

# Editorial

This issue of *Working Notes* is devoted to three articles which explore different possibilities in the increasingly urgent search for a type of economic development that is balanced, sustainable and just.

In the second of two articles on the theme, ‘A New Economic Paradigm?’, Gerry O’Hanlon SJ turns to some of the practical proposals now being put forward in regard to the direction and shape of future economic development. He looks at the key proposals of a number of Irish reports and also, in some detail, at a report from the London-based NEF (New Economics Foundation). The title of the NEF report – *The Great Transition* – and the headings of its seven core themes (for example, ‘The Great Redistribution’; ‘The Great Localisation’; ‘The Great Reskilling’) reflect the type of radical changes which the NEF considers necessary to effectively regulate markets, reform financial systems, ensure environmental sustainability, and address inequalities within and between countries.

The consequences of the type of change envisaged would be far-reaching – not the least being that it would involve a significant fall in GDP as it is now measured. But ‘real value’ would in fact grow, argues NEF – its vision of a future characterised by ‘prosperity without growth’ reflecting the optimism implicit in the subtitle of its report: ‘A Tale of How it Turned out Right’.

Returning to a theme touched on in the first article in the series, Gerry O’Hanlon says that implementing proposals for a radical shift in the approach to economic development will require a marked change in cultural and political attitudes. It will, he suggests, ‘require deep reserves of meaning to face into the prospect of a more frugal, but also more just and sustainable, future’. He points out that Christianity is one such reservoir of meaning and that it could be ‘a powerful source of inspiration’ in the challenge that lies ahead – ‘a source, which through committed Christians, can be of great service to the body politic’.

In ‘*Enough* – Foundation for a Moral and Ecological Economics’, Anne B. Ryan argues that the philosophy of ‘enough’ provides the

basis for a different approach to economic and social development. She acknowledges that at a time when many people are suffering greatly as a consequence of the ending of the economic growth experienced in the last two decades it may seem unrealistic to criticise growth. But that type of untrammelled growth ‘caused us to lose sight of limits’, while it destroyed ecosystems and created huge global and domestic inequalities.

Anne B. Ryan explores several different dimensions of the concept of *enough* – including the ecological, moral and spiritual. She writes also about the ‘aesthetics of *enough*’ pointing to the need for ‘an aesthetic sense that recognises the elegance of sufficiency’. This challenges the assumption of our modern society that any notion of limits can have only negative connotations.

She suggests that a sense of *enough* can both create the conditions for a critique of growth and point to the type of public policies – for example, in relation to food production and providing security of income for citizens – that would allow ‘for making the changes we need, in order to live well in the future’.

In the third article in this issue, Gerard Doyle writes about role which social enterprise can play in responding to high levels of unemployment and lack of services in disadvantaged communities. He notes the distinguishing features of social enterprises, including their commitment to both economic and social objectives and to the principle that any profits generated are returned to the communities they exist to serve.

Gerard Doyle suggests that social enterprise is ‘an untapped resource’ in Irish economic development, at present playing only a marginal and residual role – in contrast with the situation in some other EU Member States. He highlights the need for the state to develop an explicit policy framework to provide a more supportive environment for social enterprise, for greater appreciation of the potential of this form of enterprise among both state agencies and the community and voluntary sector, and for greater co-ordination among social enterprises.

# A New Economic Paradigm? In the Concrete – Towards a New Model

Gerry O'Hanlon SJ

*A map of the world that does not include Utopia is not even worth glancing at ...* (Oscar Wilde)

*It is good to remember that utopia is nothing but the reality of tomorrow and that today's reality is yesterday's utopia.* (Le Corbusier)

*Politics left to managers and economics left to brokers add up to a recipe for social and environmental chaos.* (Rowan Williams, Archbishop of Canterbury<sup>1</sup>)

## The Great Transition – New Economics Foundation

In October 2009, the New Economics Foundation (NEF), an independent think-and-do tank based in Britain, published *The Great Transition*,<sup>2</sup> its version of how things could 'turn out right' by 2050. The transition in question is to an economic model capable of responding to the situation of crisis that we find ourselves in and based on the values outlined in the first article in this series, published in the March 2010 issue of *Working Notes*.<sup>3</sup> The model contains seven major steps, some aspects of which I will outline briefly.

There is, first, what the report terms *The Great Revaluating*. What this refers to is the goal of building social and environmental values, with market prices reflecting real social and environmental costs and benefits – 'we need to make "good" things cheap and "bad" things very expensive – too often this is the opposite of what we have today' (p. 5). And so, for example, to tackle the social ill of obesity it might be presumed that a proportionate tax would be put on so-called junk food. And, in terms of good environmental practice, is it currently the case that 'food grown locally is often more expensive than that shipped around the world, not least as the environmental costs of the transport involved are not reflected in the price' (p. 39).

For this kind of change to happen, we need to collectively determine – by means perhaps of a national census that explores these issues, helped by increasingly refined measurements of well-being, with government making determinations

where there are competing interests – what, as a society, we deem to be important, to be of social and environmental value. All this means that the economy will be required to serve the values which we as a society have chosen.

Secondly, since equal societies are happier societies, there would occur *The Great Redistribution* – that redistribution of both income and wealth which would bring about greater fairness and a lower price for the social 'ills' which are associated with high levels of inequality (p. 5). This redistribution would be brought about by a combination of taxation policies (including an increase in inheritance tax), a shortening of the working week to four days (thus leaving more time for the non-market, or 'core', economy of family, friends and community, and implying that as consumption and economic output decrease in order to meet environmental targets, there would be less danger of a growth in unemployment) and an encouragement of more mutual, co-operative ownership forms in order to promote a more participatory and democratic form of stakeholder ownership.

In *The Great Rebalancing*, the third step, the case is made that the new model is neither socialism nor communism, that it respects the market economy, but that it strives for a better balance between the market, state and society. In particular, it strives to so regulate the market that prices reflect both positive and negative externalities (i.e., the social and environmental costs and benefits associated with market goods and services – p. 45). As it is, our 'free markets' make too few distinctions between 'good' and 'bad' goods and services – by, for example, not reflecting in prices the consequences of pollution and of poverty-level wages.

However, 'by incorporating these factors into market prices we reverse the incentives: buying "good" things become easier and cheaper than buying "bad" things, and if things are *really* "bad" we should not be able to buy them at all' (p. 45). This would mean, *inter alia*, severe restrictions placed on advertising (p. 48) and would facilitate a

‘race to the top’ in terms of prices which reflected social and environmental values. The state should also act to ensure that essential social needs – such as healthcare, education and so on – are catered for, as well as encouraging the kind of society that values participatory democracy and a shared sense of responsibility for long-term, sustainable development.

The fourth step, *The Great Localisation*, develops this notion of participatory democracy, advocating an expansion of the concept of *subsidiarity* so that decisions are taken at as local a level as possible. The context here is a recognition of the value but also the stark limits of globalisation (p. 56) – we need to develop a better sense of appropriate scale, of where greater local self-sufficiency in some areas is required (one thinks, for example, of food and energy security), while in other areas regional, national and international trade is appropriate. A local economy, for example, should not be entirely dependent on supermarket chains, which may simply close less profitable stores in difficult economic times – a local economy with a more diverse range of ownership models, including smaller retail outlets, is more resilient.



*Ships carry almost identical goods across the globe in ‘boomerang trade’*

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Similarly, in terms of environmental values, there is what NEF calls ‘boomerang trade’ – with ships, lorries and planes travelling from city to city across the globe and back again wastefully carrying almost identical goods, in order to meet consumer demand (p. 58). So, for example, in 2008 the UK exported 4,400 tonnes of ice cream to Italy, only to re-import 4,200 tonnes (p. 59).

Among the criteria that would be used to determine

appropriate scale would be actual need, central of course to *The Great Revaluing*. Applying the criterion of need, the report suggests, would mean that ‘many sectors will shrink in size; for example, advertising, clothing and footwear, as well as finance’ (p. 60). In a telling phrase about finance, the report observes: ‘Nor is it apparent that we need many of the complex financial innovations that characterise modern commercial banking’ (p. 60).

Overall, there will be a stronger emphasis on greater local production. Thus, while NEF is ‘by no means suggesting that exports would cease’, it asserts that ‘they would certainly be reduced as the environmental impact of transporting goods around the world was factored into prices’ (p. 8). One can sense the challenge this kind of analysis poses to any easy assumptions in Ireland about the desirability of maximising our emphasis on low-tax Foreign Direct Investment (FDI) in plotting our way forward.

*The Great Reskilling* – the fifth step – implies that we need to relearn many skills that have been forgotten: ‘From agriculture to manufacturing to the provision of local finance, returning to appropriate scale means equipping ourselves with the means to do so’ (p. 6). ‘Reskilling’ means also becoming less passive with regard to consumption and production – and well-informed enough to be able to contribute to a local and national consensus on these issues.

The sixth step is called the *Great Economic Irrigation*, and it outlines how finance could facilitate many of the changes proposed in the report. Among the measures proposed is a shift from taxing ‘goods’ such as work, to taxing environmental ‘bads’ such as pollution, consumption and short-term speculation (including the introduction of a financial transactions tax – p. 78). The report argues for new, variable, consumption taxes, replacing income taxes for the majority of the population, reflecting the social and environmental cost of goods (p. 7). There should be a ‘Green Investment Bank’, funded through national-level environmental and ‘land’ taxes, to support a green energy and transport infrastructure.

In working towards a more sustainable, socially responsible, financial system ‘retail banks should be separated from investment banks’ (p. 82) and financial institutions should function within a stable regulatory framework that also encompasses the capital markets (p. 83) – so, for example, company profitability should become directly linked to social

and environmental value, and share prices for listed companies would reflect this. The consequence would be that: 'The composition of the FTSE 100 would change rapidly in some instances, as ethical and environmentally sustainable companies replaced unsustainable incumbents which were unable or unwilling to change their business practices and so saw their market share and profitability plummet' (p. 84).

In the seventh step, *The Great Interdependence*, these proposals are located in the context of a global 'deal' which addresses global inequalities from both a developmental and environmental perspective. This deal must include a climate change treaty, accompanied by a major redistribution of funds at a global level. And again, with a pricing of the environmental cost of global trade, 'more local production and more regional trade are likely to become the norm' (p. 87).

There are many other details of this model which cannot be outlined here because of limitations of space. However, given the general thrust, how is one to evaluate this radical approach? The authors admit that it involves producing and consuming less, that GDP as now calculated would fall (in the case of the UK, the fall might be by as much as a third, bringing GDP back to 2001 levels), but they claim that 'real value' will in fact grow (p. 4; p. 24): thus the phrase 'prosperity without growth' or a 'steady-state economy' (p. 93). They admit too that more refinement is needed in the tools required to measure well-being, so that we get prices right and so that 'market activity drives rather than destroys social and environmental value' (p. 91).

Clearly, the model involves agreement about the kind of vision, values and goals which the first article in this series outlined.<sup>4</sup> As such, it confirms the insight that more than simply economics is involved: we need a cultural shift, a political intervention. There is little in the report about the kind of institutional global political government that would be required if individual countries are to take the required steps towards transition with a confidence that they are operating on a more even playing field. All this will be difficult: we don't like to think of certain freedoms (for instance, to buy and consume what we like) being constrained; we react somewhat allergically to notions of the 'nanny' state. To many, the model will seem utopian, in the sense of unrealistic rather than in the sense of an imaginative stimulus to real change. But what is the alternative?

## Some Irish Contributions to the Debate

### *Comhar*

Comhar (the Irish word for partnership), set up in 1999, is the Sustainable Development Council. It is made up of twenty-five people drawn from five sectors: the state sector, economic sectors, environmental NGOs, social/community NGOs and the professional/academic sector. It is currently chaired by Professor Frank Convery. In October 2009, it published a report entitled, *Towards a Green New Deal for Ireland*, some of the main points of which it will now be helpful to outline.

Starting with the slogan, 'never let a serious crisis go to waste',<sup>5</sup> Comhar sets out the contents of an Irish 'Green New Deal'. The thrust is to support the 2008 Government strategy (*Building Ireland's Smart Economy*<sup>6</sup>) to use our present crisis as a springboard to move away from fossil fuel based energy production, through investment in renewable energy, and to promote the green enterprise sector and the creation of 'green-collar' jobs (p. 6).

Comhar believes that this can be done in a programme which, aligned with sustainable development principles, addresses the economic recession but also environmental and social problems – in other words, issues such as climate change, peak oil, ecosystem degradation, fuel poverty and social inequity (p. 6). This programme would give priority to maximising the potential of our resources in sectors where we already have inherent advantages, such as wind and wave energy (p. 7). It would involve a commitment of up to 2 per cent of GDP to green stimulus measures over the next two to three years.

The priority areas for investment should comprise:

- Improving the energy efficiency of existing housing stock
- Renewable Energy
- Transforming the National Grid
- Delivering Sustainable Mobility (transport, including measures to reduce single occupancy car use)
- Public Sector Investments (for example, green procurement; waste and water infrastructure)
- Skills and Training (for green technology; to include the unemployed)
- Green Infrastructure (parks; afforestation; agricultural subsidies in line with ecosystem enhancement).

To realise all this it will be necessary to have concrete policy instruments such as green procurement, tax and subsidy reform (for example, a shift of the tax base away from labour and onto pollution and consumption – p. 8), skills and training, and research and development (in green technology – for example, ocean, wind and solar energy). Financing options should include the formation of a Green Bank, the creation of a green venture capital fund and the establishment of a National Decarbonisation Fund. Comhar estimated that a stimulus package of up to 4 billion euro a year could directly and indirectly create at least 100,000 new jobs (p. 37).

An additional financial vehicle for supporting the Green New Deal lies in pension funds. These are governed by the fiduciary duty to pursue the best interests of their members but, increasingly, this is seen in terms of a shift to relatively risk-free assets and the desire to avoid the severe threat of climate disruption. It is becoming clear that ‘avoiding catastrophic climate change will require an unprecedented shift in investment capital by pension funds and other holders of long-term assets’ (p. 57). The obvious solution is that these funds be invested in a new generation of Green New Deal-type ‘climate or green bonds’ raised by national governments and international financial institutions.

The Comhar Report is less comprehensive, and more reformist than radical in tone, than *The Great Transition*, even if it shares many of the latter’s perspectives and some of its policy recommendations. Its own primary focus, consistent with its remit, is the environmental aspect of any new economic model. One can sense how this is already impinging on our real economy – one thinks of the levy on plastic bags, the environmentally graded car registration tax, the carbon tax in the Budget of December 2009, waste charges and talk of imminent water charges. The remarks about pension fund investment are particularly interesting.

### **NESC**

NESC (The National Economic and Social Council) was established in 1973. It is chaired by the Secretary General of the Department of the Taoiseach and comprises representatives of trade unions, employer bodies, farm organisations, the community and voluntary sector, key government departments and independent experts. Its function is ‘to analyse and report to the Taoiseach on strategic issues relating to the efficient development of the

economy and the achievement of social justice and the development of a strategic framework for the conduct of relations and negotiation of agreements between the government and the social partners’.<sup>7</sup>



*The NESC reports on Ireland's 'five-part crisis'*

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In a Report, *Next Steps in Addressing Ireland's Five-Part Crisis: Combining Retrenchment with Reform*, published in October 2009, NESC sets itself to address in an integrated way all five parts of Ireland’s crisis: banking, fiscal, economic, social and reputational (p. vii).<sup>8</sup>

The Report stresses the underlying need for a ‘vision of the kind of society and economy that Ireland wishes to become in the decades ahead, and towards which responses to the crisis will help us move’ (p. 20). Among the criteria to be applied are economic (especially measures that contribute to the revival of economic activity and employment), fairness, and sustainability – in economic, social and environmental terms (p. viii).

This report builds on a March 2009 NESC report, *Ireland's Five-Part Crisis: An Integrated National Response*, in which it was argued, *inter alia*, that we needed to correct our public finances, broaden our tax-base, re-establish export-led growth, restore competitiveness, address the issue of public sector reform, create a new regulatory regime and governance culture in our financial and business systems, and combine retrenchment with reform.<sup>9</sup>

The October 2009 report by NESC notes that in relation to the banking crisis there was a need ‘to ensure that policy measures provided protection to the increasing number of households with mortgage arrears’. It drew attention to the need to convince those in Irish society who were being

called on to make sacrifices for the common good that the leaders of financial institutions, who were major beneficiaries of the boom, 'are being held accountable and bearing their share of the adjustment burden' (p. 8).<sup>10</sup>

The experience of small countries such as Sweden, Denmark, Finland and the Netherlands, which have shown themselves able to recover from set-backs and reach impressive levels of economic and social achievement, is noted as a reminder that economic difficulties can be the spur to innovation and change in public systems (p. 14).

The NESC report is strong on having an integrated approach that starts from a vision of what we want and then coordinates the different parts of a response. It will not do, for example, to tackle the deficit in public finances in a way that damages social equity or disregards the effects on employment – the economic and social focus needs to be embedded in fiscal policy. The report itself does not articulate the vision in question,<sup>11</sup> does not take up a position on whether constant economic growth is possible or desirable, and has surprisingly little to say on 'green' issues, in the main simply referring to other reports.

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#### **Official Government Policy: Building Ireland's Smart Economy**

Both the Comhar and NESC reports refer frequently to the December 2008 document, *Building Ireland's Smart Economy – A Framework for Sustainable Economic Renewal 2009–2014*, which is the central plank of Government policy for economic recovery, with the partnership agreement, *Towards 2016: Ten-Year Framework Social Partnership Agreement 2006–2015*, in the background.

The core idea running through the Framework document is that of the 'smart economy', described as combining the 'successful elements of the enterprise economy and the innovation or 'ideas' economy, while promoting a high-quality environment, improving energy security and promoting social cohesion' (p. 32). The aim is 'to restructure our economy so that we can be in

pole position when the global recovery begins' (Foreword by An Taoiseach). The Framework does not seek to be comprehensive but rather aims to identify some of the specific actions to be taken in the short-term in order that we 'can return to sustainable growth in the medium-term' (Foreword), a growth that is envisaged to be exported (p. 7).

These actions include restoring stability to the public finances, restoring competitiveness to the economy, heavy investment in research and development, a new 'green deal', the development of a first-class infrastructure, reform of the public service and optimising the all-island context of our State. The Report, teeming with ideas, details and action points, includes a commitment to help people who face difficulties with mortgage repayments (pp. 55–6) and to reform the legislative framework for financial services (pp. 58–9).

In an interesting section (3.6, pp. 90–91) the issue of how environmental factors may be integrated into traditional economic performance measures (GNP and GDP) is broached. The desirability of this integration – so as to overcome the inability of GNP and GDP, as now calculated, 'to measure the sustainability of an economy and a society' (p. 90) – is acknowledged, as is the fact that 'currently there is no initiative in Ireland to measure sustainable development systematically and the necessary data for such calculations are difficult to obtain' (p. 91).

The Action Point arising from this discussion is that the 'Central Statistics Office will develop more comprehensive measures of Sustainable Development in Ireland to take account, in particular, of the environmental impact of economic development' (p. 91).

There are many good ideas in this report, not least the more serious commitment to a 'green' economy, already beginning to be implemented in government policy, including the commitment to broaden the standard measurement for economic growth by the inclusion of environmental factors.

One wonders, however, if the essential<sup>12</sup> but limited managerial approach apparent in the report really takes seriously the issues raised by what caused the recession and hence the need for economic development to follow, and not determine, the kind of vision of society that we want, the kind of 'growth' we should aim for in the future.

So, for example, when one reads that ‘light and adaptive regulation’ is an attribute of the Smart Economy (p. 34), one thinks of the behaviour of banks and financial markets under so-called light-touch regulation. Similarly, when ‘an equitable society’ is also dubbed an attribute, one wonders how this squares with the objective to make Ireland ‘the innovation and commercialisation capital of Europe ... a highly-attractive incubation environment for the best entrepreneurs in Europe and beyond’ (p. 38). Without any mention of higher tax or salary caps, surely talk of equity and social cohesion remains merely aspirational? And, again, how do we combine an export-led approach with a green economy?

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## Conclusion

It is often said that radical, even utopian-like, ideas are at first mocked, then fiercely contested, until finally they become the new common sense and we then wonder what all the fuss was about. It is heartening that in Irish Government policy there are significant reformist dimensions.

However, one wonders if the policy is not too dependent on conventional expectations of a ‘global recovery’? Is our ‘smartness’ not too inclined to an opportunistic following of others rather than an attempt to think a little more ‘outside the box’ and face up to our new situation in a more independent, radical way? Why, for example, given our tradition of active involvement in developing countries, are we not leading the charge for the introduction of some kind of financial transactions tax?

We will think more radically if we are convinced that the recent status quo was both unconscionable and against our own interests. It was unconscionable because of its injustice, both globally and nationally, including, of course, the inter-generational injustice of so degrading our environment. It was against our self-interest because it did not make us happy.

It will require deep reserves of meaning to face into the prospect of a more frugal, but also more just

and sustainable future. Pessimists among us might say that in the end only fear, the politics of fear, will motivate us, and that it will require more global economic shocks to convince us.

Christianity is one such reservoir of meaning. In its naming of sin it understands the human proclivity to complacency and stasis, to egoism and corruption, to manipulation and exploitation, to the social forces and structures of injustice which it calls the ‘Powers and Principalities’ (Ephesians, 6: 12). But it also is convinced that at its roots the world is good (God saw that the divine creation was ‘good’ – Genesis 1: 31), and that its fall from grace has been healed and transformed into something wonderful and beautiful by the birth, life, death and resurrection of Jesus Christ, who came that ‘we might have life, and have it to the full’ (John 10: 10). This is a powerful source of inspiration for the long haul ahead – a source which, through committed Christians, can be of great service to the body politic.

None of this means that, in terms of practical political judgement, what is radical is automatically to be preferred to what is reformist, or, in theological terms, that the prophetic always trumps the sapiential. But it does give us courage to ask the radical questions, to consider the issues that arise with seriousness and hope, and then take our decisions.

Let’s not ‘waste a crisis’: let’s do more thinking and talking beyond the parameters of conventional economic models. Our crisis has given us an opportunity to face these more radical questions and solutions.

## Notes

1. Rowan Williams, Archbishop of Canterbury, ‘Human Well-Being and Economic Decision-Making’, Keynote Address, TUC Economics Conference, Congress House, London, Monday, 16 November 2009.
2. New Economics Foundation, *The Great Transition: A Tale of How it Turned out Right*, London: New Economics Foundation, 2009.
3. Gerry O’Hanlon SJ, ‘A New Economic Paradigm’, *Working Notes*, No. 63, March 2010, pp. 3–10.
4. *Ibid.*
5. Attributed to Rahm Emanuel, White House Chief of Staff in the Obama Administration – cited in Comhar, *Towards a Green New Deal for Ireland*, Dublin: Comhar Sustainable Development Council, 2009, p. 4.
6. *Building Ireland’s Smart Economy: A Framework for Sustainable Economic Renewal*, Dublin: Stationery Office, 2008.
7. See [www.nesc.ie/home](http://www.nesc.ie/home)

8. National Economic and Social Council, *Next Steps in Addressing Ireland's Five-Part Crisis: Combining Retrenchment with Reform*, Dublin: National Economic and Social Council, 2009 (Report No. 120).
9. National Economic and Social Council, *Ireland's Five-Part Crisis: An Integrated National Response*, Dublin: National Economic and Social Council, 2009 (Report No. 118).
10. Later, the NESC report notes a feature article on the Irish economy in *The Financial Times* (30 August 2009) which quoted one Irish government official as saying: 'Until people believe that the pain is being shared more equally – and perhaps one of these bankers or developers has to be put behind bars first – the government will always struggle to win popular backing for what they are doing.' (NESC, *Next Steps in Addressing Ireland's Five-Part Crisis: Combining Retrenchment with Reform*, 2009, p. 66.)
11. Contributors to the NESC Conference, 'Well-Being Matters', held on 7 October 2009 (with inputs from among others Professor Joseph Stiglitz, Helen Johnston and Dr Maeve O'Brien) did articulate elements of such a vision (see [www.nesc.ie](http://www.nesc.ie)).
12. I note in this context a most interesting report by NESDO (National Economic and Social Development Office), *Ireland At Another Turning Point: Reviving Development, Reforming Institutions and Liberating Capabilities*, July 2009, part of the *FuturesIreland* project. The report is compiled with the help of a 23-member National Advisory Panel, a 183-member Consultative Panel (people with a track-record of creative ideas about life and work in Ireland) and four international experts. Its brief was an examination of the conditions that would support Ireland's transition to a learning society. Its central thesis is that Irish people – in business, society and public service – are ready for much greater innovation, more widespread learning and richer accountability, but the capabilities and practices that support these are inhibited by features of our organisational system (p. 5). It notes that one of the ways to meet the development challenges now facing Ireland is to move away from a compliance, centralised 'command and control' model of governance and administration to one that was more adaptive and committed to experimentation, learning from others and accountability, with leadership operating within this context (pp. 59–64). Interestingly, its picture of Ireland in 2030 was one which 'emphasised prosperity more centred on quality of life and well-being ... more local decision making, new forms of community involvement, preventative medicine, tailored services available to all who need them, and experiential learning' (p. 20). See NESDO, *Ireland At Another Turning Point: Reviving Development, Reforming Institutions and Liberating Capabilities*, Dublin: NESDO, 2009 ([www.nesdo.ie](http://www.nesdo.ie)).

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# *Enough*: Foundation for a Moral and Ecological Economics

Anne B. Ryan

## Introduction

*How can we live in harmony with nature? How do we stop global warming, the associated climate change and the destruction of ecosystems?*

*How can we eliminate poverty, provide security and create sufficiency for all the people of the earth?*

*How do we restore an ethic of care for people and for the earth?*

*In short, how can we put human and planetary well-being at the centre of all our decision-making?*

The drive for economic growth at all costs, experienced in the boom years in Ireland and other affluent countries, brought a general increase in incomes and significant levels of wealth to a few. Jobs were plentiful and credit was easy to come by.

In these changed times, when businesses are failing and people are losing their jobs and in some cases their homes, it may seem crazy to criticise economic growth. But the kind of untrammelled growth that we experienced caused us to lose sight of limits, and at the same time destroyed ecosystems and created huge global and local social injustices. The culture surrounding growth also encouraged many of our worst human capacities: excess, indifference, cruelty, denial, cynicism, a narrow materialism and short-term thinking in an effort to compete with others.

Sufficiency, sustainability and security are key and pressing needs of people and living systems all over the world, as we move into the rest of this century. We also need maximum citizen participation, diversity, resilience and whole-system health. Untrammelled economic growth did not provide or foster those features, nor can it do so in the future.

Even if it were desirable to get back to that kind of growth, it is unlikely that we can, given that we are near the end of cheap oil, have imminent crises over water, and face the huge challenges of climate change. We need a new paradigm of progress and economic development.<sup>1</sup>

The philosophy of *enough* provides a sane basis for moving into the future. *Enough* stands between misery on the one hand and excess on the other. It has an immediate personal value in daily life. It is a way to be content, not in the sense of tolerating poor quality, but in the sense of knowing what is valuable and what is not, and relishing the good things we have already. It provides security in times of boom<sup>2</sup> and recession.

*Enough* is about creating many different channels for human growth and expansion. A culture of *enough* would judge human progress in diverse ways and not just in the quantitative, measurable sense of increasing GDP. Such a culture would always attempt to balance the considerable economic and scientific achievements we humans have made with an increase in our moral, ecological, spiritual and emotional development. Humane and ecologically sound cultures would be a mark of progress and human advancement.

## **Enough and Ecology**

The words ‘ecology’ and ‘economics’ have the same root: ‘eco’ meaning ‘home’ or ‘household’. *Enough* takes economics back into the scale of the household, makes it focus on the needs of the systems that sustain us, insists that economics should recognise how everything is connected in ‘the wider household of being’.<sup>3</sup> *Enough* treats markets, money, trade, science, technology, competition and profit – all the elements of modern growth economies – as good, creative activities in themselves, which can be harnessed for the good of people and the planet *if* they are kept within moral and ecological boundaries. It distinguishes vibrant economic activity, including ecologically sound growth, from unregulated economic growth.

Scientific insights into the natural world have made the marvels of healthy ecological systems available to us. These systems do not waste; they are economical in the original sense of the word; they elegantly and spontaneously<sup>4</sup> observe limits. They are, in other words, truly sustainable. We could take our cue from these organic systems and encourage human, social and economic systems modelled on them.

We can use insights from the study of nature as a way to examine the kinds of systems that support life. We know that healthy ecosystems are rich in diversity and that they can provide more for their ‘inhabitants’ – human, plant or animal – than impoverished systems, even if both kinds of system start out with the same nutrient resources. For example, an ecologically run garden has a closed nutrient cycle; nothing leaves it in the form of waste; it uses everything it produces to provide nourishment for the soil and the plants. We also know that healthy systems accommodate growth, but of a cyclical rather than an unlimited kind. Nature favours cycles because they come to an organic end after a suitable period of growth.<sup>5</sup> They do not go on growing because, in nature, that is a cancer.

### **Enough and Aesthetics**

To appreciate *enough*, we also need an aesthetic sense that recognises the elegance of sufficiency. *Enough* has a beauty that is completely appropriate for our time. What if the cutting edge came to mean, rather than the ever-expanding of boundaries, the art of walking that edge between less and more, sometimes balancing, sometimes slipping? It would be beautiful and challenging at the same time.<sup>6</sup> Wealth could consist in achieving balance and wholeness, including humour, fun, laughter and creativity.

It is difficult to embrace *enough* and its recognition of limits if we consider them to be about mediocrity or deprivation. The notion of limits has taken on negative meanings within our modern way of seeing the world. *Enough* can put us back in touch with the parts of ourselves that understand the beauty of scale and sufficiency, the parts that empathise with the rest of creation. The arts – the record in music, painting, writing or dancing of what we have found beautiful or meaningful<sup>7</sup> – work with a notion of limits also. The artist has to prevent the work from exceeding itself, from becoming unwieldy or going on for too long. Otherwise the finished product becomes meaningless.

### **Enough and Morality**

Cultural and personal appreciations of the beauty of *enough* are also the start of a moral practice. A conversation about morality – the principles and values that underpin our actions – is essential for a different kind of public culture, one that does not rest on the idea that we are fundamentally economic

beings. Morality, like ecology, examines how all things can flourish in relation to each other. Both are concerned with connection and the effects which different parts of any system have on one another.

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### *A moral quest asks us to consider things we would often prefer to ignore*

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A moral quest asks us to consider things we would often prefer to ignore. It asks us to reflect on the place that each one of us has in this world, the extent of the damage that humans have done in the world and the responsibility that each one of us has for creating a just world: what, in short, are our obligations to other people and to the earth itself? And it requires more than asking what is wrong: it involves going on to ask, ‘how can we behave in ways that are right?’. Morality and ethics require that we examine the consequences of our beliefs and actions in areas beyond ourselves and our immediate environment, and in the long term. *Enough* recasts choice as moral decisions that strive for the common good.

### **Enough and Spirituality**

Spirituality, like morality, involves full and constant attention to and awareness of what is happening, even if this is painful. Full attention is spiritual in a sense that has nothing to do with institutional religion. If we truly pay attention to the present, then we cannot ignore what is going on around us, the social and environmental realities of which we are part.

An aspect of spirituality is about gaining peace of mind, and to this end many contemporary interpretations of spirituality would have us simply acknowledge and accept what we see. But only to acknowledge the world’s wrongs is more likely to bring despair, when we realise the extent of the wrongs. The only way to find peace is to resist what is wrong<sup>8</sup> and attempt to do right. The public side of the spiritual path – attention to social and economic systems – cannot be ignored in favour of the personal. Spiritual searching today must be infused with a political flavour if it is to be relevant to the contemporary scene.

It is not sufficient to embrace spirituality, if it is only to escape one’s own pain. For example, a spiritual celebration of nature, uplifting and healing

as it is, is not complete if it ignores the ways that unregulated economic growth violates nature, or if the spirituality does not try to defend nature. In any case, ecology teaches us that one part of a system cannot be truly healthy if other parts are in trouble.

The full potential of *enough* cannot be seen from where many of us currently stand. Many of us suffer from excess, while others live in misery, not having sufficient for their needs. The potential and beauty of *enough* become clear only as we travel along its path and put it into practice. *Enough* is a way; we cannot know all its aspects without actually doing it.

There are difficult sides to any spiritual way, such as doubt, fear, failure, uncertainty and struggle. These are to be accepted for what we can learn from them; pushing them aside is another form of denial.

### **Public Policies based on the Concept of *Enough***

*Enough* has important philosophical and reflective aspects, but it is also at the heart of many concrete proposals and frameworks for making the changes we need, in order to live well in the future.<sup>9</sup> Such proposals include ‘Contraction and Convergence’ and ‘Cap and Share’,<sup>10</sup> both based on the idea of a fair distribution of carbon-emission quotas to all citizens of the globe.

*Enough* also underpins a growing worldwide food movement, based on intelligent local agricultural practices and the renewal of a food culture in places where it has died out. The basic premise of intelligent agriculture is that food production and food consumption should take place as close together as possible.<sup>11</sup>

Another framework concerns basic financial security for everybody, which can in turn contribute to general security and a global reappraisal of growth, while also encouraging local development. This has developed into the idea of a universal basic income, or a citizens’ income, which provides sufficient cash for every citizen to have the basics for a decent life.<sup>12</sup>

Under a formal citizens’ income scheme, each citizen would receive a regular and unconditional cash income from the state. Everybody, whether they did paid work or not, would receive this, and they could spend it as they pleased. This would replace social welfare benefits as we currently

know them, and, most importantly, it would also extend to people who are not currently in receipt of state benefits. Ideally, a citizens’ income would be sufficient for each person to live a simple but satisfying lifestyle without supplementary income from paid work.



*Waste reflecting the excess that contrasts with ‘enough’* © istock

This radical proposal has huge implications for social justice, in that it provides security for all in ways that means-tested social welfare cannot do. Security is a prerequisite for reducing economic demands to sustainable levels, and for creating a social and cultural climate where everybody is free to act on their moral and ecological concerns.

A citizens’ income means that individuals are no longer dependent on jobs for their basic financial security. If everyone has sufficient for basic needs, simply by virtue of being a citizen, then losing a job is not as much of a disaster as it might otherwise be. Citizens also have meaningful choices about the kinds of paid and unpaid work they do.

A citizens’ income also provides a way out of the ‘poverty trap’, which is a major problem with the current welfare system. It can benefit employers, because it replaces the minimum wage, which can make businesses difficult to sustain and which can also have the effect of forcing growth, no matter what the ecological and moral consequences.

One source of finance for a citizen’s income is income tax. But there are much more creative and sustainable possibilities for financing it, such as the sharing of dividends from earth resources. If airwave licences were being issued, governments

could sell them to television and radio companies, instead of giving them free of charge, as they do now. Currently, companies can make profits for their shareholders from something received for nothing, but which belongs to all of us.

Those who own land could pay land dues to the public finances, and all of us would receive a share of it. For those who own very little land, the share we receive would be much greater than the share we pay. Those who own no land would pay nothing, but would receive their dividend nonetheless.

The notion of getting income from such sources is linked to the idea that all citizens of the planet have a right to the global commons, or earth resources. In Alaska, citizens already benefit from earth resources: all residents receive a dividend from the state's oil resources. In Norway, much of the income from oil reserves goes into the state pension fund, ensuring that all citizens have a decent pension. Indeed, creating a decent state pension for all would be a way to phase in a citizens' income.

### **Government and Citizenship**

The function of government, in the philosophy of *enough*, is to regulate at the broad parameters, in order to create deep security, and to allow citizens unlimited creativity and diversity within those parameters. In an ideal world, governments introduce frameworks such as a citizens' income, individual carbon quotas, and intelligent agricultural policies aimed at encouraging mass participation in food production. With key structures in place, citizens would see an improvement in the quality of life. In turn, this would give a new culture of *enough* a chance to flourish; its potential could emerge, co-created by government and citizens. It is important, therefore, that activists push for such frameworks to be formally introduced.

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*We often talk about equality as if it means having the right to shop on an equal footing with other people*

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Without appropriate legislation, the ethical and ecologically sound choices that many citizens want to make are not available to us. 'Maximum individual choice' is the big mantra within growth economics: we are promised enormous numbers of choices, which are supposed to make us happy. We

often talk about equality as if it means having the right to shop on an equal footing with other people. But many of the choices available are meaningless and cause unwanted and unnecessary complexity in our lives; they are not actually available to all and they often come at a price of ecological destruction and social injustice. The structures that surround us lock us in to such undesirable options. As a simple example, lack of good public transport locks us in to car-driving, which in turn makes life difficult for cyclists, pedestrians and those who are committed to using public transport.<sup>13</sup>

### **Citizen-leadership for *Enough***

In a time when the state is not providing structures and policies that foster virtuous action, even while we are constrained by harmful legislation and lack of appropriate legislation and structures, citizens stand in the gap between what is and what might be. All citizens have the capacity to be leaders while we stand in that gap. The great middle ground is important in bringing about cultural change. Ordinary people, acting together in initiatives for local food, transport and energy, can educate elected leaders and lawmakers. This is already happening with food co-operatives and with the Transition Towns movement.<sup>14</sup>

As individuals, we need to develop the resources and capacities for *enough* that exist within all of us. An appreciation of *enough* can help us to challenge the dominant media and government obsession with getting back to 'business as usual'. Imagination is crucial in this project. We cannot all be official, designated leaders, but if leadership is about taking risks and bringing other people along in a new vision, then we can all do it. No matter what our age, occupation or role, we can regularly ask questions about how we should live, what is good, how we can achieve well-being for everybody, how we can respect the earth and how we can take the long-term view and try to see the whole picture. We can engage in conversation with others about these issues. A society that does not cultivate the art of asking questions cannot count on finding answers to its most pressing issues.<sup>15</sup>

### **Conclusion**

*Enough* has a good history; it is rooted in past generations and has been valued and practised by several great wisdom traditions, including religions, especially those traditions that have an ecological outlook, and which view humans as part of the great natural systems. Buddhism, Taoism, Jainism,

Hinduism, Christianity, have, for thousands of years, promoted the virtues of moderation. Although *enough* does not rely on religious doctrine, it is not rigidly secular either; its spiritual and ecological dimensions take it beyond any view of life and the world that values only the strictly rational, observable and material.

The problems we face are all connected with each other. But just as important, the solutions are also interconnected. A sense of *enough* creates the conditions that will allow a critique of growth. It can also nourish a culture of adapted human behaviour, which will give at least some of the earth's ecosystems a chance to renew themselves and at the same time allow social justice to emerge.

There is no perfect worldview; anything taken to an extreme will show its shadow side or become dogma. But a reflexive attitude can prevent the way of *enough* becoming rigid. This means sticking with the questions and not flinching from the challenges inherent in them. *Enough* is a key concept for the future. It is living, adaptive and dynamic; it encourages creativity and diversity for groups and individuals around the world. We can forge connections and discover common ground, centred on *enough*.

## Notes

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6. Bill McKibben, *op. cit.*, p. 217.
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8. Roger S. Gottlieb, *A Spirituality of Resistance: Finding a Peaceful Heart and Protecting the Earth*, Lanham, Maryland: Rowman and Littlefield, 2003.
9. For greater detail on all of the proposals mentioned here, see Anne B. Ryan, *Enough is Plenty: Public and Private Policies for the 21st Century*, Hants: O-Books, 2009. See also website ([www.enoughisplenty.net](http://www.enoughisplenty.net)).
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13. Roger Levett with Ian Christie, Michael Jacobs and Riki Therivel, *A Better Choice of Choice: Quality of Life, Consumption and Economic Growth*, London: Fabian Society, 2003.
14. See the websites of the Dublin Food Co-op ([www.dfc.ie](http://www.dfc.ie)) and of Transition Towns ([www.transitionculture.org](http://www.transitionculture.org)).
15. cf Cornelius Castoriadis, cited in Henry A. Giroux, *Public Spaces, Private Lives: Beyond the Culture of Cynicism*, New York: Rowman and Littlefield, 2001, p. 81.

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# Social Enterprise – An Untapped Resource

*Gerard Doyle*

## Introduction

Across Europe, social enterprises are making a significant impact on communities, particularly those blighted by high levels of unemployment, poverty and disadvantage. According to the European Commission, there are 2 million social enterprises in the EU (representing 10 per cent of all European businesses) and they employ over 11 million people (the equivalent of 6 per cent of the working population of the EU). In EU Member States, social enterprises are present in almost every sector of the economy, including banking, insurance, agriculture, crafts, various commercial services, and health and social services.

There is no universally accepted definition of what constitutes a social enterprise, but a definition by the UK Department of Trade and Industry is often cited:

*A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.*<sup>1</sup>

This definition highlights the fact that social enterprises have both social and economic objectives and that re-investment in the community is a core principle. A more expansive definition would also highlight that social enterprises are formed to respond to an unmet community need – for example, to provide employment, supply a service or create income for community benefit. Furthermore, social enterprises are managed differently from private enterprises in that they are democratically governed by a group of people on behalf of a community (which can be either a geographic community or a community of interest), rather than by shareholders seeking a return on their investment. Social enterprises are also participatory in character, in that the users of their services have representation in decision-making processes.

## Roots of Social Enterprise

The concept of social enterprise first emerged in Italy in the late 1980s and then gained currency throughout the EU in the mid-1990s. The

emergence of the concept in Italy coincided with the establishment of new co-operatives aimed at responding to unmet needs, particularly in the area of ‘work integration’ – supporting excluded individuals who were attempting to re-enter the world of employment. These new co-operatives began to engage in the delivery of personal services, the need for which was prompted by an increasingly ageing population and changing family structures in Italy.<sup>2</sup>

In contrast to traditional co-operatives, which primarily served the needs of their members, the social co-operatives tended to serve a broader community. They also differed from traditional co-operatives in that their membership included representation of a number of stakeholders (including employees, volunteers and other supporting members). Significant growth in the number of social enterprises has taken place in Italy, partly as a result of changes in legislation to provide a more supportive environment for this form of enterprise.

In the late 1990s, the UK Government started to view social enterprise as an important policy tool for addressing the lack of economic activity and high levels of unemployment which existed in many urban areas.

This interest in the potential of social enterprise was to some degree at least prompted by the significant achievements of a number of communities in different parts of the UK in regenerating their areas. The UK Government has prepared a strategy to support social enterprise development which is predicated on community organisations leading the process.<sup>3</sup>

The vibrancy of social enterprise in both Italy and the UK emanates from social enterprises closely collaborating to influence policy-makers to provide a more benign environment for them to operate and grow.<sup>4</sup> Active membership-based organisations such as the Scottish Social Enterprise Coalition have been effective in lobbying central government to design and implement policies that are supportive of social enterprise development.

## Key Objective

There are different ideological approaches underpinning and motivating the development of social enterprises. The *reformist* approach is concerned with social enterprise as an extension of private and public systems – filling the gap where the former cannot extract adequate profit and the latter is emasculated due to a combination of macro-economic forces and a drive to minimise state intervention. The *radical* approach is concerned with providing an alternative to capitalism and demonstrating that there is a different way of engaging in economic activity. It is based on valuing the contribution of workers and fostering their participation in decision-making and it seeks to engage in economic activity that is beneficial to society and does not damage the environment.

Despite differences in motivation and orientation among social enterprises, it is clear that a core objective of most social enterprise is the creation of employment: one study in Scotland, for example, showed that employment creation was the single most important aim of over 70 per cent of the enterprises included in the research.<sup>5</sup>

In targeting employment provision, and specifically the provision of opportunities for the long-term unemployed,<sup>6</sup> social enterprise can serve as an invaluable stepping stone – enabling economically inactive individuals living in disadvantaged communities to boost their skills and confidence, gain work experience and possibly secure employment in the mainstream labour market.<sup>7</sup>

## Range of Social Enterprises

While the integration of marginalised social groups into the workplace is the single most distinguishing feature of social enterprises across the EU,<sup>8</sup> the form which these enterprises can take varies considerably. Such enterprises are engaged in most commercial areas except those from which they would exclude themselves for ethical reasons.<sup>9</sup>

Social enterprise activities can be grouped into four categories; however, these categories are not mutually exclusive, and many social enterprises have features of more than one.<sup>10</sup>

***Providing services to the community:*** Social enterprises can provide services to cater for the needs of groups or communities experiencing social exclusion – needs which neither the state

nor the private sector is able or willing to meet. The services provided tend to have more of a social than an economic focus – for instance, running a community café, laundrette or second-hand shop. Research conducted in Ireland showed that such services can play a critical role in addressing facets of poverty and social exclusion within disadvantaged communities, including, for example, dealing with barriers to accessing the labour market, combating fuel poverty and obtaining nutritious food at reasonable prices.<sup>11</sup>

An example is Ballyfermot Community Civic Amenity Social Economy Ltd (BCCASE), which provides affordable, nutritious meals to residents of Ballyfermot on weekdays. Operating in an area where there is a dearth of cafés and restaurants, and where a relatively high proportion of the population is over 65 years of age, this service enables older people to access a subsidised hot meal five days a week.

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*A core objective of most social enterprise is the creation of employment*

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To become sustainable, social enterprises in this category tend to rely on a combination of grant funding and voluntary labour. In an Irish context, the state provides a subsidy to not-for-profit organisations on condition that employment is targeted at marginalised groups whose lack of skills or experience would make it difficult for them to secure a job, even at a time of full employment.

***Market-driven business:*** Some social enterprises operate in a manner similar to traditional private enterprises in that they are primarily concerned with providing a product or service to a market. Where they differ from private enterprises is that the surplus produced is for community benefit.

An impressive example of market-driven social enterprise is provided by the McSence Group in Midlothian, Scotland. This emerged from a local initiative in the late 1980s, in response to high levels of joblessness resulting from pit and factory closures in the Mayfield and Easthouses areas of Midlothian. The first social enterprise, McSence Heatwise, was created from a fund built up through donations of £5 a week collected over a twelve-month period from local businesses and from other fund-raising activities.

The profits from this first company, which specialised in energy efficiency, enabled the creation of McSence Ltd., which holds charitable status and which acts as the parent company for the other companies which have been developed within the Group. Profits generated by these companies are re-invested to create new business ventures or are passed to McSence Ltd., which can use them to provide community grants. The McSence Group now provides employment for 200 people and its operating companies have an annual turnover in excess of £8 million and profits of around a quarter of a million.<sup>12</sup>

**Working for the state:** Over the past decade, social enterprises have increasingly provided services that were once delivered by the state, including helping individuals to enter the labour market, managing childcare facilities and leisure facilities, and providing care and support services. At their most successful, such enterprises can become the suppliers of high-quality services, and at the same time provide access to sustainable employment in a working environment which facilitates active participation in decision-making and provides opportunities to acquire skills and qualifications. For people who previously would have had little or no access to training or employment, the availability of such opportunities is clearly of immense value.

**Local development and regeneration:** Social enterprises also provide services and facilities which enhance economic activity at a community or district level. These include the provision of both managed workspace and enterprise development support. In addition to providing the infrastructure for enterprise to take place, there are many instances, particularly in the UK, where social enterprise has influenced the regeneration of disadvantaged areas by acting as the catalyst for the physical re-development of an area.

### **Procurement Legislation**

An important ‘opening’ for the development of social enterprise is provided by EU procurement law in so far as it allows local authorities to insert certain ‘social clauses’ into the terms of reference of their procurement procedures – in order, for example, to encourage the employment of long-term unemployed or disadvantaged people. However, local authorities are not allowed to discriminate geographically by specifying that businesses or their workers must come from a particular location. The EU also supports what it

has called ‘green’ procurement.

In the UK, local authorities have recognised that they can use their large procurement budgets to the benefit of their own local economies. The construction and renovation of social housing, for example, can offer the opportunity to create jobs for people excluded by the labour market, thus fulfilling a double objective.

UK local authorities have taken at least two different approaches to using their considerable spending power to promote the creation of local jobs. The first favours private contractors who agree to employ a certain number of unemployed local people, while the second favours social enterprises that not only employ local people but provide certain verifiable social benefits.

During the lifetime of the EU funded EQUAL programme, a number of projects in both the UK and Italy actively sought to tackle the barriers faced by social enterprises and local small and medium enterprises in accessing public markets, so as to take advantage of the opportunities potentially available in these markets.<sup>13</sup> The experience of these groups showed the importance of becoming involved as early as possible in the tendering process and of working in parallel on two fronts: firstly, on the procedures with the contracting officers to ensure that they are accessible to local firms and, secondly, to train and build up the capacity of the local social entrepreneurs to engage in the tendering process.

### **Benefits of Social Enterprise**

One of the characteristics of social enterprise is that it results in both economic and social gains. The benefits most immediately apparent are those accruing to the key stakeholders – the service users, the community leaders and the employees involved in social enterprises, and the communities in which they operate. However, the wider benefits need also to be recognised. Social enterprises can play a important and unique role in facilitating the delivery of public policy objectives and public services. Furthermore, social enterprises can have a significant multiplier effect on local economies, helping to retain and recycle income within the communities in which they operate.<sup>14</sup>

**Service users and the wider community:** Research and anecdotal evidence both indicate that social enterprises can bring significant benefits to disadvantaged communities – benefits of a type



that neither state services nor traditional, privately-owned enterprises can match.

Social enterprises have a track record of generating employment in areas where unemployment is far higher than the national average. Furthermore, due to their social mission, many social enterprises are prepared to hire people who would have little chance of being employed in the private sector. Research has shown how social enterprises are prepared to invest their organisations' resources in supporting drug users in recovery and in helping long-term unemployed people to grow in confidence and acquire the skills essential to maintaining employment.

Such an approach can, of course, impact adversely on the productivity of social enterprises, but it represents a clear demonstration of their commitment to the communities in which they operate. This policy of inclusion can help reduce the level of isolation and alienation felt by long-term unemployed people, who may feel that it would be impossible for them to gain employment in conventional private enterprises. At the same time, it contributes to cohesion within disadvantaged communities.

Through serving on the boards of social enterprises, community leaders can acquire new skills such as strategic planning which can prove invaluable in addressing other issues facing neighbourhoods.

Social enterprise has also proven to be an effective mechanism for acquiring external 'professional' expertise which is generally absent from disadvantaged communities and for developing alliances with groups who can assist in efforts to lobby decision-makers.

The presence of social enterprises in marginalised communities can help such communities in their efforts to influence the design and delivery of urban regeneration programmes. A community with a vibrant social enterprise sector, particularly if this has been able to acquire assets in the area, will be in a much stronger position to shape regeneration plans. In particular, it can make the case that regeneration should be primarily for the benefit of local residents rather than private developers, and that it should include a priority for social and affordable housing, which would enable the children of families in the area to have an opportunity to continue to live in their community.

**State agencies and government:** Social enterprises can serve as an efficient and effective mechanism for the delivery of services to local areas. As these enterprises operate in disadvantaged communities where there is likely to be limited private investment, their work, and in particular their role in generating employment, can contribute to the realisation of goals set out in national plans and strategies. The presence of social enterprises can also help protect the state's capital investment in community regeneration projects, thus reducing the likelihood of the state having to invest in new regeneration programmes within a couple of decades – as has happened with community regeneration initiatives in Ireland.



*Social enterprise is an untapped resource for tackling urban disadvantage*

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**Society:** A vibrant social enterprise sector can demonstrate the benefits of a more democratic model of economic organisation – one which generates goods and services that meet the real needs of communities; where employees know that their contribution is valued and where they have a say in the major decisions affecting the business, and where there is a far narrower discrepancy in earnings between senior management and ordinary workers.

### **Social Enterprise in Ireland**

In contrast to the situation in a number of other EU Member States, Ireland appears to see social enterprise performing only a very marginal and residual role in economic development – as evidenced by the narrow range of policies and supports dedicated to social enterprise in this country. The primary policy intervention has been the establishment of state-funded programmes that support community organisations which employ groups who are disadvantaged in the labour market.

### ***Gaps in Policy***

Overall, the lack of state supports and resources allocated to social enterprises – compared to those afforded to private enterprises – has stymied their growth.

It would appear that social enterprises are often perceived by state agencies as ‘charities’ that ‘do good’ but cannot deliver to the same extent as private businesses. The procurement policies of state agencies are another constraining factor. The early withdrawal or reduction of state funding from community regeneration programmes can have an adverse impact on communities’ efforts to develop social enterprises.

A further factor is the lack of appropriate finance, both grant and loan, for social enterprises at various stages of development: this makes it difficult for them to move beyond the concept stage and grow, or diversify into other commercial activities.

In addition, the dearth of research on social enterprise inhibits the gathering of the kind of evidence that could help make the case for extra resources and supports for social enterprise interventions in disadvantaged communities.

These gaps in policy arise largely from a lack of understanding of social enterprise development on the part of the State and a lack of vision as to the potential role of such enterprise in the regeneration of disadvantaged communities. This is principally because national policies and practices, especially over the last two decades, have been informed by a belief that market-led interventions result in superior outcomes.

### ***Other Constraints***

A number of features within disadvantaged communities themselves serve to constrain the development of social enterprises. Demographic factors, poverty, and social problems – such as drug misuse, drug dealing and associated criminality – can make it difficult for social enterprises to access the skilled labour and management expertise which such enterprises need in order to become established and to flourish.

The absence of an independent social enterprise support structure at national, regional and local levels makes it more difficult to tackle many of the aforementioned barriers. Such a support structure is necessary if there is to be effective lobbying for the development of policies to provide a more benign

environment for social enterprise.

### ***Addressing the Constraints***

The community and voluntary sector, the State and the private sector can each assist in enhancing the prevalence and effectiveness of social enterprises in disadvantaged communities.

Community and voluntary organisations located in these communities could assist social enterprise development by taking the lead role in the formation of new enterprises and adopting practical steps to promote and support existing social enterprises within their community. Community organisations could, for example, adopt a policy of purchasing goods and services from social enterprises in their area. They could also establish community controlled social enterprise support structures aimed at providing the essential expertise that many groups interested in starting a social enterprise do not possess.

The State, through its policies and practices, could play a crucial role in creating the conditions for a vibrant social enterprise sector. In particular, central government needs to formulate a long-term policy framework for social enterprise. It would be critically important that the preparation of this would involve extensive dialogue with those engaged in social enterprise. Ideally, the dialogue would include engagement with an independent representative structure for the social enterprise sector – but in Ireland such a structure has yet to be developed. Central government could also establish a long-term grant and finance fund to respond to recurring needs and enable social enterprises to grow. Additionally, it could encourage state agencies to adopt, as a general policy, a more supportive approach towards social enterprises.

At community level, state agencies could enhance social enterprise development in a number of ways. A prerequisite, however, is that they are willing to value social enterprises as significant stakeholders in the regeneration of disadvantaged communities. An important route to the development of this understanding would be the provision of education and training on social enterprise methodologies for key personnel in state agencies.

Support structures such as City and County Enterprise Boards and Enterprise Ireland should afford the same range of supports to social enterprises as to private businesses. State agencies, in particular the HSE and local authorities, which

have control over significant budgets should ring-fence a greater proportion of their services contracts for delivery by social enterprises. Experience in the UK and Italy indicates that many social enterprises need assistance to enable them to tender for and deliver contracts. However, a policy by state agencies and local authorities of explicitly promoting the role of social enterprises could bring benefits that would be considerably greater than those associated with private enterprise delivery of contracts. In particular, social enterprises would be able to employ greater numbers of people from areas characterised by high levels of unemployment, which would help reduce the intergenerational poverty that scars so many disadvantaged urban communities in this country.

Greater collaboration between social enterprises could significantly enhance their effectiveness. For this to happen, there needs to be increased awareness among social enterprises that they are part of a sector, and that co-operation with one another can be mutually beneficial. A national social enterprise structure which would represent the sector could play a pivotal role not only in providing support to individual enterprises but in lobbying for reform and development of state policy regarding social enterprise.

There is scope also for mutually beneficial relationships to be developed between social and private enterprises. An important support which the latter could provide would be the secondment of staff to social enterprises, and the encouraging of senior management personnel to become directors of social enterprises.

## Conclusion

If social enterprise is to play a more effective role in the regeneration of disadvantaged communities, then the State, local authorities and community and voluntary organisations need to embrace social enterprise to a greater extent than is currently the case. This would require the State to fundamentally change its relationship with community organisations and social enterprises from one where the State is reluctant to share power and where the community organisations and enterprises find themselves in the position of supplicant. An approach characterised by a greater degree of partnership is needed if the interests of those communities which suffered disadvantage even during the economic boom, and which are now particularly vulnerable in the face of the downturn, are to be protected and advanced.

It is also critical that policy-makers place social enterprise at the cornerstone of all future urban regeneration programmes, rather than rely on private-sector regeneration initiatives. Such a shift in policy could help ensure that local communities are enabled to acquire jobs, access responsive services, and have an improved quality of life.

## Notes

1. Department of Trade and Industry, *Social Enterprise – A Strategy for Success*, London: Department of Trade and Industry, 2003.
2. Jacques Defourney and Marthe Nyssens (eds.), *Social Enterprise in Europe: Recent Trends and Developments*, Liège: EMES, European Research Network, 2008 (WP No. 08/01, available [www.emes.net](http://www.emes.net)).
3. John Everett, *Developing and Supporting Social Enterprises in the Dublin Region: The Basis of a Comprehensive Strategy in Dublin*, Dublin: Dublin Employment Pact and Clann Credo, 2009. (Available: [www.pact.ie](http://www.pact.ie) and [www.clanncredo.ie](http://www.clanncredo.ie)).
4. In the UK, there are a number of networks that represent social enterprises. The Scottish Social Enterprise Coalition is the national collective lobbying and campaigns voice for social enterprise in Scotland. It is a membership-led organisation representing the needs and interests of social enterprise to politicians, policy-makers and opinion-formers (see: [www.secc.org.uk](http://www.secc.org.uk)).
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6. Andrew A. McArthur, 'Community Business and Urban Regeneration', *Urban Studies*, Vol. 30, No. 4/5, May 1993, pp. 849–873.
7. Mike Campbell, *The Third System, Employment and Local Development*, Leeds: Policy Research Institute, Leeds Metropolitan University, 1999.
8. Jacques Defourney and Marthe Nyssens, *op. cit.*
9. John Pearce, *Social Enterprise in Anytown*, London: Calouste Gulbenkian Foundation, 2003.
10. *Ibid.*
11. Gerard Doyle, 'What Difference Does It Make? The Current and Potential Contribution of Social Enterprise to the Regeneration of Urban Disadvantaged Communities in the Republic of Ireland', Masters Dissertation – University of Glasgow, 2009 (available at: [www.tsa.ie](http://www.tsa.ie)).
12. See [www.mcsence.co.uk](http://www.mcsence.co.uk)
13. The EQUAL initiative was EU funded programme supported by the European Social Fund which aimed to tackle all forms of discrimination and inequality in the labour market, both for those in work and those seeking work.
14. The New Economic Foundation in its 'Plugging the Gaps' programme highlights the potential multiplier effect of locally-based businesses, including the social enterprises (see [www.pluggingthegap.org](http://www.pluggingthegap.org)). See also New Economic Foundation, *The Great Transition: A Tale of How it Turned out Right*, London: New Economics Foundation, 2009, p. 57; p. 64.

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