

Leadership in this time of crisis

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After weeks of international turbulence and domestic denial, the International Monetary Fund, the European Commission and the European Central Bank have now arrived.

We can assume that they have been well briefed in recent weeks and that action will be speedy.

Irrespective of the precise terms of any bailout arrangements, we can expect to see the first reflection of their presence in the four-year plan for the economy due to be published by the end of the month (and possibly in the coming days) and the 2011 budget due on December 7.

It seems reasonable to assume that there will be no issue of international credibility in relation to the plan/budget, given the involvement of the international organisations.

However, there is still the issue of rebuilding the morale of the Irish population, who must bear the immediate burden of the deficit reduction.

Furthermore, as a society, we need to concern ourselves with the impact of the plan/ budget on the workers of the future, who will also share the costs of paying off our debt when today's workers have long since retired.

All this will call for leadership of rare quality, not just by politicians, but by people from many sections of society. What is required for the plan and budget to generate acceptance and to increase public confidence? Let me suggest five key criteria.

First, because of the sheer scale of budgetary changes required, the plan/budget must articulate a set of guiding principles against which each proposal for cuts, taxes and charges can be judged.

Clear articulation of these principles, covering the key socio-economic domains, will help individuals to develop a societal rather than personal perspective on difficult policy choices. Secondly, the plan/budget must appeal to common sense.

It must show that the government is genuinely committed to value for money in all areas of public expenditure and to prioritising the reduction of waste - for example, by replacing branded drugs with generics.

As long as people see persistent waste, their support for other sensible decisions will be weak.

Thirdly, the plan/budget must provide the evidence to justify decisions to agree or to halt expenditures.

For example, what is the evidence that suggests we should build Metro North or the Slane bypass right now, at a time when people are being asked to support cutbacks and tax increases that are unprecedented in scope and scale by national standards and exceptional by international standards?

Fourthly, the plan/budget must address structural causes of inefficiency, inequality and poor use of resources that arise because of perverse incentives in the public sector.

For example, what changes do we need to make to ensure that the rewards to providers and the costs to consumers in our health service incentivise prevention, primary care and cost effective practice?

Above all, to win support and build a sense of solidarity, the plan/budget must demonstrate objectively that those who have more will contribute relatively more to solving our problems and that the most vulnerable will be the most protected.

The impact of new cuts, taxes and charges depends on how exactly they are implemented and not just on their scale. As is often the case, the devil is in the detail. It is particularly clear from recent days that people want to be given more detail on where we stand.

Specifically they need to be assured that vested interests are not being protected at the expense of the broad swathe of our society.

But we must also ensure that the plan/budget is fair to future generations of Irish people.

This means that we must rebuild competitiveness so that the debt burden these generations inherit is minimised. It also means ensuring that resources for their education and training must be conserved as far as possible and be used more effectively than at present.

Priority should be given to training for young people without skills and to intern opportunities for those with skills but without job prospects.

Reversing the crisis will call for much greater leadership than has been evident to date, and not just from politicians on all sides of Leinster House.

Leadership in the public sector must ensure public sector reform, building on the existing Croke Park agreement and whatever develops from it.

More will be required from trade union leaders, who have already demonstrated considerable leadership, and from business, some of whose leaders have contributed constructively to articulating a vision for economic recovery, as well as showing how it is possible to rebuild our competitiveness.

The present situation also calls for leadership in the professions, such as accountancy, law, medicine and education.

These groups are less subject to the pressures of international competition than many businesses and are major beneficiaries of the public purse.

With greater leadership throughout the society, it is more likely that all of us, as individuals, as families and as members of organisations, will be energised to play our parts in mitigating the worst effects of this unprecedented crisis.

Finally, we should expect our media to recognise and acknowledge real leadership (and comment on its absence), given how crucial leadership is in this time of crisis.

And, at a time when the international media is relaying what our media is saying to the world, it should also be careful, factual and balanced in its overall narrative.

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