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Chapter 1 - General Questions

1 What elements of the taxation and welfare systems do you feel are working well?

Please elaborate below::

The State's fiscal response to the COVID pandemic was deployed with impressive speed and, while imperfect and uneven, substantially alleviated the immediate economic instability and financial difficulties for many individuals and businesses that were triggered by the pandemic (and the lockdowns)[1].

The universal child benefit and state pension are valuable supports (although the latter would be better if it was also universal).

We would echo the Environmental Pillar's endorsement of the use of environmental taxes in Ireland in its submission to this consultation call. In particular, the plastic bag tax is well known for effectively curbing the use of plastic bags and for generating useful revenue[2].

The Irish taxation and welfare systems are relatively transparent, and their online administration services generally function well. Communication can be clear and informative - as for example in the Terms of Reference for this submission.

Compared to many countries, the Irish taxation and welfare systems are perceived as being relatively free from illegal corruption[3].

References

1. https://ieep.eu/uploads/articles/attachments/0817a609-f2ed-4db0-8ae0-05f1d75fbaa4/IE%20Plastic%20Bag%20Levy%20final.pdf?v=63680923242

2.
https://www.centralbank.ie/docs/default-source/publications/economic-letters/vol-2021-no-3-covid-19-and-the-public-finances-in-ireland-(conefrey-hickey-and-mci

3. https://www.transparency.org/en/cpi/2020/index/irl

2 What elements of the taxation and welfare systems do you feel are not working well?

Please elaborate below::

The COVID pandemic exacerbated the already-uneven nature of welfare benefits. Those who were unable to work but did not qualify for COVID relief could quickly be thrown into precarity. This had repercussions on the societal level as well as the individual one, since it is difficult to self-isolate (in order to lessen the risk of spreading a contagious disease) with no pay when your ability to survive depends on paid work outside the home.

It is highly unlikely that the COVID pandemic will be the last one, and indeed there are predictions of more frequent pandemic outbreaks in the future owing to biodiversity loss and other serious damage caused by human activities[1]. As and when another pandemic occurs, it will be important to have a welfare system already in place that would bypass as many as possible of the problems that were unintentionally generated by the State's COVID response.

Even before the pandemic struck, there were clear problems in Ireland with a welfare system that failed to lift a substantial percentage of the population above the poverty line[2]. We believe that this is partly due to an insufficient allocation of funds for poverty reduction. (It should be borne in mind, in this

context, that Ireland's revenue from taxation and social services is currently lower than the European average[3]).

An additional cause of the system's failure at to sufficiently address poverty present is the diversion of some existing funds to try and solve problems that need not exist in the first place. The concept of 'failure demand', as discussed by the Wellbeing Economy Alliance (of which Feasta is a member) in a recent international report[3], is relevant in this regard. Failure demand means paying to fix - or try and fix - what we continue to break through economic choices.

A strong example of failure demand in Ireland is in the relationship between welfare payments and housing. As Social Justice Ireland stated in a recent briefing, 'almost €2 in every €5 spent on housing by the State ends up being allocated to make up for the way that poverty damages people's lives'. [4]

This is a clear example of an inefficient use of funding. We will argue in Chapter 3 that the means testing within the current welfare system is another form of inefficiency.

In addition to such efficiency-related issues, there are also problems with funding that actively encourages destructive behaviour. For example, certain elements of the taxation and welfare system currently undermine attempts to alleviate environmental damage. Two examples of this are fossil fuel subsidies (in all sectors where they apply, not just transport)[6] and the current property tax. The latter penalises improvements to property, including the deep retrofitting which will be vital to achieving the energy transition.

Feasta climate group members also have concerns about the ability of the proposed carbon tax to being about greenhouse gas emissions reduction at a sufficiently rapid pace, and about the allocation of the carbon tax revenue. We discuss this further, and propose some potential solutions, in Chapter 4 below.

Finally, we wish to emphasise that it is extremely important to take the perspective and needs of Global South countries into account on the issue of corporate tax. This is discussed further under Chapter Six below.

1. https://en.unesco.org/news/pandemics-increase-frequency-and-severity-unless-biodiversity-loss-addressed

2. https://www.socialjustice.ie/article/more-660000-people-poverty-2020-over-210000-are-children.

3 'How heavy is the weight of tax in the Republic of Ireland – Some high-level facts', NERI, 2021: .
https://www.nerinstitute.net/research/how-heavy-weight-tax-republic-ireland-some-high-level-facts

4, https://weall.org/failuredemand

5. https://www.socialjustice.ie/system/files/file-uploads/2022-01/housing-and-poverty-final_1.pdf, p5

6. Environmental Performance of Ireland, [OECD (2021)[https://www.dfa.ie/media/missions/prepparis/OECD-Environmental-Performance-of-Ireland.pdf

3 Good quality public services, welfare provision and infrastructure are financed mainly from taxation and PRSI. What are the features that you think our taxation and welfare systems should have in order to meet these needs?

Please specify::

It is important to keep in mind that good quality public services, welfare provision and infrastructure are all vital investments which are needed to achieve a sustainable future economy, rather than simply expenses - albeit desirable and deserved ones - whose effects will disappear into the ether.

This may seem like a semantic point, but it provides the rationale for an argument that many analysts, particularly in the US, are making at present: these vital provisions can be (and, they would argue, are already) funded by government spending which does not derive from taxation[1].

The Irish State, being in the Eurozone, is not in a position to literally spend money into existence, but it can currently borrow from the EU on a long-term basis at very low interest rates. This is not a time to be concerned about minimising borrowing so as to avert a perceived - but purely hypothetical - risk of being seen to lack 'credibility' in the global financial markets or by foreign investors. It should also be borne in mind, in this regard, that the EU is currently revising its economic governance framework, including its fiscal spending rules.

We are in an emergency situation with regard to the environment - and in reality all countries are in the same boat, even if some jurisdictions are slower than others to realise it. The European Council president, Charles Michel, has joined many other commentators in describing climate disruption as an 'act of war'[2].

When there is a war, the primary objective must be to win the war. This is a time to borrow sufficient funds so as be able to invest heavily in the enormous infrastructural and societal changes that are needed to achieve the green transition[3]. Many such investments - e.g. in retrofitting and in transport infrastructure - are highly front-loaded.

In the longer run, taxation can help with addressing long-term public debt where that is considered necessary (keeping in mind the fact that the EU's fiscal rules are likely to change). In the shorter term, the goals of taxation should primarily be to encourage economic 'good behaviour' and to discourage economic 'bad behaviour' (including environmental damage), to help to reduce inequality so as to build social cohesion, and to prevent inflation.

References

1. See for example The Deficit Myth, Stephanie Kelton, Public Affair, 2021

2. https://www.politico.eu/article/eu-charles-michel-slams-climate-change-acts-of-war/

3. Some have referred to this as a 'nature bailout': https://www.academia.edu/65300085/No_green_deal_without_a_nature_based_economy

4 In your view, what main reforms are necessary so that the Irish taxation and welfare systems can embrace the opportunities and meet the challenges that Ireland may face over the next 10-15 years?

Please outline your views::

In taxation:

• a shift towards 'commons-based' revenue generation (explained below), including site value tax, and away from taxation that discourages beneficial economic activity
• increased wealth taxation. This could include the introduction of taxes on the use of robots and on digital data transactions
• improved and expanded environmental taxation

In welfare:
• a Universal Basic Income
• a strengthened social wage (Universal Basic Services that are free at point of delivery)

Please see below for more detail on these reforms.

Chapter 2 - Fiscal Sustainability

1 What reforms to the taxation and welfare systems should be considered to ensure the system is sustainable and resilient and that there are sufficient resources available to meet the costs of public services in the medium and longer term?

Please specify taxation reforms you consider important::

To the greatest extent possible, taxation should encourage - or at least, avoid discouraging - activities that add value to the economy, such as employment and property improvement, and it should penalise rent-seeking[1] activities that make use of collectively-owned common pool resources[2]. Such resources include land value (discussed under Chapter 5 below), the atmosphere (discussed under Chapter 4), the electromagnetic spectrum and the financial transactions network.

Reforms should also promote greater financial equality, including increased taxation on wealth and on the consumption of luxury goods.

Reforms should, wherever possible, penalise environmentally harmful behaviour (discussed under Chapter 4) - however, great care should be taken to ensure that the welfare system supports those on low incomes or with low levels of wealth whose wellbeing could be adversely affected by environmental taxes.

This shift in orientation towards commons-based taxation, increased financial equality and environmental protection is particularly urgent given the likely changes in future economic dynamics that are outlined in our comments on Chapter 10.

References

1. Rent-seeking can be defined as trying to increase one's share of existing wealth without contributing to productivity. Speculation on property values - or indeed, any kind of financial speculation - is a well-known example of rent-seeking.

2. Wikipedia provides a useful working definition of a common-pool resource as 'a type of good consisting of a natural or human-made resource system (e.g. an irrigation system or fishing grounds), whose size or characteristics makes it costly, but not impossible, to exclude potential beneficiaries from obtaining benefits from its use'. 'Collectively-owned' in this context, can mean anything from household or community ownership to State or even global ownership (e.g. the atmosphere). To be clear, it does not necessarily entail a co-operative management structure, although we are certainly not opposed to that in principle.

Please specify welfare reforms you consider important::

In Ireland, housing is currently a major block to societal wellbeing and is also a significant impediment to the green transition. The housing sector's inflated costs greatly distorts the overall cost of living for many people[1], and the way in which social housing is currently administered acts as an unnecessary and significant drain on the welfare system[2], diverting funds which would be much better used elsewhere. Furthermore, poor planning both in housing and in transport infrastructure over the last few decades has made it more challenging in Ireland than in many other parts of Europe to achieve the '15 minute cities' that are widely recognised to be a necessary part of the green transition[3]. This urgently needs to be addressed.

We support the recommendations made by Social Justice Ireland on housing, which include setting a target of 20% of all housing stock to be social housing and achieving this through building more social housing[4].

We also strongly recommend the introduction of a Site Value Tax, which is further discussed under Chapter 5 below.

Equally importantly, and as mentioned above, we strongly urge the government to introduce a Universal Basic Income in tandem with a more robust

social wage (Universal Basic Services). The UBI could be funded in part by dividend-based distribution of revenues from commons-based taxation. This is discussed further under Chapters 3 and 4 below.

References

1. https://ec.europa.eu/info/sites/default/files/economy-finance/eb061_en.pdf

2. "Housing and Poverty 2022', SJI 2022: https://www.socialjustice.ie/system/files/file-uploads/2022-01/housing-and-poverty-final_1.pdf

3. https://www.irishtimes.com/culture/art-and-design/visual-art/can-the-15-minute-city-concept-of-urban-living-become-a-reality-for-irish-cities-1.4762126

4. See footnote 2.

2 Rate each issue below in terms of strategic importance to the taxation and welfare system over the next 10-15 years (1 being least important and 5 being most important):

importance options - Achieving good public health outcomes for our people:
5

importance options - Addressing the climate crisis:
5

importance options - Adequate social transfers and benefits:
5

importance options - Growing employment:
3

importance options - Sustainability of public finances:
3

importance options - Sustained economic growth:
1

3 Given approaching demographic pressures and future uncertainties, future funding of public services is a critical issue. In order to meet these challenges, what is the appropriate balance between the taxation of a) earned income, b) consumption e.g. VAT and c) wealth e.g. capital acquisitions tax?

Please outline your views::

As stated above, taxation should seek to encourage activities that add value to the economy, such as employment and property improvement, and penalise rent-seeking activities that make use of collectively-owned common pool resources. It should also aim to reduce overall income and wealth inequality and to discourage environmental damage.

Chapter 3 - Promoting Employment

1 What reforms to the taxation and welfare system should be considered to ensure that taxation and welfare work in tandem to support economic activity and promote employment while also supporting those most vulnerable in an equitable way?

Please outline what reforms should be considered::

As this question implies, welfare policy around the world - including in Ireland - tends to operate on the assumption that supports are necessary for the most vulnerable, but these need to be tapered off for those who are capable of work in order to ensure that there will be sufficient aggregate economic activity to keep the system funded[1].

In other words, it is often assumed that those who are considered to be able to work need to be strongly nudged - indeed coerced - into participating actively in the economy. There is a perceived risk that without this pressure to work, too many of them will choose instead to simply 'freeload' off the State (and the taxpayer), which would undermine the whole system.

However, a substantial body of empirical evidence from the past few decades[2] indicates that, if people are given the option to undertake economic activity whilst continuing to receive benefits, the risk of their choosing to remain 'passive' and live solely off the benefits is minimal and does not pose any problem to the functioning of the overall economy[2]).

Conversely, the welfare system as it currently stands does in fact undermine economic activity in several serious ways. It creates significant obstacles for those who wish to work but would lose their benefits if they do so[3]; it increases the stress level of already-stressed vulnerable people by forcing them to deal with onerous paperwork in an inherently humiliating means-testing process[4], thereby adversely affecting their overall health and ability to contribute; and it stigmatises people who are considered over-dependent. The latter issue has repercussions both in the way job-seekers are viewed by potential employers, and for their own confidence and, therefore, their ability to undertake economic activity.

Additionally, as mentioned under the 'general questions' heading above, the current system undermines public health - and thus, indirectly, economic

activity - by making it economically challenging, or indeed impossible, for people who have been exposed to contagious diseases and who are dependent on pay from work outside the home to self-isolate.

For these reasons - along with a host of others, including environmental ones which are discussed under Chapter 4 below - we strongly urge the State to introduce a Universal Basic Income (UBI) for all its residents.

However - to be clear - we are not arguing that UBI should be the sole welfare support provided. We also believe that certain social goods need to be directly supplied by the State, in parallel to a UBI, rather than left to the vagaries of the market. These could be placed under the umbrella of a 'social wage' or "Universal Basic Services', and should include healthcare, education, childcare, adult care, legal services and public transport.

We refer the Commission to the research carried out by Social Justice Ireland on the funding of a UBI[5].

Concerns are sometimes raised that a UBI could have adverse environmental effects by encouraging harmful forms of consumption. The cap-based, supply-end system for phasing out undesirable resource use which we describe in Chapter 4 would address this.

Finally: we believe it is also important to reflect critically on the reasons for promoting paid employment, rather than assuming that employment (of any kind) should always and everywhere be promoted - or even maximised - as appears to be the case both in the title of this chapter and in the question.

We would argue that far greater emphasis needs to be placed on encouraging meaningful activities than on a simplistic vaunting of 'employment creation' which could include poorly-paid, environmentally destructive and socially questionable work. Moreover, there are increasing calls for reductions in the amount of time devoted to paid work, with many arguing in favour of introducing a four-day working week, for both social and environmental reasons[6].

References

1. This assumption dates at least as far back as the early 19th century, and is demonstrated (for example) in Jeremy Bentham's influential writing on the Poor Laws. The competing idea of universal entitlements dates to roughly the same period, or slightly earlier: https://basicincome.org/history/

2. https://www.vox.com/policy-and-politics/2017/7/20/15821560/basic-income-critiques-cost-work-negative-income-tax The findings from the studies described in this article are also backed up by more recent research from Finland: https://www.newscientist.com/article/2242937-universal-basic-income-seems-to-improve-employment-and-well-being/

3. For a vivid (and for this author, moving) example of the perverse effects on economic activity of conditional welfare benefits, see minutes 33 to 35 of this video: https://www.youtube.com/watch?v=J8juKqeelgE

4. https://www.healthaffairs.org/do/10.1377/hpb20200904.405159/full/

5. https://www.socialjustice.ie/content/policy-issues/post-covid-19-basic-income-how-its-paid-and-how-get-there

6. The Case For a Four-Day Week, Coote et al, Polity, 2021

2 Does Ireland's taxation and welfare system strike the right balance between maintaining the incentive to increase earnings and alleviating some of the risks of low income (poverty and deprivation)?

Not Answered

Please explain your view::

This question is oddly phrased, and so we find it impossible to provide a yes or no answer.

The question appears to imply that there is an inherent trade-off or 'balance' between encouraging people to contribute to the economy, keeping it productive and vibrant (assuming that is the intention behind 'maintaining the incentive to increase earnings'[1]), and 'alleviating some of the risks of low income'.

Yet, as argued above, we do not believe that any such trade-off exists. Rather, we believe that a combination of a robust social wage (Universal Basic Services) and a Universal Basic Income would create a positive dynamic whereby people would simultaneously be supported by the State and incentivised to contribute meaningfully to the economy. Please see our answer to question 1 of this section for further discussion.

Footnote

1. While it is certainly the case that those who are currently below the poverty line urgently need more money (whether through increased earnings or through other sources), this does not imply that overall economic prosperity depends on everyone - or even only that section of the population - striving to increase their earnings. Indeed, many are now arguing that wealthy countries such as Ireland should be focussing on achieving an equitable economy - and helping to ensure that countries elsewhere, particularly in the Global South, can also achieve equitable economies - rather than continually trying to expand their own already-substantial aggregate wealth. See for example The Economics of Arrival by Katherine Trebeck and Jeremy Williams (Bristol University Press, 2019), and the research of the Wellbeing Economy Alliance: https://weall.org/resources#resources

3 Are income supports equitable in terms of how they treat people of working age?

Not Answered

How is this balanced with the requirement to meet differing needs?:

4 What changes to the social insurance system should be considered to ensure sustainability into the medium to longer term? (Please note the recommendations of the Pensions Commission and NESC Report 151 on the future of the Irish social welfare system)

Please specify changes to be considered?:

As implied in our responses above, we believe that the Irish system should evolve in the direction of universal payments.

Chapter 4 - Climate

1 As Ireland moves to a low carbon economy, what should be the role of the taxation and welfare system in:

a) taking advantage of opportunities? :

Firstly, we wish to emphasise that the green transition will not only require decarbonisation - vital though that is - but will also require a wide-ranging restoration of biodiversity, the nurturing of healthy habitats, and preventing the breaching of the other planetary boundaries[1].

The transition to a decarbonised, green economy, if well-managed, could generate many positive ripple effects which would bring about a substantial increase in overall societal wellbeing. Here are a few examples:

• a reduction in fossil fuel combustion will improve air quality, which will significantly reduce healthcare costs. Approximately one in five deaths worldwide are currently attributed to fossil fuel air pollution[2]

• an increase in active travel (walking and cycling) will also reduce healthcare costs, partly because of the aforementioned improvements to air quality, but also because of increased physical fitness and resilience, along with a decrease in serious road accidents. It will also improve community liveability and overall quality of life by easing traffic congestion and making the streets safer for children[3]

• Improved biodiversity and (related) increased access to green spaces will have strongly positive effects on mental and physical health[4]

• Energy retrofitting of houses will make them more comfortable, improving overall quality of life, and will reduce health problems associated with poor living conditions

• '15-minute city' urban development will create more liveable and convivial community spaces, with easier access to goods and services [5]

• we share the Environmental Pillar's view that environmental taxation can play a highly positive role in stimulating the development of the circular economy. We would endorse the Pillar's specific recommended policies concerning the circular economy, which include: levying the 'plastics own resource' tax on producers; taxing 'virgin plastic', introducing a levy on aggregates used in the construction industry' providing VAT relief for refurbished and repaired items; increasing the landfill tax rate and introducing a levy on the incineration and exports of reusable and recyclable waste.

• a greater emphasis on locally-grown, fresh food will lead to a revitalisation of rural areas and a rediversification of rural agriculture, as well as improvements in public health arising from improvements in diet. Within urban areas, localised food systems have also been shown to yield notable social benefits[6]

• if our recommendation to introduce a UBI along with a social wage described in Chapter 3 of this submission is adopted, it is likely to unleash an enormously valuable flood of innovation and creativity relating to the energy transition, which will have significant benefits for society as a whole. As Basic Income Ireland stated in a 2019 paper on the Just Transition, 'many members of society are passionate about making the necessary changes and are involved in projects and enterprises aimed at food security, community energy, habitat restoration, waste elimination, improved mental health and wellbeing, among other goals. Many such projects are currently precarious because the market does not reward them at present, and those involved in them are either doing the work without pay, or trying to make an income but struggling. Yet these and other enterprises will be central in a future economy that is much more localised, with shorter supply chains and less reliance on transportation.'[7] Giving such enterprises a boost via the UBI would have a highly stimulating effect on local economies. Furthermore, a UBI would help to enable the arts to thrive. The arts are vital both to overall societal wellbeing[8] and to the generation of the kinds of fresh and creative ideas that will be needed in the coming decades to bring about the energy transition[9].

• if our recommendation to recycle the revenue generated by carbon fees in a way which benefits the Global South (described below) is followed, this would help to reorient the global economy in a fairer and more resilient direction. If such a programme was carried out at scale it is highly likely that geopolitical tensions would be reduced, thereby easing the conditions that compel people to flee their homelands and creating opportunities for increasingly rich and meaningful intercultural connections and exchanges[10].

References

1. 'Does consumption in the Republic of Ireland respect Planetary Boundaries?', Paul Goldrick-Kelly, NERI 2021: https://nerinstitute.net/sites/default/files/research/2021/Does%20consumption%20in%20the%20Republic%20of%20Ireland%20respect%20planetary%20boundari

2. 'Fossil fuels air pollution https://basicincome.ie/entrepreneurs/ one in five people', Clara Chaisson, NRDC, February 19 2021: https://www.nrdc.org/stories/fossil-fuel-air-pollution-kills-one-five-people

3. 'Public health benefits of strategies to reduce greenhouse-gas emissions: urban land transport', Woodcock et al, Lancet 2009:

https://pubmed.ncbi.nlm.nih.gov/19942277/

4. 'Research 348: Nature and Environment to Attain and Restore Health (NEAR Health)', Carlin et al, EPA (Ireland), 2020: https://www.epa.ie/publications/research/environment--health/research-348-nature-and-environment-to-attain-and-restore-health-near-health.php

5. See https://www.15minutecity.com

6. 'More Than Food: The Social Benefits of Localized Urban Food Systems', Diekmann et al, Frontiers in Sustainable Food Systems: https://www.frontiersin.org/articles/10.3389/fsufs.2020.534219/full

7. 'Basic Income: A Necessary Policy for a Just Transition' Basic Income Ireland, 2019: https://basicincome.ie/wp-content/uploads/2021/09/Basic-Income-Ireland-Public-Consultation-for-Climate-Action.pdf

8. 'Creative Health: The Arts for Health and Wellbeing', All-Party Parliamentary Group on Arts Health and Wellbeing (UK), 2017: https://www.artshealthresources.org.uk/docs/creative-health-the-arts-for-health-and-wellbeing/

9. Indeed, the close relationship between successful innovation in STEM fields and active involvement in the arts is quite striking: one study found that 'Nobel laureates in the sciences are seventeen times likelier than the average scientist to be a painter, twelve times as likely to be a poet, and four times as likely to be a musician": https://blogs.scientificamerican.com/guest-blog/from-stem-to-steam-science-and-the-arts-go-hand-in-hand/

10. Our proposal for establishing a globally-focussed system to cap carbon and share the revenue from fossil fuel production and import fees is described on the CapGlobalCarbon website: http://www.capglobalcarbon.org

b) mitigating the risks? :

Please see section (c) below, including the footnotes.

c) in meeting Ireland's emissions targets?:

Feasta climate group members recognise the positive intent behind the current carbon-tax-focussed approach to lowering emissions in Ireland. However, we are very concerned Feasta climate group members recognise the positive intent behind the current carbon-tax-focussed approach to lowering emissions in Ireland.

However, we believe that a cap on the fossil fuel supply is needed in order for a carbon tax/price/fee to be effective.

To be clear, we do believe that pricing has an important role in decarbonisation, as we will explain further down. But we would argue that a price without a cap could simply move money around without actually reducing aggregate emissions. Therefore, a carbon taxation program should include a cap on overall emissions, which may be implemented through a limit on fossil fuel extraction and importation. We are pleased to note that Ireland has already committed to do something like this through its involvement in the Beyond Oil and Gas Alliance.

To quote a 2019 Feasta submission to the Irish government on carbon tax allocation[1]:
'"The ultimate goal of any carbon pricing scheme is to help to reduce, and eventually eliminate, greenhouse case emissions. Yet, as a recent literature review by UCD environmental policy students puts it, "there is a lack of information on the correlation between…carbon pricing and its effect on emission reduction"[2].

"Troublingly, such research as has been carried out indicates that a slump in the overall fossil fuel price can spur an increase in emissions even where there is a relatively high carbon tax; this occurred in British Columbia in recent years[3]. One can attempt to offset the effects of a slump in fossil fuel price by increasing the carbon fee level, but this requires a certain amount of guesswork as to what level of price increase is likely to trigger the 'correct' emissions reduction, and would necessarily be reactive."

Furthermore, energy demand is relatively inelastic at present, because energy's role in the overall economy is utterly fundamental[4]. This is a major challenge in the green transition and should not be underestimated, particularly since the renewable energy supply is quite different in nature from the fossil-fuel-based energy supply and, crucially, will probably never be able to match the latter's scale[5].

This means that, while a sufficiently sharp carbon price increase might impact the fossil fuel consumption of many individuals and businesses, there is no guarantee that it would have the desired aggregate effect on emissions reduction. It would not prevent the 'Jevons paradox' from arising, whereby emissions that are saved in one sector are simply generated elsewhere instead. To take one example, even a very high carbon price would be unlikely to significantly diminish the extremely voluminous greenhouse gas footprint of wealthy climate skeptics, for whom money is little or no object. It should not be forgotten that over half of cumulative carbon emissions of greenhouse gases were generated by the wealthiest 10% of the global population between 1995 and 2015 [6].

Returning to Feasta's 2019 submission:

"Given the degree of risk we are facing with regard to the climate and the relatively short time-frame which we have in which to act - and the noticeable failure of any country so far (even Sweden[7]) to actually achieve significant and lasting fossil-fuel-derived emissions reductions - we believe it important to introduce a more direct policy instrument to ensure emissions reduction, namely, imposing a hard limit on the introduction of fossil fuels to the Irish economy.

"The existing Irish carbon tax framework could be modified to address this challenge by converting the existing tax system (in which the fee is based on the quantity of fossil fuel that is being introduced into Ireland) to a fee system that is based on the sale of a limited amount of permits to fossil fuel

producers and importers. The quantity of permits available would gradually diminish from year to year. The cost of the permits could be determined by auction or by some other means if that was considered more appropriate."
As with the existing carbon tax in Ireland, the cap would be applied 'upstream', at the point of entry of fossil fuel to the economy, so as to influence all economic activity within the State and eliminate the need for extensive mapping of fossil-fuel-generated emissions at the point of consumption.

This cap on the fossil fuel supply would apply both to fossil fuel production within the State and to fossil fuel imports. With regard to the former, we welcome the fact that Ireland recently joined the Beyond Oil and Gas Alliance, which undertakes to phase out oil and gas production in its member countries in line with the Paris Agreement[8]. This is clearly a step in the right direction.

We recognise that imposing a cap on the import of fossil fuels to Ireland may be more difficult to achieve at present than capping production within Ireland, because of potential EU-based legal challenges. However, we strongly urge Irish politicians and policymakers to advocate for this cap to be introduced at the EU level (where it would be more effective in any case).

While we realise that implementing this EU-wide cap would not be within the direct remit of policymakers within the Irish taxation and welfare systems, we think it important that they endorse and support it as a holistic approach to climate action that will absolutely guarantee emissions reduction.

Climate finance is not mentioned in the Terms of Reference for this consultation call, yet it is also essential to meaningful climate action, for both ethical and practical reasons. In this vein, we also strongly recommend that the system outlined above - which could take the form of an expanded 'upstream' ETS with 100% auctioning of permits (as opposed to the current system whereby some permits are issued for free) - would include a partnership with a group of Global South countries of roughly equal total population to that of the EU[9].

Carbon pricing could play a very useful role in the energy transition if the revenues raised from permit sales, whether within the State or on the EU level, were used - in a clear way that is widely perceived as fair - to alleviate its regressive effects. We recognise that the current allocation (or 'virtual allocation', since the funds are not officially hypothecated) of the newest tranche of carbon tax revenue in Ireland is intended, at least in part, to limit regressive effects, by helping to reduce fuel poverty. However, we believe it is unfortunate that (a) this distribution is means-tested and household-based rather than allocated per-capita, (b) it is only a part of the total carbon tax intake, (c) there is resistance to the idea that it should be 'officially' hypothecated and (d) relatively little consideration appears to given to climate finance and the position of the Global South. We will explain our reservations briefly below.

Firstly, we are not confident that the effects of the carbon price allocation for fuel poverty relief will send a clear enough signal throughout the economy to maintain confidence and trust in the system once the carbon price rise increases significantly. Rather, it risks being 'buried' in an already-existing welfare allocation that, moreover, is not universally applied. We acknowledge that this is, at least in part, a matter of perception - but perceptions matter, as the Yellow Vest movement in France showed. Mike Sandler of Feasta's climate group has commented that 'the visibility of the price signal and the resulting psychology are perhaps just as important as the [money involved]'[10]

This visibility issue is also one reason why some groups have advocated a 'cheque in the post' system for revenue allocations, despite its relative inefficiency in purely economic terms. A narrow focus on efficiency, while understandable, may blind policymakers to other dynamics which are equally important to achieving economic change. We are are not dogmatically attached to the idea of cheques in the post - there are, no doubt, other ways in which the allocations could be made equally visible - but we believe this issue of perception should not be ignored.

Another perception-related issue is the stigma on welfare payment recipients which was described in Chapter 3 of this submission. This is certainly not confined to recipients of carbon-tax-derived benefits, but they may prove particularly vulnerable to it; one can imagine a scenario where the carbon price is high, many people have difficulty in filling their petrol tanks, and there is a perception of favouritism being shown towards a particular group. (Again, to be clear, this has to do with perceptions of fairness, and not necessarily the reality with regard to which specific groups are better or worse off financially.)

An ESRI study in 2019[11] assessed the distributional effects of different forms of allocation of the revenue from a carbon tax increase to households, including (among others) lump-sum payments, and concluded that the lump-sum payments would have a similarly progressive effect to socially-targeted payments, but would be more complex to administer (particularly if they took the form of cheques in the post). This was used as a rationale for rejecting lump-sum allocations. However, as with the visibility issue described above, we do not consider increased administrative complexity to be a fatal problem; it is entirely possible that any adverse effects of this kind of inefficiency would be offset by increased public acceptance and trust in the overall system, since it would be universally applied.

We also recommend that such allocations be carried out on a per-capita basis rather than a household one, since otherwise larger households will be penalised (as the ESRI report mentioned above correctly describes).

Our suggestion that carbon fee revenue allocations should be divided with one or more Global South countries[12] would obviously diminish the per-capita allocations in Ireland, but we do not see this as an obstacle to its acceptance, for the same reasons as are mentioned above, relating to perceptions of fundamental fairness. Moreover, significant positive dynamics would be generated by such a system. It would help Global South countries to leapfrog the 'dirty' industrialisation of the Global North and to undertake and support locally-initiated initiatives within their own regions. Apart from being beneficial in itself, this would also contribute to a more balanced and resilient global economy, where trade would be mutually beneficial rather than - as too often at present - reinforcing inequality. So it would ultimately improve the quality of life of everyone on the planet.

This ties in with our final point on carbon revenue allocation, which is that the argument against hypothesising carbon tax (or fee) revenue does not taken into account the fact that the atmosphere is a collectively-owned common pool resource which actually 'belongs' to everyone in the world. The revenue that is generated from the use of the atmosphere as a resource is therefore, in our view, an entitlement that should be seen as a universal birthright. A per-capita distribution of revenue from a carbon fee, on a basis that could eventually be scaled to a global level, would reflect the fact that we are co-trustees of the atmosphere.

We hope that these issues concerning the carbon taxation and emissions reduction will be taken into account by the Committee, and will be seriously

debated when the 2023 Budget is being prepared.

References and footnotes

1. 'Submission on the options for the use of revenues raised from increases in the carbon tax in Ireland', Feasta, 2019: https://www.feasta.org/2019/06/29/submission-on-the-options-for-the-use-of-revenues-raised-from-increases-in-carbon-tax-in-ireland/
2. "Review: Developing a just carbon tax for Ireland", ed. Dr. Cara Augustenborg , UCD, March 2019, p19

3. https://www.nytimes.com/2016/03/02/business/does-a-carbon-tax-work-ask-british-columbia.html Note the reference, about halfway through the article, to the effects of the oil price slump. Emissions in British Columbia have been trending upwards, albeit at a modest rate, since 2010: https://www.theglobeandmail.com/canada/british-columbia/article-bcs-emissions-rising-figures-show-as-activists-point-finger-at/

4. Some argue, indeed, that the slowdown in global per capita economic growth over the past four decades ('secular stagnation') has at least partially been triggered by changes to the energy supply, in particular the increasing difficulty of securing a steady supply of high-quality oil. See for example 'Secular stagnation and energy; the rise and fall of economic growth" by Michel LePetit, http://francestrategie1727.fr/wp-content/uploads/2016/04/secular-stagnation-and-energy-france- strategie-2017-2017.pdf', 'Will EROI be the Primary Determinant of Our Economic Future? The View of the Natural Scientist versus the Economist' by Charles Hall, Joule, September 2017: https://www.sciencedirect.com/ science/article/pii/S2542435117300831 and the 'Surplus Energy Economics' website of Tim Morgan: https:// surplusenergyeconomics.wordpress.com

5. The supply of wind and solar energy is intermittent by nature, and renewable energy storage (despite widespread claims to the contrary) remains a serious issue - particularly on a seasonal basis - and is highly dependent on the availability of the minerals that are used in battery manufacture. The International Energy Agency estimates that in order to achieve net zero emissions by 2050, the supply of such minerals will need to increase six-fold - yet many of them are already scarce and prices for them are rising. The renewable energy transition - while urgently needed - also poses specific challenges in terms of the cost of renewable energy and its continued dependency on fossil fuels for the construction and installation of its infrastructure. While renewable energy is becoming cheaper, its limited energy return on investment means that it is unlikely to ever be as cheaply available as oil was in the latter's 'golden age', from roughly 1920 to 1970. For references on these points, please consult Feasta's submission to the Department of Finance on the Draft National Risk Assessment for 2021-22: https://www.feasta.org/2021/09/14/submission-on-the-draft-national-risk-assessment-plan-for-ireland/

Some Feasta climate group members believe that in the current circumstances there is a real danger that a sharp increase in the price of fossil fuels - even when signalled in advance and even when introduced in tandem with socially protective measures - could trigger an economic collapse, because of its effects on transport and supply chains. They therefore strongly recommend the State to prepare a contingency plan that would, if necessary, provide energy rationing during the transition, in order to ensure that energy access remains possible for everyone regardless of its price, and to keep supply chains functioning sufficiently to meet subsistence needs.

6. 'Towards a wellbeing economy that serves people and nature', EEB and Oxfam Germany, 2021: https://eeb.org/library/towards-a-wellbeing-economy-that-serves-people-and-nature/

7. While Sweden's carbon tax appears to have contributed to a reduction in emissions, this seems to derive from 'low hanging fruit' in the Swedish economy and would therefore be hard both to scale up within Sweden and to replicate elsewhere, as can be discerned from a careful reading of this paper: https://www.euki.de/wp-content/uploads/2018/09/ fact-sheet-carbontax-se.pdf. Note in particular the paragraph beginning "even a high carbon tax can be ineffective at reducing emissions when abatement opportunities are very expensive," on pages 16-17. See also https://www.thelocal.se/20190227/swedens-road-traffic-emissions-increased-in-2018-after-years-of-steady-decline

8. https://beyondoilandgasalliance.com

9. see 'Balancing with a Doughnut: Feasta position paper on the revision of the European Commission's Energy Taxation Directive', 2021: https://www.feasta.org/2020/10/15/balancing-with-a-doughnut-feasta-position-paper-on-the-revision-of-the-european-commissions-energy-taxation-directive/ and 'Feasta position paper on the EU's Carbon Border Adjustment Mechanism', 2021: https://www.feasta.org/2020/10/29/position-paper-on-the-eus-carbon-border-adjustment-mechanism/ This systemic approach, described at http://www.capglobalcarbon.org, would create an easily-scaled-up framework for an eventual global cap on fossil fuel production: http://www.capglobalcarbon.org The fees generated by the permit sales - if distributed per-capita, as we propose further down in the main text - could also contribute significantly to climate finance, while ensuring (via the cap) that the funds are used in 'green' ways.
The cap on the fossil fuel supply could be enforced via a permit system, with permits sold at auction to fossil fuel companies, and the money raised from the sale of these permits could replace any existing carbon tax in Ireland, the other EU member states and the Global South countries that are members. In other words, there would still be carbon pricing, but the heavy lifting of ensuring that emissions were actually reduced by the required amount would be carried out by the cap.

10. 'The Birth of Carbon Pricing and Delivering California's First 'Climate Dividend', Mike Sandler, Huffington Post, 2012: :https://www.huffpost.com/entry/california-carbon-pricing_b_2205089

11. "Carbon taxes and compensation options', Maxime Bercholz and Barra Roantree, ESRI, 2019: https://www.esri.ie/system/files/publications/BP202001.pdf

12. Outline of a possible partnership between Ireland and a Global South country to eliminate fossil fuel consumption and promote climate justice: http://www.capglobalcarbon.org/2017/08/11/submission-to-the-citizens-assembly/

2 Are there existing taxation and welfare measures that are counter-productive to Ireland's climate change commitments?

Yes

If yes, please specify::

As mentioned above, fossil fuel subsidies are highly problematic in Ireland and need to be to phased out as quickly as possible, in line with the OECD's recommendations.[1]

Energy retrofitting of property is currently penalised in Ireland because of the tax that is levied on property improvements. This problem would be addressed by the replacement of the Local Property Tax with a Site Value Tax.

As the Environmental Pillar has also pointed out in its submission, environmentally harmful aviation is currently being encouraged by preferential tax treatment. We recommend that Ireland support the EU proposals on an EU level tax on aviation.

On a broader level, the inefficiencies in the welfare system that are caused by the severe lack of social housing and the unnecessary obstacles to economic activity that welfare recipients currently face are also acting as a drag on the ability of the overall economy to adapt effectively to the green transition.

Reference

1. Environmental Performance of Ireland, OECD (2021): https://www.dfa.ie/media/missions/prepparis/OECD-Environmental-Performance-of-Ireland.pdf.

To what extent are these justified in the Irish context and are any reforms necessary?:

They are not justified, and need to be reformed.

3 What changes should be made to the taxation system to ensure longer term fiscal sustainability given the expected impact of the continued decarbonisation of the Irish economy, in particular the impact of reducing tax revenues from energy, carbon and motor taxes?

Please detail the changes::

We are glad to see this question included, as it touches on the core challenge of recalibrating the taxation system in order to help achieve the green transition while enabling the State to continue providing essential services.

Revenues from energy, carbon and motor taxes are significant, and as the question correctly mentions, they can be expected to diminish in the future. Moreover, environmental taxes on pollutants should not be considered as permanent or dependable sources of revenue, as the intention in many cases is to either seek to minimise the pollutant's use or to phase them out entirely. This applies to carbon tax (and also to the variant on carbon tax that we proposed in Chapter 4 of a carbon fee in combination with a hard cap on the fossil fuel supply). Any revenue generated from such taxes and fees should therefore be considered as finite.

There is potential for increasing commons-based revenue generation within the State (from sources other than the atmosphere). Increasing the rate of a Site Value Tax - assuming this tax has been introduced - and implementing an EU-wide Financial Transactions Tax are two examples of this. According to a 2016 study by NERI, the latter could potentially yield an additional €320 to €350 million per annum[1], while (as mentioned above) a study from 2011 estimated that an SVT would generate a net increase of €1 billion per year, which is likely to be a significant underestimate in the Irish economy of today.

We also recommend increased - and more effective - taxation on wealth, including the introduction of levies on luxury goods. There is also a possibility of imposing a tax on the use of automation (a 'robot tax'), which seems worth investigating.

In addition, we refer the Commission to the Environmental Pillar's response to this section of the survey, which includes recommendations on road charging and congestion charges.

It should be borne in mind, however, that not everyone agrees that the widely-held perception that social services are funded primarily by taxation revenue is accurate. Please see our response to question 3 of Chapter 1 above.

It should also be borne in mind that the overall costs of the current welfare system are not set in stone or, indeed, doomed to increase, even with an ageing population. Effective reforms that lead to improved efficiency of spending in areas such as housing and healthcare, and the introduction of a UBI along with strengthened social services would, in our opinion, be very likely to reduce aggregate welfare system costs in the medium to long term, as the need for expensive interventions such as acute emergency care or emergency accommodation that depends on market-based provision would be reduced. Moreover, the fact that more people would be able to contribute productively to the economy should also expand the tax base.

Finally, we encourage the Commission to investigate ways in which the taxation and welfare systems could better encourage community wealth building[2] in Ireland. Empirical evidence suggests that community wealth building would have a multiplier effect on local economies, keeping money circulating in communities for a longer time, building their resilience, supporting overall prosperity and thus, providing valuable long-term support - both financial and otherwise - to the welfare system.

References

1. 'Estimating the Revenue Yield from a FTT', NERI, 2016: https://www.nerinstitute.net/research/estimating-revenue-yield-ftt . See also https://www.feasta.org/2016/01/27/a-financial-transaction-tax-ftt-for-ireland/

2. https://cles.org.uk/what-is-community-wealth-building/. See also this April 2021 Feasta/EHFF podcast on community wealth building in Ireland:

https://soundcloud.com/user-589284216/community-wealth-building-boosting-agency-and-diversification

Chapter 5 - Housing

1 Taking into account previous taxation related interventions in the housing market, what role do you think the taxation and welfare systems have to play in contributing to the long-term supply of housing?

Please outline your views::

Site value taxation would help to prevent dereliction and the hoarding of vacant or under-used urban buildings. A 2015 OECD working paper states that 'a pure land tax [site value tax] increases the cost of hoarding land and provides incentives to put land to its most valuable use. Development becomes more attractive, particularly in areas where land values are high, such as around existing infrastructure. As such, a pure land tax fosters denser cities' [1].

Reference

1. 'Reforming the Tax on immovable Property: Taking Care of the Unloved', Hansjörg Blöchliger, OECD Economics Department Working Paper no, 1205, 2015:
https://doi.org/10.1787/5js30tw0n7kg-en

2 Should the taxation system have a role in supporting or promoting any specific form of housing tenure (e.g. home ownership, rental), or should it remain neutral?

No, taxation should be neutral

Please elaborate further::

3 What in your view is the role that taxation should play in housing affordability?

Please outline your views::

Housing is a basic human need, and taxation should play a strong role in helping to ensure that it is affordable.

Site value taxation would discourage speculation on property, preventing the development of housing price bubbles[2].

Reference

1.. 'Land value taxation: reconciling economic, social and ecological interests", Zoe institute Policy Brief, 2020:
https://zoe-institut.de/wp-content/uploads/2020/12/ZOE_Policy_Note_Land-Tax-Value_201207.pdf

4 Following the introduction and recent amendments to the Local Property Tax (LPT) and the commitment in Housing for All to introduce a new taxation measure to activate vacant land for residential purposes, do you consider there is a role for a Site Value Tax in Ireland?

Yes, Site Value Tax has a role

Please elaborate further::

As mentioned above, SVT would help to ease the housing supply and housing affordability crises in Ireland, and would encourage denser construction that is more conducive to achieving '15-minute cities', thus supporting the energy transition. Moreover, SVT is widely considered to be the most economically beneficial form of taxation[1].

We recommend the replacement of the LPT with a Site Value Tax, as this would end a current disincentive to retrofitting housing. Property improvements would no longer be penalised with a higher rate of tax.

Research carried out in 2012 indicated that if a 2% SVT were introduced and replaced existing property taxes, stamp duty and rates, it would generate additional revenue of approximately €1 billion per annum[2]. That figure would probably be significantly larger now.

For a detailed exploration of the background and potential for Site Value Tax in Ireland please refer to the book 'The Fair Tax' (2012, Smart Taxes, ed. Emer Ó Siochru)[3]

References

1. http://fleeingvesuvius.org/2011/06/02/why-pittsburgh-real-estate-never-crashes-the-tax-reform-that-stabilised-a-city's-economy/

2. https://smarttaxfiles.files.wordpress.com/2012/01/site-value-tax-in-ireland-identify-consulting-final-report.pdf

3. Downloadable from https://www.academia.edu/14578271/The_Fair_Tax

Chapter 6 - Supporting Economic Activity

1 How can Ireland maintain a clear, competitive, sustainable, and stable taxation policy with regard to its attractiveness to Foreign Direct Investment (FDI) in light of the rapidly changing global environment?

Please outline your views::

It is important to take a global perspective on FDI, and that this should form part of a clear vision of what we ultimately want from the economy.

The question uses the adjectives 'clear, competitive, sustainable, and stable', but not the word 'fair'. In the long term, however, perceived fairness is likely to play an increasingly central role in achieving those other goals.

Ireland's low corporate tax rates are often cited as a reason for its high levels of FDI. It is useful to view this in a broader context. In 2018, African countries - which were badly in need of funds - raised 19 percent of their overall revenue from corporate tax[1], compared to just 10 percent for OECD nations.

We understand that there is considerable concern in Ireland about a potential loss of fiscal revenue and employment that could be triggered by the current planned increase in corporate tax rates - let alone a higher increase - and by changes in the way that corporate taxes are administered. However, it should not be forgotten that (a) Ireland is, at present, a relatively wealthy country in aggregate terms and (b) a 15% corporate tax rate is actually quite low compared to the current global average. There are strong concerns in Global South countries that the current internationally-agreed 15% rate will undermine their own tax takes; indeed, a UN panel has recently called for a 25-30% tax on corporate profits[2].

This is an ongoing issue which - despite media claims to the contrary - has yet to be properly resolved. There probably is no immediate 'silver bullet' for it, but a general recalibration of the rules concerning global trade (within international bodies such as the WTO) so as to better take into account the needs of the Global South, along with a more transparent and equal negotiating process[3], seem vital - along with the emphasis on vision that is mentioned above.

To reiterate: we need to ask ourselves, in which direction should the global economy be going?

References

1. 'Corporate tax statistics'. OECD: https://www.oecd.org/tax/tax-policy/corporate-tax-statistics-third-edition.pdf

2. 'OECD tax deal is a mockery of fairness: Oxfam', October 2021: https://www.oxfam.org/en/press-releases/oecd-tax-deal-mockery-fairness-oxfam

3. Commentators from the Global South have questioned the prominent position which has been granted to the OECD in global corporate tax negotiations, given the fact that the OECD primarily represents wealthy nations. They point out, moreover, that such negotiations have been taking place behind closed doors, with little or no opportunity for civil society input. One proposed improvement would be for the UN to be given the remit to conduct future negotiations on global taxation, as it currently does on climate (a process which, although flawed, does enable some civil society input, and which brings together representatives from many countries on a footing which, officially at least, is equal). See this podcast interview with the Executive Coordinator at the Global Alliance for Tax Justice, Dereje Alemayehu:
https://tortoiseshack.ie/632-tortoise-shack-exclusive-executive-coordinator-for-the-global-alliance-for-tax-justice-dr-dereje-alemayehu/

2 How can the taxation environment support indigenous enterprise, particularly small and medium sized enterprises (SMEs) to be productive, to innovate and be competitive internationally?

Please specify::

As mentioned above, we recommend taxation measures that would encourage Community Wealth Building. This would have a multiplier effect, keeping money circulating in communities for a longer period and enabling more local enterprises to take root and flourish[1].

We believe a Universal Basic Income, in combination with strengthened social services, would also be a signifiant support to indigenous enterprise[2], encouraging innovation in many sectors, including STEM research. Please refer to our response concerning UBI to question (c) of Chapter 4 (climate) above for more detail.

References

1. See https://cles.org.uk/what-is-community-wealth-building/. See also this April 2021 Feasta/EHFF podcast on community wealth building in Ireland: https://soundcloud.com/user-589284216/community-wealth-building-boosting-agency-and-diversification

2. https://basicincome.ie/entrepreneurs/

3 With regard to starting, scaling or growing a business in Ireland:

a) what features of the current taxation system work well?:

b) what features do not work well and how can these be improved?:

Chapter 7 - Tax Expenditures

1 How do you think the process of reviewing taxation measures and taxation expenditures is currently functioning?

Please outline your views::

The formation of the Commission is a welcome step forward, and we also welcome this consultation process. We hope that there will be further opportunities to feed into the taxation and welfare reform process as it evolves.

With regard to decisions about future tax allocation, it may be worthwhile to research participatory budgeting programmes that are currently in widespread use in many countries, particularly Latin America[1].

Footnote

1. https://www.citizenlab.co/blog/civic-engagement/participatory-budgeting/the-development-of-participatory-budgeting-in-south-america/

How well defined do you think the benchmark taxation system is in Ireland?:

2 How do you think the process of taxation expenditure review could be improved?

Please specify::

3 Please give examples of taxation expenditures that you believe run counter to public policy/are badly designed?

Please specify::

Please refer to our response to question 2 of Chapter One above.

Please explain your rationale? :

4 Please provide examples of taxation expenditures that you believe work well, either in Ireland or internationally?

Please specify::

Please refer to our responses to question 1 of Chapter One above.

Chapter 8 - Public Health

1 How well do the taxation and welfare systems support good public health outcomes, addressing health challenges including but not limited to those caused by or related to tobacco and alcohol use, obesity, poverty and/or environmental issues?

Please outline your views::

How well do the taxation and welfare systems support good public health outcomes, addressing health challenges including but not limited to those caused by or related to tobacco and alcohol use, obesity, poverty and/or environmental issues?
Please outline your views:

It is noteworthy that there is a strong link between stress - including financial stress - and addictive behaviour, including alcohol and tobacco use and overeating. (Indeed, stress can also be linked to at least some of the environmental damage that is caused by overconsumption)[1]. If the welfare system provided more sustained and reliable financial and social support, this would have an alleviating effect on societal stress levels, and therefore would help to improve public health outcomes.

As mentioned above, the current system also does not provide sufficient financial support for many people to be able to self-isolate if they are a potential carrier of a contagious disease, and this could pose significant problems during future pandemics.

1. 'Is over-consumption hard-wired into our genes?', Caroline Whyte, 2011:
https://www.feasta.org/2011/07/16/is-over-consumption-hard-wired-into-our-genes/

2 What changes would you like to see to better promote the goal of good public health?

Please specify::

We believe a more robust 'floor' of welfare support - including a UBI and strengthened social services - would help to promote the goal of good public health..

Chapter 9 - Administration

1 How can modernisation of the taxation and/or welfare administrations evolve to best meet customer needs in a satisfactory manner while respecting data rights and ensuring secure and reliable tax collection?

Please outline your views::

What do you see as the implications of modernisation for taxpayers either positive or negative?:

2 What improvements in service quality and delivery could be achieved by integrating (elements of) the taxation and welfare administrations?

Please specify::

Are there any risks arising from such integration? :

Chapter 10 - Submit Your Ideas

1 Taking into account the Terms of Reference, submit any other thoughts, ideas or feedback on taxation and welfare in Ireland:

Please outline your views::

This discussion on taxation and welfare in 2022 is happening in the context of an existential environmental emergency that includes climate disruption, widespread biodiversity loss and the dangerous breaching of other planetary boundaries, and that imposes constraints on the supply of readily-available energy and other resources[1].

Aggregate GDP expansion is likely to be affected, as there is widespread empirical evidence that an absolute decoupling of aggregate GDP growth from environmental degradation is unlikely to be achievable at the scale and pace that are necessary to avoid the extremely dangerous effects mentioned above[2].

Within Ireland, a 2022 NERI report states that 'absolute decoupling – which is required if economic growth is to be consistent with environmental sustainability – has been rare and insufficiently maintained where it has occurred'[3].

This presents a clear challenge for governments around the world. The European Environmental Agency has summed up their dilemma:

'Employment levels and tax revenues are…closely linked to growth in GDP. If GDP is shrinking, it would therefore be highly disruptive and have major implications for the financing of the welfare state, public health and education, and social justice. It could also make it very hard to finance public debt or the investments needed to achieve sustainability transitions.'[4]

Fortunately, unlike environmental limits, the connection between economic expansion and overall societal wellbeing is not based on fundamental laws of nature. A rapidly-growing group of research institutes and other organisations in Europe and elsewhere are investigating ways in which the taxation and welfare systems could best be enabled to deliver their outcomes in circumstances where aggregate GDP expansion may no longer be possible[5].

Achieving a 'growth-agnostic'[6] (or post-growth) economy will require imagination, a willingness to question often-entrenched assumptions about the nature of economic progress, a focus on the core needs of stakeholders that can sometimes be hidden behind superficially irreconcilable demands, and a broad historical awareness and sensitivity to the causes of economic and social instability.

It is important to note that a shift in policy focus away from expansionism and towards well-being as a goal need not - and indeed, should not - be undertaken purely as a reactive, defensive measure. If well-managed, it could actually deliver a more effective economy for all of us.

The same EEA report that is quoted above also states, further down, that 'for the EU, creating an economy that is less reliant on growth would contribute concretely to its overall goals of increasing the well-being and the resilience of our economies and societies, as set out in the EGD [European Green Deal].'[7] Obviously this applies on the individual Member State level as well.

We have made all of the suggestions above in this constructive spirit.

References

1. Please refer to footnotes 4 and 5 in our response to question 3 of the 'climate' section of the survey (Chapter Four).

2. See for example 'Growth without economic growth', EEA, 2021 https://www.eea.europa.eu/publications/growth-without-economic-growth and 'Decoupling Debunked', EEB, 2019 https://eeb.org/library/decoupling-debunked/

3. 'The Irish economy and the environment: an assessment of its impact and the extent of decoupling', Paul Goldrick-Kelly, NERI 2022.

4. 'Reflecting on green growth: creating a resilient economy within environmental limits', EEA, 2021:
https://www.eea.europa.eu/publications/reflecting-on-green-growth, p5
See also 'Aggregate green growth is a mirage: we need to take a more scientific approach to societal well-being', Caroline Whyte, 2021:
https://www.feasta.org/2020/11/12/aggregate-green-growth-is-a-mirage-we-need-to-take-a-more-scientific-approach-to-societal-wellbeing/

5. Research in this field includes:

• The work of the (global) Wellbeing Economy Alliance (WEAll): https://weall.org/resources#resources WEAll's goal is 'to transform the economic system into one that delivers social justice on a healthy planet'.

• The work of the Zoe Institute on Policy Pathways towards 1.5 Degree Lifestyles:
https://zoe-institut.de/en/publication/publication-series-policy-pathways-towards-1-5-degree-lifestyles/

•"The UK's Path to a Doughnut-Shaped Recovery', Stratford B. And O'Neill DW, University of Leeds, UK:

https://goodlife.leeds.ac.uk/doughnut-shaped-recovery

• The work of the European Environmental Bureau's Economic Transition working group, including 'Towards a wellbeing economy that serves people and nature," EEB and Oxfam Germany, 2021: "https://eeb.org/library/towards-a-wellbeing-economy-that-serves-people-and-nature/"

• The work of the Swiss Academic Society for Environmental Research and Ecology: https://saguf.ch/en

• Feasta's work in these areas, including its Beyond GDP project: https://www.feasta.org/beyond-gdp-new-approaches-to-measuring-well-being/ and the Feasta climate group's 2012 book 'Sharing for Survival': http://www.sharingforsurvival.org. Feasta has also recently partnered with Social Justice Ireland, Cultivate, the European Health Futures Forum and QUB School of Law to form a Wellbeing Economy Hub for the island of Ireland, as part of WEAll (described above). Further information on the Hub, and our mailing list subscription link, can be found at http://www.weall.org/ireland .

• Doughnut Economics by Kate Raworth, 2017, Random House

• The Economics of Arrival: Ideas for a Grown-Up Economy by Katherine Trebeck and Jeremy Williams, Bristol University press, 2019

• The work of Peter Barnes, including his most recent book Ours: The Case for Universal Property: https://peter-barnes.org

• Common Wealth Dividends: History and Theory by Brent Ranalli, Palgrave 2021

• For an in-depth exploration of the historical causes of economic instability please refer to the work of Professor Michael Hudson. This short interview provides a useful window on his perspective: https://www.cadtm.org/When-Debts-Become-Unpayable-They-Should-Be-Forgiven'.

6. As described by ecological economist Kate Raworth: 'Day of the Doughnut', Resurgence: https://www.resurgence.org/magazine/article4938-day-of-the-doughnut.html

7. 'Reflecting on green growth: creating a resilient economy within environmental limits', EEA, 2021: https://www.eea.europa.eu/publications/reflecting-on-green-growth, p.6