

WE NEED HIGHER STANDARDS OF LEADERSHIP AND OF GOVERNANCE

It is a pleasure to be here again in Glenties to mark the 30th anniversary of the MacGill Summer School and Arts Week, whose continuity and growing prestige over the past three decades is a tribute to its director Dr. Joe Mulholland and to his colleagues on the organising committee. My theme is that: 'We need higher standards of leadership and of governance'.

What we tolerate we risk becoming

Let me begin with the 'we'. It is said that electorates get the governments that they deserve. Subject to post election negotiations over the past two decades, they certainly got the governments that they voted for. If we truly want higher standards then we the people, the citizens of this Republic, must demand and vote for them. We cannot absolve ourselves of all responsibility for the state we are in. Our political attitude has long tolerated a 'cute whore', 'nod and wink', 'look-the-other-way' and 'get- away- with- it- if- you- can' culture. In our national DNA our accountability gene has not been among our most developed. This state of affairs has been tolerated, at times even supported by the electorate. What we tolerate we risk becoming.

Mutually interdependent cronyism – the spare part elite

The naturally dense networks of family and community that bind us together in our small society have been accentuated by a whole political and business ecosystem of mutually interdependent cronyism. Ours is not just a case of crony capitalism. Some names turn up so often in so many places that they represent a kind of Irish spare part elite slotted in by one another nominally to exercise control and surveillance over one another. This is a recipe for less than arduous transparency and accountability. This has helped to wreck our country.

Apathy is not a solution

All systems are grounded in culture and values. Our current crisis of leadership and governance is no less a crisis of values. It has been correctly observed that anger is not a policy. Equally it should be stressed that apathy is not a solution. There is much to be angry about. The Irish people have been let down on many fronts.

The Catholic Church

The recent controversy over the failure to report Father Brendan Smyth to the civil authorities for child abuse in the 1970s is but one of an endemic litany of such church failures. He subsequently went on to abuse other children some of whom were reported later to have committed suicide. Challenged on his role in this culture of secrecy, the Catholic Cardinal in Armagh has concluded that he should continue his ministry, noting that he is a 'wounded healer'. The Cardinal is fully entitled to make his own judgement as are others entitled to draw their own conclusions.

NAMA and bank recapitalisation - the bitter harvest

Business and banking cronyism based on weak governance, poorly informed judgement and in some cases bad ethics or even criminal behaviour have yielded an expensive and bitter harvest. NAMA is reaping this harvest in the name of the state and therefore of its citizens. The total cost of asset acquisition remains to be seen and the eventual net outcome economically is as conjectural as it is contested. What is clear is that NAMA will be managing one of the largest and most dubious property portfolios in the world, whose asset value on acquisition is greater than the combined market value of the top twenty enterprises quoted on the Irish stock exchange. To this must be added the ever increasing bailout and recapitalisation costs of our banks. (Anglo Irish Bank, the Irish Nationwide Building Society, Irish Life and Permanent, the EBS, AIB and the Bank of Ireland) Those who served as senior managers or as board members in this man-made national catastrophe ought not to be among the wounded healers charged to lead us towards a new dawn.

Crisis mostly home grown - the direct result of poor public policy

Seeking comfort in the explanation that our economic ills are the fault of the sub-prime crisis and the collapse of Lehman Brothers in the USA is wide of the mark. In the Eurozone we were first to enter recession. Ours was the fastest, deepest and longest lasting decline in national output. Other small open Eurozone economies such as Austria, Belgium, the Netherlands and Finland had no immunity from the global downturn yet comparatively they fared much better. Our home grown contribution to our problems and its associated social

and economic costs has been immense. Its brutal legacy effects will last for years to come.

We have an unemployment rate significantly above the EU average, alarmingly so among our young. We have record numbers of households in negative equity, particularly among those young people who bought at peak prices. This co-exists with unprecedented numbers of vacant properties, amounting to a monumental misallocation of scarce resources. Our public finances, overly reliant on the tax take from the property bubble; have been revealed as totally unsustainable. Much of this is the direct result of poor public policy.

‘World class’ rhetoric but what outcome? – an EU peer group comparison

Our official discourse speaks of our future economic development as being smart, green and sustainable. It is replete with references to world class services and to centres of excellence. Our official record is rather different. If we truly wish to be world class we must measure our performance against a relevant target group of peers and not against average performance.

Measured against a comparable EU peer group of six other small open economies all of whose incomes per capita, like Ireland’s, are above the EU average namely, Austria, Belgium, Denmark, Finland, the Netherlands and Sweden, Ireland’s performance is rather sobering.

Loss of competitiveness - a political act of strategic illiteracy

According to the World Economic Forum’s (WEF) Global Competitive Index ours is currently the worst in class of this peer group. A decade ago we were among the best. Apart from currency fluctuations which we could not control, we blew our competitive advantage through a combination of price inflation, pay settlements rising faster than our competitors, high property costs and higher charges for electricity, waste and professional services. All of this was pointed out consistently on an annual basis by Forfás, the National Competitiveness Council. Much of what was highlighted in this year’s report is a serial repeat from earlier years. This loss of competitiveness occurred after we joined the fixed currency regime of the Euro whose imperative logic would have necessitated a more and not less rigorous surveillance of domestic costs. The loss of competitiveness in these circumstances is a political act of strategic illiteracy and folly on a grand scale.

World class analysis followed by world class inertia

Analytically this is a case of world class analysis followed politically and administratively by world class paralysis in terms of inertia, inadequate response or non- response.

ICT – Ireland more in the community games than the Olympic Games league

A WEF Global Information Technology Report places us second worst of the seven states referred to above. Our performance on ICT is below the EU 15 average, our e-government initiatives have multiplied but at a slower rate than others so we are slipping further behind. Our broadband speeds, the information highways of today's and tomorrow's world are more in the community games than the Olympic Games league. Only 2% of our schools have high speed broadband. These deficiencies are pointed out annually by Forfás.

R&D

Looking at the level of public and private investment on research and development, a frequently used proxy measure for the so-called smart economy, Ireland gets the wooden spoon in our EU peer group We invest less than half that of the best performers. Here the message appears to be getting through and finally to be understood and acted on by government. However we have a much catching up to do.

Sustainability and climate change – worst in class

On sustainability and climate change we are the highest emitters of CO2 per head, have the lowest share of renewables in our final energy consumption and are the most dependent on energy imports of our peer group. In short we are the worst in class on all measures.

What to do?

These are sobering comparisons. They point to clear leadership and governance deficiencies. We have no shortage of high quality long term thinking but we need to learn how to deliver better over a longer time horizon. We need to develop a curiosity and appetite to learn from the best practice of others and to seek to apply the lessons in terms appropriate to who we are

and what we wish to be. We need to match policy instruments to policy objectives and to benchmark performance. We need to promote a new culture of accountability in respect of performance or the lack of it. This includes our ministers but should reach well beyond them to include public policy accountability before the Houses of the Oireachtas to those privileged to hold key leadership positions in the public and private sectors and in wider society.

Dáil – needs to search more for insight than scapegoats

We need in our complex interface between traditional departments of state and our multiplicity of governmental and non- governmental agencies to identify more clearly who is responsible for what. Clarity in this regard has deteriorated not improved over time. We need our parliamentarians to dedicate time and effort to searching more for insight than scapegoats. We need our senior civil servants to focus more on progress than process and to privilege sound judgement as much as management skills. We need to condemn policy procrastination as an unaffordable luxury. We need to reassert the public interest and the common good in our public sphere. Collectively we need to rediscover the vitality of vision and values as an antidote to jaded pragmatism and tired institutions.

Leading and governing in a changed environment

The leadership and governance challenge has changed. It relates not only to the national territory but extends well beyond its boundaries. Externally, we share some of our sovereignty with the EU. We are exposed more than most to the forces of globalisation. We need to take account of the needs of the territorially footloose supply chain logic of multinational corporations, such a vital part of the fabric of our performance. Internally, our society has undergone radical transformation. Conformity has yielded to diversity, the collective to the individual and citizenship to consumerism.

This complex matrix has been not reflected to date in any significant overhaul or modernisation of our political system, whose institutional expression still bears many of the hallmarks more of the nineteenth than the twenty first century. Our public institutions need a spring cleaning, starting with our political institutions. I have a strong belief in the centrality and worth of parliamentary democracy. The Dáil in particular needs to become a more

effective instrument of public policy oversight and surveillance, a place, as remarked earlier, focused more on insight than scapegoating. The next government should seize this moment for change.

A sense of shame at the legacy left to our children and grandchildren

I feel a sense of shame that the legacy of my generation to my children and grandchildren has been so diminished and tainted by so much venality and corruption in the conduct of our affairs. The status quo in our Republic is not acceptable. Our rising generation is the victim of bad leadership and poor governance public and private. They are the inheritors of high unemployment, negative equity and a mounting and costly national debt. Our policy preferences must be weighted heavily in their favour. We at least owe them that much.

Afflict the comfortable to comfort the afflicted

John Kenneth Galbraith once remarked that it should be the duty of government: “to afflict the comfortable to comfort the afflicted”. It is a dictum worth recalling as we frame our next budget. The Commission on Taxation, the IMF, the ESRI and Forfás have all spelled out the coherent employment friendly case for recasting our tax base to include more tax on property rather than on earned income the better to incentivise employment, the very thing most needed by our young people. It is a challenge to leadership and an invitation to focus on the longer term. Is this the stuff we are good at? Let us wait and see.

ENDS

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The MacGill Summer School

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