engagement with our moral disagreements could provide a stronger, not a weaker, basis for mutual respect. Rather than avoid the moral and religious convictions that our fellow citizens bring to public life, we should attend to them more directly—sometimes by

⁷⁹ Jonathan Chaplin, *Talking God: The Legitimacy of Religious Public Reasoning* (London: Theos, 2008), 65.

challenging and contesting them, sometimes by listening to and learning from them...A politics of moral engagement is not only a more inspiring ideal than a politics of avoidance. It is also a more promising basis for a just society.⁸⁰

Candour in representation, restraint in decision⁸¹

‘Candour in representation, restraint in decision’ might be a useful phrase to remember regarding the appropriate limits of participation and debate in the public sphere. My proposal is that citizens ought to be allowed to bring their faith convictions into the public sphere, engage in political debate and if they wish, use religious language. However, it must be remembered that statements that simply “assert the truth of a faith-based viewpoint without going on to unpack the public good reasons flowing from them, or without acknowledging the presence of other sincerely-held perspectives, will generally not be persuasive.”⁸² Stating religious beliefs on their own rarely persuades – if faith-communities want to influence public policy and the law, they need to give good public reasons for the validity of the views they hold. While it is appropriate for faith-communities to offer religious reasons for their policy proposals in civil society and deliberative forums of the state, it is not so for the state when justifying its own reasons for the adoption of policy or law. We do not expect our government to quote from the Koran or our judges to base a judgement on the sacred texts of Hindus.

While I suggest there ought to be a place for faith communities in the public sphere, who speak of values rooted in particular religious traditions – there ought also to be room for people who articulate other points of view to uncover their own values, the roots of their views and insight. What are the narratives and myths that give rise to particular positions

⁸⁰ Michael J. Sandel, *Justice: What's the Right Thing to Do?*, 1st ed. (New York: Farrar, Straus and Giroux, 2009), 268-269.

⁸¹ Chaplin, 58ff.

⁸² Ibid., 61.

being taken on issues in our communities? What is it that informs our own viewpoints? The advantage of such an approach is that it would lead to an improvement in the public sphere itself, in the forum – that it is not only concerned about particular issues of policy but about relationships and community – understanding and appreciating one's conversation partners. Such an approach might also help the participants not to adopt an immediate reflexive position to an issue. Rather, they might be invited to pause and wonder what it is about the present situation that challenges one's own worldview. Is there truth in the viewpoint of the other? Can I give it its best interpretation? Or am I just waiting for them to slip up or make the usual points before I pounce on them, making my own usual points – where is the learning, the relating, the fostering of the public sphere itself? Daly and Cobb put it this way:

One of the central limitations of academic disciplines in contributing to wisdom is their professed aim of value neutrality. That there is here a large element of self-deception has been pointed out frequently and convincingly. The ideal of value neutrality is itself a value that is generally highly favourable to the status quo. More objectivity is in fact obtained by bringing values out into the open and discussing them than by denying their formative presence in the disciplines... as long as the disciplines discourage any interest in values on the part of their practitioners, they inevitably discourage the ordering of study of the solution to human problems.⁸³

While the exploration of values and conversation is important, there comes a point when representative deliberation comes to an end and an executive or legislative decision is taken on behalf of the state. When this happens, the state needs to justify its decision through the use of reasons that affirm the public good. These reasons need to be understood and accessible to all citizens. It might be difficult to find exactly where this line is drawn, and there will be differences of opinion about that, but the fact remains, there is a limit to the use of religious language and the influence of faith-communities in our society. There comes a point where one must show restraint and trust in the executive and legislative dimensions of our society.

⁸³ Herman Daly and John Cobb, *For the Common Good* (London: Merlin Press, 1990), 131.

In the next section, I outline three modes of participating in the public sphere by faith-communities in Ireland today.

Faith-communities in the public sphere – 3 approaches

Cardinal Bernardin wrote that the ‘how’ or the ‘style’ of the church’s engagement in public life is crucial to the outcome.⁸⁴ I believe it is possible to see three different ‘styles’ at work today in Ireland. One places great emphasis on persuasion and dialogue, one believes in taking a more prophetic stance and another, which is difficult to categorize, places much of its effort in shaping the law of the church and the law of the land.⁸⁵ Before I describe these, it is useful to remember that there is quite a bit of overlap between them. At their best, they can complement one another. Also, depending on the context, one ‘style’ might be more appropriate than another.

A conversational approach

The first approach, drawn from Vatican II, emphasises that the church be in dialogue with the world.⁸⁶ This is a two way relationship, where the church has something to learn from the world and something to offer the world. The reciprocal nature of the relationship is fostered by “the clear recognition of the intrinsic value and validity of secular institutions and secular disciplines.”⁸⁷ This view allows the church to engage in authentic

⁸⁴ Joseph Bernardin, “The Public Life and Witness of the Church,” *America* (1996): 18.

⁸⁵ To apply more classic types to these categories, the first category described by Niebuhr as Christ the Transformer of Culture, the second could also fit here or could be described, along with the third category as Christ against Culture, see Niebuhr, *Christ and Culture*; also the first category could be described as ‘church’ and the second and third one as ‘sect,’ see Ernst Troeltsch, *The Social Teaching of the Christian Churches*, 2 Vols (New York: Harper Torchbooks, 1960).

⁸⁶ See especially *Gaudium et Spes* and *Dignitatis Humanae* in David J. O’Brien and Thomas A. Shannon, *Catholic Social Thought : The Documentary Heritage* (Maryknoll, N.Y.: Orbis Books, 1992).

⁸⁷ Hehir, “The Church in the World : Responding to the Call of the Council,” 112.

conversation – for without an openness to learning something from others, there can be no real dialogue. The organisations, communities and people who find a home in this category value persuasion as a means of communicating Gospel values. They seek to communicate the wisdom of tradition in a credible and engaging way – appealing to the intellect, desires, and innate sense of goodness and justice in people. This style, which is respectful of the variety of ways that people of goodwill interpret their faith, is committed to the process of transformation that takes place incrementally over long periods of time. It does not see itself as having definitive answers to give to the world. Rather it is more of a “catalyst moving the public argument to grapple with questions of moral values, ethical principles and the human and religious meaning of policy choices.”⁸⁸ In this way, it can help shape public opinion, values, and influence the culture. This influence on culture is the approach favoured by David Hollenbach.⁸⁹ He says, “Far better and more likely to succeed would be a church strategy of persuasion that operates on the cultural rather than the legal level.”⁹⁰ Such an approach requires patience, courage, wisdom and humility.⁹¹

To such an approach, there are some necessary cautions. There is the danger that involvement with the public will lead to accommodation and co-option with the values of the world, thereby diluting the imperatives of the Christian message. Persuasion can take time and this is something that many people who suffer injustice and exclusion do not have; they need help immediately. And so, there is also a need for something more immediate, and at times, confrontational.

⁸⁸ Hehir, “Church-State and Church-World: The Ecclesiological Implications,” 64.

⁸⁹ David Hollenbach, “Catholicism and American Political Culture: Confrontation, Accommodation, or Transformation,” in *Inculturation and the Church in North America*, ed. T. Frank Kennedy S.J. (New York: The Crossroad Publishing Company, 2006).

⁹⁰ *Ibid.*, 20.

⁹¹ For further reading on the ‘how’ of theology in the public sphere see Dan O’Connell, “Religious Education and the Public Sphere,” *The Furrow* 57, no. 7/8 (2006).

A prophetic approach

This leads to the second approach, which can be broadly categorized as prophetic. It seeks to persuade by witness and being uncompromising in its demands for social justice. This approach has deep roots in both the Christian and Hebrew scriptures. According to Abraham Heschel, “the prophet was someone who said No to his (sic) society, condemning its habits and assumptions, its complacency, waywardness, and syncretism.”⁹² The prophets were steeped in the justice of Yahweh and as a consequence were acutely aware of the presence of injustice and oppression within society. This awareness was nearly unbearable for them. They felt the pain of those excluded, the anger and compassion of Yahweh, and lived in the fissure between the prevailing culture of oppression and Yahweh’s desire for justice. According to Walter Brueggemann, the task of the prophet is to “nurture, nourish, and evoke a consciousness and perception alternative to the dominant community around us.”⁹³ This consciousness is to accomplish two things. Firstly, it is to use criticism in dismantling the dominant consciousness and secondly, it is to energize people through a vision of what is possible here and now. Those who are poor and powerless are at the heart of such an approach. It lifts up their lives, juxtaposing how things are for them and how things are for the rest of us. It seeks to transform the dominant consciousness that sustains inequality and social exclusion, often in jarring and confrontational ways.

A critique of this approach concerns its danger of politicizing the Gospel by getting too involved in politics and the work for social justice. At times, it can lose connection with its own religious traditions. Such an approach can be polarising; you are either with us or against us – there is no middle ground. It often deals in broad strokes about issues of social justice and “[D]istinction, qualifications, and contending opinions are not the prophet’s stock in trade.”⁹⁴ This tendency can lead to work on single issues,

⁹² Abraham Joshua Heschel, *The Prophets* (New York: Perennial, 2001), xxix.

⁹³ Walter Brueggemann, *The Prophetic Imagination*, 2nd ed. (Minneapolis: Fortress Press, 2001), 3.

⁹⁴ J. Bryan Hehir, “Can the Church Convincingly Engage American Culture,” *Church* (2004): 7.

which perpetuate single issue politics, fragmenting further the political process, and distorting the particular religious tradition one belongs to – making it equivalent to the issue at hand.

A juridical approach

The third approach can be seen at work in debates concerning such issues as abortion, euthanasia, stem cell research, cloning, gay marriage and adoption of children by gay parents. It is characterised by an oppositional stance on these issues. Within this category, there is a desire and a drive for clear and radical Gospel teaching. Its proponents will argue that their stance is to protect the vulnerable or promote some public good. It is reminiscent of the 'Christ against Culture' category as outlined by H. Richard Niebuhr in *Christ and Culture*. Those who favour this approach seek to use legislation to further their mission. This is quite a different method from the one outlined in the first category, which seeks to influence the culture, which may in turn influence the law. This group aims to shape the law and so influence the culture. They believe it is reasonable to use the coercive power of the state to help shape the values and habits of citizens in society. They appreciate the educative qualities of the law.⁹⁵

Those who question this approach believe that it is alienating of church members and of society in general, and in the end is counterproductive. It does not appreciate the complexity of issues, nor the intricacies involved in working for social change. Referring to the mission of the church in working for justice and human rights, Hollenbach believes it will be compromised "by misdirected appeals to the coercive power of the state and by failure to make carefully reasoned and persuasive contributions on these matters in the cultural debates of the United States today."⁹⁶ Another danger with this juridical approach is that at some stage, Catholicism appears as only a "collection of prohibitions."⁹⁷ John Waters,

⁹⁵ Hollenbach, "Catholicism and American Political Culture: Confrontation, Accommodation, or Transformation," 17.

⁹⁶ Ibid., 22.

⁹⁷ John Waters, "Hearing Only Pious Cliches," *The Irish Times*, 22nd October 2007.

writing in *The Irish Times*, makes the point that if the culture perceives the church as being interested only in prohibitions, then regardless of what is said, it will not be heard properly. The danger then is that people only hear “pious regurgitation of what always sounds like clichés. The meaning shorts out on the circuit board of collective understanding, with its crisscrossing wires of prejudice, hostility, assumed knowledge, ideology and rote learning.”⁹⁸ If the church places too much emphasis on using the coercive arm of the state to realise its mission, especially in a pluralistic context, there is every chance that people - both within and outside the church - will not be open to hearing or being in conversation with the church about what it means to live well today. They will associate the church with rules, prohibitions and the imposition of the law.

Implications for Values-led Debate and Discourse in the Public Sphere

Thus far in the paper, I have argued that civil society makes an important contribution to the wellbeing of our shared lives, the Catholic Christian church, for all its failings, makes a contribution to the quality of civil society in a variety of ways, a key aspect of civil society relies on a public sphere that is inclusive and participative. I have argued that there ought to be a place for voices motivated by religious traditions in the public sphere and that respect in the discourse requires room for alternative visions of the good. I believe it is in our interest to cultivate public conversations that are value led, where reasons are offered for positions held that go beneath the usual sound-bite. Public discourse is inherently respectful when it engages others at this level, despite the difficulty. Regardless of the friction it can cause, we need to develop a way of engaging with alternative views of the good that try to explore deeply the values behind the vision. It is my hope that this will minimise the amount of talking we do ‘at’ one another and improve our chances of talking ‘to’ one another.

⁹⁸ Ibid.

While this paper has concentrated on faith communities and some of the issues concerning their participation in public discourse, it can, I believe, offer some suggestions for all who participate in the public sphere today.

- At the heart of the paper is a keen awareness and appreciation of one's audience and the importance of communicating in a language that the other can understand. People and groups need to be at least bi-lingual. They need to have another language than that of their own constituency. As mentioned earlier, *Social Justice Ireland* moves between languages depending on the context. While this sounds straightforward enough, it is quite a difficult thing to do in practise. The ability to articulate one's values in a language that can be heard and understood by one's interlocutors requires a deep understanding of those values in the first place and the skill to do the translation, without anything being 'lost in translation.' Faith communities would do well to learn this lesson if they want to avoid the danger of simply speaking to themselves.
- If one is to be taken seriously in the public sphere, one's views need to be based on sound social analysis, for what we see will determine our response. Our 'seeing' needs to be carefully done, with as much expertise as we can muster. Our view must be based on sure footing, using evidence and experience, to ground our arguments.
- Participants in the public sphere need to find ways to articulate their values – not just assert their opinions. This would foster greater depth and respect in public discourse. Regardless of being located within a religious or a secular tradition, everyone is working from some value base – some of it might be conscious, while another part of it might simply be based on uncontested assumptions. This is true for all participants. The uncovering, discovering and articulation of these values can lead to greater honesty in the discourse and this is a key component in our learning how to live well with our differences.
- Values led discourse inevitably reveals one's vision of how things ought to be. Participants in the public sphere would do well to be realistic

about what is possible from their vision in this particular setting, at this particular stage in our history. As *Social Justice Ireland* says, 'credible alternatives' are key. It goes on to suggest that the credibility of one's participation will be enhanced if one can suggest 'alternative pathways' to get from where we are to where we wish to go. It is one thing to decry what is happening in our world, it is another to suggest ways forward; something much needed in public discourse.

- There must be room in the public sphere, at appropriate levels, for all sorts of voices and visions. Voices from religious traditions might have some insight into how things are now (the naming of this present reality), how they might be in the future and how we might move from where we are to where we want to go. These voices, because they are a part of faith communities ought not to be excluded from public debate simply because they are rooted in religious traditions. To do this might cut us off from 'key resources for the creation of meaning and identity' as Habermas has warned.
 - Participants in the public sphere, who are trying to influence social policy and/or the law of the land, need to appreciate the wisdom of 'candour in representation, restraint in decision.' When participants know that their interlocutors understand these limits, greater trust can emerge between them. They will not suspect one another of trying to unfairly influence the process or seeking some sort of privileged relationship with the state.
 - The issue of respect was referred to in the paper earlier and it is an important quality for the well-being of the public sphere itself. The extent of participation will depend in part on how people actually participate. When the value of respect underlies robust and strong debate the overall well being of the forum will be enhanced. There is a danger if groups use the public sphere without consideration of the well-being of the very mechanism that affords them the opportunity to be public in the first place.
 - The quality of dialogue is also critical. Good dialogue involves speaking
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‘with’ another and not just ‘at’ them. It is a paradigm that appreciates the contribution of the other, and presumes that there is learning to be found in the conversation and encounter, for all the participants. Such a disposition will allow for partnerships and coalitions, essential if power is needed to engage with mechanisms of the state or the influence of the market.

- Efforts to uncover, discover and even recover values in public debate are crucial. They will allow for a greater congruence between what we say, how we act and what we believe.
- A participative, informative, and energetic public sphere is in the interest of the state. The state needs the legitimacy that is derived from the workings of the public sphere. Therefore, it ought to respect the nature of the deliberations that take place there and where appropriate, give practical support to its well-being.

Conclusion

This paper has argued that an inclusive public sphere is a public good. As Ireland changes, we are well advised to find appropriate mechanisms to include voices from different traditions: religious and secular. It is important that we try to allow disagreements to be resolved openly rather than on becoming silent on what divides us. These mechanisms ought to foster in participants a way to articulate their values, the sources of their positions and opinions. This will offer the possibility of greater understanding between the groups holding divergent positions. While their world views may diverge on different social issues, a strong, inclusive, participative public sphere is an appropriate forum for mutually enriching public debate and a contribution to civil society.

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4.

Shaping the future of the welfare state – What are the challenges and how might they be addressed?

Seán Healy and Brigid Reynolds

The welfare state is not an end in itself. It is a means to an end. In reflecting on the future of the welfare state, therefore, it is important to address the issue of purpose: if there is to be a welfare state what should its purpose be? To serve that purpose what should be the shape of the welfare state in the future? What are the challenges faced by the welfare state in seeking to achieve that purpose? What should be the key components of the welfare state in the twenty first century if it's to achieve its purpose? What additional challenges does the production of these key components present to governments, societies and individuals? These are the questions we seek to address in this chapter. Needless to say we will not be able to address all these questions comprehensively. However, we set out what we consider to be some of the core elements of the answers to each of these questions.

A question of purpose

In recent years the issue of well-being has been the subject of much discussion and debate. Many reports have been produced by significant bodies in the policy-making process internationally and in Ireland. These include reports by the Organisation for Economic Cooperation and Development (OECD), the New Economics Foundation (NEF), the Commission on the Measurement of Economic Performance and Social Progress (CMEPSP) and in Ireland, the National Economic and Social Council (NESC). These reports have all identified the importance of well-

being for all societies and recognised that the purpose of public policy is ultimately to ensure the well-being of its members. Particular policies in specific economic, social, cultural, political or environmental areas are all measured by their ultimate capacity to contribute to the well-being of the members of society.

These reports and studies have identified a range of issues closely related to well-being. These include the issue of progress: what is progress and how should it be measured? What contributes to and what damages well-being? What should be the inter-relationship between the human and the ecological systems? How important is economic growth and how should it be measured? How are economic growth, progress, the environment and well-being interrelated?

Flowing from these discussions there has been an emerging series of questions concerning the obligation on societies to promote the well-being of their members. Do societies have such an obligation? How can the answer to such a question be decided? If such an obligation exists, what are the implications of this obligation? What are the criteria by which this obligation is determined? Who should be involved in this discussion and who should make the final decisions? How can these be monitored on an ongoing basis? How can directions be adjusted in light of emerging evidence?

A recent report by The National Economic and Social Council (NESC) defined well-being as follows: “A person’s well-being relates to their physical, social and mental state. It requires that basic needs are met, that people have a sense of purpose, that they feel able to achieve important goals, to participate in society and to live the lives they value and have reason to value.” (NESC 2009, p.xiii)⁹⁹ This is the wellbeing that *Social Justice Ireland* and the present authors would like for all members of all societies.

⁹⁹ A summary of this report is included as a chapter in a previous volume in this series: Healy and Reynolds, 2009. That chapter was written by Helen Johnston of NESC who was the principal author of the report.

As far back as Plato it was recognised that the person grows and develops in the context of society. “Society originates because the individual is not self-sufficient, but has many needs which he can’t supply himself”¹⁰⁰ (cited in George, V. 2010, p6). Down through the ages various philosophies and social arrangements have been proposed to meet the felt need in societies to fulfil their perceived obligations to their members. These varied from Aristotle’s position of favouring private ownership but common use of property to ensure the dire needs of people were met, to the emphasis of both Plato and Aristotle that education should be free and compulsory, to Cicero’s discussion of equality, to the early Christian emphasis on sharing and forming community.¹⁰¹

In more recent times the dignity of the person has been enshrined in The Universal Declaration of Human Rights which states: “All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.” This core value is also at the heart of the Catholic Social Thought tradition. *Social Justice Ireland* and the authors in particular, support the values of both these traditions. We advocate that the dignity of each and every person must be recognised, acknowledged and promoted effectively. This implies that society’s structures, institutions and laws should exist for the authentic development of the person.

The right of the individual to freedom and personal development is limited by the rights of other people. This leads to the second core value, namely, the common good. As we noted earlier the concept of the ‘common good’ originated over two thousand years ago in the writings of Plato, Aristotle and Cicero. More recently, the philosopher John Rawls defined the common good as “certain general conditions that are...equally to everyone’s advantage” (Rawls, 1971 p.246). *Social Justice Ireland* understands the term ‘common good’ as “the sum of those conditions of social life by which individuals, families and groups can achieve their own

¹⁰⁰ (Plato, in Lee 1987, p58, cited in George, V. 2010, p6)

¹⁰¹ For an interesting review of the historical development of welfare see George, V. (2010), *Major Thinkers in Welfare: Contemporary Issues in Historical Perspective*, Bristol, The Policy Press.

fulfilment in a relatively thorough and ready way” (Gaudium et Spes no.74). This understanding recognises the fact that the person develops their potential in the context of society where the needs and rights of all members and groups are respected. The common good, then, consists primarily of having the social systems, institutions and environments on which we all depend, work in a manner that benefits all people simultaneously and in solidarity. The NESC study referred to already states that “at a societal level, a belief in a ‘common good’ has been shown to contribute to the overall well-being of society. This requires a level of recognition of rights and responsibilities, empathy with others and values of citizenship” (NESC, 2009, p.32).

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

In recent years many people have argued that the market will resolve these issues. They believe that following the economic recession the market is the only mechanism that can restore a sense of social obligation and develop a viable response to the questions raised above. Consequently, they argue that the primary focus of government policy should be to support and encourage business efficiency through the social, economic, cultural and political structures of society. This is an ideology that gives primacy to the economy. It believes that people should serve the economy, not vice versa.

On the other hand many others have argued that an untrammelled market undermines any reasonable attempt to shape society in the interest of securing every person’s well-being. They believe that human dignity and human development are critically important as it is the right of every

individual to realise his or her potential and aspirations. They look at history and say that the market has created inequalities rather than enhanced solidarity; that it has given huge priority to creating what is superfluous rather than redistributing necessities.

It is clear from what we have written already that the authors believe that the economy should serve people and not the other way around. However, it is very important to note that we do not reject the market or the social role of private enterprises or profit or finance and so on and their capacities to contribute positively to the well-being of society and its members. Rather, we believe that the market should be at the service of people and that all can contribute to deciding the aims and choosing the priorities that ensure that the market in its various manifestations is at the service of securing every person's well-being.

The welfare state

Down through the ages societies have struggled with these issues and responded to the challenge of securing and supporting the well-being of their members in a variety of ways. One approach to securing everyone's well-being has been the development of the welfare state. There has been an ongoing debate on the future of the welfare state for the best part of 30 years. Developments such as faltering economies, changing demographics, globalisation and many more have fuelled these debates at different times. There is general agreement in the literature that the welfare state has been changing in terms of both its purpose (ends) and its means. However, whether or not developments have been positive or negative is disputed. Some have concluded that the welfare state has been very effective at resisting attempts to reduce its scope (Mishra, 1990; Pierson, 1994; Timonen, 2003). Others argue that there has been substantial reduction in the welfare state in recent decades (Bryson, 1992; Leonard, 1997; Jamrozik, 2001).

In the year 2000 the European Union agreed a new strategy to become 'the most competitive and dynamic knowledge-based economy in the world'

capable of sustainable economic growth with more and better jobs and greater social cohesion'. The European social model was to be developed through investing in people and developing an active and dynamic welfare state. This was seen as crucial by the European Council so as to secure Europe's place in the knowledge economy and to ensure that the so-called new economy did not exacerbate social problems such as unemployment, social exclusion and poverty. This approach, known as the *Lisbon Strategy*, was substantially amended at its half-way point in 2005 and by its conclusion date in 2010 had clearly failed to deliver on either its economic or social goals. A new strategy was put in its place in 2010 called *Strategy 2020*. While it contains targets on poverty, education, jobs and the environment, there is little confidence that it will get to grips with some of the major challenges that face the welfare state at this moment in history.

Through all of this period however, many countries increased their social spending. Between 1980 and 2005 the 'Anglo-Saxon' countries along with other low-spend countries increased their social spending by about one fifth (as a percentage of GDP). Scandinavian countries were starting from a much higher base but they increased their spending by a similar amount. Japan increased its social spending by 75 per cent (principally to meet the needs of its aging population). The Mediterranean countries, which lagged behind other EU countries, had the fastest growing welfare states. Greece, Spain, Portugal and Italy increased their welfare effort by two-thirds in this period. Other countries in Western Europe saw their spending grow at a more modest rate. On average gross public expenditure on welfare across OECD countries increased from 16 per cent of GDP in 1980 to 21 per cent in 2005 (Adema and Ladaique 2009).

Another development that needs to be noted in this context is that spending on social policy rose as a share of public spending across the Western world in the second half of the twentieth century. Spending on defence was reduced as a proportion of public spending and industrial subsidies were reduced as major basic industries were privatised.

Overall, however, there is no doubt that the welfare state is under pressure, that it has changed and developed in the past and that it will do so again

in the future. The broader context has been changing rapidly and this has produced a wide range of challenges which the welfare state now faces. We reflect on some of these.

Key Challenges

The welfare state is facing key challenges at a range of different levels today. These include:

- The economic level: is the welfare state fiscally sustainable in the long-term?
- The political level: can the welfare state be sustained in the current political climate?
- The meaning (cultural) level: is the welfare state sustainable from a moral perspective?
- The social level: is the welfare state a place in which people wish to live in the years ahead?

We look at each of these challenges in turn.

The economic dimension: is the welfare state fiscally sustainable in the long-term?

The past few years have produced a major economic upheaval across the world. There have been banking crises, budget crises and economic crises. The basis of the world's core economic model has fallen apart. The taxpayer has had to pay huge amounts of money to rescue financial institutions while, at the same time, many governments (including Ireland) have made huge cuts in funding for social services and infrastructure.

But the issue of whether or not the welfare state is fiscally sustainable in the long-term was already being addressed long before these recent series of crises exacerbated the situation. Governments had, for example, been introducing (or increasing) charges in healthcare systems. Likewise some governments reduced the levels of pensions to which people were entitled. Over the past two decades the levels of expected pension payments had been reduced by a quarter in the EU. However this was of little significance for Ireland which never had generous pension entitlements along EU lines (except for the wealthy who could provide for their own pensions and who got very generous tax breaks to fund these).

Changes introduced in recent years, however, may not be even close to being sufficient to address the fiscal sustainability challenge. The future may well see a regular recurrence of similar financial crises if international regulatory systems are not put into place or are not effective in policing the irresponsibility and criminal behaviour of the international banking system. If this is the situation that emerges then the stability and growth of modern economies will be under serious pressure. Their capacity for financing the welfare state will be precarious. This capacity is going to be tested in the medium term as the huge debt incurred by states in rescuing their financial sectors in recent years will put government budgets under pressure.

The political dimension: can the welfare state be sustained in the current political climate?

Macro-sociological studies have highlighted the importance of the political dimension in the evolution of the welfare state (for example, Oyen, 1986; Orenstein, 2000; Rys 2010). If it is to be maintained and developed in the long-term then it has to be politically acceptable to a wide range of those who shape decisions across various political arenas.

In recent decades the political system in most countries has come under pressure from its electorate demanding value for money as well as more efficient and better quality services. Governments have responded in a

variety of ways. Many have, for example, introduced public sector reforms focused on setting targets and measuring outcomes. Some have introduced competition between service providers as a means to generating greater efficiency. This can be seen in the Swedish healthcare and education systems and in the healthcare reforms introduced in the Netherlands and Germany. There has been a huge growth in private provision of social care in many countries. On the other hand, there has been only modest growth in private education and healthcare in some countries while others have taken very few initiatives in this direction.

In arguing for private sector involvement and a greater role for the market in areas of welfare provision, governments tend to highlight the deficiencies of state provision which have led, in turn, to declining confidence in the state's capacity to improve the quality of the services provided or to get the best value for the money it spends in these areas. This obviously is an additional problem which forms part of the context to be addressed.

How successful these approaches have been is unclear. There are many reasons why markets have not worked well in many areas covered by the welfare state. However, there is little doubt that the demand for more efficiency and better quality in social services will persist. It is not clear how governments will respond to this demand. They may, for example, give service recipients a greater voice in the provision of the service they receive. Or they may have more competition. Or they may develop options that enable service recipients to exit state provision. Or they may adopt any combination of these responses. However, the resourcing of these options remains an unresolved issue. There are major questions concerning governments' approach. For example, if government provides a specific amount of money for a particular service provider to deliver a service how can the provider ensure that the funding is not reduced while the demands increase. This latter has been the experience of many service providers in the community and voluntary sector in Ireland during the current recession. The government washes its hands of any responsibility once a certain amount has been allocated. The service provider on the

frontline is left facing those who need a service but without adequate funding.

This is obviously unacceptable. An even more unacceptable practice is the approach used by Ireland's Department of Health in allocating resources to fund a specific initiative in a particular budget and then agreeing to this money being reallocated to fund over-expenditure in other parts of the service while still claiming credit for the original allocation! Yet another danger in this context is the situation where government provides grants for additional service provision by the private or the community and voluntary sector and then lets the public sector's provision of the service lapse.

Obviously there are issues of efficiency and effectiveness involved in all of this. How can one be balanced against the other? How can decisions be made that produce a fair outcome given the various issues involved? There are tensions between legal entitlements, standards of provision and budget allocations. A comprehensive debate and a workable way of finding the appropriate balance between these various aspects and how they are to be provided and resourced at any particular moment in time are needed.

There is another challenge that the political system faces in the years ahead. For a century or more the issue of the services available for people has been at the core of the political agenda at national level across the world. Poverty was reduced. Social housing provision increased. Education and healthcare came to be seen as services to which all should have access. In the decades ahead there will be other issues that may well dominate political debate ranging from the world banking crisis to climate change to the situation of the Third World. In contrast to welfare state issues in the past century which were addressed for the most part at national and local levels, these issues require international action with countries working together to develop and deliver solutions. However, these developing arrangements do not necessarily have to reduce the interest in or support for welfare state issues. In fact, addressing these issues could lead to a more balanced approach to global and national

development in which, for example, environmental, welfare and economic issues are seen as impacting on each other and consequently are addressed in a genuinely integrated manner.

The meaning (cultural) dimension: is the welfare state sustainable from a moral perspective?

Some have argued that the changing economic world and a growing focus on the individual rather than the social or the community will undermine the moral basis for the welfare state. They see this growing focus as leading to a lack of commitment to others which will erode their solidarity and commitment to support the welfare state. This view is being reinforced following the very angry reactions of many people to the decisions of government to rescue banks and other financial institutions with tax payers' money. These decisions have put huge pressure on national budgets. Some argue that people will conclude that they themselves do not carry any responsibility for others and consequently support the reduction of social expenditure.

Market optimists have always argued that the market has the capacity to ensure that all the services provided by the welfare state can, in fact, be made available by the market. They urge the state to introduce rules that ensure people provide for their needs through private provision for their health, long-term care and pension needs and to take the financing of their education and accommodation into their own hands (Thaler and Sunstein, 2008).

However, the record shows that there has been growing inequality in the gross incomes of people in many countries in recent years. If this inequality is to be reduced then the State must play a key role which in turn means that taxes and/or benefits have to be increased. The key question is how much of the inequality generated by the original market effect should be reduced or eliminated. Different countries have provided different answers. Sweden, for example, has reduced its original market-based inequality by much more than countries such as Ireland, the UK,

Canada, Finland or Germany. There have been substantial, but varied, levels of redistribution. When benefits-in-kind are included there is even more redistribution. This continued redistribution would suggest that the fears of losing moral support are unfounded.

There is growing support also for the argument that unequal societies are dysfunctional. A recently published book entitled *The Spirit Level: Why More Equal Societies Almost Always Do Better*, (Wilkinson and Pickett, 2009) has produced a great deal of evidence showing that inequality does matter. It shows that the dysfunctionality arising from inequality impacts on both the poor and the rich and affects areas from health, to happiness, from murder rates to teenage pregnancy, from social mobility to educational performance. It is clear that for a great many people inequality matters, why it occurs matters, the damage that it does matters, and so seeking greater equality matters.

Another aspect of concern for the sustainability of support for the welfare state at a moral level has been the understandable worry that social policy designed to create a more equal society might make the economy less efficient. However, a range of recent publications on social policy show that social protection measures don't necessarily make an economy less efficient. In fact, it is becoming clearer that economic efficiency is much more likely to be affected negatively by unrestrained capitalism. The recent banking crisis has undermined the belief that unrestrained individual greed can result in better welfare for all.

The social dimension: is the welfare state a place in which people wish to live in the years ahead?

There are many new challenges that could arise in the social context. For example, technological changes and the rewards of innovation may lead to even greater inequalities in income and in wealth. This situation could be exacerbated by the terms of trade in a world of growing international trade. At another level major climate change could well produce food shortages and rising sea levels. These would, in turn, produce large

numbers of displaced people who would migrate. This in turn could have huge implications for better off countries that will be challenged to support poor people migrating to their countries. Paradoxically, this could generate support for the welfare state as well as working against it. People might well conclude that they would be far better off, on balance, working together to attain a future in which all could live with dignity.

There is another, quite different, issue that arises in the social context. This concerns the providers of social services whether they are teachers, nurses, doctors or community development workers and what is called 'provider capture'. 'Provider capture' refers to a situation where a service is developed primarily in the interests of the service provider rather than in the interests of the person receiving the service, whatever it may be. For example teachers are expected to provide a service that is primarily of benefit to the students, nurses and doctors are to provide a service focused primarily on improving the health status of people. Claims have been made that decisions are made in the education system, in the healthcare system and in many other areas that form part of the welfare state, in the interests of those who are employed to deliver the service rather than in the interests of those whom they are employed to serve.

This is a huge issue and would best be addressed in another chapter or book. It involves issues around the relationship of the state to various actors in the provision of welfare whether these work for the state, the community and voluntary sector or the private sector. It involves issues around roles and relationships and how these are perceived. It involves issues around partnership and mutuality and shared responsibility. It involves issues around support structures. Above all it involves recognition in both theory and practice that those receiving the service should be the primary focus at all times. This is assured by appropriate participation in decision-making regarding the service. However, in the context of this chapter it is important to recognise that ensuring 'provider capture' does not happen will be a necessary pre-requisite for the successful development of the welfare state in the years ahead.

In this struggle to develop a society where the well-being of all is the focus

we should keep the following question in the spotlight: is this the kind society in which people want to live? If the welfare state is to have support and be a place that attracts people then it must seek to provide a core set of outcomes that would promote the well-being of all. We now identify some of the key components we believe should be at the heart of the welfare state in the twenty first century.

Key components of a 21st century welfare state¹⁰²

1. An appropriate, secure income distribution system

The income distribution system that is seen as ideal at present involves all adults of working age having paid employment. This is supported by a welfare system that ensures people have a basic amount of money if they are unemployed, ill or otherwise unable to access income from having a job. This system has consistently failed to eliminate poverty. It has consistently failed to generate full employment on any kind of permanent basis. It needs to be radically overhauled to address the world of the 21st century.

The present authors have argued for a long time that the tax and social welfare systems should be integrated and reformed to make them more appropriate to the changing world of the twenty-first century. We suggest that the present system be replaced by a Basic Income system. A Basic Income is an income that is unconditionally granted to every person on an individual basis, without any means test or work requirement. In a Basic Income system every person receives a weekly tax-free payment from the Exchequer, and all other personal income is taxed, usually at a single rate.

For a person who is unemployed, the basic income payment would replace income from unemployment payments. For a person who is employed

¹⁰² The ideas in this section have been developed at much greater length by the authors in Healy and Reynolds, 2008.

the basic income payment would replace tax credits in the income-tax system. Basic income is a form of minimum income guarantee that avoids many of the negative side effects inherent in the current social welfare system. A basic income differs from other forms of income support in that

- it is paid to individuals rather than households;
- it is paid irrespective of any income from other sources;
- it is paid without conditions; it does not require the performance of any work or the willingness to accept a job if offered one;
- it is always tax free.

A Basic Income system would replace welfare payments. It could guarantee an income above the poverty line for everyone. It would not be means tested. There would be no “signing on” and no restrictions or conditions. In practice a basic income recognises the right of every person to a share of the resources of society.

The Basic Income system ensures that looking for a paid job and earning an income, or increasing one’s income while in employment, is always worth pursuing, because for every euro earned the person will retain a large part. It thus removes the many poverty traps and unemployment traps that may be in the present system. Furthermore, women and men get equal payments in a basic income system. Consequently the basic income system promotes gender equality.

Ensuring people’s well-being requires a secure income system. Basic Income is a system that is altogether more guaranteed, rewarding, simple and transparent than the present tax and welfare systems. It is far more employment friendly than the present system.

A new system is required to secure an adequate income for all in the twenty-first century. Basic Income is such a system.

2. Recognition of all meaningful work, not just paid employment

The importance of work for people's well-being is not disputed. However, the understanding of work has been narrowed in practice to paid employment. But paid employment is not available for many people at any particular time. Other kinds of work which are not remunerated such, as care work, are not seen as 'real' work. This situation raises serious questions about the meaning and perception of work. The authors believe that meaningful work is essential for people's well-being. The authors believe that every person has the right to meaningful work. The challenge faced by many societies today is to ensure that right is honoured for all even if paid jobs do not exist for all. We believe that it is possible to produce a situation where everyone has meaningful work even if full employment has not been achieved. It would involve the recognition of all forms of meaningful work, not just paid employment.

A major question raised by the current labour-market situation concerns assumptions underpinning culture and policy making in this area. One such assumption concerns paid employment which is assumed to be achievable in a relatively short time frame if only the correct policies were put in place. The reality raises serious questions concerning this assumption. There are hundreds of millions of people unemployed or underemployed across the world. Even in the most affluent countries there are many who are unemployed or under-employed. It is crucial that job-creation be promoted and that all that is possible be done to create well-paid jobs in which people do meaningful work. However, it is also crucial that societies face up to the fact that there will be many unemployed people for the foreseeable future. One possible pathway towards a solution might be to address a second assumption in the whole area of work.

This second assumption concerns the priority given to paid employment over other forms of work. Most people recognise that a person can work very hard even though they do not have a conventional job. Much of the work carried out in the community and in the voluntary sector fits under this heading. So too does much of the work done in the home. The

authors' support for the introduction of a basic income system comes, in part, from a belief that all work should be recognised and supported.

There has been some progress on this issue particularly in the growing recognition of the value of voluntary work. The need to recognise voluntary work has been acknowledged in the Government White Paper, *Supporting Voluntary Activity* (Department of Social, Community and Family Affairs, 2000). The current national social partnership agreement *Towards 2016* also contains commitments in this area.

A report presented to the Joint Oireachtas Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs established that the cost to the state of replacing the 475,000 volunteers working for charitable organisations would be a minimum of €205 million and could cost up to €485 million per year.

Government should more formally recognise and acknowledge all forms of work. We believe that everybody has a right to work, understood as contributing to his or her own development and/or that of the community and/or the wider society. However, we believe that policy making in this area should not be exclusively focused on job creation. Policy should recognise that access to meaningful work is an important factor in human well-being. A Basic Income system would create a platform for meaningful work. It would benefit paid employment as well as other forms of work.

3. A strong focus on strengthening participation by all

The need to strengthen participation by all has two aspects. One concerns participation in development at an economic and/or social level. This has been addressed to some extent under the preceding item i.e. the need to value all work. The second aspect concerns participation at a political level. Participation in both of these ways is important for people's well-being.

Democracy means ‘rule by the people.’ This implies that people participate in shaping the decisions that affect them most closely. This is a significant feature of individual and societal well-being according to Amartya Sen (Sen, 1999). This includes people having the freedom and the processes to express themselves politically and creatively. While we live in a democracy and freedom of expression is accepted in theory at least, there are problems with the current model. What we have, in practice, is a highly centralised government in which we are ‘represented’ by professional politicians. The more powerful a political party becomes, the more distant it seems to become from the electorate. Party policies on a range of major issues are often difficult to discern. Backbenchers have little control over, or influence on, government ministers, opposition spokespersons or shadow cabinets. Even within the cabinet some ministers seem to be able to ignore their cabinet colleagues. This makes participation in real terms difficult.

The democratic process has certainly benefited from the participation of various sectors in other arenas such as social partnership. It would also benefit from the development of a new social contract against exclusion and a new forum for dialogue on civil society issues.¹⁰³ However there is also a need to move towards deliberative democracy and to develop structures where power differentials are neutralised. This would produce a situation where far more emphasis was given to the analysis of situations, to the alternatives proposed and to the implementation pathways being identified.

4. Sustainability (economic, environmental and social) is at the core of all policy-making

The search for a humane, sustainable model of development has gained momentum in recent times. After years of people believing that markets and market forces would produce a better life for everyone, major

¹⁰³ For a further discussion of these issues see Healy and Reynolds (2003: 191-197).

problems and unintended side effects have raised questions and doubts. There is a growing awareness that sustainability must be a constant factor in all development, whether social, economic or environmental.

This fact was reiterated by Kofi Annan, the then-Secretary-General of the United Nations, at the opening of the World Summit on Sustainable Development in Johannesburg, South Africa (September 2002). There he stated that the aim of the conference was to bring home the uncomfortable truth that the model of development that has prevailed for so long has been fruitful for the few, but flawed for the many. And he further added that the world today, facing the twin challenges of poverty and pollution, needs to usher in a season of transformation and stewardship – a season in which we make a long overdue investment in a secure future.

Sustainable development has been defined in many different ways. Perhaps the best-known definition is that contained in *Our Common Future* (World Commission on Environment and Development, 1987:43): development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

It is crucial that the issues of environmental, economic and social sustainability be firmly at the core of the decision making process if the well-being of all, today and into the future, is to be realised. Principles to underpin sustainable development were suggested in a report for the European Commission prepared by James Robertson in May 1997. Entitled *The New Economics of Sustainable Development*, the report argues that these principles would include the following:

- systematic empowerment of people (as opposed to making and keeping them dependent) as the basis for people-centred development
- systematic conservation of resources and environment as the basis for environmentally sustainable development
- evolution from a “wealth of nations” model of economic life to a “one-world” economic system

- evolution from today's international economy to an ecologically sustainable, decentralising, multi-level one-world economic system
- restoration of political and ethical factors to a central place in economic life and thought
- respect for qualitative values, not just quantitative values
- respect for feminine values, not just masculine ones.

At first glance, these might not appear to be the concrete guidelines that policy-makers so often seek. Yet they are principles that are relevant to every area of economic life. They also apply to every level of life, ranging from personal and household to global issues. They impact on lifestyle choices and organisational goals. They are at least as relevant today as they were when first proposed in 1997. If these principles were applied to every area, level and feature of economic life they would provide a comprehensive checklist for a systematic policy review.

5. What matters is measured

A central initiative in putting sustainability at the core of development would be the development of “satellite” or “shadow” national accounts. Our present national accounts miss fundamentals such as environmental sustainability. Their emphasis is on GNP/GDP as scorecards of wealth and progress. These measures, which came into widespread use during World War II, more or less ignore the environment, and completely ignore unpaid work. Only money transactions are tracked. They fail to register the benefits of the welfare state. On the other hand they do count its failures. For example, when children are cared for in the home no monetary value is added to GNP/GDP. On the other hand if the child is cared for in a crèche the costs involved are added. Even more dramatic costs are added if the child has to be cared for by the state. Similarly, while environmental depletion is ignored, the environmental costs of dealing with the effects of economic growth, such as cleaning up pollution or

coping with the felling of rain forests, are added to, rather than subtracted from, GNP/GDP. New scorecards are needed.

If well-being is the purpose of the welfare state then it is important that data is collected and analysed on the main indicators of well-being. The OECD has done a great deal of work on this issue in recent years and produces a regular publication on social indicators called *Society at a Glance*. The OECD global project on measuring progress and some of the challenges it faces were addressed at some length in a recent publication in this series (Morrone, 2009). The OECD states that “social indicators aim to provide information on well-being beyond that conveyed by conventional economic measures” (OECD, 2007, p.20). Such indicators matter in the assessment of well-being. Measuring what matters should be a key component of the future welfare state.

6. Complete health is promoted

Health is a major element of well-being. People’s health is influenced by social conditions such as poverty, social exclusion, discrimination, inappropriate accommodation, a polluted environment and lack of community networks (World Health Organisation, 2004; Farrell et al., 2008). A few statistics on Ireland will serve to illustrate that this is so:

- Between 1989 and 1998 the rates for all causes of death in Ireland were over three times higher in the lowest occupational class than in the highest.
- The death rates for all cancers among the lowest occupational class is over twice as high as it is for the highest occupational class, it is nearly three times higher for strokes, four times higher for lung cancer, six times for accidents.
- Perinatal mortality is three times higher in poorer families than in richer families.

- The incidence of chronic physical illness has been found to be two and a half times higher for poor people than for the wealthy.
- The rate of hospitalisation for mental illness is more than 6 times higher for people in the lower socio-economic groups as compared with those in the higher groups.
- The incidence of male suicide is far higher in the lower socio-economic groups as compared with the higher groups.
- The 1998 and 2002 National Health and Lifestyle Surveys (SLAN) found that poorer people are more likely to smoke cigarettes, drink alcohol excessively, take less exercise, and eat less fruit and vegetables than richer people. Poorer people's lifestyle and behavioural choices are directly limited by their economic and social circumstances.

Promoting complete health would involve addressing issues such as life expectancy, healthy life years, access to healthcare services, chronic illness, mental illness and many related aspects of health. It would also involve addressing the fact that people with lower levels of education or low income, for example, face a higher risk to their well-being. Producing such an approach to health is more than challenging at the present time. A major re-structuring and huge increases in public expenditure in Ireland are not seen to have delivered a better system or improved people's overall health or well-being.

The health system should take a 'whole of health' approach and consider its purpose to be the promotion of complete health, defined by the World Health Organisation as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."¹⁰⁴ A substantial proportion of the expenditure on health goes on medical provision. Policy-makers recognise there is a need to move from a medical

¹⁰⁴ Preamble to the Constitution of the World Health Organisation as adopted by the International health Conference, New York, 19-22 June, 1946; signed on 22 July 1946 by the representatives of 61 states and entered into force on 7 April, 1948. This definition has not been amended since 1948.

model to become more prevention oriented. There is still a long way to go. Far higher priority should be given to prevention, primary, community and continuing care.

7. The focus of education is broadened to ensure it produces fully rounded human beings

Education is another essential part of people's well-being. It contributes to human flourishing by enabling people to acquire knowledge and develop their capabilities. It can promote well-being of the person by helping their own development and it can promote the well-being of society by engaging the person in development at that level. It is also closely linked to people's job opportunities. Education can be an agent for social transformation. It can be a powerful force in counteracting inequality and poverty. However, it needs to be acknowledged that, in many ways, the present education system has quite the opposite effect. Recent studies in Ireland confirm the persistence of social class inequalities which are seemingly ingrained in the system. Even in the context of increased participation and economic boom, the education system continues to mediate the vicious cycle of disadvantage and social exclusion between generations.

Early school leaving is a particularly serious manifestation of wider inequality in education, which is embedded in and caused by structures in the system itself. We believe that the core objective of education policy should be: to provide relevant education for all people throughout their lives, so that they can participate fully and meaningfully in developing themselves, their community and the wider society. Education should help to create capable and emotionally well-rounded people who are happy and motivated.

As in health, there should be a holistic approach to education. The curriculum should include the opportunity to cultivate the variety of 'intelligences' people have including musical, spatial, physical, interpersonal and intrapersonal.¹⁰⁵ The key should be the development of

¹⁰⁵ For further development of this issue see H. Gardner (1993).

an education system focused on producing fully rounded human beings who can live in solidarity with other human beings and the environment in which they live.

8. Adequate and appropriate accommodation is available for all

The availability of appropriate accommodation is essential in any model of a welfare state. A secure and pleasant place in which to live is a basic requirement for human flourishing. The official objective of Irish housing policy is “to enable every household to have available an affordable dwelling of good quality, suited to its needs, in a good environment, and as far as possible, at the tenure of its choice” (Department of Environment at www.environment.ie). Despite huge growth in the numbers of housing units built annually in Ireland in the period 1988-2006 (up from 14,204 dwellings to 82,979), Ireland failed to address its social housing needs problem. The number of households on local authority waiting lists more than doubled from 27,427 in 1996 to 56,249 in 2008. This failure was exacerbated by a housing price bubble which saw house prices rise dramatically.

Central to the welfare state in the coming years should be an approach that sees housing as a home rather than a market commodity (Drudy, 2005, 2006). Drudy points out that there is a fundamental philosophical question that should be addressed concerning the purpose of a housing system. Should it be a system to provide investment or capital gains for those with the necessary resources or should its critical aim be to provide a home as a right for all citizens? In his view Ireland should move away from seeing housing as a commodity to be traded on the market like any other tradable commodity; and to accept the latter opinion that views housing as a social requirement like health services or education. This is a view with which the authors agree.

9. All cultures are respected

Ensuring the welfare state is available to and benefits everyone is especially challenging in difficult economic times. This challenge can be even greater in a society with different cultures, different expectations and different understandings of well-being. Since the beginning of time people have been divided because of their different cultures, values and beliefs. Centuries have passed and societies still have problems with the acceptance of others. In the recent past Ireland experienced substantial immigration as tens of thousands of people from abroad were needed to meet the employment needs of, and sought to benefit from, the Celtic Tiger. A well functioning welfare state focusing on the well-being of all would structure itself so that all can contribute to the underpinning values and meaning of society and have their own culture respected and valued in the process.

10. Social capital, civil society, social well-being and active citizenship are strengthened.

Many of the aspects already outlined have implications for civil society, social well-being and active citizenship. Research produced in recent years shows the profound importance of communities and relationships in determining people's quality of life. Robert Putnam describes social capital as "features of social organisation, such as networks, norms and social trust that facilitate co-ordination and co-operation for mutual benefit". He argues that the major components of social capital are trust, norms, reciprocity and networks and connections. Social capital has been shown to have positive economic effects while also impacting on people's health and general well-being. It has also been shown that community engagement not only improves the well-being of those who are engaging in such activity but also improves the well-being of others.

In his perceptive analysis Tom Healy reminds us that David Myers defines well-being, at its simplest, as: 'the pervasive sense that life has been and is good. It is an ongoing perception that this time in one's life,

or even life as a whole, is fulfilling, meaningful, and pleasant.' However, Tom Healy goes on to point out that well-being goes well beyond mental states of pleasure, happiness or satisfaction for individuals, important as these are. Social well-being concerns the match between our goals and the kind of life we experience. In other words it concerns what we value and seek and how we evaluate our lives in this light.¹⁰⁶ Drawing on reflections from Aristotle to latter-day philosophers like Amartya Sen we can say that well-being involves coherence between the moral ends and chosen values of an individual or society, and the objective circumstances of life as perceived by them. The welfare state has a huge role to play in delivering such an outcome.

Two key issues concerning pathways towards a 21st century welfare state

There are a wide range of issues that need to be addressed if pathways are to be found towards an appropriate welfare state in the twenty first century. We wish to raise two of these in the final section of this chapter i.e. the issue of financing and the issue of responsibility.

The issue of financing

Following on the understanding of the purpose of the welfare state, the issue of financing is of critical importance. Idealism, aspiration and expectation must be matched by resources. If the welfare state cannot be funded in the future then it will not survive. In fact the political acceptability of any developments in the welfare state is closely linked to economic sustainability. While the world continues to be organised economically as a capitalist market economy there will be pressure to ensure that the cost of the welfare state does not fall too heavily on market enterprises so as not to impede free competition in production and trade. Despite benefiting generously from the advantages of the welfare state,

¹⁰⁶ For further elaboration on this see Tom Healy (2005)

the middle classes are often reluctant to support a generous level of redistribution. The cost of financing the various components of the welfare state has, for the most part, been rising. Simultaneously, the fact that people live longer has also been increasing the costs. There may well be further pressure on funding as improving living standards may lead some to feel they don't need the welfare state. At the same time there may be a growing tendency to reduce the redistribution element by providing support only for the 'deserving' poor.

These developments suggest the welfare state needs to provide a comprehensive rationale to explain and justify demands. Firstly, there will be a growing demand for transparency. People will want to know precisely who is paying what for the welfare state and who is gaining what from it. This should be possible without too much difficulty given the world's improved technological capacity. However, the results will have to be reliable and verifiable. There have been some recent examples where the level of accuracy and of transparency left a great deal to be desired (cf. For example, Social Justice Ireland, 2010).

Secondly, there may be a demand to ensure social justice. This is not just an issue about adequacy, which of course is a critically important issue. There is also a need to ensure that the welfare state promotes the human dignity of participants and the common good as core values.

A third issue that has already arisen is the issue of people living longer. This would not be a problem for the welfare state as long as people extended their 'working' lives beyond the traditional retirement age. In the 1980s a century-long process of reduction in the working age in the US was reversed. The UK saw a similar reverse emerge about 1995. More recently other OECD countries have been following this trend. Another approach is the one adopted by Sweden and Germany where they reformed their pension systems and built in automatic reviews of the level of pension payments to ensure they remain in line with the increasing life expectancy. An interesting comparative statistic was produced by the UK's Pension Commission which showed that in 1950 the average male spent 17 per cent of his adult life in retirement. By 2000, it had risen to 31 per

cent. The Commission argued that this could not continue to rise. They proposed that retirement be accepted as the norm for about 30 per cent of adult life and that the age when one becomes eligible for a state pension should be raised as required to meet this target.

A fourth aspect of the financing issue concerns its sustainability. For example, the EU countries will have to increase the percentage they spend on social welfare payments by about 4 per cent of GDP to meet the costs of current welfare payments and promises made for the future. When one extends the number of countries involved to include all OECD countries then the requirement rises to between 5 and 6 per cent. These increases are definitely feasible. Ireland is in a slightly different situation as its population is much younger and the aging of the population experienced by most EU countries is still a few decades away. However, Ireland's social expenditure is one of the lowest in the EU at 18.9 per cent compared to an EU-27 average of 26.2 per cent of GDP. Given that Ireland's pension provision is far less generous than most EU-15 countries it should be possible to meet the rising costs with something to spare and remain one of the low-spend countries in terms of social spending.

A fifth aspect of financing in the future concerns alternatives to raising taxes. Different approaches are emerging where people are encouraged or forced to support their own social provision. In Sweden, for example, 2.5% of workers earnings must be invested in privately-funded pensions. Private health insurance is now compulsory in the Netherlands. Compulsory health insurance is also imposed in some states in the USA and the US government is moving towards near-universal healthcare coverage. Various forms of graduate taxes have been introduced to fund third level education.

A sixth area of activity in addressing the issue of financing has been and will continue to be the move to reduce or eliminate disincentives to taking up paid employment. Maximising labour-force participation is seen as the key to providing the funding required for the welfare state. So we may well see increased subsidisation for low-paid jobs and increased funding for training programmes for those who are unemployed. Some may move

towards a workfare approach to labour market activation even though the evidence suggests that this is a high-cost route to take. Another approach might be the development of voluntary programmes where those in receipt of unemployment payments could work in the public or the community and voluntary (non-profit) sector doing real jobs for the going hourly 'rate for the job'. They could work the required number of hours to receive their unemployment payment (up to a maximum of half the normal length of the working week) and then be free to take up any further employment that was available and pay tax in the normal way.

Failure to address the financing issue could lead to a situation where a large proportion of a society's population was unable to provide privately for its welfare while no alternative was available to them. Historically, such a problem has led to the elimination of the existing social order and its replacement with some form of totalitarian, collectivist regime which in turn failed. The twentieth century has made great progress in recognising and supporting human rights. But rights can become an illusion unless the financing to deliver these rights is secured and sustained.

The need for shared social responsibility

If a pathway is to be found to securing everyone's well-being through the welfare state or through any other means, the issue of responsibility must be addressed. If a democratic society is to function effectively then the exercise of responsibility is both a right and an obligation. Given the current situation of crisis across the world in so many contexts e.g. economic, political, cultural, environmental and social, and given the collapse of confidence in key institutions ranging from the economy to church, from banking to the legal to politics, the issue of responsibility needs to be highlighted.

Nation states and the world itself are facing huge challenges to rebuild confidence and to find credible responses to the challenges already identified in this chapter. To achieve this it is essential that the understanding of responsibility for the well-being of all be re-defined and

broadened. It should be understood as meaning a responsibility that is shared by all, that is exercised by all in the context of their capacity and capability. It should also mean that this responsibility is shared by individuals, by institutions and by society generally, including governments. Given the inter-dependence of so much of modern life and the process of globalisation it is crucial that people and nation states recognise the global nature of many of the problems they face and recognise that addressing these effectively requires that all accept they have a shared responsibility for developing and implementing a viable alternative to the present system.

Sharing responsibility must be at the core of any credible pathway forward. We have argued already in this chapter that the economy should be at the service of people, of the present and future generations, rather than people being at the service of the economy. A viable future also requires conservation of the planet as the common home of humanity and of life in general. None of this will happen unless there is a new approach that recognises and acts on the need for an approach based on shared responsibility.

There are many rights that have been secured in the European Convention on Human Rights and Fundamental Freedoms, the revised European Social Charter and the European Union's Charter of Fundamental Rights; likewise, with the UN Declaration on Human Rights and other similar instruments. But actually having those rights vindicated and delivered in practice requires that responsibilities to others alive today and in the future be recognised and addressed pro-actively.

In finding a way out of the current series of crises it is crucial that the unequal impact of these crises on different groups be recognised. Poor and/or vulnerable people suffered most as a result of these crises. These are the same people who bear least responsibility for the mechanisms which produced these crises. In many cases they are the people who have to pay a lot more tax to rescue these mechanisms (such as the banking system) and who see the services provided by the welfare state eroded as governments' finances are re-directed to the rescue of these same banks.

In practice what this situation shows is that some people who have more power and information are able to minimise or eliminate their own responsibility for what happens while vulnerable people who have no say and did not cause the problems are left carrying much more of the responsibility.

If there is to be a viable, desirable future where everyone's well-being is secured and promoted then it is crucial that social responsibilities be shared more fairly between governments, citizens, business, civil society, faith communities and all others involved in any manner. All actors should be involved in developing a shared vision of the future based on some shared values and developing pathways towards that vision at a wide range of levels. For this to happen, a genuinely participatory process is required. As we have outlined already we favour a deliberative process in which power differentials are neutralised.

In arguing for shared social responsibility to be at the core of a new approach, we see social responsibility going far beyond the obligation to answer for one's actions; it also includes approaching issues with a perspective that includes promoting the well-being of others including future generations. We also realise that not everyone can be involved in shaping all decisions. However, we believe shared social responsibility involves a commitment to generating a consensus concerning both the vision and the pathways and then involving people in different situations in deciding how best to move forward within these parameters. In practice this requires major reorganising at the political, economic and social levels. In recent decades the demand for autonomy and for freedom of choice produced an approach that relied to a great extent on self-regulation of individuals and markets. That model has failed. We now require an approach that links autonomy, as the ability of each individual to manage his/her own existence in accordance with a freely chosen lifestyle, to social justice in which individual preferences are balanced against the group interest and each person's fundamental rights.

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The welfare state is not an end in itself. It is a means to an end – the well-being of all people. The future of the welfare state has been a topic of discussion and argument for more than 30 years on issues ranging from education to employment, from healthcare to social housing, from welfare rates to pensions to provision for people with disability. Some have claimed it cannot survive because the population is aging. Others have argued that globalisation will undermine it in due course. Recent economic upheavals and huge budget cutbacks in many countries have added to the questions faced by the welfare state.

Will people continue to support the welfare state? What are the major challenges it faces at this time? Can the necessary funding be provided? If the welfare state is to survive how should it adjust to the changing economic situation? What are the implications of demographic developments? Can the nation state continue to be the basis for this kind of development model, this kind of social contract?

The chapters in this book seek to address some of the key questions and issues that emerge in this context. Tony Fahey's opening chapter provides an overview of the welfare state and addresses some key questions concerning its future. Willem Adema analyses the welfare state across selected OECD countries including Ireland, asks how much it really costs and how good it is in reducing poverty. Daniel O'Connell asks if there is a place for values-led debate and discourse in the public sphere in the shaping of public policy and proposes a core set of guidelines that should underpin such debate. Seán Healy and Brigid Reynolds focus on the purpose of the welfare state, the challenges it faces and what the core elements of a welfare state for the 21st century should be. They also address the key issues of financing and of responsibility.

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