

Making good society

Final report of the Commission of Inquiry into the
Future of Civil Society in the UK and Ireland



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About the Commission of Inquiry into the Future of Civil Society in the UK and Ireland

The Commission of Inquiry into the Future of Civil Society was established to explore how civil society could be strengthened in the UK and Ireland. The Inquiry Commission was chaired by Geoff Mulgan and was also informed by an International Advisory Group.

The objectives of the Inquiry were to:

- explore the possible threats to and opportunities for civil society, looking out to 2025
- identify how policy and practice can be enhanced to help strengthen civil society
- enhance the ability of civil society associations to shape the future.

The Inquiry Commission's work began with an extensive futures exercise to explore possible futures for civil society. Drawing on the findings of the futures work, which are documented in two reports, *The Shape of Civil Society to Come* and *Scenarios for Civil Society*, the Inquiry Commission agreed to explore the current and possible future roles of civil society associations in relation to the following themes:

- **Growing a more civil economy**
- **A rapid and just transition to a low carbon economy**
- **Democratising media ownership and content**
- **Growing participatory and deliberative democracy**

This report documents the findings of the Inquiry's work and of the Commission's deliberations.

For further information about the Inquiry and to download related reports go to www.futuresforcivilsociety.org or contact us on +44 (0)1383 721 445 or info@carnegieuk.org

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Front cover image: An army of thousands of one foot high people were planted in the formation of a giant saltire outside the Scottish Parliament calling for climate action – Edinburgh, April 2009: *Image courtesy of Friends of the Earth Scotland*

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While every attempt has been made to ensure the accuracy, reliability and timeliness of the information contained in this report, all such information is provided 'as is' and therefore the authors cannot guarantee the validity of any information that may have changed between writing and the time of publication.



Foreword

Take a few streets in a typical town in Donegal or Denbighshire, Devon or Dumfriesshire and you don't need to look far to find civil society. Whether it's visible on the streets or behind closed doors, every community hosts an extraordinary array of civil society activity including sports clubs, care for family members or local residents, homework clubs and support networks. As individuals, many of us are active in local groups, charities, in churches, mosques and temples or trade unions. We play our part in campaigns to end poverty or combat climate change. As consumers we support ethical products offered by co-operatives or social enterprises.

Civil society is not governed by profit or power but by values and enthusiasms – a word that originally meant the god within us. Some of us are inspired by frustration and anger, others by hope, and others still by fun. Together, the many parts of civil society contribute enormously to our everyday quality of life.

The good news is that right across the UK and Ireland the daily life of civil society activity is thriving – with no signs of long-term decline and decay, or for that matter any rise in selfishness and other ills, despite the pressures of recession. Civil society is made up of a myriad of circles of freedom and circles of cooperation that have proved to be remarkably resilient.

But it's also clear that civil society is less than it could be. For a century or more it has been pushed to the margins by commerce and the state, which have claimed the lion's share of resources and power. It has been paid lip-service, but generally neglected. And it has lost ground in areas it was once strong, like finance or childhood.

Today we can see the convergence of both long and short-term trends which point to a major change in the position of civil society associations. The long-term trends can be traced back to many sources – the rising economic importance of charities and social enterprises globally; the counterculture of the 1960s; the global flowering of civil society activity in the wake of 1989 and

the fall of the Berlin Wall; declining trust in politics and the rise of a culture in which people seek and expect expression and voice.

The short-term push to strengthen civil society comes from the coincidence of three crises: the financial crisis and its economic effects, which have sharply reduced the status and confidence of market liberalism; the ecological crisis, which has moved centre-stage as never before in the wake of the Copenhagen Summit at the end of 2009; and a crisis of political confidence, particularly in Britain, because of an accumulation of events, including most recently the scandal of MPs' expenses.

Each crisis poses very different questions. But it is now impossible to imagine plausible answers to these questions which do not involve a widened role for civil society associations – as the complement to representative democracy; as the place where a different kind of economy takes shape, or is being rediscovered; and as the site for everyday solutions to the effects of rising carbon emissions.

This makes now a remarkable time of opportunity. We need to set our sights far beyond the narrow arguments about contracts or fiscal treatment for the voluntary sector, and look instead at how civil society activity can shape our world, and how we can make the transition from an age of 'me' to an age of 'we'. Civil society was born out of the idea that we do best when we work with others, and when we understand our interests as shared with others. That idea is more relevant than ever in an intimately interconnected world.

Here the Inquiry Commission sets out an argument for putting civil society at the centre. It's not a blueprint or a detailed roadmap – but describes the directions of change, the critical choices, and the many things which could be done by governments, foundations, corporations and civil society associations themselves to make the most of the moment. While the Commission fully endorses the broad direction of travel outlined in this report, we do not pretend that

its contents represent a complete consensus. Given the many thorny issues addressed by the Inquiry, it will come as no surprise that there were many divergent views among Commissioners, although throughout our work we were repeatedly surprised at how convergent many of the discussions were at the many Inquiry events. There was a common appetite for change, shared frustrations about the challenge of influencing systemic change, and a sense that the door is open for some radical breaks.

This has been very much an inquiry of civil society, rather than for civil society: shaped by hundreds of participants who shared their ideas and their passions. The Inquiry Commission and the Carnegie UK Trust are very grateful to all of the many individuals and organisations who took part, and helped form the recommendations made here and the associated research. The Commission are also very appreciative of the dedication and hard work of the Inquiry staff team. Any omissions and errors are obviously our responsibility – but we hope that many will see the fruits of their contribution in what follows.

This is a great time of possibility for civil society to spread its values not just in fields such as care and community, where it is already strong, but also in fields where it is relatively weak, including the economy and the media, energy and politics. We believe that if that happens, everyone stands to benefit. That is the ultimate promise of the hundreds of projects, ventures and organisations mentioned in this report, which add up to a radical vision of how our society could grow, not just in material wealth but in social wealth too.



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- ◇ *Commission member until November 2007*
- ★ *Commission member until August 2008*
- ★ *Sadly Ray Murphy passed away in 2007*

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Executive summary



Street mural in Forest Fields, Nottingham: *John Birdsall/Press Association Images*

This Commission of Inquiry was set up to investigate the prospects for civil society over the next few decades. It shows that civil society may be on the cusp of remarkable change, playing a potentially central role in responding to the triple crises of our time: those of political trust, economics and the environment. But the Commission also argues that, for the full potential of civil society to be realised, major changes will be needed in the conditions in which it operates, alongside much greater engagement by civil society associations in fields where they are now relatively marginal.

From community centres to workplaces

Civil society is where people come together to pursue their shared interests, enthusiasms and values and its activity encompasses everything from community centres to places of worship; the energy and creativity of music, theatre, dance and sports; and collaborations through the web. It includes campaigns to end poverty, such as Make Poverty History, or to combat climate change such as Plane Stupid, the daily work of trade unions trying to improve working conditions, responses to natural disasters like that in Haiti, and the work of organisations like Barnardo's providing care for the vulnerable. It embraces both famous global and national names, such as Greenpeace, CAFOD, Unison, the Services, Industrial, Professional and Technical Union (SIPTU), the Co-operative Group, and tiny informal community groups.

Some parts of civil society have very long histories. The church dates back to the Middle Ages, and charitable foundations and co-operatives to the 19th century. But civil society is also constantly reinventing itself as people devise innovative solutions to changing problems, such as local energy schemes, community land trusts or the multitude of organisations created by migrant and minority communities.

While its activity is extremely diverse, however, some clear common values underlie modern civil society. In civil society, people come together freely as equals. Civil society has grown as an expression of the values of co-operation, solidarity, mutual commitment and freedom. It has complemented, and influenced, the formal institutions of democracy. And it has always stood for visions of a good society, as well as meeting more immediate needs.

Civil society at the heart of progressive change

Civil society matters, and the many millions of people who devote a great deal of time and passion to it testify to this. And, thanks to an extraordinary recent flowering of research on the importance of co-operation and social capital, we now also know how much it matters to the broader health of our society and economy.

A strong civil society provides a counterweight to the tendencies to monopoly and vested interest found in markets and in politics; it organises the outsiders and empowers them relative to the insiders. Without a strong civil society, people are less able to hold institutions to account, less able to find protection and support, particularly where the state and market are absent, and less able to influence the decisions that affect their lives.

Civil society is not a panacea, nor are all expressions of it uniformly good or admirable. It is by its nature complex, messy and unpredictable. But, time and again, civil society has been at the heart of progressive social change: in the campaigns to abolish slavery, in the struggles of the Chartists and Suffragettes and in the achievements of the environmental movement in raising awareness of climate change.

Conditions for a healthy civil society

The conditions for a healthy civil society include high levels of social trust and equality, as well as legal protection for independence and a collaborative relationship with the state. By international and historical standards, these conditions are strong across the UK and Ireland, but they need to be constantly nurtured, and the Commission points to measures that are needed to strengthen civil society. These range from preventing the erosion of civil liberties and ensuring freedom of expression, assembly and association, to reducing unnecessary bureaucratic barriers to engaging in civil society activity.

We favour the creation of an ‘office for civil society’ at the heart of government, both to oversee policy and to provide a voice for civil society. We also point out measures governments could take to achieve a more constructive partnership with civil society and new institutions through which such collaboration might be effective, ranging from ‘social entrepreneurs in residence’ to community brokers, as well as new financing tools such as social impact bonds and community pledgebanks.

Civil society in 2010: strong in numbers, but sometimes squeezed to the margins

By most measures, civil society in the UK and Ireland is thriving. For example, in 2006–7, the UK had 870,000 formal civil society associations with assets of £210 billion. Uncounted, but probably in still greater number, are thousands of informal community groups that do anything from improving public spaces to campaigning for fee-free cashpoints. The internet has created an extraordinary new medium for organisation and expression, from initiatives to connect with power such as theyworkforyou, to sites like freecycle that help people exchange unwanted goods, global sites for finance like Kiva or very local neighbourhood websites.

But there are also less positive trends: the weakening of smaller organisations compared to big ones; and, according to some views, a blurring of values as organisations have sought growth as their primary objective. Greater inequality has widened the gulfs that separate people and civil society groups. We also point to crucial areas where civil society has become weaker, in particular, in respect of the economy and the media.

Looking out to 2025

Civil society faces acute challenges in the near term with rising needs and declining income. Pooling resources and skills to get through immediate crises must be a priority. But the main focus of this Inquiry has been on the longer term.

The Inquiry therefore began by gathering views on the possible threats to, and opportunities for, civil society between now and 2025. This work highlighted familiar trends such as an ageing and increasing population and the falling costs of technology, as well as exploring less certain patterns of change and their implications for civil society. What, for example, would be the implications for civil society of a reaction against corporate power and increased interest in different economic models? Will climate change lead to a revitalisation of localities? Could civil society play a bigger role in re-energising and reforming representative democracy?

Drawing on these investigations, the Commission identified four interrelated priority areas where a stronger civil society could make the most difference: growing a more civil economy, ensuring a rapid and just transition to a low carbon economy, democratising media ownership and content, and helping to develop participatory and deliberative democracy.

Growing a more civil economy

The full meaning of the recent financial and economic crisis will not be clear for many years, but what is clear is that it has prompted a widespread desire for change. Governments have been primarily concerned with restoring the system, through bailouts and new regulation. But the Commission believes this is an opportunity to reshape the financial system, not just to avoid future crises, but also to align it with values that emphasise responsibility, good governance, human well-being and environmental sustainability. We advocate growing a more civil economy, which requires a bigger direct economic role for civil society, as well as more open and responsible practices in the rest of the economy.

Civil society has long been directly involved in economic activity. In the 19th century, strong friendly societies, consumer co-operatives and building societies developed new financial services to meet the needs of a rapidly urbanising population. Today, civil society remains involved in many areas of the economy, including retail supply chains, such as fair trade and the trade justice movement, energy production, and health and social care. Social enterprise has increased significantly, and in the UK is estimated to have a combined turnover of £24 billion a year. The co-operative movement has a turnover of £28 billion.

But civil society's economic roles are more marginal than they once were. The creation of the welfare state undermined much of the rationale of civil society savings and insurance initiatives, and business expanded its role in the provision of bank accounts and mortgages for poor communities. Meanwhile, the moral voice that allowed civil society to influence the rest of the economy in the 19th century – for example, championing reforms to end slavery and child labour – became muted.

The Commission believes that a strong and healthy economy depends on a plurality of organisational forms, business models and values. We therefore advocate: first, building up a greater diversity of economic organisations rooted in civil society, including co-operatives, social enterprises, charities and trusts, and second, increasing the influence of civil society on decision-makers throughout the economy, including regulators.

Specifically, the Commission advocates **increasing the transparency and accountability of financial institutions** through mandatory reporting for major institutional investors, requiring them to set out the social and environmental impact of their investments and how they exercise their voting powers, and mandatory lending disclosure for major financial institutions to ensure they are serving the needs of all communities, without discrimination (drawing on international models such as the US Community Reinvestment Act).

We also argue for action to **enhance pluralism in the financial sector** and see virtue in a more clearly tiered financial system, with different rules, capital requirements and regulations for local finance, national finance and global activities. The large public holdings in banks have brought an unparalleled opportunity to restructure financial services so that they better serve society. This would include remutualisation of failed financial institutions at a local or regional scale, alongside mutual insurance and mutual scrutiny of these institutions to contain risk. Civil society should champion the development of low-cost financial products that reflect people's changing needs. These could include mortgages that allow for flexible repayment options and new investment vehicles for people who want to hold their savings in forms that benefit the local community and economy. Despite the scale and resilience of the social economy, mainstream financial institutions and fund managers have not significantly invested in it. We favour institutional investors setting a minimum benchmark of 2.5% investment in social enterprises that not only generate profit, but also produce social and environmental returns. Regulators should see this as an essential part of prudent fund management.

We also advocate **increasing the power and voice of civil society** by strengthening its capacity to influence financial institutions and regulators through building its own specialist institutions that have the knowledge and authority to challenge conventional financial thinking. Civil society also has an important role to play in developing and promoting independent, credible standards, so that people can make informed choices about which financial products they purchase. Specifically, we recommend a ‘comprehensibility threshold’: no product should remain on the market if more than half of its consumers misunderstand fundamental features of how it works. The time is also ripe for mobilising citizen investors, the millions of ordinary people with pension plans and savings, so that their future incomes are derived from companies that operate responsibly and sustainably. And organisations such as charitable foundations and faith-based organisations that have between them tens of billions of pounds in investment assets should pool their collective financial and moral clout to grow responsible investment.

‘The problem is we live in an economy not a society.’

Inquiry contributor



A rapid and just transition to a low carbon economy

That climate change has entered the world’s consciousness as a question of collective survival is partly thanks to the efforts of civil society. Given the scale of the challenges of climate change and resource scarcity, it is not possible to rely on public policy on the one hand and market forces on the other to do what is required. Civil society is critical to making the transition to a low carbon economy both effective and fair and to guarding against perpetuating the so-called ‘triple inequality’ – unequal distribution of the impact of climate change, unequal responsibility for precipitating it, and unequal sharing of the costs of mitigation and adaptation. It will have to organise globally as never before to create the groundswell for necessary action, especially in the wake of opportunities missed at the Copenhagen Summit 2009, as well as demonstrate through practical examples – from Transition Towns to eco-cities, local energy schemes such as Torrs Hydro, New Mills in Derbyshire, to urban agriculture programmes and retrofitting – how the shift to a low carbon economy can also enhance life and bring new opportunities.

The broad scope of civil society activity is setting the scene for a rapid and just transition. Campaigns such as the Big Ask (Friends of the Earth) saw nearly 200,000 people contact their MP directly to push for the 2008 Climate Change Act. Social enterprises, co-ops and community-based groups are developing alternative energy, food and waste systems. Faith-based groups are raising awareness through their congregations. Yet despite all this activity and energy, the Commission believes that, in order to ensure that the transition to a low carbon economy is achieved both with the necessary speed and regard to fairness, a historic shift in the scale of its activity will be needed.

‘... we have so little time to act ... we need to mobilise civil society to clamour for government action and institutional change. How? We must stop talking about climate change as a strictly environmental problem.’

Inquiry contributor



Actions we recommend include **investing in a local low carbon economy** based on renewable energy, community transport, local food supplies and local waste management. Growing this new economy should be a priority for all parts of civil society that control significant assets or investment flows. Advocating policy innovation is key to reinforcing these new sectors, for example by using periodic windfall taxes on the carbon energy industries during price spikes, developing green investment banks, green ISAs and green bonds with favourable tax treatment. In addition, **civil society beyond the green movement needs to be activated**. Environmental civil society groups are heavily involved in climate change. Others remain on the sidelines. To some extent this is inevitable, but how climate change is dealt with matters to every part of civil society. Averting it will

be impossible without civil society developing **global alliances and coalitions, extending direct action, or holding institutional investors or corporations accountable for actions that affect the environment**. And experience to date has shown that the traditional methods of politics are unlikely to be enough to shape a consensus for action. **Citizen conventions** within nations, as well as globally, need to be developed to bring together business, civil society, government and media to review progress towards a rapid and just transition and identify actions that need to be taken.

Civil society needs to be at the forefront of shaping shared arguments and actions. No issue has ever challenged civil society as urgently to demonstrate its power to mobilise people and to change hearts and minds.

Democratising media ownership and content

‘The media does real violence to deliberation.’

Inquiry contributor



A thriving civil society has always been dependent on free, strong and critical media. They enable us to know, to imagine and to organise to make the world better. Yet traditional media business models are in serious decline. Experts predict the demise of the newspaper by 2043. In 2009, over 100 local and regional newspaper titles vanished. While advertising revenues and audiences are shifting to online platforms, traditional media are haemorrhaging revenues and cutting back on original news content. Meanwhile, the BBC, which has been a bastion of public service values, faces attack on many fronts.

The proliferation of media on the web has partly balanced these trends. It is now far easier for people to express themselves, and far easier for civil society to speak to itself through specialist websites and channels. Millions of bloggers have countered the concentrated power of traditional media and, at its best, the internet has promoted greater global consciousness, easier access to accurate data and greater diversity.

But despite the proliferation of online platforms, more of the news we receive is recycled ‘churnalism’ and aggregated content. Trends of concentration in media ownership and increased pressure of time and resources have narrowed the sources from which original news derives. Moreover, the centralisation of news production and neglect of local issues has particular repercussions for access to information across the UK and Ireland, especially in the devolved nations.

As a new media landscape takes shape, the Commission sees three issues as paramount: freedom, pluralism and integrity. By freedom, we mean the freedom of all parts of civil society to shape media content, which will mean maintaining maximum freedom on the internet. By pluralism, we mean news media that are not controlled by a small number of powerful interests, which will entail civil society becoming more involved in media ownership. By integrity, we mean news media that promote values such as truthfulness and accuracy.

To strengthen these values we advocate **growing local and community news media**. We want to see policy and financial commitments from local and national governments and support from philanthropic organisations to enhance the infrastructure for local and community media – including digital platforms and access to radio frequencies. Equally important is **strengthening the transparency and accountability of news content production** through, for example, the development of standards, such as ‘kitemarks’, that would provide transparent information on how content is produced so that people can distinguish between accurate news and mis- or disinformation. We also call for **protection of the free, open and democratic nature of the internet**. We urge civil society to be vigilant and vocal regarding mergers and concentration among internet, social network and media groups. Competition and pluralism are even more important in these fields than others. We also want concerted action from governments to maintain an open and

free internet. We believe the **BBC and the licence fee should be protected** and that **revenue flows should be redirected** to promote diversity and integrity. Now is the time for innovation in the funding of quality news content production. Some of the best developments in the media (from Channel 4 to film) have come from creative innovations that directed resources into high-quality content and distribution. Further work should be undertaken to **explore new funding models**, for example, tax concessions, industry levies or directing proportions of advertising spend into news content creation by civil society associations, or into local multimedia websites.

Growing participatory and deliberative democracy

Democracy in the UK and Ireland was created in large part by pressure from civil society. Power was not willingly shared by those who held it but was prised from them by campaigners for reform, such as the Chartists and the Suffragettes and, more recently in the UK, by institutions such as the Scottish Constitutional Convention and the All Wales Convention.

After decades of declining electoral turnouts and confidence, the political system in the UK experienced a jolt in 2009. The scandal over MPs' expenses seemed further proof that politicians couldn't be trusted. The major political parties are no longer seen as adequate vehicles for people's hopes and interests. As reports from the Taskforce on Active Citizenship in Ireland and the Power Inquiry in the UK indicate, disillusionment with representative democracy is not indicative of a lack of interest in politics, but of dissatisfaction with the current system's relationship and relevance to citizens.

Yet the alternatives of a fully direct or participatory democracy have never found favour either. Push-button democracy brings just as great a risk as a democracy of professional politicians. Instead, we believe we are seeing the slow birth of participatory representative democracy, in which the institutions of parties and parliaments derive greater legitimacy through a bigger role for civil society in organising deliberation, argument and decision-making.

To further stimulate this, the Commission advocates **strengthening very local democracy** with a shift of power from national to local government and from local government to neighbourhoods, with clear rights to set up neighbourhood councils with powers to raise finance and act. **Refashioning parliaments** is necessary to allow for more dialogue and engagement, including rights of petition and rights for petitioners to take part in debates, drawing on practice in the newer devolved parliaments. To reduce the risk of unintended harm to civil society, **rights to dissent need to be reinforced and the temptation to restrict freedom in the name of security resisted**.

We argue there is a need for **investing in deliberation skills**, as individuals, civil society associations and public bodies need to help strengthen the skills of active listening, and rational argument and the mindset to deliberate effectively, and there is a need for **developing leaders from all backgrounds**. Civil society is where leadership skills are often learned and where people learn that power should be a means and not an end. More needs to be done to support those organisations that effectively identify and support emerging leaders whose views reflect the communities they serve. More support is also necessary for individuals or organisations that are effective at **bridging difference** and are skilled at overcoming conflicts or mutual distrust. Society needs better 'bridging institutions' that can cut across divisions of race, faith and class – not least to support open and honest debate about how communities should deal with big issues such as climate change or an ageing population.

“We can win global change, but it will not have teeth unless it is rooted locally. The challenge is now to develop new forms of citizenship, which connect the dots from the local to the global.”

John Gaventa, Institute for Development Studies and member of the International Advisory Group



And finally, we argue there is a need to **harness the potential of the internet**. An extraordinary amount of innovation is taking place through the internet, SMS, twitter and social networking sites, turning them into tools for mobilisation, education and direct action. Funders should be backing this innovation, partly to ensure that it really does open up participation and deliberation, and partly to find better ways for the online world to connect into the largely offline world of councils, boardrooms, parliaments and global summits.

Everything we advocate exists already, albeit often on a small scale. As the novelist William Gibson put it, 'The future is already here, it is just unevenly distributed'. But without support and investment, the potential of civil society activity may remain unrealised.

The next steps

The Commission report sets out a direction of travel towards a good society. Whether through legislation, conventions, research or campaigns, we hope many diverse associations or institutions may be inspired to develop, grow or promote the ideas outlined here.

To **politicians and parties**, we argue for a mix of actions, from protecting civil liberties and the freedoms of expression, association and assembly, to freeing civil society from unnecessary constraints and regulations, and helping civil society play a fuller role in finance, the economy, the media and the environment. And we argue for opening out the institutions of democracy to greater engagement, while recognising the very different roles of elected representatives and associations.

To **business**, we advocate transparency and engagement. Scrutiny from a strong civil society makes markets work better; and the presence of strong social enterprises and co-operatives makes the economy more resilient.

To **civil society** itself, we argue for a reassertion on values. Civil society associations can never be just providers of services. Their energy comes from values – of justice, equality and mutuality – and from the hunger for freedom. In every generation, these values are called into question and need to be renewed.

We also argue for greater ambition. Civil society needs to be bolder in asserting what it can contribute to reshaping finance, tackling climate change and regenerating democracy, and bolder in using its power, assets and influence.

To **philanthropic organisations**, we make the case for more strategic investment to open up some of the most important centres of power in our society – in finance and the media – as well as meeting needs on the margins.

And to the **public**, we say that it's not wise to wait for others to lead. Power can often seem distant. This makes it harder to launch revolutions, but all of us have power to achieve change, often more than we realise.

Civil society itself is an expression of restless inquiry, searching and experiment. The Inquiry Commission's report is therefore more about strengthening civil society's capacity to act than attempting to legislate or define a model future. It is about rebalancing power so that we can, together, make good our society.

About the Commission of Inquiry into the Future of Civil Society and the audiences for this report

Background

In 2006, the Carnegie UK Trust convened a Commission, chaired by Geoff Mulgan, to conduct an Inquiry into the Future of Civil Society in the UK and Ireland.

The Commission and the Carnegie UK Trust believe that each generation needs to review the state of civil society, shaped by a different context and an acknowledgment of the major issues faced at any given point in time. For example, the 1940s Beveridge Report *Voluntary Action* took place during a rapid expansion of the state. In the 1990s the Commission on the Future of the Voluntary Sector in England took place at a time of when business interests were pre-eminent; and the Royal Commission on Trade Unions and Employers' Associations (Donovan Commission 1968) took place during a period of unrest in the workplace.

The context in 2010 is very different; a period of profound crisis: a financial crisis that fundamentally challenged belief in the unfettered market; a political crisis that called into question parliament's sovereignty; and an environmental crisis that is becoming ever harder to ignore.

This Commission of Inquiry has taken a different approach to similar inquiries that have been conducted by others in the past. One important difference is that we have framed our definition of civil society very broadly. We have defined civil society as a goal to aim for (a good society), a means to achieve it (including the myriad of civil society associations such as faith-based organisations, trades unions, voluntary and community organisations, cooperatives, mutuals and informal citizen groups), and the spaces and places where people deliberate on both ends and means (the public sphere). Another distinctive part of our approach is to have deliberately drawn on futures thinking, trying to situate civil society in a dynamic picture of what the future might bring, both for good or ill. Finally we have tried to look at civil society in the UK and Ireland in a global context. The Inquiry's International Advisory Group provided us with invaluable guidance on how to do this.

Goals of the Inquiry

The goals of the Inquiry were threefold:

- To explore the threats to and opportunities for civil society in the UK and Ireland, looking out to 2025.
- To identify how policy and practice on the part of governments, corporations and civil society associations can be enhanced so that civil society is strengthened.
- To enhance the ability of civil society associations to prepare for or shape the future.

The methods used in the Inquiry

The work of the Inquiry was split into two phases. The first phase explored possible future threats to, and opportunities for, civil society, looking out to 2025. Using futures and scenario thinking, we hosted events throughout the UK and Ireland at which hundreds of people gave their views about what the future might hold for civil society.

The findings of this work are documented in the following reports that are available on the Inquiry website:

- *The shape of civil society to come*
- *Scenarios for civil society*
- *Futures for civil society: insights from young people aged 16–21*
- *Initiative to Engage Young People in Exploring the Future of Civil Society through the Arts*

The futures reports were accompanied by a ‘toolkit’ on the Inquiry website that provided organisations the opportunity to apply the findings to their own strategic thinking and planning.

Drawing on the Inquiry’s futures work, the second phase of the Commission’s work focused on what were identified as the most pressing areas for civil society activity: growing a civil economy; a rapid and just transition to a low carbon economy; democratising media ownership and content; and growing participatory and deliberative democracy.

This Commission report, which concludes the work of the Inquiry, draws on the full body of the Inquiry’s work, including:

- findings from Inquiry workshops and other associated events;
- research undertaken by the Carnegie UK Trust Inquiry staff team and commissioned research (see Appendix 2 for a full list of the Inquiry reports);
- the experience and views of the Inquiry Commission.

The Commission report also drew upon the findings from relevant research and activities produced by academics and experts not involved with this Inquiry and whose work it was not necessary to replicate.

The full body of the Inquiry’s work can be found at www.futuresforcivilsociety.org.

The Commission and the Carnegie UK Trust are very grateful to the many hundreds of people who have contributed to the thinking behind this report.

Who is this report for?

The report is principally addressed to three audiences:

- People involved in civil society across the UK and Ireland. Given the richness and diversity of civil society, the report does not seek to be prescriptive about who should take action and how, but rather presents a series of ideas relevant to most types of civil society associations.
- Policy-makers and decision-makers who are in a position to improve the operating environment for civil society associations, including advisers, civil servants and ministers.
- Funders or investors in civil society associations, both public and private.

By putting this report into the public domain, we hope that these audiences will be inspired by what is already being done across civil society, will feel compelled to act, support and invest, and will engage in the constant interplay of action and reflection which is the great gift of civil society to the modern world.

Part 1: Civil society in 2010



Representatives from several civil society groups get together at Kingsnorth to protest the building of a new coal power station: *Image courtesy of Stop Climate Chaos Coalition*

What is civil society?

Perhaps because of its pervasiveness, there are almost as many definitions of civil society as there are people who write, talk and think about it.¹ As a phrase, 'civil society' has been around for over two centuries, from the writings of James Harrington and John Locke, through to its revival in the wake of the great world events of 1989 which reminded societies everywhere why it was so important that people should be able to organise themselves.

Civil society is a rich concept because it refers not only to a set of organisations or associations but also to an ethos and a spirit. Civil society and its loosely related cousins 'civility' and 'civilisation' referred to an urban world where people learned to get on with strangers as relative equals, without status and hierarchy and without violence. It was associated with democracy, the free press and liberty.

But civil society is a slippery and contested concept. In the work of this Inquiry, the Commission has drawn on two recent attempts to make sense of the complexities of civil society and what the term represents. One is the work of Michael Edwards, who in his book *Civil Society*² described civil society as having three dimensions (elaborated overleaf): a goal to aim for (a 'good' society), a means to achieve it (associational life) and a framework for engaging with one another about what a 'good' society is and how we get there (the public sphere). Another recent analysis of civil society has taken the argument a stage further. Jeffrey Alexander in *The Civil Sphere*³ argues that civil society has grown in parallel with democracy, as the guardian of its deepest values of equality and solidarity. In this view, although civil society in its widest sense is very plural, at its heart are some very clear values.

These ideas of civil society extend well beyond the much older traditions of charity and mutual support, though they grow out of them. They are an amplified expression of the impulse of charity to address the underlying causes of suffering and need, which can include attempting to challenge power structures. They put a strong emphasis on rights to voice or democracy and, compared with traditional approaches to charity, assert that beneficiaries are best placed to define and understand their own needs. They are suspicious of actions, however well-intended, that leave beneficiaries passive and powerless.

Modern civil society is also concerned with universal principles, claims and accountabilities. These ideas have arguably been taken furthest in the environmental movement, with a commitment to nature and the biosphere as well as to the interests of future generations. Ideas of universality have grown steadily as civil society associations have gained in confidence and depth. They have been most visible in those parts of civil society dealing with children, people with disabilities, race, gender and poor communities. But they can be found to some extent in almost every field. They have pushed civil society not only to denounce what is wrong in the present but also to grapple with how things could be better. Civil society articulates visions of a world with significantly enhanced rights, and corresponding responsibilities and radical devolution of power and active voice in many fields of life, from the workplace to the family. Ideals and visions are what give edge and power to civil society today as it struggles to apply demanding values to our daily lives, for example, in cutting our carbon emissions, in our obligations to others, such as looking out for an isolated neighbour, and in political arguments about the future of welfare or healthcare.

Civil society activity touches the lives of most of us at some time or another, as a provider of services, a means of entertainment and recreation, or as a channel to protest against or influence the decisions of the powerful. It can be seen everywhere and in everything from village halls to places of worship and ranges from campaigns on the street to end poverty or combat climate change to workplace organisation, and from small groups coming together on the web to self-help groups or clubs to promote sports or leisure activities.

Inquiry working definition of civil society

Civil society as associational life

Civil society is where people come together voluntarily for the benefit of themselves, others (or sometimes both together), for actions that lie beyond either the government or for-private-profit business. It includes formal organisations such as voluntary and community organisations, faith-based organisations, trade unions, mutuals and co-operatives. It also includes informal groups, from the very local to global social movements.

Civil society activity touches the lives of most of us at some time or another, as a provider of services, a means of entertainment and recreation, or as a channel to protest against or influence the decisions of the powerful. It can be seen everywhere and in everything from village halls to places of worship, and ranges from campaigns on the street to end poverty or combat climate change to workplace organisation, and from small groups coming together on the web to self-help groups or clubs to promote sports or leisure activities.

At its best, civil society activity enhances people's lives, drawing on a range of human motivations which include compassion, altruism and our instincts for reciprocity. But social groups and associations also often define themselves against others. They can be bigoted and selfish. They can preach hatred and violence as well as love and generosity. Civil society activity is therefore never a panacea, and in its every-day life embraces many contradictions: faith groups and gay rights groups campaigning for or against adoption rights for homosexual couples; environmental organisations struggling against automobile clubs; conservationists battling against advocates of wind farms; trade unions pitted against business associations; and 'pro-life' organisations head to head with 'pro-choice' ones. Even starker tensions are found where there is inter-ethnic or sectarian conflict as in Northern Ireland.

Civil society as a 'good' society

The term civil society is sometimes used as a shorthand for the type of society we want to live in.

The values of civil society associations that have strongly influenced the Commission's view of a 'good' society include a commitment to social justice (fairness, equality of treatment, opportunities and outcomes);⁴ mutuality, and a belief in the interdependence of lives ('I thrive if you thrive') and the golden rule that can be found in all traditions (behave towards others as you would have them behave towards you); the related sense of solidarity that comes from people acting together; a strong commitment to freedom, particularly freedom from oppressive power in all its forms; and, in recent years, a growing engagement with the ecological values of harmony and balance with nature. The operation of these values is rarely straightforward, and they sometimes come into conflict with each other. But they help to explain why civil society is always more than just a collection of diverse interests and beliefs.

Civil society as the arenas for public deliberation

A third sense of the term civil society refers to the places where people and organisations discuss common interests, develop solutions to society's most pressing problems and try to reconcile differences peacefully. These arenas sit alongside, and influence, those in the media and politics. They may be physical – a community centre or meetings and events hosted by civil society groups or public bodies – or they may be virtual – on the web.

Clearly, these three dimensions of civil society are interlinked. The activity of civil society is motivated by hopes for society as a whole, as well as by a multitude of everyday concerns; and it achieves its momentum in part by creating spaces in which people are free to argue, imagine and decide.

‘This Inquiry has been about how to release energy in individuals and communities for the common good. This is something faith communities will delight in and take forward.’

Richard Atkinson, Inquiry Commissioner



Ideals and visions of this kind are bound to be contested. Civil society is naturally diverse and argumentative. But throughout the work of the Commission, we have been struck by the breadth of support from across the political spectrum for a profound change of direction:

- from excessive consumerism and waste towards a greater concern for care, compassion and the quality of our relationships;
- from a society where finance has been in the ascendant, towards one which recognises the value of many things which have no price;
- from excessive centralisation of power towards a wider distribution of power;
- from the rigid structure of traditional representative democracy towards the involvement of many more voices and opportunities for deliberation;
- from the risks of segmentation and division between people towards integration and mutual solidarity.

These are some of the directions pursued in more detail in Part 2. They are, in our view, the decisive choices of our times. And they are all choices in which civil society activity is deeply implicated.

Why is civil society important?

Why does a strong civil society matter? The fact that millions of people devote a great deal of their time and passion to civil society points to much of the answer.

Civil society activity meets fundamental human wants and needs, and provides an expression for hopes and aspirations. It reaches parts of our lives and souls that are beyond the state and business. It takes much of what we care about most in our private lives and gives it shape and structure, helping us to amplify care, compassion and hope.

It is also a fundamental part of any liberal democracy, providing many of the ideas, the arguments and the campaigning that give richness and substance to the formal processes of democratic assembly and political

parties. It provides innovation, the social research and development that the rest of society depends on, inventing new models such as hospices, street newspapers or microcredit. In many communities it provides protection – a source of support that exists even if the state and market disappear.

And civil society provides a counterweight to the tendencies to monopoly which are found so strongly both in markets and in politics and which can turn against the public interest.

These factors have long been the justification for protecting and nurturing civil society. But recent decades have also brought an extraordinary flowering of understanding of even more fundamental reasons for civil society's importance. Science has become part of this debate through new evidence showing why and how people co-operate and collaborate, and why social instincts are so fundamental a part of human nature.

Much of this research has provided a powerful counterbalance to the assumption that acquisitive individualism was somehow a truer reflection of how people really are. Instead, the work of leading psychologists including Martin Seligman, Howard Gardner and Mark Hauser, games theorists like Robert Axelrod, anthropologists like Sarah Blaffer Hardy, and primatologists such as Frans De Waal, have transformed how many now think about human nature, putting our sociability, our civility and 'civiness' centre-stage.

Another fundamentally important body of research, from the likes of Robert Putnam and John Helliwell, has shown the importance of social capital and trust, not just to making societies happy, but also to making them economically successful. Here again, characteristics that once seemed marginal, such as how well people can come together in collaborative ventures, are becoming as central in explaining economic success as individual entrepreneurship and acquisitiveness. Another prominent strand of research has looked into the world of voluntary giving and care. Nancy Folbre has shown how what she calls the 'invisible heart' plays just as big a part in human affairs as the 'invisible hand' of the market.⁵ Meanwhile, the work of political scientists such as Elinor Ostrom (winner of the 2009 Nobel Prize for economics) has focused attention on how common goods are best organised.

Research suggests that the communities with the lowest crime are often the ones with the strongest sense of collective efficacy, the ability to get things done together;⁶ that philanthropic giving, volunteering and civic engagement make people feel better about themselves; that life expectancy and recovery from illness are strongly shaped by the quality of social relationships;⁷ and that loneliness actually damages us not only psychologically but also physically.⁸

This body of evidence has shifted thinking in places that would in the past have shown little interest in civil society, such as the Organisation for Economic Co-operation and Development's (OECD) work on well-being, and the policy world's interest in social capital.⁹

It has also created pressure to find new ways to measure what once seemed unmeasurable. This includes the work of the Johns Hopkins Centre for Civil Society Studies, the CIMICUS Civil Society Index, and the *UK Civil Society Almanac*, produced by the National Council for Voluntary Organisations (NCVO). It also includes the creation of metrics like the Index of Civic Health introduced in the United States, or the detailed surveys of social capital and engagement where the UK has been a pioneer (including the British Household Panel Survey, the British Social Attitudes Survey and the Home Office Citizenship Survey).

These insights have coincided with other important intellectual currents, from the politics of recognition, to the holistic thinking of the green movement. These developments have begun to shape a radically different general view from that which prevailed in the last decades of the 20th century. Many of these ideas are uncomfortable for those brought up to see charity or civic activity as an activity marginal to the 'real' work of business and the state. But a major shift is undoubtedly under way, helped by new technologies of co-operation that are focusing attention on how people work, think and act together.

Why is it, then, that these sides of human nature are not supported and encouraged more? Why is so much more attention given to growth in material production than growth in the quality of relationships or care? Why is access to capital so much more difficult for civil society than for business? Why are mass communications so strongly skewed towards selling things, and the promise that happiness will result from individual possessions rather than relationships or achievements? In Part 2, we turn to some of the answers. But first we look at the state of civil society today.

A snapshot of civil society in 2010

This Inquiry began with widely differing perspectives on the current state of health of civil society. Is associational life experiencing a golden age of growth and influence or has it largely been reduced to a rump of service delivery organisations dependent on state contracts? How prosperous are our societies, how is prosperity shared and has increasing aggregate prosperity led to greater well-being? Has the internet allowed more voices to be heard or has the recent raft of serious crime and counter-terrorism legislation closed down spaces for expression and demonstration? Critically, does civil society, in all its dimensions, have sufficient power to influence and shape the key institutions, policies and decisions of our time? Here we take a rough snapshot of a complex picture.

Civil society as associational life

There are increasingly reliable data which show the apparent health of activity and activism, including numbers of civil society associations, membership levels, income and numbers of volunteers. By most of these measures, this is a time of relative strength for civil society associations. In 2006–7 there were 870,000 formal civil society associations in the UK with income over £100 billion and assets in the region of £210 billion.¹⁰ These figures include co-ops, trade unions, voluntary and community organisations, faith-based organisations and housing associations.

In the UK, there are 171,000 general charities with an annual income of approximately £30 billion and investment assets of around £63 billion. For the past decade, the charitable sector has seen annual real-term increases in income, workforce, giving and assets. Much of this growth is connected to increased recognition of the role of charities by the state. Earned income now accounts for over half of charities' overall income, thanks largely to provision of public services under contract with the state. In the Republic of Ireland, the reliance on state funding is even more pronounced; the Centre for Non-profit Management at Trinity College Dublin estimates that approximately 70% of income for the not-for-profit sector in 2006 came from the state.¹¹

In the UK well over 30,000 voluntary organisations provide services under contract to the NHS, and recent policy moves to encourage public sector staff to spin out their own social enterprises or co-operatives have created some momentum towards greater pluralism in public services.

Charities range from the very large to the very small and informal. At one end of the spectrum, the National Trust has membership greater than all the main political parties, and the Wellcome Trust outspends government in many fields.¹² At the other end, much civil society activity is driven by informal voluntary action or self-help groups and is almost invisible (as illustrated below) and therefore unaccounted for in measures of civil society activity.

Below the radar civil society activity

One of the major challenges any study on civil society faces is that much of its activity is invisible, in that it takes place outside formally constituted organisations. This is especially true of many smaller community, faith and voluntary associations or those associations that are established for short periods to address specific issues.

Attempts to estimate the number of such groups are difficult and vary widely, from conservative estimates which begin at around 600,000 to others at the higher end of the scale in the region of a million.¹³ What is clear is that community groups constitute by far the greatest number of civil society associations. What do they do? Anything and everything. Any remark about them, in the present state of our ignorance, must be preceded by a deep breath. As the literature from the Community Sector Coalition¹⁴ testifies, although these associations (in terms of number) make up the majority of civil society they are the least mapped, researched and understood part of it. As a result, policy too often ignores these types of groups in civil society; a gap that needs to be remedied.

For example, the Inquiry report, *How children and young people win friends and influence others; children and young people's association, their opportunities, strategies and obstacles*,¹⁵ confirmed that many children and young people's associations are often either ignored and overlooked, or demonised as anti-social gangs.

Within this huge diversity there have been some clear shifts. Generally, the very big charities have thrived more than the medium-sized. New sectors have emerged, such as social enterprise, which combines social goals with business activities and now numbers around 62,000 (average estimate, 2005–7) with a turnover of £24 billion.¹⁶

A few decades ago, many expected religious organisations to decline. But the statistics, and a cursory glance around any major city, actually show them faring well, particularly among the smaller religious groups, and partly thanks to the influence of migration. Mosques, temples and evangelical churches, and the many organisations and services that surround them, are often now among the most dynamic parts of civil society in many cities. In Ireland, the Catholic Church has always played a central role in civil society and, in the UK, the number of charities registered by faith in 2006–7 was 13,927,¹⁷ with a total income of £1.5 billion. However, these figures are an underestimate, since many faith-based organisations will not be registered with the Charity Commission because they are small and informal or are places of worship with income of less than £5,000.

In the workplace, the picture is very mixed. During the 1980s and 1990s, trade union membership fell sharply. But this decline has been checked and partially reversed. In 2009, membership stood at 7.66 million in the UK¹⁸ and over half a million in Ireland. New organising initiatives, for example T&G Unite, have seen a greater focus on the grassroots and building self-sustaining workplace organisations. Membership is more diverse, with trade unions since the 1980s having made more effort to reach out to and organise atypical and minority workers. The white male manual worker is no longer the mainstay of the union movement; women are now more likely to be trade union members than men, partly a reflection of the fact that unions are now much stronger in the public than the private sector. In 2008, trade union density in the private sector was 15.5%, while it reached 57.1% in the public sector.¹⁹ Overall, statistics over the past decade show that union density in the UK (percentage of workforce in trade union membership) has reached one of its lowest levels in decades, at just under 30%.²⁰

The UK co-operative sector generates an income of over £28 billion, with roughly 5,000 enterprises owned by more than 11.3 million people.²¹ Co-operatives in Ireland play a major part in the Irish economy, contributing to almost 50% of total food exports.²² In Ireland, 2.9 million credit union members have savings approaching €11.9 billion and, at €750 million, credit unions are the leading provider of social finance.²³ Co-operative models are also being applied to the new challenges of alternative energy provision and local food production. Yet co-ops, mutuals and building societies have seen a decline in their market share from their high points in the mid-20th century. Co-ops in the UK had 8.5 million members in 1940²⁴ and were the dominant force in retailing – now, the Co-op is the fifth-largest supermarket chain. In some sectors, for instance agriculture in Ireland, co-ops still dominate.

Similarly, while building societies provided more than two-thirds of UK institutional mortgage lending at the outbreak of the second world war, they now account for only around 18% of it.²⁵ However, the mutual model of building societies, seen by many as out-of-date in the 1980s, has fared much better in response to the recent financial crisis as the larger, more powerful banks required state handouts to keep them afloat.

The ways in which people come together to organise have also changed, particularly thanks to new technologies which make it much easier for like-minded people to campaign, exchange ideas or provide mutual support. Examples include responses to disasters such as the 2010 earthquake in Haiti, organising around environmental concerns, such as Plane Stupid, and the mobilisation of the anti-war movement. Advances in technology have also enabled the growth and strengthening of global civil society associations, with organisations such as CIVICUS and the World Social Forum helping civil society to make its voice heard in numerous forums from the World Trade Organization to climate change negotiations. The larger NGOs and the trade unions are particularly well organised at the international levels.²⁶

But numbers, of course, do not tell the whole story. They do not, for example, capture what civil society activity achieves nor who participates in it. Despite the growing emphasis on outcomes to measure the impact of civil society activity, a complete assessment of its achievements in statistical and quantitative terms is impossible given its breadth and diversity.

But in general terms, civil society activity has fundamentally influenced the economy and enhanced people's well-being. It plays critical roles in holding the powerful to account and enriching democracy. It touches the lives of many millions of people in very practical ways – helping someone access employment, providing care or friendship for older people, enhancing education and enabling young people to become entrepreneurs.

Yet despite the apparent general health of associational life in terms of growth, size and income, there are also signs of weakness. In many areas of life, civil society groups have lost ground. They now have less voice in the workplace than a generation ago, and less influence over important areas like financial markets and the media. Relative to business and the state, civil society's voice in childhood has become much weaker. There are also increasing concerns about the degree to which regulation or bureaucracy hinders people's willingness to engage in civil society activity, as illustrated opposite.

The ebbs and flows in civil society activity and the changes in its scale and scope are also influenced by external factors, including the behaviour of governments and priorities among the general public. For example, much of the growth we have described has been encouraged by governments, especially in regard to the delivery of public services. On the other hand, privatisation and demutualisation have pushed civil society to the margins of the financial services industry and the concentration of media ownership has made it difficult for civil society to influence the content of news media.

Overall, however, there are good reasons for expecting the growth in civil society to continue. Most forecasters expect fields like health, social care, education and environmental services to be among the main creators of jobs and wealth in the decades ahead, and these are all fields where civil society associations are prominent.

Threats to civic participation

Employers, charities and organisations working with children and vulnerable people have to manage an excessively bureaucratic public protection system at a time when there is a shortage of people working with these groups.²⁷ For example, in 2008–9, nearly 400,000 people had to wait more than a month for their enhanced Criminal Record Bureau (CRB) check, more than double the previous year.²⁸ CRB checks have reached record levels. According to figures released by the Home Office, the number of checks in England and Wales has almost tripled from 1.4 million in 2002–3 to 8.85 million in 2008–9.

Bureaucracy and regulation can deter adults, particularly men, who increasingly lack the confidence to engage with children. The Volunteer Survey 2007 (NCH [now Action for Children] and Chance UK) found that 13% of men would not volunteer because they were worried about being tagged as child abusers and 28% of those who responded to an online survey said they knew someone who had been put off volunteering by the CRB process.²⁹

Baroness Neuberger, the government's champion of volunteering, argues that there is something wrong when adult–child intergenerational relations are mediated through fear and security checks:

'An example of this is the tragic case of Abigail Rae, a two-year-old child who drowned in a pond after she escaped from her nursery school in Warwickshire. The inquest into her death heard that Clive Peachy, a bricklayer, had passed by the toddler as she wandered down a road alone, but failed to stop and help her because he was afraid that people would think he was trying to abduct her. Suspicion of what their motives might be has forced some people, particularly men, to restrain themselves from showing ordinary common decency. Yet many of our most troubled young people

– although by no means all – have no regular male role model in their households and need to know what being an ordinary, stable, feeling, understanding man is all about.

*When pictures of children at nursery school cannot be taken without parental consent, for fear of pornographic use, we have a problem. When we are so suspicious of adults' motives in wanting to help a child that one cannot help in a school without a thorough and lengthy police check, including one's own children's school, we will deter all but the most determined, however legitimate our concern may be.'*³⁰

Over-intrusive health and safety regulations can also affect the nature of civic life and potentially stifle social innovation. These regulations can deter people from coming together, whether it is through community festivals, street parties or organised civic action. Some of the past flagship examples of social innovation might not have been possible under regulation as prescriptive as it is today.

Playbus: could this have happened in the 21st century?³¹

Community Links, an inner city charity running community-based projects in east London since 1977, helps over 50,000 vulnerable children, young people and adults every year. One of the first ventures of Community Links was a 'playbus' that travelled around Newham providing recreational facilities to communities that would not otherwise have them. The charity believes that today's regulatory environment would make many of their early schemes, such as the playbus, considerably more difficult to set up, making them subject to health and safety regulations, Ofsted inspections, CRB checks for workers and training for people working with children.

‘The great thing about civil society is the way it empowers people. People don't have to wait for government, or some distant global, market to respond. If you want to do something, whether it's having some fun through a choir or sports club, campaigning against injustice or coming together to provide the services your community needs, civil society is the space where you can get on and do it.’

Anna Nicholl, Inquiry Commissioner



Civil society as a ‘good’ society

The term civil society is sometimes used as shorthand for the type of society we aspire to live in. So how ‘good’ is society in the UK and Ireland in 2010?

We live in an era of unparalleled affluence. In the last 30 years, the size of our economy has almost doubled, home ownership is at its highest point, educational achievements are increasing, and life expectancy is rising at an extraordinary rate. Crime has fallen. By most measures, many people in the UK and Ireland enjoy an unprecedented level of welfare and, like others in prosperous developed countries, no longer have to fear violent attack, famine, disease or tyranny.

Most people are happy with their lives and most believe that people in their neighbourhoods get on well together. According to the 2009 British Social Attitudes Survey, eight in ten people (79%) feel they are treated respectfully in public in their day-to-day lives, although some groups such as single people, people living in cities, and those on lower incomes and in manual occupations, report more negative experiences. By and large, there seems to be a strong sense of belonging within communities. Eighty-four per cent of people questioned in the Citizenship Survey 2007 (England and Wales) felt that they belonged strongly to Great Britain. A slightly lower percentage (75%) felt that they belonged strongly to their neighbourhood, up from 71% since 2003. The 2007 Citizenship Survey results also showed an increase in the number of people agreeing that their local area was a place where people of different backgrounds got on well together, and in both 2007 and 2003, 47% felt that many people in their neighbourhood could be trusted.³²

Whether our morals have declined or improved depends on one’s point of view. In a recent paper for the Joseph Rowntree Foundation, Anthony Brown argues that:

‘Liberal democracy is a three-legged stool – though, at present, it’s a pretty wobbly stool. One leg is government, providing public capital. Another the market, providing market capital. And the third, civil society, providing social capital. To get things back in balance, the third leg needs strengthening.’

George Reid, Inquiry Commissioner



‘Things that caused outrage a generation ago are now celebrated. Until 1967, British men were imprisoned for having sex with other men; forty years later, gay marriage is enthusiastically covered in recently-homophobic tabloid newspapers ... the Conservative Party, long seen as the bastion of “traditional values”, and which when last in power banned local authorities from promoting homosexuality, boasts two openly gay members in its shadow cabinet.’³³

Although it is fashionable to paint a picture of a society falling to pieces, particularly for parts of the media, the overall picture is one that most periods of history, and perhaps some other countries, might envy.

Yet despite affluence and indices of public contentment, there are also many signs of problems and deep concern. Since 1997, while there is evidence of progress on tackling child poverty and modest equalisation of incomes, over the longer term, inequality has grown. Approximately a fifth of the UK population is below the low-income threshold.³⁴ Despite progress in regenerating many areas, some of the worst estates remain neglected and dangerous places to live. And social mobility, after two decades of apparent decline, is only just showing modest signs of turning around.

Both the UK and Ireland also do badly as places for children and young people to live, particularly in respect of exposure to drugs and alcohol.³⁵ Young people in Britain trust each other less than those in other countries in Europe, are more likely to spend time alone and are potentially more vulnerable to what has become the aggressive commercialism in the sectors of games, fashion and technologies.

A project recently conducted by the Joseph Rowntree Foundation also highlighted people’s perceptions of 21st-century social evils.³⁶ Contributors felt that values rooted in relationships and communities have been eclipsed by a concern only for self, immediate family and consumer goods, and this was very much the dominant feeling expressed at many of the Inquiry’s events.

Civil society as the arenas for public deliberation

There is no simple index of whether the state or the public sphere and the arenas for public deliberation have worsened. Where statistics do exist they show a growth in marches, petitions and other types of civic action that is quite at odds with views of a decline in spaces for protest. The internet has created an extraordinarily broad new medium for voice and expression, and though government consultations may sometimes appear cosmetic, there are far more of them than ever before.

The public realm in most major cities has been dramatically regenerated over the last 20 years, thanks to massive private and public investment. Yet despite this ‘urban renaissance’, some of the regenerated public space is privately owned and privately controlled, policed by private security and CCTV; as, for example, Canary Wharf in London, Highcross in Leicester, Liverpool One or Cabot Circus in Bristol. The rules and regulations of such spaces have a significant impact on civil society, whether that is through bans on handing out political leaflets, demonstrations or the sale of *The Big Issue*, or through the focus on security, which fuels the feeling of ever-present danger. Michael Edwards in his book on civil society warned of ‘the “pillaging of that which belongs to all of us” in favour of private interests, whether it be unspoiled open spaces, clean air, genetic diversity, the Internet or the process of politics themselves.’³⁷

One of the most common themes that arose in the Inquiry’s futures events across the UK and Ireland was people’s concerns about the diminishing arenas for public deliberation in which difference can be articulated and acknowledged. A number of factors, many of which are addressed in Part 2 of this report, are at work here, including the concentration of media ownership and the polarised nature of debate, the increasing distance between different socio-economic groups in society and the marginalisation of dissent. Part of the reason may also be that expectations of voice and engagement have grown. The deference of the past, where many unquestioningly believed what their leaders told them, has largely gone. People demand influence on the decisions that affect their lives: yet influence is strongly controlled by relatively few gatekeepers, for example in the national media, and much political and corporate decision-making takes place behind closed doors. The closed nature of many institutions and the hoarding of power by vested interests is a central theme in this report.

The diversity of civil society across the UK and Ireland

The geographic focus of the Inquiry’s work has been the UK and Ireland. Each nation and region has very different characteristics and one of the effects of devolution in the UK has been to reinforce these differences. Below is a snapshot of some of the key differences in civil society across the UK and Ireland.

Scotland

Scottish civil society played a major role in the ‘participatory democracy’ pioneered by the Scottish Parliament. The Claim of Right argued that politics was too important just to be left to the politicians.

Voluntary organisations and trade unions came together with politicians to lay down the fundamental principles upon which Scottish politics are based. These are accessibility, accountability, equal opportunities and the sharing of power between government, parliament and people.

Civil society associations have access to parliamentary facilities on an almost daily basis. There are several debates in the Chamber involving voluntary organisations each year. Civic organisations contribute regularly to consideration of draft legislation and, by using the highly acclaimed Petitions system, can highlight issues and help produce changes in the law.

Land reform has allowed communities to take their island or estate into community ownership. Pressure from civil society associations has led the Scottish government to adopt the world’s most ambitious climate change targets.

The connections across the various sectors of civil society in Scotland seem to be stronger than elsewhere in the UK. To illustrate this, the Scottish Council for Voluntary Organisations (SCVO), in 2010, convened a space where different actors in civil society came together to explore how they could develop a common civil society response to the big issues of climate change and economic crises. Participants included trade unions, faith-based organisations, anti-poverty groups, co-ops and the voluntary and community sectors.

England

England has long traditions of civil society – traditions of dissent, nonconformism and radicalism – sitting alongside the more established models of charities, foundations and endowments in fields like education and health. The Levellers, the Diggers, the Chartists and the co-operative movement are the more obvious examples of radical civil society. Methodism more than Marxism shaped working-class political organisation and later the Labour Party. Middle-class civil society was also very active in the 19th century in many fields from education to the arts.

The relationship between governance and civil society is very different in England from that of other parts of the UK. Financial, political and, to an extent, civil society power is centralised in national umbrella bodies, national foundations, funds and charities. Many of these have a very close relationship with government. But England has rejected tentative moves to regional government and although some civil society associations are clustered around the regional institutions, these do not have strong regional roots, with the partial exception of the North-East and London. Cities, by contrast, have tended to become more confident after decades of losing power and many now have strong and confident civil societies. Ten years after the introduction of Labour's devolution settlement for Scotland, Wales and Northern Ireland, there is no clear consensus on how England's governance should be reformed, whether towards much more local devolution, or stronger regions or cities.

Wales

The roots of modern Welsh civil society 'stem from the emergence of a nonconformist indigenous bourgeoisie in the nineteenth century'.³⁸ The issues of language and religious difference were central concerns driving the development of civil society. Further, the industrial heartlands of South Wales have been politically dominated by the Labour Movement, so much so that voting Labour was seen as an expression of Welsh identity. The industrial revolution, language and many denominations that make up Welsh Non-conformism created a fragmented Welsh society.³⁹

Unlike the Constitutional Convention in Scotland, civil society associations beyond the political parties in Wales had relatively little role in the development of devolution and the establishment of the National Assembly for Wales in 1999. John Osmond of the Institute of Welsh Affairs has said that before devolution, while there were civil society organisations in Wales, there wasn't a 'Welsh' civil society.

Since the establishment of the National Assembly for Wales, civil society has reported itself more engaged in the policy-making process and better placed to have an impact upon policy.⁴⁰ Section 114 of the Government of Wales Act 1998 required the Welsh Assembly Government to develop a scheme setting out how it would promote the interests of the voluntary sector. The Scheme includes arrangements for consultation, dialogue and working in partnership and was broadly welcomed by the voluntary sector.⁴¹ More recently, the Welsh Assembly Government has announced that it will be leading a social partnership in Wales which will seek co-operation between representatives of the main participants in the economy and society in Wales, including both the third sector and trade union movements.⁴²

The National Assembly for Wales has also encouraged engagement with civil society in Wales and this is reflected in the design of the new Senedd building, including a public space which is regularly used by civil society organisations as a place for interaction with politicians, as well as by members of the public.

Devolution has also brought challenges for civil society in Wales, including the need to engage with government and politicians in both London and Cardiff. Rhodri Morgan AM, First Minister until December 2009, recently commented:

*'Now in Scotland, they are used to making decisions in civil society. Their farming union does not refer things to the National Farmers' Union headquarters in London; their Women's Institute does not refer things to the Women's Institute in Oxford; their National Trust does not refer things to National Trust headquarters ... I mean they're used to making their own decisions in civil society. But in Wales we were a branch factory economy and a branch office of civil society.'*⁴³

The need to engage with the Welsh Assembly Government and National Assembly for Wales has led to many civil society organisations working in Wales developing separate Welsh offices or branches, or modifying the governance structures to reflect Wales-focused organisations. In other cases, new Wales-focused organisations have established themselves.

Civil society in Wales has become much more engaged in the democratic structures within which they are working and more concerned to try to influence them. This is reflected in the establishment of Tomorrow's Wales, a cross-party, cross-sector, multi-faith group which brings together a range of Welsh civil society actors to promote more effective devolution for Wales. They have stated that they will be campaigning for a 'yes' vote in the forthcoming referendum on further devolution of legislative powers to the National Assembly for Wales.

Northern Ireland

Northern Ireland is perhaps the most distinctive area in either island. For many years, the difficulties of party politics meant that civil society played a larger role in economic development and service provision than in other parts of the UK, filling a gap left by the stalemates of formal politics. Civil society also played a critical role in creating the climate of opinion so important to developing the peace process. The Opsahl Commission, the Community Dialogue process and indeed the civil society Yes Campaign during the referendum on devolution are just some of the examples of civil society initiatives aimed at changing the context for the peace process. Social partner organisations the CBI, the Irish Congress of Trade Unions, the Northern Ireland Council for Voluntary Action (NICVA) and the Ulster Farmers' Union also collaborated and worked tirelessly in a non-party-political way for change and political development.

Following the constitutional settlement, those parts of civil society in Northern Ireland that have delivered social services now find themselves dealing with locally-elected politicians, rather than just civil servants. The old relationships they had with civil servants in the absence

of a functioning state are now changing and new ones have to be constructed. The recent initiative by NICVA to try and build links between the new political class and civil society (Dialogue on Democracy) illustrates this well. As in the rest of Northern Ireland society, civil society is also marked by sectarianism. The governance arrangements after the peace process also bear the marks of years of conflict, and all major parties form part of the government in an unusual power-sharing arrangement. There is much still to be done and civil society organisations will no doubt continue to play their part in the continued development of the region.

Republic of Ireland

Civil society in Ireland is strong by many standards. The Catholic and other churches played a critical role in the past, but there is also a lively social economy of local and agricultural co-ops and the credit union movement. The degree to which the community sector and the voluntary sector are funded by the state, the scarcity of independent foundations and the small fraction of income derived from charitable giving also distinguish Irish civil society.

The national social partnership approach, initiated in the 1980s, is in stark contrast to the neo-liberal free-market approach adopted in the UK under the Thatcher administration and offers a different model of governance that incorporated rather than excluded trade unions and other civil society actors into national-level triennial national agreements.

A key issue to emerge from the Inquiry's futures workshops in the Republic of Ireland was the marginalisation of dissent (see Part 2, Chapter 4). This related directly to how some parts of civil society perceive the social partnership process in particular and government policy in general. The social partnership process means that different parts of civil society do connect regularly, although the process is under severe strain at present given the economic and political crises in Ireland.

Global civil society

With big names in international development such as Oxfam and ActionAid, UK civil society has a long history of working internationally. In 2006–7, it was estimated that the 4,745 UK charities focusing on international issues had a total expenditure of £2.4 billion.⁴⁴ Civil society in the UK and Ireland is very much part of global civil society. In addition to the provision of development aid, there is a long history of campaigns on the world stage influenced by UK civil society, including global campaigns on poverty, landmines, conflict diamonds and debt relief.

Much that is happening in the UK and Ireland echoes global trends, with many states making more use of civil society groups as providers of social services. Research undertaken by the Johns Hopkins Comparative Nonprofit Sector Project in 2003 found that 64% of civil society activity across 32 countries was focused on service fields. There has been an increase of confidence in civil society activity in many countries, especially as a result of its role in enabling political change, for example in Eastern Europe, Latin America and Indonesia. Businesses are also attempting to strengthen links with civil society associations, involving ideas such as corporate social responsibility and other kinds of relationships, an example being the relationship between the Grameen Group and Danone. On the back of the economic boom there has been more profile given to new philanthropists, including the likes of Tom Hunter.

Looking ahead, there are challenges to UK and Irish civil society as it learns to be a more active, but also humbler, partner to others around the world. More needs to be learned from civil society activity in other parts of the world, including experiences of radical carbon reduction, new forms of politics such as participatory budgeting and new models of social

economy, such as the new ventures sponsored by Grameen, BRAC and Asa in Bangladesh. There are also important new challenges for civil society to link to others through networks, such as CIVICUS, the Social Innovation Exchange and Euclid in Europe. Some parts of global civil society work through the internet, such as Avaaz and Kiva. Some link diasporas, helped by groups such as Connections for Development, and some link grassroots organisations such as Shack Dwellers International. All face a common challenge of finding better ways to influence global institutions such as the International Monetary Fund, the World Trade Organization, the World Bank, the European Union and the G20, drawing on the experiences and infrastructures of groups such as CIVICUS, the International Trade Union Confederation, the global e-parliament or the Arias Formula.

‘We can win a global change, but it will not have teeth unless it is rooted locally. The challenge is now to develop new forms of alliance, new forms of citizenship, which connect the dots from the local to the global.’

John Gaventa, Institute of Development Studies and member of the International Advisory Group

What is striking in the UK is the division between voluntary and community organisations that work internationally and those that work domestically. There needs to be a stronger infrastructure to enable the flow of information and ideas between the two, one that also strengthens links between grassroots activity and the macro-level civil society lobbies.

‘The nature of power is changing ... We have the rise of the BRICS – Brazil, India, China, South Africa. The old models of the “North and South” are rapidly changing. What does this have to do with civil society in the UK? It simply means that the UK – and its civil society associations – while very important, are not necessarily in the same central position in relation to the world as they once were. The problems of our societies – be they human rights, corruption of governments or climate change – are increasingly similar and more interconnected. Old models of the civil society in the North being the charity provider or the service deliverer for the rest of the world will no longer do. We need to approach this discussion from a position of how to build relationships of solidarity and respect across civil societies in the rest of the world and not from the assumption that we are there to “help” others.’

John Gaventa, Institute of Development Studies and member of the International Advisory Group

Conditions for a healthy civil society

This snapshot of civil society in the UK and Ireland illustrates that civil society is critical to modern democracies but also contradictory and complex.⁴⁵ But what are the conditions that help civil society to thrive? Experience suggests that it is the interaction of complex institutions (state, market and civil society), with activities and habits conducive to a lively civil society, and in turn a healthy democracy and society. These take time to build up. They cannot be simply legislated or ordained. They grow more like the plants in a garden or forest than a road or building, energised by the light that comes from knowledge and information, and fuelled by passion and commitment, as much as by money.

However, there is no simple recipe for civic health. Laws guaranteeing the freedom to organise, criticise and act without permission are necessary conditions for a healthy and vibrant civil society, but they are not sufficient on their own to strengthen associational life, to develop a good society or to strengthen the public sphere. Here the Commission sets out some of the fundamental conditions that shape the health of civil society.

Underlying values and attitudes that make it possible for people to collaborate

A wide range of ingredients motivates and encourages citizens to believe that working with others is the most effective way of meeting their individual needs and aspirations; the values highlighted earlier of mutuality, solidarity and social justice are important but underpinning association are trust, security and the absence of fear.

Without trust people are unlikely to co-operate with others, or to feel safe discussing important issues with them. Not surprisingly, there are correlations between levels of trust and the density of ground-level civic institutions. This is clearly a two-way process. The more people collaborate, the more likely they are to trust each other, and the more people trust each other, the more likely they are to collaborate in choirs and bands, childcare clubs and sports clubs, churches and mosques, trade unions and community campaigns. That, in turn, will tend to make them more able to trust others.⁴⁶

There are also strong correlations between trust and well-being. People feel happier if they can assume that others around them are worthy of trust. By contrast, if they assume that strangers are likely to be a danger, their lives are likely to be full of stress and anxiety.

People's sense of fear or trust is influenced by many other things. This includes the design of institutions and environments; the degree to which public institutions explain what they do; and the way in which businesses treat their staff and customers. In housing, trust thrives when physical environments favour conviviality, allowing people to get to know their neighbours while also protecting their privacy, with semi-private and semi-public spaces where people can come together.

Trust is also significantly influenced by inequalities, more so than ethnicity or faith. Countries with greater inequality tend to be less trusting; in fact approximately three-quarters of the variation in levels of social trust in the UK are the result of poverty and social class rather than racial differences.⁴⁷ This confirms the larger point: it is only from seeing others as equals that we feel secure enough to reach out and co-operate with them.

Equality and non-discrimination

Inequality and discrimination present significant threats to public participation, civil society and democracy. Poverty and inequality remove the support systems people need to be active citizens and deprive them of the security required to reach out and make connections with others. Inequalities in voice and poverty continue to be entrenched across the UK and Ireland. As Michael Edwards notes: 'Calls to "participate more" often ignore the economic difficulties that strip people on low or insecure wages of the time and energy to do precisely that. Expecting people on the breadline to share, participate and cooperate as equals is unreasonable unless efforts are also made to create the conditions in which this is the safe and rational thing for them to do. Arguing about politics, and holding power to account, takes both energy and courage, especially when no insurance – legal, social and financial – exists to support you when power fights back.'⁴⁸

Civil society activity thrives best when it has an independent and confident spirit; when it is not beholden to the state or to funders, and when it is not afraid to make trouble.

Speaking at an Inquiry event on the marginalisation of dissent, Fran Bennett, Senior Research Fellow in the Department of Social Policy and Social Work, University of Oxford, said:

‘Even if people in poverty want to get engaged, there’s the practical obstacles of resources and access to the tools of the trade and technology and so on. But more importantly perhaps is the very lack of confidence and self-esteem caused by the experience of poverty. And the depth of mistrust of the political system which is caused by living in poverty and feeling so often let down by the political system.’

Equally destructive is discrimination based on race, gender, sexual orientation, disability or belief.

Social, economic and political equity are critical for the ability of governments and civil society associations to encourage deliberation, to nurture consensus and to achieve democratic outcomes in which people can participate fairly.

The legal protection of equal rights, the provision of jobs with decent wages, adequate help with childcare, fair taxation, access to quality health and education services and a comprehensive social safety net are critical to building a more inclusive civil society. Reducing inequality is critical to the health of civil society and democracy and to ensuring that associational life is not dominated by the articulate or more powerful players in civil society. As de Tocqueville noted, ‘If men are to remain civilised or become so, the art of associating together must grow and improve in the same ratio in which the equality of conditions is increased.’⁴⁹

‘Civil society restrains state power and provides alternatives to market economics. Instead of being told what to do by government, or being enticed into doing things by the market, it is about doing what the citizen believes is right.’

George Reid, Inquiry Commissioner



Independence of spirit and resources

Another precondition for a healthy civil society is the independence of spirit and resources of civil society associations.

Civil society activity thrives best when it has an independent and confident spirit, when it is not beholden to the state or to funders, and when it is not afraid to make trouble.

A constant source of debate and tension is the degree to which government funding constrains civil society voice. The findings of the Inquiry’s work exploring the independence of the voluntary and community sector have been ambivalent. On the one hand, they suggest⁵⁰ that the voluntary and community sector does not see itself in danger of government takeover. However, another Inquiry report⁵¹ found that only civil society associations largely free from government funding felt free to pursue what they saw as their social justice mission. The following five factors were found to enhance an organisation’s feelings of independence: 1) if they receive funding from foundations and charitable trusts, particularly long-term, core funding; 2) if they raise a portion of their own income; 3) if they have a positive attitude towards commerce; 4) if they engage in advocacy; 5) if they are creative in the way they meet the demands of funders.

A key finding of the Inquiry’s futures work was that voluntary and community organisations are in danger of losing their distinctiveness by mimicking business practices and values. This has certainly happened in the past, as organisations have grown big or become dependent on contracts from government. There is therefore a clear tension between organisational growth and maintaining a focus on values and mission.

The Inquiry also unearthed serious concerns about the ability and responsibility of civil society associations to speak out against the behaviour of governments or market actors, including media. For example, speaking at an Inquiry event, Oonagh McArdle of the Community Workers Cooperative, Republic of Ireland, said:

'From national down to local level, many civil society groups, rather than representing an alternative view or ideology are keeping their heads down, avoiding working in solidarity with those most marginalised, and are afraid to challenge. This fear of reprisal has sometimes meant that economic survival is more important than the vision for which we claim to aspire. There is a danger that we are becoming agents of government rather than agents of change. If we are agents of government, then what happens to the voice of the marginalised? Who speaks for the marginalised if this community sector mechanism is turned on its head?'

While civil society associations are, by definition, independent of the state or market, in practice independence is rarely absolute. Many civil society associations depend on funding from the state, individual donors or philanthropic organisations. They may also have a degree of dependence on beneficiaries or other stakeholders. As such, pure independence is not viable in practice. But it is critical that civil society associations have sufficient freedom to pursue their own agendas and values – and this is what lies at the heart of concerns about independence.

A healthy relationship with the state

Civil society associations are always going to be much weaker than government. But it is possible for the relationship to be more rather than less equal, more rather than less governed by mutual respect. Here the Commission summarises some of the critical factors, and how they could be reinforced:

Strong civil liberties. International human rights obligations and freedoms of assembly, expression and association are legislated upon by states and – equally importantly – interpreted and implemented by its agents. These hard-fought-for freedoms are often at risk of being eroded, particularly in a climate of fear.

A favourable legal framework. Governments set the frameworks through which associations become legal, accountable entities. These legal forms often need to be reformed – for example, to create new vehicles for entrepreneurial activity (such as Community Interest Companies) or community ownership (such as Community Land Trusts). The law needs to strike a balance between requiring the transparency and accountability essential to the legitimacy of civil society, particularly with larger organisations, and avoiding over-demanding regulatory burdens, particularly for smaller organisations.

A consistent focus on the needs of civil society.

The Commission favours light structures in the centre of government which can support the full breadth of civil society, rather than just the voluntary sector (ideally with an Office for Civil Society), influencing policy in other government departments, promoting new initiatives and providing a voice for civil society. We would also like to see a stronger emphasis on social action within government, including a commitment by the Treasury to assess the full impact of social initiatives and policies on social value, through assessment tools comparable to those that already exist to assess spending on such things as roads and airports.

Fair and creative finance. Governments are clearly important in providing or enabling funding for civil society associations, whether through contracts or grants, or indirectly through tax benefits. The terms on which grants or contracts are given, including commitments to allow civil society to bid to run services, or to pay fairly for services provided, are critical. For example, issues such as full cost recovery – the extent to which grants for public-sector contracts cover the entire cost of providing services, including back office functions – have been hotly debated in recent years. Looking to the future, governments need to experiment with new kinds of funding – loans, equity, quasi-equity, contingent bonds and outcome-based commissioning – which can better align the interests of governments in achieving value for money and the interests of civil society in retaining independence and a focus on mission. Other examples include community dividends (where communities receive a share of savings they achieve) and community pledgebanks (where communities band together to fund projects).

Involving civil society in decision-making.

Civil society associations have gained more access to decision-making in recent years, despite having far fewer resources for lobbying than business. Devolution of power will tend to benefit civil society, as will formal commitments by governments to open decision-making, including open information and data, and open processes for consultation. The Commission hopes that future governments will see the advantages of using citizen commissions and citizen inquiries to pioneer new policies.

Using power to promote civil and social values.

Many of the areas of life that are most influenced by government – education, the law and the design and planning of public spaces – can either encourage civic activity, and an inquisitive, engaged and active public, or they can discourage and constrain these things. It is vital that these choices are made consciously, with awareness of their impacts.

Supporting strong institutions that bridge civil society and the state. Recent years have seen intensive innovation in new kinds of roles that straddle communities and governments, helping to make the latter more open and useful as a partner. These include major programmes on volunteering, national units, offices and task forces with many members from civil society (such as the Office of the Third Sector); roles such as ‘social entrepreneurs in residence’ (as in Birmingham), community brokers and entrepreneurs (as in Tyneside) and citizen reporters (as in Manchester). The Commission sees a further strengthening of these roles as essential to a healthy relationship in the future.

Guaranteeing a free flow of information. Laws guaranteeing freedom of information have helped to open up democracy, just as laws allowing for more information about business have increased accountability in the economy. We see new moves to open up public data in all its forms, as well as transparency for public organisations, as vital to the future health and effectiveness of civil society.

Does civil society thrive best with a strong or a weak state? There have been times in the past when it was assumed that a smaller state would lead to a stronger civil society. But experience has shown that this is wrong. A state which is too big may well crowd out

civil engagement and responsibility. But small states may simply create the space for other concentrations of power, from big business to organised crime, which leave people more isolated and afraid.

The strength of civil society does not hinge on whether government is big or small. The countries with the highest levels of social trust often have quite large governments and fewer inequalities (as measured by shares of GDP), the Scandinavian countries being the obvious example. But they generally have quite open and pluralistic systems, where no one has unconstrained power. Their styles of government are closer to the spirit of civil society.

A healthy relationship with business

The relationship between civil society associations and the state is of obvious importance. But so is the relationship between civil society and other centres of power, such as business.

Many civil society associations such as co-operatives, mutuals and social enterprises are directly part of the market economy. Business is a small but significant source of funding or support for civil society (encouraged by organisations like Business in the Community, voluntary income from the private sector amounts to 5% of voluntary sector income⁵²). Corporate philanthropy, corporate social responsibility and support for employee volunteering have all become more prominent in recent years. Meanwhile, some businesses have defined themselves more overtly in terms of social or ecological values.

Yet the relationship between civil society and business can be deeply contentious. There is a widespread perception that the level of support coming from the private sector as a whole has not matched the huge accumulations of wealth in the boom years, despite many bold claims. Sometimes business has lobbied for changes – such as the privatisation of public spaces, or the media – that have been detrimental to civil society. Many would argue that the behaviour of business, for example, in terms of working conditions or the payment of taxes significantly influences civil society. And when civil society groups become dependent on particular businesses for support, the same problems arise as they do when they become dependent on governments: self-censorship invariably kicks in.

Business can be nearly as diverse as civil society, ranging from corner shops to global firms. It's difficult to generalise. But the Commission sees a need for a healthier relationship of mutual respect between business and civil society. It has become clear that a strong civil society is vital to business success, as well as to the underlying conditions that strong economies need. It can provide the necessary scrutiny and challenge that keeps business focused on creating genuine value. Equally, civil society has much to learn from business, particularly if, as we suggest, it is set to become more involved in economic activity.

Pluralism

The fundamental issue underlying civil society's relationship with both the state and business is pluralism. Civil society in its modern forms was founded on the conviction that monopolies, whether in politics, religion or the economy, are dangerous and ultimately inimical to the human spirit. Today, the case for a stronger civil society is in part a case for pluralism: that we are more likely to adapt to change and more likely to achieve the goals we care about, with a wide distribution of power and opportunity. Will Hutton of the Work Foundation put the case for pluralism well:⁵³

'Private monopoly is abhorrent and public monopoly is abhorrent. When you just have a state and millions of atomised individuals and no intermediate layer of organisations that are self-governing, autonomous and have their roots in place and in civil society, then you create a Big Brother universe. Society needs lots of runners and riders. It needs people to experiment with different ways of addressing problems so there can be cross-learning. What we have stripped out of society is a capacity to develop new models, new approaches to the way you manage risk in society, the way you live life well and the way in which you create opportunity for ordinary people.'

Pluralism is not just a matter of avoiding monopolies of power. Nor is it just a matter of tolerating difference. At its best, it also entails active engagement with diversity and seeking understanding across lines of difference.⁵⁴ The Archbishop of Canterbury, Rowan Williams, has called for what he terms a robust and interactive pluralism. His view is that the Fabian model of highly controlled top-down social provision dominated in the 20th century over the more anarchic vision of William Morris and his circle:

*'We still need a robust defence of the non-Fabian, the pluralist, vision of what a just society might be: a society in which what I call the interlocking, intersecting communities would all have a role in shaping the common good: where these communities would all be potential partners with statutory and government agency, with the ultimate goal not simply of solving problems or meeting needs, but equipping citizens. I think it is only with a robust sense of what the cooperative tradition is about, what the pluralist model is that one can actually have a proper sense of what citizen means.'*⁵⁵

Civil society is by its nature diverse and sometimes anarchic. When healthy, its ecosystems combine advocacy, holding the powerful to account, service provision and grassroots and community action, through local, national and global social movements, and activity that bonds individuals and bridges difference. All of these are at root about pluralism, providing a diversity of ways of thinking and acting. Pluralism is, in turn, the precondition for progress and innovation, for imagining how things could be different and then making them possible.

Following on from this snapshot of civil society in 2010, Part 2 of this report explores where we might be heading, looking forward to 2025, and explores four themes that the Commission believes are central to the future well-being of both civil society and society as a whole.

Civil society is by its nature diverse and sometimes anarchic. When healthy, its ecosystems combine advocacy, holding the powerful to account, service provision and grassroots and community action, through local, national and global social movements and activity that bonds individuals and bridges difference.

Part 2: Looking out to 2025: Futures for civil society and priorities for action



An army of thousands of one foot high people were planted in the formation of a giant saltire outside the Scottish Parliament calling for climate action – Edinburgh, April 2009. *Image courtesy of Friends of the Earth Scotland*

Futures for civil society: Where are we heading?

The journey of the Inquiry Commission began with an extensive futures exercise to look towards 2025 to explore the threats to and opportunities for civil society.

The aim of futures work is to ‘disturb the present’ and to help organisations understand and manage uncertainties and ambiguities. Conversations about the future help us understand the present better – and differently – so that we can act with foresight rather than regret with hindsight.

The Inquiry’s futures work involved a series of workshops that engaged over 400 people around the UK and Ireland to talk about what the future might hold for civil society. The purpose was to identify and analyse the implications of the drivers of change (social, environmental, political, economic, technological and legislative factors) that will affect civil society for good or ill and to develop a series of plausible yet challenging scenarios to illustrate what civil society might look like in 2025. The findings of the Inquiry’s futures work are documented in the Inquiry reports *The shape of civil society to come* and *Scenarios for civil society*.⁵⁶ They helped the Commission identify the ‘burning issues’ for the future of civil society which comprise the key themes covered in Part 2 of this report.

There are a number of relatively predictable trends that will affect civil society in the UK and Ireland. We know, for example, that by 2040, the number of people over 64 in Britain is expected to grow from 9.5 million to 15 million.⁵⁷ By 2026, life expectancy is expected to rise to 84 for men and 87 for women. The population will also grow and immigration will increase. Britain’s population is forecast to exceed 70 million by 2029 and, of the 10.2 million increase, 45% is projected net migration.⁵⁸ These figures are much contested, and they ignore many factors, such as the possible impact of climate change on migration. But on balance, it’s likely that the population will rise. Civil society activity will need to adapt to these changes, but has relatively little influence over them.

It is the more uncertain and unpredictable drivers of change that present the greatest challenges and opportunities for civil society and some of these can be influenced by the ways civil society acts (or indeed does not act). These uncertain drivers of change were identified by the Inquiry’s futures work as:

- reactions against the dominance of economics, corporate power and a focus on growth as the paramount goal for societies;
- widening divisions on the question of sustainability and growing pressure on global resources, with potentially difficult battles over how to avert climate change and who should pay for its consequences;
- the impact of growing inequalities, creating a more fragmented society⁵⁹ and greater isolation for the poorest;
- changing values which may simultaneously enhance individualism and the desire for autonomy, and greater sense of being connected;⁶⁰
- shifting identities,⁶¹ whether ethnic, cultural, religious or national, and the importance of multiple identities;
- changing patterns of activism, including both disengagement with formal politics and strong engagement in single-issue or identity-based politics;
- radical cultural shifts associated with pervasive technology and the rise of ‘digital natives’;⁶²
- intensive surveillance of daily life,⁶³ partly as a result of insecurity and fear;
- the regulation of civic life and the marginalisation of dissent.

‘The purpose of futures thinking is to disturb the present.’

Gaston Berger



The Inquiry's futures work also developed four scenarios designed to illustrate what civil society might look like in 2025 and to stimulate debate about how civil society associations might better take advantage of emerging opportunities and manage possible threats. In one scenario, resource scarcity helped a major shift towards localism; in another, technology helped to greatly enhance participation in decision-making; in others, greater diversity and inequality fuelled conflict and distrust.

The Inquiry also hosted an event to gather insights from young people aged 16–21 about futures for civil society (see below) and, with the support from the Paul Hamlyn Foundation, explored the views of children using the arts.

Although the Inquiry futures work was completed before the economic crisis of 2008, it identified many of the issues that have since become more prominent. For example, the futures work called into question the sustainability of an economy based on ever more consumption and debt, and a corporate sector that appeared to be unaccountable.

Drawing on the findings of the Inquiry futures work, the Commission identified what it believes are the priority areas for action for civil society:

- growing a civil economy;
- a rapid and just transition to a low carbon economy;
- democratising media ownership and content;
- growing participatory and deliberative democracy.

Futures for civil society: insights from young people

The young people that participated in an Inquiry futures workshop had no trouble envisaging positive futures, including reduced risks from climate change, affordable housing, reduced global poverty, global peace and health, human rights and global democracy, the elimination of discrimination, education and opportunity for all and active participation. They also had no trouble in identifying the actions necessary to bring these about.

Overall, however, they were not very optimistic about the potential of society to achieve the changes they wanted to see. They were acutely aware of the current limitations of local, regional, national and international institutions. In particular, they were sceptical of the ability of their parents' generation or people in power either to prioritise the issues they saw as being important, such as climate change or child poverty, or to implement the necessary changes.

In terms of civil society, there was a strong inclination among the participants to identify with collective action, especially at the global level, as the key way of solving problems effectively. Global governance and global democratic institutions were seen by them as a key feature of many of their desired futures. They also clearly saw the establishment or development of democratic global institutions as a stepping stone to addressing the issues of climate change, global peace and global poverty. Implicit in this observation are the perceived limitations of nation-states acting in isolation on such issues. This futures event also highlighted that this particular group of young people saw themselves as having overlapping identities – 'global citizens', European, Irish, British and local citizens.

To read the full report from this event, go to www.futuresforcivilsociety.org

We have no confidence in our parents or adults to shape the future we want.

Inquiry contributor



These priority areas are interdependent, since it is only through more robust and open methods of deliberation, information and comment that it will be possible to deal with the challenges of climate change, and through a more locally and socially owned economy that new business models are most likely to emerge.

Part 2 of this report explores these issues in detail. In particular, the report points to existing civil society initiatives that might turn out to be the harbingers of the future, reinforcing the novelist William Gibson's famous comment that 'the future is already here, it is just unevenly distributed'.

'The future is already here, it is just unevenly distributed.'

William Gibson



Supplementary reports that document the Inquiry's futures work

- *The Shape of Civil Society to Come*
- *Scenarios for Civil Society*
- *Futures for Civil Society: Insights from Young People Aged 16–21*
- *Toolkit: Using Scenarios and Futures Thinking: A guide to using the Inquiry's futures work to inform the strategic thinking and planning of your organisation*
- *Initiative to Engage Young People in Exploring the Future of Civil Society through the Arts*

Reports can be downloaded at:

www.futuresforcivilsociety.org

Andrew Siddall – Civic Architects Ltd.



"the landscape of civil society is shaped by its people"

Chapter 1: Growing a more civil economy



Activists from the charity Oxfam call for fair trade for farmers in developing countries by dumping oranges at the doors of the European Commission in London, 2003, in protest against the EU's Common Agricultural Policy: *Press Association Images*

Commission's summary*

The full meaning of the recent financial and economic crisis will not be clear for many years, but there is already a growing consensus that things cannot continue as before. The economy in the UK, and perhaps even more in the Republic of Ireland, became dangerously distorted by bubbles in finance, property and retail. Large parts of the financial sector, irrespective of the dangers to the wider economy, became caught up in the pursuit of increasingly unmanageable risks.

The Commission believes this is an opportunity to reshape the financial system, not just to avoid future crises, but also to align it better with values that emphasise responsibility, good governance, human well-being and environmental sustainability.

The crisis has therefore prompted a widespread desire for change. Governments have been primarily concerned with restoring the system, through bailouts and new regulation. But the Commission believes that this is an opportunity to reshape the financial system, not just to avoid future crises, but also to align it better with values that emphasise responsibility, good governance, human well-being and environmental sustainability. We advocate growing a more civil economy, which requires a bigger direct economic role for civil society, as well as more open and responsible practices in the rest of the economy.

Civil society has a long history of economic activity. Friendly societies, consumer co-operatives, building societies and trade unions all played key parts in the economy from the 19th century onwards. In some cases, civil society associations became the linchpins of local and regional economies, as did building societies, which at one time dominated the supply of mortgages for home ownership. Civil society remains involved in many areas of the economy, including in retail supply chains, such as fair trade and the trade justice movement, in energy production, and in health and social care. Some organisations offer ethical alternatives in industries where corporate providers have been shown to be untrustworthy or complicit in socially or environmentally damaging practices. Social enterprise has increased significantly, and in the UK is estimated to have a combined turnover of £24 billion a year, as thousands of new enterprises respond to local unemployment, and gaps in health, social care, community services and housing. Indeed, social enterprises appear to have weathered the recession better than other small businesses.

But civil society's economic roles are more marginal than they once were. In the 20th century, they were squeezed by both the market and the state. The creation of the welfare state meant that there was less need for savings and insurance, and business expanded its role in the provision of bank accounts and mortgages for poor communities. Meanwhile, the strong voice that allowed civil society to influence the rest of the economy in the 19th century – for example, championing reforms to end slavery and child labour – became quieter.

The Commission believes that a strong and healthy economy depends on pluralism: of organisational forms, business models and values. We therefore advocate a twin track approach: on the one hand, building up a greater plurality of economic organisations rooted in civil society, including co-operatives, social enterprises, charities and trusts, and on the other, enhancing the influence of civil society on decision-makers throughout the economy, including regulators.

Specifically, we advocate **increasing the transparency and accountability of financial institutions** through:

- **Mandatory reporting for major institutional investors**, including pension funds, endowed civil society associations and fund management companies, requiring them to set out the social and environmental impacts of their investments and how they exercise their voting powers. This information should be accessible to the public and subject to independent scrutiny.
- **Mandatory lending disclosure** for major financial institutions to ensure their lending practices are serving the needs of all communities, without discrimination (drawing on international models such as the US Community Reinvestment Act).

We also argue for action to **increase pluralism in the financial sector** and see virtue in a more clearly tiered financial system, with different rules, capital requirements and regulations for local finance, national finance and global activities. The large public holdings in banks have brought an unparalleled opportunity to restructure financial services so that they better serve society. This would include the remutualisation of failed financial institutions at a local or regional scale, alongside mutual insurance, and scrutiny, of these institutions to contain risk. Other actions needed to increase pluralism include:

- **Developing financial products that meet social needs.** Civil society should champion the development of low-cost financial products that meet people's changing needs. These could include mortgages which insure deposits and have flexible repayment options, or employment or livelihood insurance, not just for loss of employment but changes in income, including microinsurance.⁶⁴
- **Growing local investment.** We see an urgent need for new investment vehicles for people who want to hold their savings in forms that benefit the local community and economy. These could include Local Investment Trusts for small firms and Community Investment Trusts for local social enterprises.

- **Growing 'social' finance.** We believe governments should do more to actively support local and not-for-private-profit financial provision, such as Community Development Finance Institutions. Despite the scale and resilience of the social economy, mainstream financial institutions and fund managers have not invested significantly in it. We believe institutional investors should set a minimum benchmark of investing 2.5% in social enterprises that generate social and environmental returns as well as profit. Regulators should see this as an essential part of prudent fund management.

We also advocate **growing the power and influence of civil society** by:

- **Strengthening the capacity of civil society** to influence financial institutions and regulators, building up specialist institutions and experts who are both connected to the everyday work of civil society and have the authority to challenge conventional wisdoms.
- **Strengthening financial literacy among individuals.** The public suffers when it lacks financial knowledge and can be exploited by financial institutions. There are many programmes already under way to support financial literacy, but recent history has shown that they may not be enough. In the 19th century, and more recently, civil society played an important role in helping people to understand, and access, tools for saving. In the future it looks likely to have to play a part, once again, in protecting people from the risks of excessive debt, and excessively costly financial products.
- **Promoting new standards for financial products and a new 'comprehensibility threshold'.** Civil society has an important role to play in developing and promoting independent, credible standards, so that people can make informed choices about which financial products they purchase. Specifically we recommend a 'comprehensibility threshold': that no product should remain on the market if more than half of its consumers can be shown to misunderstand fundamental features of how it works. Other standards may, for example, refer to social and environmental impacts, levels of risks, where the money is invested (local, national, global). In the medium term there will be a need for a widely recognised labelling system for financial products, akin to that of Fairtrade.
- **Mobilising citizen investors.** Millions of ordinary investors, including people with pensions and savings, tend to watch passively from the sidelines when great economic decisions are being made. The time is ripe for much more concerted mobilisation, through the media and the web, to help people ensure that their future income is derived from companies that operate responsibly and sustainably, and to express civil society's values not least at times of crisis, such as takeover battles. Faith-based organisations, trade unions and other civil society groups with large membership bases are especially well placed to inform and mobilise people.
- **Growing responsible investment on the part of civil society associations with investment assets.** The many parts of civil society, including charitable foundations and faith-based organisations, have between them tens of billions of pounds of investment assets. We believe there is a great opportunity for these organisations to grow responsible investment and to develop investor coalitions that leverage their collective financial and moral clout to positively influence fund managers and the companies in which they invest. Regulators of civil society associations need to encourage responsible and mission-related investment.

* Due to conflicts of interest, Maeve Sherlock is not affiliated with this chapter of the report

Inquiry findings

What is a civil economy?

A thriving civil economy mirrors a thriving democracy. Constitutional and accountable political institutions supported by political parties, an independent judiciary, a free press, impartial law, civic bodies, and an involved citizenry sustain democracy in a civil society. The parallel institutions of a civil economy can be understood to be constitutional and accountable corporations supported by engaged shareowners and their accountable representatives, independent monitors, credible standards, and vigilant and active civil society associations participating in the marketplace.⁶⁵

There are a number of characteristics of a more civil economy.⁶⁶

- It is open and pluralist, welcoming entrepreneurship and innovation, whether financial or social, through traditional company or other structures, including mutuals and social enterprise.
- Economic actors are clear about their responsibilities and accountable to their owners, but have due regard for other stakeholders, including communities and workers, and for the environment.
- Institutional owners, such as pension funds, are accountable to their savers and push corporations towards sustainable prosperity through responsible management.
- Information standards and flows allow for independent scrutiny which is exercised by individuals, civil society associations and the media.
- The success of the economy is not measured in terms of short-term economic growth or financial gains, but in terms of the sustainable well-being of current and future generations.

‘The problem is that we live in an economy, not a society.’

Inquiry contributor

A more civil economy seeks more equitable prosperity and economic stability. It needs to be developed and advocated for at local, national and global levels, otherwise attempts to grow a civil economy in one territory could be undermined by international trade treaties or supranational policy initiatives.

‘Prosperity for the few founded on ecological destruction and persistent social injustice is no foundation for a civilised society.’

Tim Jackson, Economics Commissioner, Sustainable Development Commission⁶⁷

There are a number of reasons for the urgent need to develop a more civil economy. With the public’s loss of trust in commercial banking and the use of public funding to bail out the banks, the case for reshaping the financial sector has never been stronger. And there is a growing demand from investors to shift to sustainable, long-term corporate performance and away from companies configured to generate only short-term returns. There is also growing recognition that it is no longer acceptable for corporations to gain profit, while shifting expenses, such as pollution, to society at large and to taxpayers. Ownership of the world’s largest companies has been ‘democratised’, ‘thanks to the ubiquity of mutual funds and retirement plans, the actual owners of the world’s corporate giants: the IT pacesetters in Silicon Valley, the oil operators of Nigeria, the chemical behemoths in Germany, the breweries in Mexico – are no longer a few wealthy families or state agencies. Rather, they are the many millions of people who have their life savings invested in the shares of today’s global companies.’⁶⁸

‘As we review the chaos of the credit crunch we should remember that it is a moral as well as financial failure and a sociological problem as well as an economic one. Without this we may lose the broader lesson for civil society where the pursuit of financial gain subverted all other modes of behaviour and confused money with morality.’

Karl Dayson, Community Finance Solutions, University of Salford⁶⁹

‘The exclusively binary model of market-plus-state is corrosive of society, while economic forms based on solidarity, which find their natural home in civil society without being restricted to it, build up society.’

Pope Benedict⁷⁰

The success of a civil economy rests, in part, on the proliferation, clout, vigilance and effectiveness of civil society associations. They can help grow a civil economy in a number of ways. One is through business associations run under associational governance, for example, co-operatives, credit unions and other social enterprises. Civil society groups such as campaigning organisations, think-tanks and trade unions can also influence the business or economic decision-making of corporations.

But, acting alone, civil society associations will not succeed in creating a more civil economy. Governments are critical to developing legislation that allows a civil economy to prosper and to creating a more equal balance of power between the market, the state and civil society.

Civil society and the civil economy: a historical perspective

As research conducted by the Open University⁷¹ for the Inquiry illustrates, civil society associations have historically played critical roles in shaping and growing a more civil economy.

The transition to a modern economy

During industrialisation, much economic activity was conducted by civil society associations including the running of businesses and occupational associations such as merchant companies, guilds and friendly societies. Other types of association included civic and learned societies, trust-endowed schools, colleges and alms houses, and religious bodies. The shared characteristic of civil society associations was their independence from the state and the capacity to direct their own affairs. The subsequent differentiation of the economic and social spheres and the gradual emergence of the corporation as a legal form⁷³ took place over many years. Table 1 illustrates some of the principal areas of civil society activity during this period.

Table 1 – Civil society and the economy during the transition to modernity⁷²

Societal or community problem	Civil society responses and organisational forms	Institutional legacy
Slavery and the slave trade	Campaigning to express moral outrage; court action to free slaves; economic boycott; campaign in parliament	Human rights legislation; economic sanctions
Adulterated wood, fire, illness and other hazards	Mutual aid in buying food, group saving and loan schemes, mutual insurance – economic organisations under associational governance	Worldwide co-operative movements; friendly and building societies; distinct legal frameworks
Insecure and oppressive workplaces	Labour organisers mobilising for collective action – emergence of trade unions generating public and club goods	Labour movement; health and safety legislation; employment law; the International Labour Organization
Housing and public health in cities	Progressive paternalism: Quaker entrepreneurialism; progressive charities; the ‘garden cities’ movement	Progressive business tradition; progressive grant-making; Housing Associations

The pressing issues addressed by civil society activity during this time concerned basic needs for income security, food, housing and health. Moreover, the mutual insurance industry, consumer co-operatives, building societies, the trade union movement and other forms of association, though 'economic' in character, grew largely from a moral basis often associated with social or religious movements, shown in concerns for human dignity, self-improvement and social solidarity.

The main economic function of friendly societies was to provide insurance in the case of unemployment, sickness and death. The growth of the mutual industry was a parallel development which has continued to be a prominent part of the UK economy until the present day. By making customers owners, conflicts of interest and opportunistic behaviour are managed, resolved and contained more easily. The mutual form also seems well suited to situations requiring long-term trusting relationships under conditions of uncertainty.

Consumer co-operatives began forming in the early 1800s and grew rapidly in the mid-1800s. They came to dominate the retail sector and, through the Co-operative Wholesale Society, developed a powerful presence throughout the supply chain.

The building societies movement was an offshoot of friendly societies. Founded in Birmingham in 1775, the first building societies resulted from the financial exclusion of non-conformists who were unable to access mortgage products from joint-stock banks. They therefore pooled their resources to produce the first mutual home loan companies. Every town of any size came to have its own building society and, by 1860, there were 750 in London alone. At the outbreak of the second world war building societies provided more than two-thirds of UK institutional mortgage lending.

Early civil society associations have left a strong institutional legacy from which society and the economy continues to benefit today.

The years between 1880 and the outbreak of the first world war also saw a growth in trade unions, which gradually moved beyond controlling entry to particular trades to representing semi-skilled and unskilled workers through collective bargaining.

Within several key industries – retailing, agriculture and financial services – civil society associations became a powerful, and sometimes dominant, presence. Other civil society associations provided basic social security, and upheld progressive values in ways that variously constrained, conditioned and supported industrial development and the norms of business behaviour.

Despite this growth throughout industrialisation, many civil society initiatives failed. Not all innovation was successful and it took time to evolve operating practices that worked both socially and economically, and for those models to be imitated elsewhere. It is also clear that these movements had to engage with government and the democratic process in order to secure legislative change, to develop appropriate legal forms and to create safeguards.

The early civil society associations have left a strong institutional legacy from which society and the economy continue to benefit today. Traditionally, economic life has been highly innovative while remaining rooted in strong values of philanthropy, social solidarity and representation.

Civil society and the civil economy in recent times

In recent history, civil society activity has been more varied and uneven thanks to new socio-economic challenges, as well as the reorientation or spread of classic forms of civil society initiatives such as co-operatives, trade unions and building societies.

The creation of the welfare state in post-war Britain precipitated a rapid decline in the number of friendly societies and the nature and scale of their activities. However, co-operatives, mutuals and trade unions fared better. The Co-operative Group remains the fifth-largest supermarket chain in the UK and, with 10 million members and rising, is a strong player in other sectors. It has representation in Parliament through the Co-operative Party.

Building societies have about 18% of mortgage lending in the UK, about half that of independent banks, with publicly owned banks having the remaining 45%.⁷⁴ However, in the early 1980s, before the spread of demutualisation, around 90% of all mortgages were issued by building societies.⁷⁵

In Ireland, co-operatives have grown to dominate agricultural services. By 1995, the membership of 36 dairy co-operatives stood at almost 90,000, directly employing 28,000 people.⁷⁶ At this time co-operatives held 30% of market share in beef and lamb processing, 70% of grain purchasing and pig meat processing, and 97% of dairy processing.

Trade unions flourished in the post-war period and, at their height in 1979, had 12 million members. They have been key political players and actors in corporatist 'economic' governance and policy-making, for example, with seats alongside employers on the National Economic Development Council which was set up in 1961. From the late 1960s, trade unions were caught between the realities of industrial decline, technological change and the expectations of their members. Nevertheless, trade unions still have 7.66 million members, accounting for 27% of all people in employment.⁷⁷

These established forms of economic activity under associational governance have continued to spread in areas where people seek to engage with the modern economy on affordable terms. For example, the rebirth of the credit union movement in Ireland in 1960 saw half the population in membership by 1995, holding total savings of £2 billion and employing more than 3,000 people. Starting later in the UK, credit unions often emerged as important components of regeneration strategies in disadvantaged areas, mostly as offshoots of religious or neighbourhood groups. More than a million people now save with around 750 credit unions which employ over 1,000 staff.⁷⁸ Despite the financial crisis, credit unions continued to grow in 2008–9.⁷⁹

Changing forms of civil society activity

During more recent times, a myriad of civil society initiatives have arisen in response to new economic and social challenges (illustrated in Table 2). Civil

society's presence in public services has been steadily increasing through the development of 'mixed economies' for public service contracting which include the third sector, especially social enterprises. Further civil society growth is expected in health and social care, in particular, as this trend grows. The reasons for growth in this area centre on the aspirations and know-how of civil society activists, enabling them to create better services, improve alignment of stakeholder concerns and engage in co-production.⁸⁰

The rise of the 'green' movement and environmental concerns has had a pervasive economic impact. Specific civil society associations have been intimately connected with the development of 'marques' such as those for sustainable forestry and marine stewardship. There are new 'green industries' of renewable energy, wholefoods, organics, composting and recycling. As noted in Part 2, Chapter 2, the need for carbon reduction has spurred initiatives such as Transition Towns, cycling clubs and community-based wind power.

The same combination of engagement in economic governance, certification schemes and direct economic production has also been evident in relation to poverty in the global south. The Fairtrade movement, SA8000⁸¹ and engagement in UN and World Trade Organization processes all derive from civil society activity. Thirty years ago, Oxfam shops and church hall jumble sales began a movement that now sees 20% of all coffee drunk and 25% of bananas eaten fairly traded. Growth in these areas continues through the recession and the range of products continues to expand. Major retailers cannot ignore this shift in customer values and, by embracing it, they reinforce it. Tesco's website recently boasted that a third of all Fairtrade sales are made through its supermarkets. This is an international phenomenon of dramatically increasing scale and professionalism.⁸² The Co-operative Bank's annual ethical consumerism report,⁸³ which measures ethical spending, shows that the ethical market in Britain has expanded from £13.5 billion in 1999 to £36 billion in 2009. One in two UK adults also made a purchase primarily on ethical grounds in 2008.

Table 2 – Civil society and the economy in later modern times⁸⁴

Societal or community problem	Civil society responses and organisational forms	Institutional legacy
Limits and failings of welfare capitalism	Counter-culture, community action, feminism and single-issue politics	Expanded third sector, more dynamic quasi-markets for public services, new modes of co-production in social markets
Environmental degradation and climate change	Environmental movement in a myriad of forms – from global campaigning bodies and green businesses to the organic movement and community composting	Carbon trading and other innovations in regulation; technological innovation; market differentiation; new market creation and ‘defensive following’ by established companies
Poverty in the global south	Trade justice, anti-globalisation and ‘movement of movements’ – campaigning, pursuing alternatives through non-governmental organisations	Incremental advances in global governance through non-statutory regulation (e.g. Fairtrade), shifts in public values
Technological and knowledge monopolies	Open source movement; software developers and other professional experts engaging in collaborative problem solving	‘Creative commons’ licence and new structures in software and biotech industries

Another area of activity to emerge in recent years is the open source movement. Open source is an approach to the design, development and distribution of software, offering practical accessibility to software’s source code. Essentially a reaction to the privatisation of knowledge, open source has been one of the great civil society successes in the last 20 years.⁸⁵

The open source model of operation and decision-making allows simultaneous input of different agendas, approaches and priorities, and differs from the more closed, centralised models of development. This peer-based collaboration is usually released as open source software. However, open source methods are also increasingly being applied in other areas such as biotechnology. Open source illustrates the ways in which new forms of information and communications technology (ICT) can enable distributed collaboration, decision-making and governance.⁸⁶

Social enterprise has mushroomed in the last decade or so. The UK government now estimates that there are around 62,000 social enterprises in the UK,⁸⁷ among which the better-known examples are the street paper, *The Big Issue* and Jamie Oliver’s Fifteen

Foundation. It is hard to identify all social enterprises in the UK since organisations adopt a variety of legal forms. However, the number given above assumes a combined turnover of at least £24 billion, with social enterprises accounting for 5% of all businesses with employees and contributing £8.4 billion per year to the UK economy.⁸⁸ (Box 1.1 illustrates the state of social enterprise in the UK.)

A big growth area for trading social enterprises has been the rising popularity of Fairtrade products, a key example of which is the coffee and tea company, Cafédirect (see Box 1.2).

‘Social enterprise is a burgeoning field. We are facing some deep-rooted social issues in our world such as poverty, environmental degradation, social and political unrest. Entrepreneurs are often left to find the solution to many of these problems as we see a growing social awareness emerge in young people – the whole notion of social enterprise I predict will become increasingly popular as a career choice.’

Rajeeb Dey, Commissioner



Box 1.1 Social enterprise: a growing and diverse sector

The 2009 Social Enterprise Survey⁸⁹ by the Social Enterprise Coalition shows that social enterprises are ‘recession-busters’ with 56% having increased their turnover since the 2008 economic downturn, a better performance than small and medium-sized enterprises (SMEs) in the UK (only 28% increased their turnover while 43% saw it go down⁹⁰). Two-thirds of social enterprises are making a profit with a further 20% breaking even at the height of significant economic downturn. In particular, larger social enterprises are healthily sustainable in business terms, demonstrating that most do not make trade-offs between their business and their delivery of social benefits and public goods. Other key observations about social enterprises include:

- business optimism, an important barometer of the health of a sector, shown by social enterprises is twice as strong as that shown by SMEs;
- social enterprises genuinely reinvest their profits for social goals (70% of respondents) serving in particular their local community (59%);
- social enterprises operate in different sectors including training and support (18%), health/social care and youth (18%), housing (14%), retail/wholesale (12%) and finance (4%).

Finance and tailored business support are considered key enablers for growth and development. Indeed, a third of social enterprises were looking for finance in 2008–9 mainly for growth, services development and capital investment. Social enterprises search for support from many sources but are keen on more support from their peers within the social enterprise movement.

The benefits of economically focused civil society activity can be understood in a number of ways. Diffuse general benefits include the building of social capital and the strengthening of a progressive normative environment. However, a better way of understanding these benefits is to consider how civil society activity affects the way in which any given industry evolves. Such effects are context-specific, but, broadly speaking, they include the provision of healthy competition; pluralism in the provision of public services; a source of innovation; a form of regulation; or alleviation of economic hardship.⁹¹

Overall, it is clear that civil society associations continue to engage with the economy, and in certain areas are instrumental in developing new forms of activity. They pursue new ‘politics’ through activism, engagement in governance processes and the creation of certification systems. They are developing new types of business tied to the values of specific constituencies and social movements, to the extent that ethical consumption, for example, has entered the mainstream economy.

Box 1.2 Cafédirect

Cafédirect is a fair trade company which guarantees growers in developing countries a fair and stable price for their crops. It also provides an additional amount for investment in social and economic development. It is a company limited by shares and as such has governance and shareholding structures to enable further growth. It launched its largest public share issue in 2004 and also has shares owned collectively by the producers as well as shareholding by founding partners.

www.cafedirect.co.uk

Civil society associations continue to engage with the economy, and in certain areas are instrumental in developing new forms of activity.

While civil society activity has been and remains critical to the development of the modern economy, in recent history civil society has been progressively squeezed out of the financial sector. Many contributors to this Inquiry noted that the voice of civil society has largely been absent during the recent crisis and civil society associations have also largely ignored the use of their own capital to effect change, focusing instead on advocacy and on working with governments to achieve their social goals. The lack of vigilance on the part of citizens, civil society associations and media has contributed to the fact that banks and financial institutions appear to have neglected their responsibilities to protect savers' and investors' money.

How we remodel our financial system is among the greatest questions of current times. At the heart of the solution is the growth of a more civil economy, in which civil society once again adopts a stronger role in relation to the financial sector.

Imagining the future: a stronger role for civil society associations in the financial sector

Stable, responsible and transparent financial activity must be at the centre of any vision for the future of the financial sector and therefore a key component of the civil economy. The financial sector can only develop these with the increased involvement of civil society.

With notable exceptions, some of which are illustrated elsewhere in this chapter, the eco-system of civil society activity in relation to the financial sector is weak. In particular, the Inquiry's work found that there is a particular need to focus on: 1) increasing the transparency, accountability and scrutiny of financial institutions; 2) increasing pluralism in the financial sector and; 3) strengthening the voice, power and influence of people and of civil society associations in relation to the financial sector.

There is much civil society activity that with support from governments and philanthropic organisations could be developed further to help grow a more civil economy. The ideas captured through the Inquiry's work also present opportunities for civil society associations to organise and work together more collaboratively, not least because the necessary muscle to effect change may require the development of extensive links between organisations, sometimes among highly disparate groupings.

Increasing transparency, accountability and scrutiny of financial institutions

There is widespread concern that the financial sector is largely unaccountable to the people and organisations it is supposed to serve. 'When you look at the capital markets, particularly those in the USA, where the credit crisis began, there are glaring gaps in accountability. For example: US pension plan governing boards do not include representation from the workers who are contributing to the plan... the credit rating agencies are paid by issuers, not the investors who rely on the ratings; and the boards of most financial institutions in the US did not feature independent chairmen who could oversee the CEOs'.⁹²

Civil society activity to enhance the accountability of the finance sector has been limited because:

- the globalisation of finance has made it difficult for citizens and civil society associations to take on the breadth of the financial sector;⁹³
- the complexity of financial products makes it difficult for citizens and civil society associations to identify the nature of potential risks;
- companies have prioritised the interest of institutional shareholders over that of ordinary consumers, citizens and shareowners;
- accountability systems are focused on a limited understanding of shareholder value which primarily looks at short-term gains.

Moreover, an investigation by the Global Finance Initiative (GFI)⁹⁴ noted that 'fairness, effectiveness, transparency and accountability are impossible to achieve', because too much power is held by a limited number of stakeholders such as central bankers or

commercial financial institutions. The GFI report affirms that: ‘There is essentially no role for consumers, NGOs, labour, responsible investors, asset owners and critical academic voices.’ The main regulatory bodies such as the Financial Stability Forum (FSF), the Bank for International Settlements (BIS) and the International Forum of Independent Audit Regulators (IFIAR) remain obscure institutions operating largely free from civil society oversight.

Without access to accurate information, individuals and civil society associations are unable to apply the scrutiny necessary to ensure that good investment decisions are being made, exploitative actions are minimised, and opportunities for innovation and entrepreneurship for social good can be identified. The Inquiry’s research found that there are a number of ways in which civil society associations are increasing transparency, accountability and scrutiny of the financial sector, but that much of this activity requires more support and encouragement.

Ensuring disclosure on the part of financial institutions

A small number of civil society associations have long been pushing for disclosure on many fronts including on lending practices and offshore assets. In the 1990s, for example, some UK civil society associations advocated for legislation similar to that of the US Community Reinvestment Act (CRA), described in Box 1.3.

In 2000, the Social Investment Task Force, made up of civil society leaders, civil servants and business representatives, argued for several policies and practices to increase lending in disadvantaged areas.⁹⁵ However, their suggestion of a CRA was firmly opposed by existing banks who argued for voluntary disclosure rather than legislative enforcement. The pressure for a CRA over the last ten years dissipated partly because there was no coalition in civil society broad or large enough to press for it. However, interest in the principles that underpin such legislation has been renewed in the context of a breakdown of trust in financial institutions and with continuing concern about access to capital in disadvantaged communities, one example of which is illustrated in Box 1.4.

Box 1.3 A Community Reinvestment Act for the UK?

The Community Reinvestment Act (CRA), a United States Federal Law, is designed to encourage commercial banks and savings associations to meet the needs of borrowers in all segments of their communities, including low and moderate-income neighbourhoods. Congress passed the Act in 1977 to reduce discriminatory credit practices against low-income neighbourhoods, a practice known as ‘redlining’. The CRA compels banks to reinvest in communities where they take deposits. Indeed, if the regulator finds that a bank is not serving low and moderate-income neighbourhoods it can prevent it from merging with another lender, opening a new branch or expanding any of its other services.

One of the strengths of the CRA is that it is publicly accessible and available information can be used by citizens and civil society groups to challenge discriminatory practices and thus encourage banks to provide services in disadvantaged communities or to invest in not-for-profit lenders such as Community Development Finance Institutions (CDFIs).

In the UK, Fair Finance, a CDFI, is already CRA-compliant. It tracks its personal and business loans – their amount, purpose and social purpose – to ensure that people are not excluded by their gender, race or postcode. Their approach represents one model for information disclosure across the UK.

www.fairfinance.org.uk

Box 1.4 The Better Banking Coalition⁹⁶

The **Better Banking** campaign is led by a coalition of third-sector organisations. They came together during summer 2009 to run a campaign to address the problem of financial exclusion: the lack of fair access to financial services and credit to those who need it. To address this issue, the coalition calls for: 1) Transparency – financial institutions should disclose where their money comes from and where it is invested, with the data

broken down by demographic group. This allows government to understand the size of the problem and increase efficiency by targeting spending on the areas where it is most needed; 2) Obligations to support communities by implementing a legal cap on credit interest rates; and 3) Incentives for financial institutions to actively engage with communities, third-sector organisations and small businesses.

www.betterbanking.org.uk

There have also been calls for information disclosure on individuals and businesses holding assets offshore in order to evade taxation (see Box 1.5). Global Financial Integrity (GFI) has estimated that, in 2006, the cross-border flow of global proceeds from criminal activities, corruption and tax evasion amounted to about US\$1 trillion.⁹⁷ In 2009 there was a global crackdown by national governments on tax havens and an increase of information exchange, a key success for civil society pressure in a highly political and complex area.

Box 1.5 Tax Justice Network

The **Tax Justice Network** is dedicated to high-level research, analysis and advocacy in the field of tax and regulation. It works to map, analyse and explain the role of taxation and the harmful impacts of tax evasion, tax avoidance, tax competition and tax havens. Its objective is to encourage reform at global and national levels. Its network includes; academics, accountants, development organisations and NGOs, economists, faith groups, financial professionals, journalists, lawyers, public-interest groups, and trade unions.

www.taxjustice.net

Securing country-by-country profit and loss recording

Civil society associations such as the Tax Justice Network have challenged current and widely accepted global reporting standards whereby companies are not required to break down reports by the countries in which they operate. For example, companies may list a single profit figure for 'Africa'. In this way, tax authorities in individual African countries where the multinational operates cannot know the amount of profit made within their tax area. Country-by-country profit and loss reporting is crucial to transparency, reducing tax evasion and bringing greater revenues to developing countries. Christian Aid estimates that each year aggressive tax avoidance and evasion deprives the developing world of at least US\$160 billion in lost corporate tax (more than 1.5 times the combined aid budgets of the world).⁹⁸ Its campaign, the Big Tax Return, advocates a crackdown on tax havens by governments and action to change accounting rules.⁹⁹

Advancing accountability standards to align investment profitability with social and environmental responsibility

There is a plethora of accountability standards that seek to do more than simply measure financial information, many of which have been developed by civil society associations such as AccountAbility and Social Accountability International. Global Reporting Initiative (GRI), for example, is a 'network-based organisation that has pioneered the development of a widely used sustainability reporting framework

‘Whilst banks with a global reach to service global clients will remain, at a local level mutuals, credit unions, micro-finance and social enterprises will be vital for a vibrant economy.’

Neil Sherlock, Inquiry Commissioner



and is committed to continuous improvement and application worldwide'.¹⁰⁰ In 2007, GRI's Guidelines on Sustainability Reporting were adopted by the Swedish government, thus requiring Swedish state-owned companies to present sustainability reports for which an independent assurance statement is required. In 2009, more than 89% of the companies issued GRI reports. This has also led to a knock-on effect on non-state-owned listed companies; the number issuing GRI reports has increased to 25 of the 100 largest listed Swedish companies, from 15 in 2008.¹⁰¹

In the UK, the Companies Act¹⁰² makes it clear that directors' duties include concerns that are encapsulated in triple bottom-line thinking; financial, social and environmental returns. However, reporting requirements are weak. Social and environmental issues are not integrated into other forms of reporting but are considered separately. The weakness in these reporting requirements needs to be addressed, not only to enhance the accountability of companies, but also to enable institutional investors to make more informed investment decisions.

All companies incorporated in the UK and listed on the Main Market of the London and Dublin Stock Exchanges are also required to report on how they have complied with the Combined Code on Corporate Governance,¹⁰³ and to explain where they have not applied the code. However, civil society activity in ensuring compliance and more independent monitoring of enforcement of the code, as well as advocating for corporate governance, could be strengthened.

‘Corporate governance reform isn't perhaps the most glamorous area of public policy for your ordinary man or woman on the street. Indeed it's easy to forget how vital it is to the long-term well-being of millions of citizens, particularly those of us with a money purchase (DC) pension plan.’

Inquiry contributor



Tracking and assessing responsible investment

Responsible investment (see definitions in Box 1.6) is becoming more mainstream as evidence grows to demonstrate that environmental, social and governance (ESG) risks are material and quantifiable and that they can have negative impact on both short-term and long-term shareholder value.¹⁰⁴

However, reporting by institutional investors on how they implement responsible investment remains patchy. For example, while there is now increased recognition for disclosure on investment through the adoption of the Socially Responsible Investment Disclosure Regulation in 2000¹⁰⁵ as an amendment to the Pensions Act 1995, there are still a limited number of pension funds that have clear SRI strategies. In a survey carried out by FairPensions¹⁰⁶ (see Box 1.6 for a description of FairPensions), the level of transparency and engagement among the top 30 fund managers

The language of responsible investment: definitions used in this report

Responsible investment is when investment decisions integrate environmental, social and corporate governance (ESG) considerations.

Ethical investment excludes some companies or sectors on the grounds that their policies, actions, products or services violate or fail to take due account of environmental, social or ethical considerations. Ethical investment, for example, can exclude investments in tobacco, alcohol or weapons manufacturers.

Social investment explicitly seeks to achieve social and environmental objectives alongside financial returns: for example, investing in social enterprises.

Mission-related investment incorporates the values of an organisation's mission within its investment decision-making process.

revealed that three-quarters of firms surveyed failed to make information on how they deal with environmental and social issues publicly available. Half the fund managers surveyed had no policy on these issues, and the research also revealed a large gap between what fund managers say they do and what they achieve. Only a few, including Hermes, Schroders and

Box 1.6 FairPensions

FairPensions' core charitable aim is the promotion of investment for the public benefit in order to advance the relief of poverty, protection of the environment, promotion of human rights, sustainable development, and compliance with the law and ethical standards of conduct. It does this through letting people know about the power of their pension to improve corporate behaviour while giving them the tools to demand responsible investment; by running single-issue campaigns to bring shareholder pressure on particular companies: for example, securing access to medicines in the developing world; undertaking research such as the annually published Responsible Investment ranking of UK pension funds; and advocating for regulatory change.

www.fairpensions.org.uk

Aviva, could demonstrate any tangible impact of their engagement with investee companies to rectify poor management of environmental and social impacts. The TUC also undertakes an annual fund manager voting survey to give pension funds trustees information on how fund managers exercise voting rights. The number of organisations participating in the survey has fallen for the third consecutive year since 2006, raising concerns about the industry's commitment to openness.¹⁰⁷

Increasing interest in responsible and ethical investment has led to the development of a number of codes and conventions, many of which have been initiated by civil society associations. These include the International Corporate Governance Network, Council of Institutional Investors, the Carbon Disclosure Project and the UN Principles for Responsible Investment (Box 1.7). More civil society associations should consider signing up to such principles.

And investment funds could integrate the new skills needed to act in the long-term interests of ordinary investors. Such skills will be very different from stock trading competencies and should be integrated as a core part of investment management and staff development, rather than an afterthought or a compliance exercise.¹⁰⁸

There is also an increasing interest in developing measures for 'impact investing' as illustrated in Box 1.8.

Box 1.7 The UN Principles for Responsible Investment

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society.

In signing the Principles, investors publicly commit to adopt and implement them, where consistent with their fiduciary responsibilities. They also commit to evaluate the effectiveness and improve the content of the Principles over time. They believe this will improve their ability to meet commitments to beneficiaries as well as better align investment activities with the broader interests of society.

www.unpri.org

Enhancing research and scrutiny of the financial sector

A civil economy requires not only that information be disclosed, but that there is independent analysis and scrutiny by civil society associations on behalf of the public. While there are some examples where civil society activity has and does effectively analyse and scrutinise financial institutions, progress overall has been weak.

Examples of civil society activity include a WWF/ BankTrack report¹⁰⁹ showing the lack of transparency in the implementation of a range of international standards and principles, including the Equator principles,¹¹⁰ to which banks have signed up.

‘We need to go beyond patching up banking regulation. To develop and maintain a good society we need a plurality of institutions, nowhere more so than in banking and financial services.’

Seamus McAleavey, Inquiry Commissioner



Civil society needs a more robust infrastructure to fulfil this role. The value of this scrutinising role and the long-standing investment that such activity requires in evidence-gathering and research often goes unrecognised and can be under-resourced, relying on the goodwill and voluntary support of investigators, journalists and activists. Charitable trusts and foundations have a particularly important role to play in resourcing such activity.

Increasing pluralism in the financial sector

The monopoly of the mainstream banks is acute in the UK. The loss of diversity in the financial sector is not accidental but has resulted from decades of financial liberalisation leading to larger organisations in both the mutual and the mainstream financial sector. The lack of competition in the UK banking industry is increasingly raising concerns at senior levels of government.¹¹¹

A concentrated and homogeneous financial sector is an important contributing factor to the problems now faced by society. Indeed, pluralism in the financial sector is critical to enable the creation of financial products and services that meet different needs and to minimise the risks associated with the domination of the industry by a small number of institutions.

Box 1.8 Global Impact Investing Network

The **Global Impact Investing Network** (GIIN) is a not-for-profit organisation dedicated to increasing the effectiveness of impact investing. Impact investments aim to solve social or environmental challenges while generating financial profit.

The Impact Reporting and Investment Standards is a major project of the GIIN's infrastructure development initiative. One of the limitations to the growth of the impact investing industry is the lack of transparency and credibility in how funds define, track, and report on the social and environmental performance of their capital. This leads to higher transaction costs and a limited ability to understand the impact of investments. Transparency, credibility,

and enabling infrastructure are required for participants to capture more fully the value of the marketplace.

To address these challenges, the GIIN will continue work initiated by the Rockefeller Foundation, Acumen Fund, and B Lab to advance a common framework for defining, tracking, and reporting the performance of impact investing capital. The group, in collaboration with other impact investors and intermediaries, has developed a set of standards (taxonomy) that would facilitate comparisons of financial, operational, and impact data.

www.globalimpactinvestingnetwork.org

Innovation is critical to the strength of the financial industry and to ensuring that financial services respond to people's changing and diverse needs. The importance of innovation and pluralism was clearly articulated by Will Hutton of the Work Foundation in his interview for the Inquiry:¹¹²

'Private monopoly is abhorrent and public monopoly is abhorrent. When you just have a state and millions of atomised individuals and no intermediate layer of organisations that are self-governing, autonomous and

have their roots in place and in civil society, then you create a Big Brother universe. Society needs lots of runners and riders. It needs people to experiment with different ways of addressing problems so there can be cross-learning. What we have stripped out of society is a capacity to develop new models, new learning, new approaches to the way you manage risk in society, the way you live life well and the way in which you create opportunity for ordinary people.'

Pluralism in financial services is essential so that all people have appropriate and relevant access.

Box 1.9 Mutuals and the financial crisis¹¹³

Mutuals and credit unions have in general suffered lower losses than the for-profit sector in the financial crisis and have been less dependant on state intervention. Alternative banking models such as credit unions, because they know their customers through their local management and location, may be better able to assess loans. This may explain their smaller proportion of loan losses compared with larger, and more distant, institutions.

Credit unions and mutually owned societies also have lower agency costs because of reduced conflicts of interest – for example, between returns to shareholders and returns to depositors. The problem of adverse incentives to senior executives and investment managers is reduced because profits accrue to members and not to external shareholders. Remuneration cannot be by stock

options reducing the incentives for excessive risk-taking. Indeed, investment in the stock market can put excessive emphasis on short-term results as opposed to long-term returns. Moreover these structures generally focus on utility banking and thus minimise risks for their depositors.

In a paper written for the Inquiry, Jim Stewart of Trinity College, Dublin argues that alternative financial institutions to the large quoted diversified financial firms have a key role to play in the architecture of the financial system. Yet in the republic of Ireland, the UK and the EU most debates and expert reports (e.g. the Turner Review of the de Larosiere Report) did not consider mutuals or other alternative banking as potential responses to the financial crisis.

Box 1.10 Debt on our Doorstep

Founded in 1999, **Debt on our Doorstep** is a UK-based campaign working to end extortionate and irresponsible lending, and to ensure universal access to affordable credit and fair financial services.

For the past ten years, it has championed the cause of low-income borrowers, many of whom are paying extortionate prices for credit and often become trapped in a spiral of increasing indebtedness. In 2003, Debt on our Doorstep identified the lack of effective price competition in the Home Credit ('door to door lending') market. Work with the National Consumer Council led

to a Competition Commission inquiry which subsequently found that excess profits of around £100 million per annum are being made by lenders. It was also the first organisation in the UK to call for the Office of Fair Trading to be given powers to address irresponsible lending practices, something which the government included in their 2006 Consumer Credit Act.¹¹⁴ Debt on our Doorstep is now part of a growing international movement for responsible credit known as the European Coalition for Responsible Credit.

www.debt-on-our-doorstep.com
www.responsible-credit.net

Despite the existence of civil society associations such as credit unions (Box 1.9), mutual insurers and community development finance institutions, many people and businesses, especially in poorer communities, still struggle to access mainstream finance. An estimated eight million people are excluded from mainstream credit, while 50% of households in the poorest fifth of the population are without home contents insurance, compared with just 20% for households on average income.¹¹⁵ The OECD has also noted that small and medium-sized enterprises are particularly vulnerable in a financial crisis.¹¹⁶ In Ireland, the 2009 Mazars report highlighted that there are gaps in the availability of credit to small enterprises.¹¹⁷ And there are additional problems for organisations and businesses in disadvantaged areas.

As highlighted by a number of contributors to the Inquiry's work, pluralism is also necessary in order to develop local solutions to financial provision on reasonable terms. As Box 1.10 remarks, the vacuum in such provision has been exploited by some institutions which have limited knowledge of, and commitment to, communities. Rather, trust and local

knowledge reduce defaults on loan repayments. Local finance is also an alternative to highly volatile and speculative international finance.

Finally, pluralism in the financial industry is necessary to allow people to fulfil their diverse aspirations and interests. While many financial institutions might be primarily driven by profits, the financial sector can only be sufficiently relevant if it embraces concerns and demands for affordable finance, ethical banking and instruments that bring about a combination of financial, social and environmental returns. Islamic finance, illustrated in Box 1.11, for example, provides an alternative approach to conventional banking.

‘I learned many years ago as a Vicar on an inner-city estate that the poor pay for the privilege of being poor. A financial culture that includes all and not just some is non-negotiable for civil society.’

Richard Atkinson, Inquiry Commissioner



Box 1.11 Islamic finance: an alternative approach to interest and lending¹¹⁸

Islamic banking has the same purpose as conventional banking in that money is for the purpose of exchange or storing value but it operates in accordance with the rules of Shariah, known as *Fiqh al-Muamalat* (Islamic rules on transactions). The basic principle of Islamic banking is the sharing of profit and loss and the prohibition of *riba* (usury), preventing the transaction of looking for excessive profit. This sense of equality is one of the defining characteristics which according to its advocates distinguish it from the conventional western model that relies on a simple narrow basis of self-interest. In addition, investments should only support practices that are not forbidden; trades in alcohol, betting and pornography are not allowed. Moreover, an Islamic banking institution is not permitted to lend to other banks at interest.

The main centres for Islamic banking still tend to be concentrated in the Middle East and Gulf region.

Assets controlled by Islamic banks at the global level are estimated to be \$200–500 billion and are growing at a pace of 10–15% per year. However, Islamic financial products are available in the UK from high street banks such as HSBC which offer current accounts and mortgages tailored for Muslims. Since 2004, the UK has been home to the first wholly Sharia-compliant retail bank in the West, Islamic Bank of Britain, while, in 2006, the FSA also authorised the European Islamic Investment Bank which is the first such investment bank.

Interest in, and growth of, Islamic finance could not only follow from the demands on the part of Muslims but also more broadly reflect ‘a movement toward becoming more “other-conscious” ... having consciousness about the other fellow, about the general public interest’, as former IMF Executive Director, Dr Mirakhor, remarks.¹¹⁹

Box 1.12 Growing Community Development Finance Institutions (CDFIs)

CDFIs are independent organisations which provide loans and support to businesses and individuals. They help people who have had trouble getting finance from the usual sources such as banks and building societies. They are helping to create opportunity and prosperity in disadvantaged communities. As the trade association for CDFIs, the Community Development Finance Association's (CDFA) mission is to grow, support and strengthen the sector.

In a paper written for the Inquiry,¹²⁰ Karl Dayson, Executive Director of Community Finance Solutions at the University of Salford, notes that, 'in the USA, CDFIs are the vehicles for accessible and affordable finance for everything from health care centres, nurseries, housing, individuals, as well as for enterprises. They draw funding from

government, both at state and national level, and attract investment from banks, individuals and philanthropic foundations. By comparison, British CDFIs are in danger of becoming state-controlled and financed regional business loan funds.' Dayson advocates that 'CDFIs should be freed from their shackles and allowed to blossom as independent community-owned and controlled financial investment vehicles. First, they need to be defined in law as a particular type of industrial and provident society. Second, a Community Reinvestment Act is required to provide a source of long-term private finance. Third, to aid the transition, foundations and other non-governmental funders should help CDFIs enhance their skills and capabilities and target investment capital for lending on to those wanting to be covered by a legally prescribed definition.'

Described below are a number of ways in which civil society associations are enhancing, or could enhance, the pluralism of the financial sector and areas where such initiatives could grow.

Increasing provision for those excluded from mainstream finance

Many civil society associations have been set up to meet the financial needs of the poorest people in society and for organisations and businesses that cannot access mainstream markets. These organisations include certain types of credit union as well as community development finance institutions (CDFIs), which currently tend to focus predominantly on disadvantaged areas in the UK (see Box 1.12).

Other civil society associations have also stepped up to fill gaps in financial provision for specific needs. For example, Age Concern,¹²¹ now merged with Help the Aged to form Age UK, has a range of financial products and services specifically for the over-50s.¹²²

Ownership of land and other assets is also critical to accessing finance. In Scotland, for example, Community Land Trusts have helped communities

escape from absentee landlords whose ownership derives from, and is still partly based on, antique conditions of landholding. These organisations, which are also present in the rest of the UK, ensure access to land which enables communities to borrow against the asset and employ it for collective benefit.

Creating and delivering alternative financial products

Enabling innovation in financial products and services is necessary to create change within the financial industry, in terms both of its culture and of the ability of its products and services to meet need. Civil society associations can play a more active role in developing and perhaps delivering the financial products of the future that address people's changing needs, such as flexible mortgages, pension funds or insurance against volatility in income.

Collaborative technologies, including mobile phones and the internet, have created new opportunities for people and civil society groups to access finance. For example, the Church in Portugal helps migrants to send remittances home at a cheaper rate than commercial providers. Person-to-person lending to support businesses globally has been enabled

by Kiva Microfunds,¹²³ which allows people to lend money via the internet to microfinance institutions around the world, which in turn lend the money to small businesses. In a context of credit crisis, these schemes could multiply in the near future and some civil society associations may be the best placed to act as intermediaries.

There is also an opportunity for civil society associations to lend their brand name to financial products that enable people to combine their desire for a financial return with other values or concerns, such as climate change or human rights. Civil society associations that are rooted in communities and have significant outreach through, for example, membership or other forms of infrastructure could be advocates or distributors of such financial products.

Growing social investment

Social investment is the provision and application of investment to generate environmental or social, as well as financial, returns. Over the last ten years, forms of social investment have grown rapidly. This growth reflects the needs of a new generation of pioneering social entrepreneurs who are mixing organisational models and using loan and equity finance for growth and development. Figure 1 (below) illustrates the financing spectrum.

The Robin Hood Tax

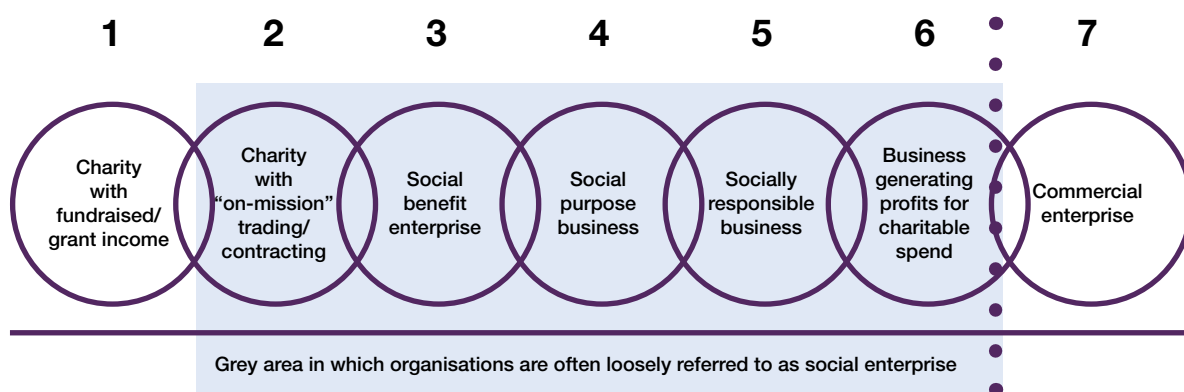
In early 2010 a proposed levy on the financial sector has also gained broad public and political support. Many civil society associations, economists, journalists and politicians are campaigning for the 'Robin Hood Tax.' The 0.05% tax would apply across the full range of banks' financial transactions to both limit speculative transactions and potentially generate £450 billion worldwide to combat poverty in the UK and abroad, fight climate change and finance public goods and services.

Box 1.13 Big Issue Invest

Big Issue Invest provides loan finance to social enterprises at competitive rates of interest based on future cash flow projections or supported by assets. The average size of Big Issue Invest's loans is around £200,000. It is launching a Social Enterprise Investment Fund to provide risk capital to social enterprises and businesses that have the capacity for scale, profitability and social impact.

www.bigissueinvest.com

Figure 1 The financing spectrum



Box 1.14 Community investment

The **Citylife East London Bond** is a catalyst for social and economic renewal in some of the poorest, most deprived communities in England.

The yield from the Bond will go to the Bromley-by-Bow Centre and Community Links. From youth clubs to start-up business support, these two organisations help lift their local communities out of poverty. The Bond will allow them to step up their work, helping those hit hardest by the tough economic times and enabling local people to benefit from the significant investment coming to the area through major regeneration initiatives and the Olympics.

www.citylifeltd.org

In December 2008, local people in Settle, Yorkshire, raised £100,000 through a share issue to build a mini hydro-electric scheme in their town.

Settle Hydro was established as an Industrial and Provident Society for the Benefit of the Community with the specific purpose of owning the Settle Weir Hydro Electric Scheme. The Society will generate revenue by selling 'green' hydro-electricity. Any surplus revenue will be used by the Society to benefit the local community through its twin aims of regenerating the local economy and promoting the environmental sustainability of Settle District.

www.greensettle.org.uk/hydro

Box 1.15 Social Impact Bonds¹²⁴

Social Impact Bonds are a new way of financing social outcomes. Proposed by the Prime Minister's Council on Social Action, their core idea is that government can reward intermediaries or groups of social organisations according to how well they achieve measurable outcomes, such as diverting people from crime or reducing hospital re-admissions. In this way, the creative capacity of civil society can be mobilised in ways that also deliver a clear economic benefit to government. Several alternative models are being developed by Social Finance and the Young Foundation, in criminal justice and health care.

www.youngfoundation.org/financing-social-value-implementing-social-impact-bonds

The supply of capital for social investment is growing, illustrated by the growth of microfinance, and by the work of the likes of Big Issue Invest (see Box 1.13), Venturesome, Charity Bank, the Triodos Opportunities Fund, Impetus and the Young Foundation's Launchpad funds.

Over the last ten years or so there has been a growing interest in community shares and bonds that raise money from local people to increase community empowerment and grow social and community enterprises. Community investment underpinned the development of consumer co-operatives in the 19th and 20th centuries. Community bonds increase capital and decrease debt for particular local activities or organisations, and community shares give people the opportunity for participation as members and owners.¹²⁵ The list of initiatives that could be developed by applying such models is endless, some of which are illustrated in Box 1.14, but they could be especially effective in supporting the need for a rapid and just transition to a low carbon economy as outlined in Part 2, Chapter 2.

‘Bridging between ideas, social enterprises and mainstream investors is key – almost no one is doing this’

Inquiry contributor



Another innovation (illustrated in Box 1.15) has been the development of social impact bonds that ‘seek to drive significant non-government investment into addressing causes of deep-rooted social problems with returns generated from a proportion of the related reduction in spending on acute services. The ambition is to create positive government spending cycles that enable significant taxpayer savings through improved social outcomes.’¹²⁶

Social investment is only part of what’s needed to grow the social economy. Just as important is the growth of strong business models and effective leaders and teams. Finance is a necessary, but not sufficient, condition for this, and the strong emphasis on finance (partly reflecting the disproportionate power of finance in public life) has sometimes obscured these points. It has also sometimes obscured the different characteristics of social ventures, in particular the much greater importance of ‘relational capital’, the quality of relationships and commitments that surround a venture. Moreover, the new providers of social finance have often been less supportive of innovation than the more imaginative grant-giving philanthropists, tending to seek less risky ventures in property or with established business models.

Looking to the future, the field of social investment is also held back by the lack of engagement of the financial services industry as a whole, its lack of understanding of finance needs and alternatives, the absence of effective intermediaries and a narrow understanding of shareholder value and fiduciary duties.¹²⁷ Government involvement in the field has tended, for administrative convenience, to focus on creating single bodies – in particular Futurebuilders, which has taken the great majority of public funding in this field, and a possible wholesale Social Investment Bank – rather than supporting a competitive ecology of organisations.

Going forward, there is a need to:

- invest in the development of standardised impact reporting in order to increase the supply of finance by making better choices between organisations in which to invest.
- support the growth of an evidence base regarding social investment, including good practice, and strengthen the channels for sharing information and knowledge;
- increase the scale of funds to spread risk and increase investor take-up;
- increase the numbers of trusted and independent brokers to broker demand and supply and mix the needs of different kinds of investor and recipient. ClearlySo¹²⁸ is one example of an online marketplace for social business, enterprise and investment;
- explore the potential development of an asset class that would enable mainstream institutional investors to support civil society activity that proactively seeks financial, social and environmental returns;
- address head-on some of the limitations of social investment models that have grown out of the existing financial institutions, including inadequate investment in innovation and inadequate attention to the importance of ‘relational capital’ in social ventures;
- grow more effective intermediaries that can provide the full mix of finance, advice and support to grow promising ideas and ventures.

Social investment is only part of what’s needed to grow the social economy. Just as important is the growth of strong business models and effective leaders and teams.

‘The TUC has called for fund managers publicly to disclose their voting records, so that pension funds and others are able to compare the approaches of fund managers to environmental, social and governance issues and take this into account when awarding mandates.’

Kay Carberry, Inquiry Commissioner



Helping reduce the need for finance through civil society activity

In addition to contributing to a more plural and inclusive financial system, civil society associations can play a role in reducing the reliance on credit. This is not just desirable for individuals and institutions, it is important for a transition to an economic system which is concerned with the challenges of resource depletion, climate change and other social concerns, and an economy that recognises non-monetary trading and exchange.

Civil society associations have created a number of innovative approaches such as time banks, which use time as a unit of currency, enabling productive work to be done and increasing engagement between people.¹²⁹

Local currencies, time banks and Local Exchange Trading Schemes (LETS) also engage people and reward creative activity without the use of credit, increasing the resilience of economies.¹³⁰ Sharing large and infrequently used goods, from tools to cars, reduces the need for consumption and further access to credit. Let's All Share is an organisation set up to encourage the sharing of possessions.¹³¹ And community ownership of assets also enables their more sustainable use.

Local currencies help to reduce risks related to speculative financial markets and create a greater sense of community. In the UK, Totnes, part of the Transition Towns movement, has its own currency which local people see as vital to encourage local shops and customers to buy local and reduce fuel consumption.¹³² In Ireland, the community action group, Future Proof Kilkenny is launching Cat, a complementary currency to the euro which can be used to pay for goods and services in local shops and businesses as well as council tax.

'These systems are really organised favours: you do something for someone else and they'll do something for you. Local exchange systems, time banks and the new Transition Town currencies are based on local assets; people's skills and time or under-used community assets like halls, buildings and leisure centres.

They have been set up by housing associations, doctors' surgeries and on the Internet, ranging in size from a few people to thousands of participants. And people are developing systems based on mobile phone time and energy saving.

*Many systems have failed but we are learning important lessons to design better systems. Community currencies are in the same stage of development that credit unions were twenty years ago: many people have used them but they remain on the fringes of society. I predict that twenty years from now they will be widespread and mainstream.'*¹³³

In addition to contributing to a more plural and inclusive financial system, civil society associations can play a role in reducing the reliance on credit.

Tiered finance: a vision for the future?

The idea of tiered financing came up frequently in the Inquiry's work, reflecting the need for finance that works at different levels of society both to meet needs and to engage more closely with economic, public and societal activity. A paper published by the new economics foundation (nef) summarises this need for more localisation of finance: 'Banks have withdrawn from the heart of communities, sidelined their basic business, lost touch with the real needs of their customers and become structurally unable to serve them.' nef wishes to unlock the 'sleeping architecture' of local finance, recreate relationship banking, and support robust and self-reliant local economies.¹³⁴

The reasons given for the need for tiered finance were that it would increase resilience to global and national shocks, that it would re-embed finance within the economy and society and that it would promote inclusion, and grow relationship banking and appropriate innovation to meet individual and organisational need.

Working with civil society associations such as Community Development Finance Association, Association of British Credit Unions Limited (ABCUL), the Association of Mutual Insurers and local authorities, philanthropic organisations could support the development of proposals for a tiered financial system that includes new forms of financial organisation, with different ownership, accountability structures and value systems.

Some Inquiry contributors, including Will Hutton of the Work Foundation, suggested the development of more responsive micro-money markets at local level. This approach could link CDFIs with credit unions and more localised mainstream banking. These institutions could then build their capacity to manage their liabilities and, through the development of regional nodes, develop relationships with the Bank of England. A local equivalent of the Financial Services Authority could be set up to do spot checks.¹³⁵

One idea, which has cross-party backing, is to enable post offices to be the focal points for such a community or local banking system. A people's bank centred on the post office could provide financial services to people and businesses which are not served by high street lenders to ensure a stable source of finance within communities, and linked directly to the local 'real' economy. It could be established with government funding and be supported by local bonds.¹³⁶ There are also ideas about re-creating local stock exchanges as well as more local insurance which could hold local assets but be linked to forms of inter-local mutual insurance to reduce risk.¹³⁷

However, other contributors to the Inquiry believed that tiered financial systems need careful thought. For example, how do you best police and manage different layers and levels of finance provision? What about the differences in viability for finance provision between, say, cities and rural towns? What would happen if a particular local area suffers an economic crisis and is unable to maintain a functioning local finance system? How can organisations be viable without having to move to excessive scale? Such questions require further investigation.

Embedding a strong culture of personal responsibility and community morality into financial services could and should be a role for civil society.

Neil Sherlock, Inquiry Commissioner



Strengthening the voice, power and influence of people and civil society associations

This Inquiry has heard from a number of contributors who expressed concern that civil society associations have adopted too timid a position in the public debate on the financial crisis and lack the capacity to influence the financial sector. This needs to change. A number of key issues and ideas arose in relation to this, which are outlined below.

Widening engagement in global and domestic decision-making processes

Over the last 20 years, the financial sector has become truly global, operating through transnational companies, whereas, despite some notable exceptions, civil society activity has largely been at national or local level. In particular, there has been little involvement of civil society associations and alternative voices in financial policy-making and debate at national and EU levels.

More internationally oriented civil society associations have been involved with lobbying, debating and creating statements and standards for global financial activity, mainly within the UN system. For example, the Bretton Woods project is a civil society research, advocacy and scrutiny initiative providing a platform for informed criticism of the World Bank and IMF.¹³⁸

Inquiry contributors highlighted the need for civil society associations to increase their co-operation across nations. While the environmental movement is ahead of others, strong global civil society infrastructure and a shared understanding of key concepts is needed to hold transnational organisations to account and change the rules of the game at the global level (Box 1.16 provides an example at the European level). Without this co-ordination, attempts to grow a more civil economy in one territory will be undermined by international trade treaties or supranational policy initiatives. This global infrastructure requires umbrella organisations and the means of disseminating information and experience, such as websites. These exchanges need to be rooted in states but also embedded in a global network where civil society associations can both learn about the experience of their counterparts and compare the performance of transnational corporations in different territories.

Box 1.16 EURODAD

EURODAD (European Network on Debt and Development) is a network of 59 non-governmental organisations (NGOs) from 18 European countries working on issues related to debt, development finance and poverty reduction. The EURODAD network offers an important platform for exploring issues, collecting intelligence and ideas, and undertaking collective advocacy.

The network focuses on debt cancellation, aid effectiveness, World Bank/IMF policy conditionality, and capital flight and financial regulation. Work is continuing on the promotion of responsible finance principles and practices and the redesign of the financial architecture. The network is

analysing and influencing European governments' policy responses to the financial crisis. The main institutions targeted by the EURODAD network are European governments, the World Bank, the International Monetary Fund and the Organisation for Economic Co-operation and Development.

EURODAD co-ordinates the work of non-governmental organisations working on these issues, and collaborates actively with civil society in the North and South to attain these goals. Southern networks with which EURODAD works very closely include Jubilee South, AFRODAD, LATINDAD and Third World Network.

www.eurodad.org

‘The financial crisis has shown we need radical reform of the banking sector. Civil society has frankly been largely absent as a voice in shaping the direction and shape of the financial system. That has to change.’

Neil Sherlock, Inquiry Commissioner

Engagement in policy development also involves influencing regulatory bodies such as the Bank of England and the Financial Services Authority in the UK, the Central Bank Commission in Ireland,¹³⁹ and the new regulatory structures proposed by the European Commission.¹⁴⁰

The development of more civil society activity in relation to global and domestic economic policy creates many benefits, including: the ability to clarify the needs of poorer people or marginalised businesses in society; a counterbalance to government and corporate agenda-setting; better information gathering, provision and analysis; stimulation of debate, alternative proposals and perspectives, and wider public participation; the initiation of dialogue between parties, such as government and business; and ‘more democratic regulation’.¹⁴¹

‘NGOs don’t always understand their own finances, let alone understand the financial sector and how the different financial institutions operate. There needs to be training for civil society associations to develop financial capabilities.’

Inquiry contributor

Strengthening financial competency and expertise

In order for civil society associations to influence global and domestic decision-making processes and the practices of financial institutions, many Inquiry contributors highlighted the need to strengthen the financial competency of civil society. Civil society associations need to strengthen their skills and capacity to achieve their social goals not only through working with and advocating to governments, but also through influencing capital. Participants in this Inquiry noted in particular the need for civil society associations to be better able to identify and enter the spaces where rules and principles guiding the behaviour of powerful financial institutions and companies are debated and agreed. One example of this is illustrated in Box 1.17.

In addition to existing civil society think-tanks there is also a need to further develop specialist civil society associations and leaders that are well placed to understand and influence financial decision-making. Such organisations can also provide support and expertise to other civil society groups whose goals are affected by financial or economic decision-making processes.

Box 1.17 Banúlacht

Banúlacht is an Irish feminist development education organisation which, among other activities, runs economy workshops for women. They ‘see development education as a process based on the ideals of collective empowerment for social change and the belief in the potential of people to be effective agents of change in addressing their own needs and shaping their own futures’. Their economic literacy publication covers a broad analysis of the economy as well as specific modules that look at economic rights; ‘Gender, care and the economy’, ‘Economic growth: a measure of well-being?’, ‘Globalisation and trade’, ‘Gender budgeting’ and ‘A human rights approach’.

www.banulacht.ie

Strengthening financial literacy and enabling people to make informed decisions

Civil society has a long tradition of helping people cope with money. Many 19th-century organisations tried to protect people from debt and penury. More recently, the explosion of new financial products has prompted much greater investment by banks themselves as well as the Financial Services Authority in programmes to promote financial literacy, including their initiative Money Made Clear.¹⁴² The Church of England has also promoted 'credit crunch evenings' and launched in 2008 a 'Matter of Life and Debt' initiative, encouraging churches in poor areas to sponsor professional debt advice sessions on their premises.

Most people on low incomes have to make use of simple financial products, but contributors to the Inquiry felt that the sale of financial products should be accompanied by greater access to financial advice. For example, the Burlington Community Land Trust in the US,¹⁴³ which provides locally controlled affordable housing, offers home ownership vouchers that can

be used to seek independent advice to challenge the terms and conditions of a house sale and mortgage. In November 2009, the UK government proposed the establishment of a new independent Consumer Financial Education body,¹⁴⁴ funded through a levy on financial organisations and public money, to promote financial literacy and provide free financial advice on topics such as mortgages, pensions and savings accounts, previously only available to people who could pay for it. To ensure the independence and sustainability of financial advice in the UK, in particular for the poorest in society, such a body could draw upon mixed funds from central and local government, as well as civil society associations and financial institutions. There is an opportunity here for the publicly owned banks to lead by example, while more civil society associations could play a role in providing such advice.

Another means of providing advice to the public is through a labelling system for financial products (Box 1.18), as has been developed for food and the carbon footprint of electrical retail products.

Box 1.18 Labelling financial products, excerpt from CSR Europe's communication to members

In June 2008, **Groupe Caisse d'Épargne** launched a system for labelling its financial products that evaluates them against the three criteria of security – to cover the potential expenditure or loss of earnings; responsibility – incorporating social and environmental criteria into product design and; climate – the emissions generated by the economic activities they finance.

The methodology used a multi-stakeholder approach which actively sought contributions

from a panel representing the French Environment and Energy Management Agency (ADEME), Friends of the Earth (FOE), Testé Pour Vous and the World Wildlife Fund (WWF). This partnership resulted in the creation in January 2009 of the Association pour la Transparence et l'Étiquetage des Produits Financiers to preserve the integrity of the methodology and disseminate it.

www.csreurope.org

At the centre of a civil economy is the individual citizen, with stakes in a pension plan, savings account or insurance annuity

Encouraging the media to scrutinise the financial industry

As Part 2, Chapter 3 argues, a watchful news media is critical to a healthy democracy. Just as it enhances democratic accountability, it is also necessary to an accountable economy. And, again, the intense concentration of media ownership is a significant handicap in this respect.

In a paper written for this Inquiry, Karl Dayson notes that journalists have either been too close to the City or ignored during the financial crisis:

*'It was telling that the Treasury Select Committee blamed the media for not warning of the disaster and criticised Robert Peston of the BBC for being too negative about the fate of Northern Rock. We ask where the voices from within civil society were in defending journalists against these accusations. It is only civil society, and members of the public protected by civil society, that can protect whistleblowers.'*¹⁴⁵

Blogs, social networking and online publications are attempting to challenge the financial sector and will increasingly provide a significant opportunity for civil society associations to monitor and report on the behaviour of financial institutions. Though the power of the internet to hold financial institutions to account is rising rapidly, to date these tools lack sufficient co-ordination or leverage to be effective.

An example of civil society activity harnessing the media is the Tax Justice Network,¹⁴⁶ which, during its first five years of operation, focused its communications programme on international media, in particular the *Financial Times*, the *Guardian/Observer*, *Le Monde*, the BBC and the *Wall Street Journal*. This strategy proved effective as a way to build relationships with financial and economic journalists who are read by policy-makers and opinion leaders. For example, its influence helped create a *Guardian* series in 2009 which was one of the largest investigations into corporate tax avoidance and the use of tax havens ever to be published in the international media.¹⁴⁷

Strengthening consumer representation

Civil society associations have been prominent in the area of promoting and defending consumer rights. For example, the consumer organisation Which? has been part of a national campaign to end unfair bank charges and the mis-selling of payment protection insurance.¹⁴⁸

However, consumer representation in policy-making in relation to the financial industry remains weak.

In 2008, a group of UK civil society organisations, co-ordinated by the Financial Inclusion Centre,¹⁴⁹ highlighted this weakness and called for a review of consumer protection. In 2009, more than 100 MPs have signed a parliamentary motion calling for greater consumer representation on the FSA board.¹⁵⁰ In Ireland, the establishment of the Financial Regulator was designed to give consumers and their representatives more input into policy-making, in particular with the establishment of a consumer panel within the structure. The consumer panel has played a strong and at times vital role in scrutinising the work of the regulator.

Mobilising citizen investors to influence the behaviour of institutional investors

As consumer and shareholder awareness has grown, many people now have an interest in mobilising their capital in support of their financial and social objectives. At the centre of a civil economy is the individual citizen, with stakes in a pension plan, savings account or insurance annuity.

In 1963, UK pension funds, insurance companies and unit trusts held around 18% of UK shares. In 2006, the figure was around 40% of the UK market at a value of £762 billion.¹⁵¹ Through these institutional investors, shares in almost every British company are held in

'There is an urgent need for the silent millions of ordinary shareowners to raise their voice and apply pressure to ensure that the future of our environment and society and their future income in retirement positively reinforce one another.'

Catherine Howarth, FairPensions



trust for many millions of people in the UK. British investors have also moved into overseas equities. Companies are therefore owned by, and should be run for, the millions of beneficiaries of pensions and other savings. The ‘citizen investor’ has vast untapped potential to influence and be heard by the investment management community and, in turn, the thousands of companies held in pension fund portfolios.¹⁵²

If savers do not act like owners, corporations will behave as if they are unaccountable. The risk and perhaps the inevitable result of this is the abuse of corporate power.

However, most ordinary savers simply do not understand financial products and there is a frequent misalignment between the interests of savers and the interests of investment professionals.¹⁵³ For example, the RSA project, Tomorrow’s Investors, found that people saving in pension products were unaware of the scale of charges they were paying on long-term

investments (during the period of saving and during the period of payment of a pension, around 40% of the total potential savings pot will end up in fees)¹⁵⁴ and that the behaviour of fund managers did not reflect people’s desires for long-term stable growth. In short, fund managers do not appear to be acting in the interests of the many millions of people whose savings have been entrusted to them.

Investor activism has the potential to improve both business and society. While individual investors have a difficult task in making themselves heard, by lowering the bar for people to participate, by educating the public about factors such as the charges people are paying on long-term investments and about the social and environmental impacts of investments, and by asserting the rights and responsibilities of ownership, civil society associations could help to mobilise citizen investors. The United Kingdom Shareholders Association (UKSA), for example (an organisation

Box 1.19 ShareOwners.org

ShareOwners.org is a US not-for-profit organisation founded to create a voice for the average retail investor, who has not been heard in the corporate boardroom, Washington policy debates, or by the decision-makers in large financial institutions, including mutual funds. They call themselves ‘shareowners’ because they are the long-term owners of the companies in which they invest. They seek long-term wealth creation by being responsible and engaged owners.

ShareOwners.org is emerging at a critical time when individual investors have the chance to make lasting impacts on corporate governance and financial regulation. The time has come for a ‘people-powered’ organisation that connects small investors to help them act collectively to improve the transparency, efficiency, and accountability in the way financial markets operate.

Through building and educating such a grassroots network, ShareOwners.org aims to ensure that public companies and financial intermediaries are responsive and accountable to their owners. They will help constructively channel the frustration felt by many investors about corporate short-termism,

executive compensation and malfeasance as stewards of their investments through issue-based education. This network will be created with both old-fashioned methods and cutting-edge forms of web and non-web outreach, communications and education. For instance, it will use online social networking to create a base of shareowner activists and then use contemporary technology to teach them about the most pressing issues such as CEO compensation, shareowner rights, and enhanced protection under securities laws.

The goals of ShareOwners.org are to: restore corporate accountability to protect investor assets; ensure that financial intermediaries, such as financial professionals and mutual funds, put the interests of their clients ahead of their own interests; educate retail investors about their rights and responsibilities in the marketplace so that they become empowered to take action; build a world-class financial portal that will allow shareholders to communicate among themselves and with their financial institutions with a collective voice.

www.shareowners.org

primarily run by volunteers), was formed to support private (that is, not institutional) shareholders by providing investment education and conveying their members' views to the boards of British companies, to the government, to the Stock Exchange, to the media and to other bodies. UKSIF (UK Sustainable Investment and Finance Association) is proposing to develop an education resource for schools on responsible share ownership in order to address 'the power and responsibilities of the owners of financial assets and the impact on society and the environment of responsible ownership of wealth-creating assets'.¹⁵⁵

Mechanisms through which citizen investor activism could be enabled include outreach through civil society groups with significant membership bases, making use of community organising, and the application of the internet (as illustrated by the example in Box 1.19).

Growing responsible investment on the part of civil society associations

Civil society associations are major institutional investors. In 2006/7, the investment assets of registered charities in the UK stood at £65.6 billion. In 2008, the Unite trade union had investments of over £83 million. The Church of England has an investment portfolio of around £5.6 billion.¹⁵⁶

However, there is often a sharp dividing line between the investment and the charitable approaches of many civil society associations. Most civil society associations use the profit from their investments to tackle social problems related to their core purpose. But it is often the case that the financial gains from investment and charitable outcomes are treated as separate from, or even antagonistic to, one another. As Jed Emerson remarks in a report: 'For most foundations ... 95 percent of capital assets are managed in pursuit of increasing financial value, with zero percent consideration for the institution's social mission. However, shouldn't a foundation's investment strategy seek to maximise not only financial value, but social and environment value as well?'¹⁵⁷

As illustrated in Box 1.20, there are also potentially significant conflicts of interest or misalignments between the social and environmental impacts of a civil society association's investment strategy and the change it seeks to achieve through the realisation of its mission and the application of investment income.

Box 1.20 Dark cloud over good works of Gates Foundation

Excerpts from *LA Times*, 7 January 2007¹⁵⁸

The Gates Foundation has poured \$218 million into polio and measles immunization and research worldwide, including in the Niger Delta. At the same time that the foundation is funding inoculations to protect health, the *LA Times* found it has invested \$423 million in Eni, Royal Dutch Shell, Exxon Mobil Corp., Chevron Corp. and Total of France — the companies responsible for most of the flares blanketing the delta with pollution, beyond anything permitted in the United States or Europe.

... local leaders blame oil development for fostering some of the very afflictions that the foundation combats. Oil workers, for example, and soldiers protecting them are a magnet for prostitution,

contributing to a surge in HIV and teenage pregnancy, both targets in the Gates Foundation's efforts to ease the ills of society, especially among the poor. Oil bore holes fill with stagnant water, which is ideal for mosquitoes that spread malaria, one of the diseases the foundation is fighting.

By comparing these investments with information from for-profit services that analyze corporate behaviour for mutual funds, pension managers, government agencies and other foundations, the *LA Times* found that the Gates Foundation has holdings in many companies that have failed tests of social responsibility because of environmental lapses, employment discrimination, disregard for workers' rights, or unethical practices.

There is, however, growing evidence that responsible or ethical investment is becoming more common as research reveals that exposure to environmental, social and governance (ESG) factors has a positive impact on long-term stock returns. ESG issues increasingly concern governments and civil society associations and investors are becoming more active in monitoring the sector.

According to a survey conducted in 2009 by the Charity Finance Directors' Group (CFDG) and the EIRIS Foundation (see Box 1.21),¹⁵⁹ over half of large UK charities have an ethical investment policy. The survey of 164 CFDG members found that 60% of the surveyed charities with investments over £1 million have an ethical investment policy, whereas only 25% of smaller charities with investments of under £1 million invest ethically.

The main reasons charities gave for investing ethically were to do with avoiding conflicts with the charity's aims and objectives and the reputational risk. These were followed by concerns about alienating supporters and donors. The motivation for charities to protect their reputation and relationships with donors is confirmed by the finding that fundraising charities, which continually face the public, are more likely to

invest ethically than other types of charities. Seventy per cent of fundraising charities have an ethical investment policy, compared to 59% of grant-makers and 32% of service provision charities. Encouragingly, 32% of charities that do not currently invest ethically are planning to discuss the issue in the coming year.

But the same survey also found that there remain barriers to ethical investment including the concern that it will lead to lower returns (identified by 40%), that it will conflict with their duty to maximise returns (28%), lack of staff resources (25%) and perceived complexity (24%). Many recent studies suggest that ethical investment does not necessarily mean a reduction in returns and that well-chosen stocks in a balanced portfolio can present equal or better returns compared to non-ethical investments.¹⁶⁰

Civil society associations need to strengthen their skills and capacity to achieve their social goals not only through working with and advocating to governments, but also through influencing capital.

Box 1.21 EIRIS, CharitySRI and UKSIF

EIRIS is a global provider of research into corporate environmental, social and governance performance. As an independent, not-for-profit organisation, it works to help its clients develop the market in ways that benefit investors, asset managers and the wider world. Its mission is to empower responsible investors with independent assessments of companies and advice on integrating them with investment decisions. Its sector-based research teams provide in-depth coverage of around 3,000 companies globally, covering over 100 different environment, social and governance issues. EIRIS has over 100 institutional clients including pension and retail fund managers, banks, private client brokers, charities and religious institutions across Europe, the USA and Asia.

www.eiris.org

CharitySRI was developed by the EIRIS/UKSIF Charity Project, a joint initiative between the EIRIS Foundation and UKSIF.

UKSIF is the UK membership network for sustainable and responsible financial services. UKSIF promotes responsible investment and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment. It also seeks to ensure that individual and institutional investors can reflect their values in their investments.

www.charitysri.org, www.uksif.org

Some of the most important current influences on responsible investment and the decisions made by civil society associations include climate change, labour standards, political influence, due diligence in banking standards – for example, concerns over privacy and human rights – and disclosure, targets and clawbacks.

As Box 1.21 illustrates, there are a small number of civil society associations that provide advice and assistance on applying shareholder power.

Civil society associations with investment assets need to apply their moral and financial clout to influence the financial industry, with an emphasis on increasing responsible investment, social investment and mission-related investment.¹⁶¹

This might involve a number of steps. In the first instance, civil society associations should review their own investment policies, scrutinise the activity of their fund managers and consider signing up to the UNPRI (see Box 1.7). Working collectively (as illustrated in Box 1.22), and through investor coalitions, as in the case of the recent FairPensions Tar Sands campaign, civil society associations can pool their financial and moral clout to strengthen their power and voice. And stronger infrastructures or networks that allow for the exchange of knowledge and information could help grow social investment or mission-connected investment. Increasing the knowledge of and confidence in responsible, social and mission-connected investment among the governing bodies of civil society associations is also key to progress.

Central to the problem, and to the solution, is the need to grow a civil economy in which civil society associations play a more active and vigilant role.

Box 1.22 Faith groups and shareholder activism

In 1973, the investment chief of the UK Methodist church led an effort to establish faith-based stewardship funds. Friends Provident with its Quaker traditions had always been an advocate of socially responsible investing. In 2005, delegates from Buddhist, Hindu, Islamic, Jain, Sikh, and Zoroastrian faiths joined in London with Christian and Jewish representatives to found an umbrella civil society association, the International Interfaith Investment Group, known as 3iG. 3iG's mission is to contribute to a just and sustainable society by promoting faith-consistent investments in the spirit of interfaith and international dialogue and co-operation. 3iG is designed to assist the different faiths in facilitating and advancing their engagement in the area of faith-consistent investing and to provide high-level research and information to enhance its development. The great challenge is to integrate faith-based principles into the world of business, particularly through investing.

www.3ignet.org

In conclusion, the question now is how to remodel the financial system. There is widespread frustration at the damage the economic and financial crisis has caused to business and industry and at its effect on employment and livelihoods. Central to the problem, and to the solution, is the need to grow a civil economy in which civil society associations play a more active and vigilant role. While awful in the scale of its impact, the current turmoil represents an opportunity that must not be squandered.

Chapter 2: A rapid and just transition to a low carbon economy



Schoolchildren on the Island of Gigha, off the west coast of Scotland, 2001, after the islanders' successful bid to buy the island: *Press Association Images*

Commission's summary

Climate change is arguably the first issue that has entered the world's consciousness as a question of collective survival. Civil society associations have played leading roles in making people aware of climate change and resource depletion – as campaigners and as demonstrators of alternative models of production and exchange. Its prophets and pioneers have warned of what lies ahead, but also shown how we can act to avert disaster.

Climate change and resource depletion bring with them important questions of social justice – of who pays and who benefits – and questions of guardianship and responsibility to future generations.

In less developed countries we are witnessing the impacts of climate change as droughts and flooding cause 300,000 deaths a year and displace millions of people.¹⁶² In countries as diverse as Australia and Spain, climate change has sharply changed landscapes and agriculture. Even in the UK and Ireland, which are less likely to bear the brunt of its more direct effects, the incidence of flooding has increased, and indirect effects will continue to make themselves felt in the shape of higher food and fuel prices. In the face of these problems, many of the responses to climate change and resource scarcity have been slow, inadequate and sometimes ineffective.

Neither state nor market action will be adequate to meet the scale of the challenges, nor will they necessarily ensure that the costs of climate change and resource scarcity are fairly distributed. Climate change and resource depletion bring with them important questions of social justice – of who pays and who benefits – and questions of guardianship and responsibility to future generations. They also raise difficult questions about the balance between individual liberty and the need to push people to do what is right for future generations.

Civil society therefore has a critical role to play in making the necessary transition to a low carbon economy both effective and fair. It will have to organise globally as never before to create a groundswell for action, especially in the wake of opportunities missed at the Copenhagen Summit 2009, and it will have to demonstrate through practical examples – from Transition Towns to eco cities, local energy schemes such as Torrs Hydro, New Mills in Derbyshire, to urban agriculture programmes and retrofitting (improving existing buildings by fitting them with energy efficiency equipment) – how the shift to a low carbon economy can also enhance life and bring new opportunities.

The problems can seem overwhelming and it is hard to overstate the importance of showing there is a positive alternative to the doom-laden scenarios dominating much of the current debate. As Tony Kundle of the Eden Project put it in his work for the Inquiry, we need to: 'reorient people away from failed gratification through consumption to more rewarding lives based on stronger relationships and mutual support ... without some belief in good possibilities action becomes impossible, we risk fostering nihilism, or at least disengagement, and so closing options and making the worst scenarios self-fulfilling.'¹⁶³

The broad scope of civil society activity is setting the scene for a rapid and just transition. Campaigns such as the Big Ask (Friends of the Earth) saw nearly 200,000 people contact their MP directly to push for the Climate Change Act 2008. Trade unions are addressing climate change in relation to industrial restructuring and employment. Social enterprises, co-ops and community-based groups are developing alternative energy, food and waste systems. Faith-based groups are raising awareness through their congregations. Yet despite all this activity and energy, the Commission believes that an historic shift in the scale of civil society activity is necessary to ensure that the transition to low carbon economy is rapid and just.

Specifically, we recommend action on the following main fronts:

- **Investing in a local low carbon economy.** A low carbon economy will have at its heart a much stronger network of locally owned assets and industries. These will include renewable energy, community transport, local food supplies and local waste management. These have the potential to create wealth at a local level and to provide resilience through greater self-sufficiency and less dependence on imported oil and gas; and, in the long run, lower prices. Building this new economy should be a priority for all parts of civil society that control significant assets or investment flows. Civil society associations with investment assets should also actively invest in local initiatives that seek to produce financial, social and environmental returns.
- **Civil society also needs to advocate policy innovation** to reinforce these new sectors: the use, for example, of periodic windfall taxes on the carbon energy industries during price spikes, and the development of green investment banks, green ISAs and green bonds with favourable tax treatments. Market instruments such as green certificates and feed-in tariffs are examples of how policy can tweak the market to incentivise small-scale local renewable energy generation. In the likely development of future cap and trade schemes, the incentives for small-scale local energy generation should be enhanced.
- **Stimulating the involvement of non-environmental civil society associations.** Environmental civil society groups are heavily involved in climate change, but others remain on the sidelines. How climate change is dealt with will affect every part of civil society so the whole of civil society should bring its weight to bear on the question.
- **Using legislation to scrutinise policy and practice.** Civil society needs to make the most of legislative provisions, such as the Aarhus Convention,¹⁶⁴ to ensure access to information, public participation and access to justice is applied to policy-making, and to ensure a more just distribution of the costs and benefits of policies relating to climate change and resource scarcity.

The Commission believes that an historic shift in the scale of civil society activity is necessary to ensure the transition to a low carbon economy is rapid and just.

- **Holding institutional investors and business to account.** Using all methods at its disposal, from law and regulation to campaigns and research, civil society needs to put pressure on institutional investors and corporations to account for actions which affect the environment.
- **Extending direct action.**¹⁶⁵ Civil society will need to use all its tools to sustain action on climate change. These include campaigns and non-violent direct action to confront the firms and governments doing the most damage, as well as positive actions to promote alternatives.
- **Forging global alliances.** Tackling climate change and resource scarcity requires global alliances and global coalitions. Civil society needs to be at the forefront of shaping shared arguments and actions as well as partnerships that cut across the sectors and regions. No issue has ever challenged civil society as urgently to demonstrate its power to mobilise people and to change hearts and minds.
- **Developing citizen conventions.** Experience to date has shown that the traditional methods of politics are unlikely to be enough to shape a consensus for action. Within nations, as well as globally, there need to be periodic conventions that bring together business, civil society, government and media, to review progress towards a rapid and just transition and identify actions that need to be taken.

Inquiry findings

Climate change, resource depletion and social justice

Moving beyond environmental perspectives

There is a persistent tendency to categorise issues such as climate change and resource supply as solely environmental. This traps people into assumptions about the nature of the impacts of climate change and

its relevance to their lives. It also creates assumptions about who is responsible for policy shaping and who needs to engage and help find solutions. However, climate change and resource scarcity will affect all of us in almost every aspect of our lives and their solution or mitigation will require the involvement of a broad range of groups and associations.

As illustrated in the work undertaken for the Inquiry by the Eden Project¹⁶⁶ and the new economics foundation¹⁶⁷ that this chapter draws on, it is necessary to move beyond the science and to raise awareness of the potential social, economic and political implications of climate change and resource scarcity, with a particular focus on social justice. This also involves engaging a wider range of civil society associations in developing solutions and advocating for change.

Climate change and resource scarcity: the challenges faced by society¹⁶⁸

The world faces threats from climate change and resource scarcity that could transform society at every level. In the UK and Ireland, much of our prosperity is built on the abundance of relatively cheap energy, food and materials. All of this is likely to change in the coming years.

Climate change. The basic principles of climate change are not complex. Mainly as a result of society's use of fossil fuels such as oil, gas and coal, the atmosphere now has higher concentrations of gases that retain more of the sun's energy, gradually increasing global temperatures. Carbon dioxide is the most significant gas by volume, but other gases such as methane have a greater 'greenhouse' effect and can cause serious problems even if present in lower volumes.

Peak oil. Rising global demand and gradual depletion of reserves mean that we are close to the point where oil availability will begin to decline. For example the International Energy Agency is predicting a peak of non-OPEC (Organization of the Petroleum Exporting Countries) oil production within two years (which some believe might drive oil prices as high as \$250 per barrel or more), so energy price rises are unlikely to disappear, creating short-term stresses and strains in society and the economy.

Water scarcity. Along with oil, water is likely to be a commodity in increasingly short supply in the coming decades. Globally, water is seen as a critical issue, more significant for many even than oil. It is possible that water shortages will fuel conflict, food shortages, population displacement and political instability.

Food scarcity. The world's population is growing rapidly and with it, concerns about food security. Some of the most profound changes in society may yet come from the effect of climate change on food production. The contribution that animal farming makes to greenhouse gas emissions, for example, is huge, and the convergence of interests related to health, energy and climate change mitigation may mean that society needs to dramatically reduce the amount of meat and dairy food in our diets. The use of land for the production of bio-fuels has added to food scarcity in recent years.

Population rise. Shortages are exacerbated by the growth in population levels, leading many to the conclusion that there are simply too many people. The more meaningful question is to consider the interaction of population, inequality of access to resources and consumption.

Justice and climate change

Climate change has brought questions of justice to the fore because of:

- unequal responsibility for causing the problems (emissions);
- unequal distribution of the direct impacts of climate change (flooding, drought);
- unequal sharing of the benefits and costs of mitigation and adaptation between developed and developing nations and between different individuals and groups within nations.

A report published by the Economic and Social Research Council on environmental justice argues that ‘by seeing social justice issues through the

environmental lens, and vice-versa by analysing environmental issues more clearly in terms of social justice, new and more effective ways for dealing with each can be developed than if, as is usually the case at present, each is dealt with separately’.¹⁶⁹ The Warm Front Scheme¹⁷⁰ is a simple example; it aims to improve existing buildings by fitting them with energy efficiency equipment (retrofitting) to reduce the consumption of fuels and concurrently reduce their carbon footprint. It is specifically targeted at low-income and other vulnerable groups and the service is often provided by social enterprises, for example the Eaga Partnership Ltd. This scheme therefore helps cut emissions, helps the poorest and most vulnerable avoid fuel poverty by cutting their energy bills, and also helps them adapt better to a world of increasing fuel prices.

Box 2.1 Climate justice in practice

In November 2000, CorpWatch organised the **First Climate Justice Summit** in The Hague at the 6th Conference of the Parties (COP). During the 8th COP in Delhi, in 2002, hundreds of people gathered for the Climate Justice Summit. Delegates included farmers, fisherfolk, indigenous people, women, youth and the urban poor. The outcome of the summit was a declaration – the Delhi Climate Justice Declaration – which stated:

‘We affirm that climate change is a rights issue – it affects our livelihoods, our health, our children and our natural resources. We will build alliances across borders to oppose climate change inducing patterns and advocate for and practice sustainable development. We reject the market-based principles that guide the current negotiations to solve the climate crisis. Our world is not for sale!’

www.corpwatch.org

The **December 2009 UN Climate conference in Copenhagen** saw civil society associations from across the globe calling for climate and environmental justice. These groups besieged the Bella Centre where the conference took place. Broad coalitions of indigenous workers, activists and representatives from communities all over the globe came together to finalise and sign the Klimaforum09 declaration, ‘System Change — Not Climate Change.’ The product of a year’s worth of civil society negotiations, the declaration, which advocates solutions to curb the effects of climate change, was presented to COP15 political leaders as an alternative framework for creating environmental justice.

www.klimaforum09.org

‘Visiting Bangladesh recently, I experienced the truth of the simple but ghastly adage that, while for us in the West climate change is often a lifestyle issue, for others it is an issue of life.’

Richard Atkinson, Inquiry Commissioner



The principles of environmental justice

While there are a number of definitions of environmental justice, it is generally defined as the nexus between the social and the environmental and is based on the four cornerstones of:

- the human right to a healthy and safe environment and the responsibility to maintain it;
- a fair share of natural resources;
- the civil right to be able to access environmental information and participate in decision-making;
- the proposition that the most vulnerable in society and, in particular the poorest, should not suffer disproportionate negative effects of environmental omissions, actions, policy or law.¹⁷¹

The notion of environmental justice, which brings together social and environmental rights, has received formal legal recognition in the European Union through the Aarhus Convention: the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters.

Global implications

It is accepted that industrialised nations precipitated the climate crisis by emitting the vast majority of greenhouse gases into the environment. The same nations have also reaped the lion's share of the benefits and material well-being from industrialisation. In the Kyoto Protocol, most parties accepted that the most developed countries should carry the greatest burden in dealing with climate change. However, there continue to be disagreements over what this burden should be as well as more basic questions about how responsible any individual or community can be for actions taken before there was any knowledge about how damaging they were.

Globally, climate change is already costing 300,000 lives each year.¹⁷² These deaths are concentrated in the developing world. Nearly 98% of the people seriously affected, 99% of all deaths from weather-related disasters and 90% of the total economic losses are borne by developing countries,¹⁷³ a state of affairs which is likely to continue as the deleterious effects of climate change increase.

As climate change impacts increase, there may also be a corresponding increase in 'environmental refugees'. By 2050, between 150 and 250 million people may be displaced by the rise in sea levels and by prolonged droughts.¹⁷⁴ Here again, the burden will fall largely on those least able to bear it. According to the United Nations High Commission for Refugees (UNHCR), by the end of 2008, developing countries hosted 8.4 million refugees, 80% of the global refugee population, of which the 49 Least Developed Countries provided asylum to 18%.¹⁷⁵

National contexts and implications

Across the world, the threats and consequences of climate change and resource scarcity will and do affect the poorest most. The poor tend to live on the most threatened land, and are least able to afford protection and support such as insurance. In the UK and Ireland, the indirect impacts of climate change and resource depletion will be felt across all areas of our lives: in transport, health, food, energy and work.

In the UK and Ireland, the indirect impacts of climate change and resource depletion will be felt across all areas of our lives: in transport, health, food, energy and work.

‘As crisis management tends to overwrite democratic procedures, it is essential for our societies to establish democratic institutions that can effectively deal with issues such as climate change without endangering democratic legitimation.’

Inquiry contributor



In the UK, for example, the Department of Health and the Health Protection Agency warn that a number of health problems are likely to intensify with climate change¹⁷⁶ and that the poor and otherwise socially excluded are most likely to fall victim and less likely to be able to mitigate or adapt to its effects. These problems include food poisoning, insect-borne diseases, respiratory diseases, increases in heart-related deaths, and water and sanitation problems.

Action to mitigate climate change has at its heart the aim of raising the price of carbon so that it better reflects the true costs. Precisely how this is done has massive implications for social justice. The government estimates that each 1% rise in energy prices tends to result in 40,000 more households suffering from fuel poverty.¹⁷⁷

Higher fuel prices will affect everybody: they may affect the relatively affluent who travel most by air, but they also hit people with older, cheaper and less fuel-efficient cars, who tend to be poorer. Higher costs of energy and fuel will also mean higher prices for nearly all consumer goods, including food, given the high proportion of energy inputs in both the production and transportation of goods. Higher food prices, in particular, are also likely to hit the poorest hardest, since they tend to spend a higher proportion of their income on food.

Climate change and resource depletion, therefore, are not isolated issues, but are drivers of change whose effects will spill over from the environmental into the political, social and economic spheres. As illustrated in Box 2.2, some civil society groups are highlighting the social, political or economic perspectives of climate change and resource scarcity.

Box 2.2 Pioneering new perspectives on the wider social impacts of climate change and resource depletion

Growing old in a changing climate

In 2008, the Stockholm Environment Institute published a report that explored the policy challenges which need to be addressed to ensure a safe, secure, equitable and sustainable future for an ageing population. People in old age are likely to be physically, financially and emotionally less resilient in dealing with climate change. The report outlines five recommendations and calls on government agencies and older people's organisations to make a concerted effort to reduce the vulnerability of older people. It calls for: risk-assessing all future policies so that they do not undermine government targets to reduce UK greenhouse emissions and put older people at risk; climate change-proofing homes of older people to increase energy efficiency and tackle fuel poverty; enriching local accessibility to deliver safer, stronger and healthier communities for older people; better transport for older people to ensure that they can maintain independence and connect to friends, family and wider community; leadership on older people and climate change; and setting up of an older people and climate change group to outline national policy frameworks and co-ordinate action.

www.climatetalk.org.uk

Climate change and mental health

In 2005, the International Futures Forum published a report on climate change and mental health in the 21st century. It highlighted the fact that the discussion of the causal factors for mental health illness had focused disproportionately on individual biological or psychological factors with less consideration of people's interaction with their external world. The authors say that the stress and anxiety associated with the direct and indirect consequences of climate change such as the threat of repeat flooding or the withdrawal of insurance cover are likely to adversely affect the mental health of many people facing such risks. According to the World Health Organization, mental health problems are set to become the second greatest cause of illness after heart disease by 2025 if present trends continue.

www.internationalfuturesforum.com/iff_publications.php

continued ...

... continued

Corruption and climate change

Tackling climate change will require far-reaching adaptation and mitigation efforts from local to global level, vast financial and knowledge transfers and public policy changes. The corruption risks inherent in the new institutions and governance processes designed for these purposes are extremely high and threaten to undermine their success. On the mitigation side, for example, markets for trading carbon permits are prone to serious conflicts of interest, while policy shifts to clean energy and green technologies could be stymied or exploited by vested interests if undue influence and the risks of policy capture are not addressed. Preventing corruption in climate change governance will therefore be essential for addressing climate change effectively, but so far has not been systematically considered by the policy community. To address this challenge, Transparency International is developing a Global Corruption Report 2010 that will focus on climate change and corruption and catalyse dialogue between the anti-corruption and climate change policy communities to establish high-impact coalitions for accountable and effective climate governance.

www.transparency.org

Climate change and refugees

The Climate Outreach and Information Network (COIN) is bringing together organisations concerned with refugees and human rights, along with others whose remit is climate change and development. Although there is still no scientific consensus on the links between environmental change and migration, these organisations are working together to develop a common understanding on the issue of climate refugees. This comes at a time when there is growing fear in developed nations of a new refugee flood. Governments and the EU are increasingly talking about this in security terms, with obvious social justice implications. COIN is exploring the definitions of a 'climate refugee', the current and future extent of climate refugees and whether a separate international convention for climate refugees should be sought.

www.coinet.org.uk

The consequences of climate change are becoming central to how people will raise families, eat, travel, work, relate to each other and house themselves. In the UK and Ireland, it is almost certain that these social consequences, rather than direct weather-related effects themselves, will be most felt by the population. A key question for Irish and UK societies is whether their democracies are able to cope with this scale of change in a democratic manner.

‘We need to act, and act urgently, but the actions we need to take to avoid the worst of the problems will themselves be so transformative and radical that unless they are built on the best of our experience, insight and humanity they will themselves put society, and especially the lives of vulnerable people, under enormous stress.’

Tony Kundle, Eden Project¹⁷⁸



Meeting the challenges: Opportunities for civil society

Through research, campaigns and direct action, civil society activity has ensured that climate change is at the centre of the public agenda. It was campaigning led by Friends of the Earth and involving a wide range of civil society associations that resulted in the passing of the UK Climate Change Act.

Now the scientific argument has largely been won, it is essential that the debate moves beyond environmental perspectives to focus on the social and political ramifications of climate change and resource scarcity through:

- mitigation strategies that recognise the core objectives of ecological citizenship, lifestyle change, collective action and global solidarity;
- adaptation strategies which are participatory, community-led and just;
- the development of resilient communities that are able to cope with uncertain or unknown risks, such as extreme weather events, peak oil and migration.

Drawing on the findings of the Inquiry's work, the following pages describe six important roles civil society associations of all types do and can play in meeting the challenges of climate change and resource scarcity. While the breadth of civil society activity has clearly grown in recent years because of the public profile given to climate change and resource scarcity, the Inquiry's work highlighted the urgent need to radically increase this breadth of activity.

The meaning of mitigation and adaptation

In the literature on climate change and resource depletion, the terms mitigation and adaptation are often used. Brief definitions of these terms are provided here.

Mitigation is defined by the International Panel on Climate Change (IPCC) as: 'intervention to reduce the sources or enhance the sinks of greenhouse gases'. This means, for example, reducing energy use or switching to non-carbon fuel sources.

Adaptation is 'adjustment in natural or human systems to a new or changing environment'. So adaptation is any move we make to reduce the damaging impacts of climate change, such as changing housing systems to avoid the risk of flooding, or changes to welfare support.

The question of whether society should focus on mitigation or adaptation has been highly political. Many environmental groups have been reluctant to hold open discussions about adaptation, feeling that it weakens the drive to find solutions based on mitigation. In debates on the priorities between mitigation and adaptation, it can seem as if these aims are mutually exclusive, but the most effective forms of mitigation can develop our adaptive capacity. For example, initiating a community-led public transport scheme might be aimed at reducing emissions cuts, but getting individuals and communities away from car use helps adaptation to fuel price shocks and a world with less fossil fuel, making communities more resilient to inevitable change. The reason for the high priority given by this Inquiry to local community-led activity is that this type of participatory action engenders mitigation, adaptation and resilience.

“We all need to get together to tackle climate change” won’t cut much ice. Our organisation is therefore proposing a “new localism” focusing on resilience. This approach avoids mentioning the words “green” and “environment” which are a turn-off for their board, but “resilience” works.

Inquiry contributor



1. Growing resilience and local assets

There is increasing focus on the importance of social resilience in withstanding the effects of climate change. This means identifying the core conditions needed for society to be able to withstand shocks, such as weather events, and to resolve structural weaknesses in the ability to manage its response.

Resilient societies are generally seen as those requiring shorter chains of supply and demand, supporting a diversification of systems and ownership and more localisation of production. Underlying this is the challenge to social resilience of the assumptions and policies adopted by successive governments that global trade is the solution to the resource needs of its population rather than the protection or development of local systems. Thinking and acting differently confronts the efficiency of free markets and the aim to maximise returns on investment. The resilience movement is therefore largely grassroots and locally focused.

In measuring resilience, the Tyndall Centre for Climate Change Research uses indicators that demonstrate a system's ability to (a) absorb and retain its basic function, (b) self-organise through social institutions and networks and (c) innovate and learn in the face of disturbances.¹⁷⁹

Research commissioned by the Economic and Social Research Council suggests that the provision of public services and levels of social capital are central to why some deprived communities are able to weather exogenous shocks better than others.¹⁸⁰

‘Government is the only entity that can bring about the systematic change to create the fiscal and regulatory framework to enable the development of the new renewable and decentralised energy infrastructure needed to reduce our carbon footprints.’

Inquiry contributor

A key role therefore, for civil society associations to play in this regard is in developing and sustaining locally owned assets. As illustrated here, there are many examples of such activity. Community engagement with the development of renewable energy projects such as wind, solar and waste schemes is essential for their effective deployment and for building ownership and understanding. The benefits of local schemes need to accrue to the local population to incentivise ownership and stimulate the scale and pace of change required. Civil society associations such as co-ops, social enterprises and community groups are and should be in the vanguard of this shift, owning and controlling these new assets and building the capacity of local community groups. As we develop a renewable, decentralised energy and food system, new local and economic opportunities will emerge for civil society associations. This Inquiry has found that the case for local energy generation is incontrovertible, both for the sake of efficiency and for developing greater social resilience to climate change.

However, the Inquiry's work also identified the possible negative dimensions of local resilience, especially if it is framed by a sense of survivalism and isolationism. It is therefore important that building local resilience is founded on strong ideals of human connection, solidarity and community from the local to the very global.

‘Resilience relies on the energy and initiative of society as a whole, and is ultimately a matter of culture, values and identity. Policy-makers will thus need to ask some uncomfortable questions. What is it about our societies that we are trying to protect?’

Tony Kendle, Eden Project¹⁸¹

Energy

Community energy initiatives have been advocated for at least the past 30 years, but it is only recently that government has provided support for such schemes.¹⁸² According to DEFRA, 38% of current UK greenhouse gas emissions can be attributed to the energy supply sector.¹⁸³ Losses in the current supply systems amount to around 65% of the primary energy input.¹⁸⁴ A Greenpeace UK report estimated that up to two-thirds of potential energy is wasted as a result of inefficiencies.¹⁸⁵ Not including energy lost from converting heat energy to electricity, which at best is 50% efficient, a further 5% to 7% is lost in

the transmission of electricity over cabling and sub-stations. Some large-scale renewable projects do lend themselves to a centralised system, such as hydro-electric power and its pumped storage facilities, and large offshore wind farms. But the large majority of renewables function far more efficiently and practically if they are integrated into a decentralised energy system where power is generated at or near the point of use.

There are many examples of innovative local civil society activity in the area of energy production and energy awareness. A selection of these are illustrated in Box 2.3.

Box 2.3 Examples of civil society led local energy production

Torrs Hydro, New Mills is a community-funded and owned hydro-electric scheme to create electricity from the Torr Weir on the River Goyt in Derbyshire. The project was started in 2006 by Water Power Enterprises, a social enterprise whose mission is to set up small-scale hydro plants and reduce carbon emissions. A share of the revenue from the scheme will help Torrs Hydro achieve its aim to help regenerate the community and to promote the environmental sustainability of the New Mills area.

www.torrshydro.co.uk

Community Energy Scotland has provided funding for over 200 capital projects, installing a variety of renewable energy technologies to help communities reduce their energy costs and their carbon emissions. Often tiny by commercial wind farm standards, these energy projects are very significant for small community groups, relying largely on voluntary commitment to drive them forward. The projects offer the prospect of long-term revenue to many struggling communities.

One such project is the **Isle of Eigg Electrification Project**:

'Our project is a world leader in the integration of multiple renewable energy sources into a grid system to supply an isolated and scattered small community. The system that has been created through the vision of the islanders, generates power at a number of locations around the island, from the renewable resources of Hydro-Electric, Wind and Solar energy, and makes this available to all households and businesses via an island-wide high voltage distribution grid. The renewable resources will contribute over 95% of the island's electricity demand and it is believed to be the first time that these three resources have been successfully integrated into a community grid system.'

www.isleofeigg.net/trust/eigg_electric.htm

The GIGHA Community Trust Under Scottish legislation, the community had first option to purchase their island and organised a community buy-out. It now owns and manages 47 cottages, four farms, a hotel, a quarry, a wind farm and a 54-acre garden. The wind farm is connected to the National Grid and earns £100,000 per year, with profits used to restore properties, develop holiday lets and underwrite community facilities. Locals drew inspiration from the Isle of Eigg initiative above.

www.scotland.gov.uk/Topics/Built-Environment/regeneration/engage/empowerment/casestudies/buyout

Studies from other European countries show that public and community ownership of renewable energy schemes can improve people's understanding and appreciation of energy generation and use. This ownership can ensure local acceptance where a private or state-owned initiative might meet opposition. Recent analysis by the Centre for Sustainable Energy¹⁸⁶ explored the community benefits of wind farms in the UK, Ireland, Denmark, Spain and Germany. The research found that in the UK wind projects tended to rely on voluntary financial contributions from the project developer. In contrast, evidence from Spain, Denmark and Germany suggests that local benefits are built into the fabric of the projects. Benefits take the form of local tax payments, jobs and economic gains from regional manufacturing. In Denmark and Germany, there are also opportunities for local ownership. This means

much greater autonomy of projects, keeping benefits in the community. This, in turn, has had an impact on the development of wind energy capacity, with Denmark and Germany enjoying much higher rates of wind power installation than in the UK.

Transport

Transport is another 'emitting sector'. Providing public and/or community transport schemes helps to reduce emissions by encouraging people out of their cars and clearly benefits the most disadvantaged, who cannot afford to own or do not have access to cars. There are many examples of civil society associations providing more sustainable local transport, particularly in local areas (see Box 2.4).

Box 2.4 Examples of community transport schemes

Suffolk car share scheme is a partnership between Suffolk Action for Communities in Rural England, Suffolk County Council and the local Chamber of Commerce to develop a county-wide car share scheme to overcome the problems of limited public transport.

www.suffolkcarshare.liftshare.com

Hackney Community Transport (HCT) is a social enterprise which provides flexible public transport in the London Borough and derives much of its income from public sector contracts such as schools and day centre transport. It has recently pioneered a training course to enable more women to become bus drivers. The eight-week course, which was funded by JobCentre Plus and the European Social Fund (ESF), was free, with childcare assistance also on offer. The first wave of recruitment began in March 2005. Today, approximately 120 women have gone through the course, 25% of whom have progressed into work.

www.hctgroup.org

Historically, scarcity has stimulated local food production and local food supplies have played an important role during times of crisis.

‘The state is withdrawing fast in rural areas and will have resource constraints in the future ... Increasing centralisation of services means people find it more difficult to access them. The cost of delivery of mobile services gets too great ... It is the cost of transport that will be the undoing of rural communities in terms of sustainable development. It will be more challenging to get people to and from health clinics, and also getting people to job centres which is of course especially important in a recession.’

Inquiry contributor



Water

UK and Irish societies face the indirect results of water shortages elsewhere in the world, mediated through policies, prices and public opinion. Global water shortages undoubtedly fuel political instability and displace people. End Water Poverty¹⁸⁷ is one example of a civil society organisation that is campaigning to bring an end to the global water and sanitation crisis. The campaign is demanding that governments provide sanitation and water for the world's poorest people. It calls for: one global action plan for sanitation and water monitored by one global task force; 70% of aid money for sanitation and water to be targeted at the poorest countries; and water resources to be protected and shared equitably.

Food

Local food production, like energy, contributes to both mitigating emissions by minimising food miles and carbon inputs in agri-business. It plays an important role in increasing resilience and adaptability as well as creating climate awareness and delivering health benefits. These impacts of local production are explicitly recognised by civil society groups taking action at the local level, such as the Fife Diet.¹⁸⁸ Food prices and food availability will be increasingly closely linked to climate change and resource depletion in the future.

Historically, scarcity has stimulated local food production and local food supplies have played an important role during times of crisis. Box 2.5 provides some inspiring examples of civil society activity.

Box 2.5 Examples of community food schemes

The **Community Food Co-operative programme** in South Wales has helped to launch 180 food co-ops in the past three years, supplying 6,000 families, including many in severely disadvantaged parts of the Valleys. With strong backing from the Welsh Assembly, it now has a turnover of over £1 million.

www.physicalactivityandnutritionwales.org.uk

Growing Communities Hackney is working to create a sustainable food system in the Borough. It operates a market garden and a weekly farmers' market and prioritises fostering community links and creating volunteering and employment opportunities. It employs 13 part-time staff, a large team of volunteers and two apprentice gardeners.

www.growingcommunities.org

October 2009 saw Scotland's first annual local food gathering event, **Building the Local Food Network**. The event was organised by Sustaining Dunbar, the Soil Association Scotland and Transition Scotland in an attempt to help grow and plan a Scottish food re-localisation movement.

www.sustainingdunbar.org

‘This Inquiry has provided an excellent opportunity to highlight examples of civic engagement such as community land buy-outs and energy initiatives. These have the potential to help society address a number of challenges facing our world by providing alternative models for sustaining communities based on mutuality and solidarity, whilst also addressing issues of scale, climate change and so on.’

Philomena de Lima, Inquiry Commissioner



Waste and recycling

Civil society has been active in the areas of managing waste and recycling for decades, even centuries. The charity shops that trade in the high streets of every town and city across the UK and Ireland are testament to this. Whereas making the most of what we produce and throw away was once a means to manage household resources, it is now imperative to a sustainable future.

Despite ‘nimbyism’ and some local opposition to new initiatives, there has been a significant shift in public opinion towards the mantra of ‘reduce, reuse, recycle’ in recent years. This particular issue needs to be addressed from all angles, as it is not simply about how we manage the waste we produce but also fundamentally about reducing the amount of waste in the production and consumption of goods and services.

The example in Box 2.6 illustrates how social and environment benefits can be combined effectively in recycling and waste management.

How can the growth of resilience and local assets be supported?

While government rhetoric has been strong on the need for local, community-based initiatives, resources have not always followed. With huge public debt and the current pressure on public finances, government and partners need to look at innovative resourcing and financing mechanisms together with developing better policy instruments to enable more local action.

‘There is a unique position of civil society groups “on the ground”; they have knowledge and resources that local authorities lack, and this can be used for advocacy.’

Inquiry contributor

The development of local assets and resources can be applied across a number of areas, including energy, food, transport and waste management, all of which are currently significant carbon emitters, and developing mitigation strategies will have important implications for social justice.

The radical shift from central to local, in many cases from big transnational companies and/or state to local civil society control, requires new initiatives to raise and redirect funds and capital as well as a supportive policy environment. Civil society associations are advocating new financing tools, the development of some of which are already under way. These include a windfall tax on the big energy companies to fund renewable projects or to mitigate fuel poverty. Green investment banks can support the transition to a low carbon economy by providing direct investment, loans and guarantees to leverage greater private sector funds.

Local green bonds, in particular, can stimulate investment in fuel efficiency projects and micro-renewable energy schemes. With special tax treatment, they can become an attractive

Box 2.6 Waste recycling

Alloa Community Enterprises (ACE) started with one employee and a £1,000 start-up grant. It now employs 62 people and has a turnover of almost £2 million. ACE collects and recycles glass, aluminium, paper and other waste and also includes a furniture recycling scheme. The scheme collects good-quality second-hand furniture from homes in Stirling District and Clackmannanshire and uses the items picked up to provide furniture packs to individuals in the community who are being re-housed

from homelessness. ACE competes openly with commercial companies for contracts and adds value in two areas combining social justice and environmental aims and objectives: last year, it saved over 25,000 tonnes of waste going to landfill, and it largely recruits long-term unemployed and people with learning difficulties. ACE won the top prize in this year’s Scottish Social Enterprise Awards and was a UK runner-up.

www.recycleit.org.uk

‘No government can say it cares for citizens while allowing the environment to be trashed.’

Paul Hawken, *Blessed Unrest*

investment route for pension funds and a vehicle for individual savers to put into local renewable schemes. The state is now a de facto majority shareholder in many financial institutions. It should use this position to encourage the development of more financial instruments to finance renewable energy generation.

Governments can help the transition towards the creation of local assets by deploying appropriate policy instruments (illustrated on pages 84-5) to incentivise small-scale renewable energy production. Market instruments such as green certificates and feed-in tariffs are good examples of how policy can tweak the market to incentivise small-scale local activity. In the likely development of future cap-and-trade schemes, the incentives for small-scale local energy generation should be enhanced and maintained.

2. Holding the powerful to account: Influencing governments and corporations

As we have seen elsewhere, a fundamentally important role of civil society associations is in holding state and the private sector to account and correcting some of the power imbalances that exist between both state and private sector on the one hand and civil society on the other. Potentially, there are a number of powerful civil society constituencies that can be better mobilised to effect change – shareholders, citizens, consumers, workers and faith congregations – and there are a number of ways in which civil society associations do and can influence the behaviour of powerful institutions.

‘When responsibility for environmental problems is individualised, there is little room to ponder institutions, the nature and exercise of political power, or ways of collectively engaging the distribution of power and influence in society.’

Michael Maniates, Professor of Political Science and Environmental Science.¹⁹²

Public protest and direct action

Non-violent direct action has long been part of the repertoire of civil society, especially prominent in the civil rights movements and in Indian civil society prior to independence. For many individuals and organisations, the urgency of the challenge and their frustration with the limited progress on emissions cuts to date mean that this type of activity is likely to become more widespread. Groups like Climate Camps¹⁸⁹ employ direct action to influence government and public opinion more widely. In less than two years, Rainforest Action Network organised more than 60 public protests at Citibank branches across the United States and orchestrated online actions to put pressure on the firm. In the UK, France and the United States, the Stop Esso Campaign organised a boycott of petrol stations in 2003, which over a six-week period cost the company £454 million.¹⁹⁰ Developments such as coal-fired power stations or new runways at airports are likely to attract mass direct action.

Shareholder activism

As evidence grows to demonstrate that environmental, social and governance (ESG) risks are material and quantifiable and that they can have negative impact on both short-term and long-term shareholder value,¹⁹¹ there is a significant opportunity to strengthen the roles of civil society associations in growing responsible investment. As elaborated in Part 2, Chapter 1, this presents significant opportunities for civil society associations either to use their own investment capital, or to mobilise the silent millions of ordinary savers or pension-fund holders to ensure that financial institutions and corporations minimise the detrimental effects of their actions on the environment.

What can governments do? Policy instruments to mitigate climate change¹⁹³

Market instruments

Cap-and-trade systems such as the EU Emission Trading System (ETS) create markets for carbon emissions. The drawback of this type of initiative is that there is a danger of 'carbon leaking', where production shifts to areas that are not covered by the scheme. This undercutting of market agreement occurs when a system is not operating at a global level. Designing these types of schemes and maintaining cost competitiveness in a global context is a significant challenge. Additional instruments need to be found in order to ensure European industry remains competitive.

Personal carbon allowances create a market for carbon emissions in a similar way to the EU ETS scheme, except that, in this case, everybody participates. The basic idea is that emissions are capped at a certain level and everyone receives an equal individual carbon allowance. These allowances are then tradable. The value of allowances is set by the usual market mechanisms of supply and demand. The benefits of these types of schemes are that they cap emissions at specific levels and then equitably distribute emission allowances. Together with other policy instruments, these schemes help provide a framework of incentives and penalties to create change.

Other market instruments to provide incentives to support renewable energy production:

Feed-in tariffs The German feed-in tariff system was the first of its kind in Europe and has helped Germany become a world leader in wind and solar energies. The premise of a feed-in tariff is the legal obligation for the large energy suppliers to buy renewable energy from producers at prices above the market value which are set by government. In the German case, the tariffs are fixed for 20 years. This is particularly helpful for small-scale enterprises as the benefits from a feed-in tariff can be restricted to small or medium-sized generators. This scheme has been proposed in the UK. In Germany, between 2000 and 2007, the share of renewable energy has more than doubled.

Green certificates are, together with feed-in tariffs, the most widespread policy instrument in Europe to support renewable energy production. The UK's Renewable Obligation system utilises a green certificate scheme. This scheme imposes a quota obligation on electricity suppliers to source a set proportion of electricity from renewable sources. It is set at 10.4% until 2011.

Regulation

Public and civil society pressure has seen governments make choices on whether to regulate on minimum environmental standards and ban certain products or manufacturing processes. Examples of regulation in this area are the various national regulations on energy labelling for buildings, and energy performance certificates, which are obligatory across all EU member states. The purpose of energy performance certificates is to introduce transparency in the property market on the relative energy performance of comparable properties.

‘It would be the ultimate irony if, supposedly acting in the interest of their millions of beneficial shareholders, company lobbying was to destroy the planet on which those shareholders live.’

David Pitt-Watson¹⁹⁴



Taxation

Together with cap-and-trade schemes, one of the key policy instruments being actively considered by governments as a means to mitigate emissions is the targeted use of fiscal instruments. Although a recent draft has been rejected, the Contribution Climat Energie (CCE) is expected to come into force in France in 2010. The scheme places a fixed levy on fossil fuel energy (petrol, diesel, coal and gas). The French carbon tax has been accompanied by other policy instruments to offset the impact for certain groups. For example, for those people living in areas not served by public transport, compensation arrangements are more generous.¹⁹⁵

Subsidies

Government provisions of direct financial assistance include the Warm Front Scheme in the UK, which provides a package of insulation and heating improvements up to the value of £3,500 (or £6,000 where oil, low carbon or renewable technologies are recommended). It is targeted at low-income households and aims to cut emissions and energy costs, thereby reducing fuel poverty.

Public spending

Governments can make a huge difference by ensuring that public spending on areas including schools, hospitals and transport is sustainable. Green procurement policies are just one example of how public spending can be improved. In the commissioning and retrofitting of public buildings, it is important that the state exemplifies best practice.

Civil society, too, has a role to play here; associations with investment assets should not only ensure that their investments in the mainstream markets do not detrimentally affect the environment, but they should also explore how they can apply their financial power to help grow local assets.

FairPensions, for example, is working with WWF, Platform, Greenpeace, the Ecumenical Council for Corporate Responsibility and others to raise awareness of long-term problems arising from Shell and BP's investments in Canadian oil (tar) sands (actual investments in Shell's case, potential in the case of BP). It has organised and mobilised shareholders to file shareholder resolutions to both companies in 2010.¹⁹⁶

Further, there is huge potential to mobilise citizen investors and build shareholder activism, so that institutional investors, including pension funds, take climate change into consideration in their investments. A 2009 FairPensions report¹⁹⁷ that looked at the attitudes, actions and accountability of fund managers in relation to the risks and opportunities of climate change found that fund managers cite 'lack of client demand' as a key factor suppressing action on climate change. Investors need to be mobilised to put pressure on fund managers to change this. Fund managers' clients should also consider ability to manage climate change when selecting fund managers.

‘In the past, significant periods of economic restructuring often happened in a chaotic fashion leaving ordinary workers, their families and communities to bear the brunt of the transition to new ways of producing wealth. Such injustice cannot become a feature of environmental transitions. Just transition underpins the TUC’s response to climate change. A shift to a low carbon economy is inevitable.’

Kay Carberry, Inquiry Commissioner



Legal activism

Legislation is an important tool for civil society associations to take action against abuses of power or actions that flout laws on protection of the environment.

The recent ratification of the Aarhus Convention by the EU and UK (Ireland has not yet ratified the convention although the Green Party has committed to do this as part of the programme for government) gives civil society new powers to challenge decisions made by public authorities that appear to contravene national and European environmental law, granting citizens rights to obtain environmental information, to participate in environmental decision-making and to appeal to courts or non-judicial bodies.

Capacity Global recently used the UK Race Relations Amendment Act¹⁹⁸ to raise awareness of anti-discrimination law and how it can be used to challenge the unjust negative impacts of environmental policy, in this case the projected extension of Heathrow Airport. It resulted in a detailed equalities assessment being carried out. Equality Assessments also apply to other groups and can be made on the basis of race, gender, disability, faith, sexuality or age. In the UK, Friends of the Earth and Help the Aged recently filed for a judicial review at the High Court after the government failed to meet its legal obligations to reduce fuel poverty.

However, recent research by the Working Group on Access to Environmental Justice found that the cost of judicial review was excessive and at times prohibitively expensive.¹⁹⁹ Its findings were also supported by research from the European Commission.²⁰⁰ The issue of prohibitive cost also applies to injunctive interim relief, a crucial instrument to prevent actions that may cause irreversible environmental damage.

The Coalition on Access to Justice for the Environment reported a recent judicial review where Friends of the Earth (FOE) challenged the UK

‘A critically important role for civil society is to allow radical conversations, deliberative spaces. But this needs skills, places etc.’

Inquiry contributor

Environment Agency's decision to issue a licence to a company to scrap a number of ships in Hartlepool.²⁰¹ The day before the case, the company in question warned that if FOE lost the case, it would seek £100,000 in legal costs. Though the case was won by FOE, many smaller civil society associations would have been deterred by the possible cost.

Activist accounting

Civil society associations are able to mobilise large groups of people. They can call for trade sanctions when nations do not comply with their international climate change agreements and they can highlight and put pressure on market actors whose activities are putting profit before the environment. Corpwatch, for example, defines its climate justice work in the following uncompromising way: ‘holding fossil fuel corporations accountable for the central role they play in contributing to global warming ... challenging these companies at every level – from the production and marketing of fossil fuels themselves to their underhanded political influence, to their PR prowess, to the unjust solutions they propose, to the fossil fuel based globalisation they are driving’.²⁰²

‘When it comes to climate change, the lack of recognition that indirect responses matter and are happening now seems to be the greatest blindspot.’

Tony Kendle, Eden Project²⁰⁴

Using research and high-profile media campaigns to expose bad practice or non-compliance by the state or the private sector (and even by civil society associations themselves) can damage reputations and encourage behaviour change. For example, a recent report by Platform investigates whether and how the government should align its recent investment in the Royal Bank of Scotland (RBS) with social and environmental objectives, in particular to combat climate change. Although many of its recommendations can be applied to other government-rescued banks, this report focuses specifically on RBS.²⁰³

In a similar way to the fair trade movement, civil society has initiated and adopted a number of ‘green trade kite marks’. These kite marks are issued to products where common minimum or ideal standards are adhered to. This incentivises and rewards progressive business actors to become more transparent and accountable. To achieve ‘kite status’ these businesses, of course, have to disclose information on their production processes. These can be useful going forward, especially if an easily understandable and widely used system is adopted.

3. Raising awareness: Influencing behaviour and policy

Civil society associations in many different fields are now addressing how climate change and resource scarcity are affecting the delivery of their own, hitherto seemingly unconnected, core aims and objectives. Instrumental here has been research exploring the social justice implications of climate change, including the programme on this issue launched by the Joseph Rowntree Foundation and the Baring Foundation, and the 2009 report published by the Scotland and Northern Ireland Forum for Environmental Research (2009) that mapped the differential social impacts of climate change in the UK. The King Baudouin Foundation is also carrying out a three-year European-level project to promote the integration of social justice priorities into climate change mitigation policies.

Using this research, civil society associations have significant roles to play in raising awareness of and mobilising people around the social, political or economic impacts of climate change and resource depletion, and thus influencing policy. Box 2.7 illustrates the important roles civil society associations can play in raising awareness of the social implications of climate change.

‘There needs to be more accent on giving a voice and space to the poor to express their interests and opinions on the needed changes’

Inquiry contributor



4. Enabling deliberation to build bridges between diverse groups and to identify solutions

To achieve the 80% cuts in carbon emissions by 2050 set by the UK government radical change is needed, and this, in turn, will require widespread engagement both in identifying steps to mitigate, adapt and increase resilience and in the decision-making processes needed to give them force. The different interpretations of social justice and different views of the trade-offs required to achieve change require deliberation in order to achieve consensus and shape actions.

Public conversation about the uncertainty and vulnerability around climate change is limited and sometimes difficult. Recent assessments of the state of public discourse²⁰⁵ suggest several obstacles:

- limited political space, a narrow range of discourse and few opportunities to engage critically with existing paradigms;
- uneven engagement across different social groups;
- actual or perceived tensions between what is needed to address challenges of sustainability on one hand and struggles for social justice on the other;
- resistance to unwelcome information about unstable and uncertain futures, personal and social forms of denial, making reflection and action difficult;
- tensions between the need for open-ended, inclusive participation and the urgency of the responses that are needed.

‘Green NGOs have performed the historic role of civil society organisations; they have educated and shifted wider public opinion to tackle the problems we face. Governments can now be bold in initiatives like the Green New Deal because wider society wants action’

Seamus McAleavey, Inquiry Commissioner



Box 2.7 Non-environmental groups raising awareness on the social implications of climate change

The **Community Workers Co-operative (CWC)** in Ireland established a Community Work & Sustainable Development Subgroup for Community Workers and Environmentalists who share a commitment to developing a community response to the issues of sustainable development and climate change. The approach of the project emphasises social inclusion, empowerment, building participation and ownership among disadvantaged communities. The project compiles the latest information and analysis on Climate Change into an accessible format for community organisations working with the most vulnerable in society – disadvantaged women, people with disabilities, older people, travellers and other ethnic minorities, long-term unemployed, disadvantaged rural and urban communities, etc.

www.cwc.ie

The **Woking People of Faith Forum** is a charitable organisation led by the borough's different faith organisations and individuals. The forum has promoted religious and cultural harmony and has become engaged in the local climate change agenda. For example, the group was consulted on the revision of the Climate Change Strategy. The group has provided an important way for the council to communicate with members of different faith organisations and to reach otherwise hard-to-access groups.

The **UK Third Sector Declaration on Climate Change** encourages third sector organisations to sign a statement of intent to tackle issues of climate change by taking actions within their organisations or communities. The declaration was drawn up by Every Action Counts (EAC) – a consortium of over 20 voluntary sector and non-governmental organisations with social and environmental remits working together across England to encourage and deliver social and environmental justice.

www.everyactioncounts.org.uk/declaration

Climate Outreach and Information Network is dedicated to helping people to communicate their views of climate change. It aims to facilitate a process by which people overcome denial about climate change, act collectively to cut greenhouse gas emissions and offer democratic legitimacy to elected leaders to negotiate successfully for strong regulation at a national and international level.

www.coinet.org.uk

The Friends of the Earth **Faith and Climate Change** initiative in Birmingham aims to inspire climate action from the various faith groups in the city by exploring the connections between the sacred texts and the environment. The Birmingham Faith and Climate Change Declaration states 'we will work together as faith communities to achieve a just, low-carbon society for all, in order to safeguard the planet for the future. We believe that tackling climate change is a moral issue. We are seeking a just society in which quality of life is measured through human happiness and not material consumption.' The declaration has specific 'calls to action' for the Birmingham faith communities as well as the local strategic partnership (Be Birmingham), local and national government and the business community.

www.faithandclimatechange.wordpress.com

The **Sikh Environment Network** is a network of environmentally minded Sikhs. The aim is to help to inform, inspire and motivate through information, discussion, events and projects. Its motto is SARBAT DA BHALLA: Caring for all existence! The vision and message are grounded in this central Sikh message of goodness and kindness to all life and beings. It a) promotes a Sikh ethical perspective about protecting and supporting the earth as the 'paramount mother'; b) raises awareness among Sikh communities about nature, earth and the whole 'thread of life'; and c) supports campaigns for earth-protection and earth-justice, by encouraging humans to act ethically, sensitively and kindly to the earth and its animate and inanimate species.

www.sikh-environment-network.blogspot.com

Deliberative processes, perhaps in the form of citizen conventions, need to operate at different levels, from global to national, to the very local. An example of this is the most extensive global conversation and consultation ever held and the first of its kind on climate change. Facilitated in 2009 by the citizen engagement charity, Involve, the event sought to enable 100 citizens from Kettering to define and communicate their own positions on climate change ahead of the United Nations Climate Change Conference in Copenhagen. On the same day, groups of 100 citizens in 38 countries from Nigeria to New Zealand came together to discuss common questions in a structured exercise building a global picture of citizens' views on topics including the urgency of global warming to actions required by developed and least-developed countries, and how to fund responses to the effects of climate change.

5. Building networks, alliances and coalitions

Networks are vital to the ability of civil society to hold market and state actors to account. Vertical connections with global networks or horizontal connections across nations can facilitate the information flows necessary to track and scrutinise the activity of global institutions. Knowing how things are produced, both domestically and elsewhere, is critical to the mobilisation of shareholders, consumers, citizens and workers. The large networks of the various faith communities, global NGOs and the trade union movement provide a rich resource and infrastructure. Box 2.8 describes some examples.

‘The role of civil society asserts the importance of citizenship. The voice of citizens is underused – we just take a consumerist role ... civil society has had more muscle in the past, both in other places (e.g. anti-apartheid) and in other times (e.g. the women’s movement).’

Inquiry contributor



6. Creating positive visions for change

Research produced for this Inquiry has shown that framing the climate change or resource scarcity debate in negative and fearful terms often leads to apathy and a sense of hopelessness, which in turn can inhibit action. Tony Kettle of the Eden Project noted that hope is the engine of change and that society's responses to the climate and resource challenge should be framed as the 'big adventure' – the challenge is 'how good can we be'. Organisations and individuals tend to commit energy and resources with the prospect of success rather than failure.

The Transition Network, for example, aims to equip communities for the dual challenges of climate change and peak oil by building community resilience. Much of its popularity appears to rest on its positive message and call for collective action. Transition initiatives use a variety of methods to encourage conversations, including Open Space, World Cafe and Fishbowl discussions. Because the focus is on community responses, the responsibility for making links from conversation to action lies largely with participants themselves.

Another example is the Northern Ireland cross-sectoral initiative the Green New Deal Group, led by umbrella groups from industry, trade unions and the environmental and voluntary and community sectors. The Group has organised itself to push for a green new deal. Says the group, 'The proposal is a simple one: investing in an ambitious programme to cut consumption of fossil fuels can create thousands of new jobs; help secure our energy supply; and build a competitive low carbon economy.'²⁰⁶

Without a positive view of the potential benefits for society and individuals of a low or zero-carbon world, it is difficult for people to commit to the sometimes small actions that are required to achieve them.

The areas of activity outlined above are neither exhaustive nor mutually exclusive. As Box 2.9 shows, civil society associations often achieve successes in all three aspects of mitigation, adaptation and resilience.

Box 2.8 Examples of civil society alliances and coalitions

Put People First is a coalition of development charities, trade unions, faith groups, environmentalists and other groups formed to call for a fair, sustainable route out of the current economic and financial crisis. Their platform is united by the three linked calls of: decent jobs and public services for all; an end to poverty and inequality; and building a green economy.

www.putpeoplefirst.org.uk

Stop Climate Chaos is an example of a very broad coalition of International Development NGOs, faith groups and trade unions campaigning for change. The coalition claims a supporter base of more than 11 million people, spanning over 100 organisations, demanding practical action by the UK to prevent global warming rising beyond the two degrees Celsius²⁰⁷ danger threshold.

www.stopclimatechaos.org

The **UK Working Group on Climate Change and Development** brings together a number of environmental and development organisations working predominantly at the global level. Launched in recognition of the need to bring development organisations into the climate debate, its members include Oxfam, Action Aid, Greenpeace, Friends of the Earth, CAFOD, RSPB, WWF, the Institute of Development Studies and World Vision. Its Up in Smoke series of publications explores the threats from climate change to human development and the environment.

www.upinsmokecoalition.org

Roundtable on Climate Change and Poverty in the UK was formed in recognition of the limited discussion being held between civil society associations about the links between poverty and climate change in the UK. Formed in 2008, the coalition includes Friends of the Earth, Oxfam, Help the Aged, Green Alliance, Capacity Global and nef. Its first report, *Tackling Climate Change, Reducing Poverty*, describes a range of initiatives involving local groups across the country.²⁰⁸

Operation Noah was founded in 2001 by Christian Ecology Link (CEL) and later became a joint project of CEL and the Environmental Issues Network of Churches Together in Britain and Ireland. It is a cross-denominational organisation drawing on the symbol of the biblical story of Noah – the narrative of flood and protecting creation is clearly powerful in this context. Their mission is: To encourage Britain and Ireland's churches and governments to lead a radical transformation in both our culture and economic systems; a transformation towards simpler, liveable and supportable lifestyles that will increase happiness and well-being, while safeguarding the whole of God's creation for future generations. Faith-motivated – Science informed – Hope driven.

www.operationnoah.org

Global Campaign for Climate Action (GCCA)

involves a number of national and global organisations in support of a single goal: to mobilise civil society and to galvanise public opinion in support of transformational change and rapid action to save the planet from dangerous levels of climate change. A key project of GCCA is Tck Tck Tck, an unprecedented global alliance made up of leading international, national and local organisations addressing environment, development, poverty, human rights, health and humanitarian issues. It represents faith-based groups, youth groups, trade unions and individuals all calling for a fair, ambitious and binding climate change agreement in December 2009 in Copenhagen.

www.gc-ca.org

Cynnal Cymru-Sustain Wales is an independent, not-for-profit organisation that promotes sustainable development and provides practical information to help people live sustainably. Operating at the boundary between government, business, and civil society, Cynnal Cymru is uniquely positioned to assimilate the views of each group and generate communication between them that will result in positive action for sustainable development. Cynnal Cymru has three clear aims across its programmes of work – to change behaviour – to influence government – to promote opportunities for diverse groups to discuss and deliberate.

www.sustainwales.com

Inter-faith Statement on Climate Change (UK)

In 2009, the Archbishop of Canterbury hosted a meeting of faith leaders and faith-based and community organisations at Lambeth Palace to discuss the response of faith communities to the environmental crisis. In the lead up to the Copenhagen Climate Change Summit the participants pledged to work together to raise awareness about the effects of ‘catastrophic climate change’ on the world’s poor. The first statement of its kind, signed by leaders from every faith community (including Christian, Jewish, Muslim, Hindu, Sikh, Buddhist, Bahá’í, Jain and Zoroastrian), notes:

‘As leaders and representatives of faith communities and faith-based organisations in the UK we wish to highlight the very real threat to the world’s poor, and to our fragile creation, from the threat of catastrophic climate change. The developed world is primarily responsible for the already visible effects of global heating. Justice requires that we now take responsibility for slowing the rise in global temperature. We call upon UK negotiators at Copenhagen, and the other nations of the G20 in particular, to fight for a deal which speedily ends unsustainable reliance on fossil fuels and puts in place urgent measures to reduce greenhouse gas emissions so that global temperature rise may be kept within two degrees centigrade. We recognise unequivocally that there is a moral imperative to tackle the causes of global warming. This is reinforced by the reality that it is the poor and vulnerable who are most profoundly affected by the environmental impact of climate change – especially drought, floods, water shortages and rise in sea levels. Faith communities have a crucial role to play in pressing for changes in behaviour at every level of society and in every economic sector. We all have a responsibility to learn how to live and develop sustainably in a world of finite resources.’

www.archbishopofcanterbury.org

‘On huge issues such as climate change or absolute poverty, most things that are “meaningful” are very difficult unless we do them with others. Association with other people can support wavering will-power and can bring a variety of perspectives to an issue to lead to better decisions.’

David Ballard



Box 2.9 Trade unions: a multi-faceted approach

Trade unions have been particularly active in encouraging workforce engagement in mitigating workplace emissions – for example, extending the health and safety representation rights they enjoy in unionised workplaces to include or be supplemented by an environmental remit. Where Environmental Reps do exist they have been instrumental in setting up Joint Environmental Committees with management to address workplace environmental policy and worker involvement.

The TUC Green Workplaces project has produced two publications:

- *How to Green your Workplace* (www.tuc.org.uk/extras/gogreenatwork.pdf) outlines some of the workplace issues where environmental improvements may be needed and the key actions workers and unions can work on.
- *Go Green at Work: A handbook for union green representatives* (www.tuc.org.uk/extras/greenworkplace.pdf) although aimed specifically at environmental representatives, contains a wealth of information, ideas and resources that can be applied within workplaces and organisations.

Trade unions, in their call for a fair and just transition, have also explored what adaptation and transition will mean for their core areas of concern – employment, skills, training and worker representation – at all levels of trade union organisation, from the local to the global. This agenda recognises the need to adapt but seeks a planned transition where resources for retraining and the skills development required for a green

economy will flow to those who need them most: for example, the unemployed or workers who currently work in industries that are unsustainable. To promote this agenda around a fair and just transition, trade union organisations have used a number of tools to raise awareness, campaign and influence government.

- Convening events and producing educational materials to raise internal awareness among affiliates about what a green economy will mean for their core areas of concern and why trade union engagement is essential for a just transition.
- An online space called Touchstone (www.touchstoneblog.org.uk) has been set up as a blog for informal debate and conversation. Contributions often cover areas where there is as yet no settled TUC policy. The blog is supplemented by a number of commissioned reports to help inform and develop longer-term thinking.
- Taking an active role in various coalitions to campaign for change and influence policy-makers – the Put People First and Stop Climate Chaos campaigns are two examples.
- Influencing government directly. The Trade Union Sustainable Development Advisory Committee, TUSDAC, was set up in 1998 as the main forum for consultation between government and trade unions on sustainable development and environmental issues. Additionally, the new UK Forum for Just Transition will include representatives from central government, national, local and regional bodies, trade unions, business organisations and third-sector bodies.

‘We have to put a human face on climate change. In the wider debate there is lots of attention on landscape and on species, but less on people.’

Inquiry contributor



The six key roles discussed in this chapter highlight a broad range of activities that, with the appropriate policies and resource supports from governments, could be significantly scaled up in order to achieve the goal of a rapid and just transition to a low carbon economy.

Fundamentally, the Inquiry's work found that there is an urgent need to increase the breadth of civil society associations engaging with climate change and resource depletion. George Marshall has coined the term MINGO²⁰⁹ to represent the 'missing NGOs in the debate' (non-environmental NGOs), which recognises that we can no longer understand the consequences of climate change solely in terms of the environment or changing weather patterns. Only by harnessing the energy and expertise of groups that do not have environmental concerns at their core will civil society make its full contribution to addressing this greatest challenge of our time.

There is an urgent need to increase the breadth of civil society associations engaging with climate change and resource depletion.

Chapter 3: Democratising media ownership and content



Dublin Community Television, an open membership co-operative with the mission of 'putting community centre stage': *Image courtesy of Dublin Community Television*

Commission’s summary

A thriving civil society has always been dependent on free, strong and critical media. They enable us to know, to imagine and to organise to make the world better. However, the media have often drifted away from their public and civic role, losing sight of their importance to democracy and social change. Commercial pressures have often pointed them towards the cult of celebrity rather than achievement, towards a shallow consumer culture in place of investigation, and towards a casual approach to truth and accuracy.

A thriving civil society has always been dependent on free, strong and critical media. At a time when people depend more than ever on secondary sources of information, the health of the media is paramount.

At a time when people depend more than ever on secondary sources of information, the health of the media is paramount. Yet traditional media business models are in a serious state of decline. Experts have predicted the demise of the newspaper by 2043. In 2009, over 100 local and regional newspapers vanished. While advertising revenues and audiences are shifting to online platforms, traditional media are haemorrhaging revenues and cutting back on original news content. Meanwhile the BBC, which has been a bastion of public service values, faces attack from many sides.

The proliferation of media on the web has partly balanced these trends. It is now far easier for people to express themselves, and far easier for civil society to speak to itself through specialist websites and channels. Millions of bloggers have countered the concentrated power of traditional media. And, at its best, the internet has promoted greater global consciousness, easier access to accurate data and greater diversity.

But despite the proliferation of online platforms, more of the news we receive is recycled ‘churnalism’ and aggregated content. Concentration of media ownership has narrowed the sources from which original news derives. Commercial pressures have often directed traditional media towards consumer culture in place of investigation, and towards a more casual approach to ensuring accuracy of content. Moreover, the centralisation of news production and neglect of local issues have particular repercussions for access to valuable information across the UK and Ireland, especially in the devolved nations. National newspapers and television channels have helped to form our idea of what an effective political community is in an age of democratic national governments. Changes in media are likely to have radical and unpredictable consequences for the shape, size, character and organisation of political communities.

These seismic shifts bring with them significant threats; however, these changes also present great opportunities as long as we hold firm to the principles of ensuring the provision of independent, open and diverse news media that serve the public interest. As a new media landscape takes shape, the Commission sees three issues as paramount: freedom, pluralism and integrity. By freedom, we mean the freedom of all parts of civil society to shape media content, which requires the maintenance of maximum freedom on the internet. By pluralism, we mean news media that are not controlled by a small number of powerful interests. Civil society associations will need to become more involved as media owners. By integrity, we mean news media that promote values such as truthfulness and accuracy.

While civil society activity in relation to news media is diverse, it remains fragile and disparate and, in matters of scrutiny and oversight of news media, it is marginal. Attempts by civil society to influence policy-making for the public good have been limited because of the close relationship between the political, business and media elites. There are many innovative examples of civil society harnessing social and other forms of media, including radio, to contribute to the news media landscape. Yet many are still excluded, and even if they have voice their voices are often not heard.

The Commission believes, therefore, that strengthening the relationships that civil society associations have with news organisations, policy-makers and regulators is critical to growing participatory and deliberative democracy at national and local levels. This must involve significant devolution of media power and strengthening the public sphere in which diverse agendas and perspectives can be meaningfully deliberated. We see the main role of civil society associations and of enlightened governments, in such a period of rapid change, as being to guarantee the continuing production of high-quality, independent news media content, at international, national and local levels so that citizens have access to reliable and authoritative sources of information, and are able to shape and contribute to forums for debate.

To democratise media and to realise the principles of freedom, pluralism and integrity with widespread civil society activity we therefore advocate:

- **Growing local and community news media.** We want to see policy and financial commitments from local and national governments and support from philanthropic organisations to enhance the infrastructure for local and community media – including digital platforms and access to radio frequencies. Developing local and community news media also requires more partnerships between civil society and mainstream media.
- **Protecting the free, open and democratic nature of the internet.** We urge civil society to be vigilant and vocal regarding mergers and concentration among internet, social network and media groups. Competition and pluralism are even more important in these fields than others. We also want concerted action from governments to secure an open and free internet, and regular reviews of net neutrality²¹⁰ to inform the public and determine international standards and priorities.

- **Strengthening the transparency and accountability of news content production.** Support needs to be given to civil society initiatives that monitor the media and maintain standards. This includes the development of standards, such as ‘kitemarks’, that would provide transparent information on how content is produced so that people can distinguish between accurate news and mis- or disinformation, which is particularly relevant for online and repackaged content.
- **Enhancing the governance of the media.** All news organisations in receipt of public funding should actively engage with the public and with civil society associations, through their governing bodies as well as through their daily practice.
- **Protecting the BBC.*** We support the continuation of the licence fee as the best protection for the public nature, quality and critical freedom of the service provided by the BBC. Decline elsewhere is more reason to guarantee the survival in the UK of a recognised global centre of journalistic excellence and creative programming. However, we would urge the BBC to do more to collaborate with civil society in creating new public service news and other content, particularly at a local level.
- **Redirecting revenue flows to promote diversity and integrity.** We believe that now is a time for innovation in the funding of quality news content production. Some of the best developments in the media have come from new ways of directing resources into high-quality content and distribution. These include film levies in the UK; advertising levies in parts of Europe; and the redirection of advertising revenues to guarantee Channel 4 several decades of creativity. In recent years, policy-makers have shown little of that imagination. We want to see new funding models explored: for example, tax concessions, industry levies or the direction of proportions of advertising spend into news content creation by civil society associations, or into local multimedia websites.

* Due to conflicts of interest, Neil Sherlock is not affiliated with this section of the report

Inquiry findings

The media and a 'good' society

The media plays a critical role in a healthy society. It can enable citizen participation in public debate, increase effective public engagement with government and other public institutions, and expand the public sphere, including the range and types of voices within it. These functions are particularly relevant to news media.

The news is often claimed to be the lifeblood of democracy. A vigorous and independent news service is a fundamental part of a fully functioning democratic system, providing the range of perspectives and information that enable people to deliberate and make their own decisions. The news media may not tell us what to think but they do set the agenda on what we think about. This is one reason why so many people invest so many resources in trying to get into the news. The news media also powerfully affects policy-makers. Seeking out the most privileged voices in society is standard fare for journalists, as the powerful are both newsworthy and adept at providing

the ready-made copy which is so convenient in increasingly pressurised newsrooms. But this special access to the media adds to growing cynicism that news media legitimise social inequality and hinder participatory and deliberative democracy.

In advanced capitalist societies we live in thoroughly mediated democracies. In an ideal world, unfettered by other pressures, this means that independent news media survey the socio-political environment; hold governments and other powerful institutions (such as the financial industry as noted in Part 2, Chapter 1) to account and scrutinise their behaviour; provide platforms for intelligible and illuminating advocacy; and offer incentives for people to learn, choose, become involved and encourage meaningful deliberation across a range of views. According to the Digital Britain report: 'It is important for civic society and democracy for people to have a range of sources of accurate and trustworthy news at all levels, local, regional and in the Nations as well as UK-wide and international news that is guaranteed, beyond market provision.'²¹¹

However, the news media are also embedded in a history of commercial practice, regulatory control and technological innovation, all of which, according to various contingent factors, aid or distort the democratic ideal outlined above. Research commissioned for the Inquiry²¹² highlighted that, while

Box 3.1 The BBC

The BBC is in many ways a flagship for public service media and is a globally recognised and admired source of independent information. The Commission is aware of current debates about the BBC licence fee. While the BBC faces much criticism,²¹³ the Commission believes that its presence and strength are critical to the well-being of civil society. Current debate has focused on 'top-slicing' the licence fee. At a time of reduction in advertising spend, the scale of BBC funding may appear disproportionate. However, the Commission believes that current and future governments must focus firstly on quality content and its production and distribution at all levels before considering size, revenue or monopoly. In many senses, the decline of

news media makes an even stronger case to protect the respected, world-class, independent and original journalism produced by the BBC. We recognise the need to grow public service media, actively involving civil society associations, but the resources for this should come from other sources, including, for example, industry levies, and not through 'top-slicing' the licence fee. We also believe that the BBC should continue to further explore partnerships with independent news media providers, including civil society associations, to support content production and delivery, as well as supporting skills development to encourage more high-quality, original journalism both locally and nationally.

competition and market principles have increased the diversity and range of voices, commercial news is primarily a commodity enterprise run by market-oriented managers, who place outflanking the competition above journalistic responsibility and integrity. Commercial journalism is criticised as being simply entertainment, attempting to pull audience for commercial not journalistic reasons, setting aside the values of professional journalism in order to indulge in gratuitous spectacle and sensational stories. In these ways, news can undermine the crucial arrangement which is meant to operate between a working democracy and its citizens, thus potentially contributing to people's political disenchantment.

In the UK, public service broadcasting in the form of the BBC has remained free from such pressures thanks to the licence fee (see Box 3.1).

The growth of new technology presents a different set of challenges. New technology is often presented in the ideal terms of everyone being connected to everyone else, a non-hierarchical network of voices with equal, open and global access. Social media give the public unprecedented opportunities to respond instantly and condemn sensationalism and socially-unacceptable or poor journalism, as illustrated during the uproar against Jan Moir's piece in the *Daily Mail* following the death of singer Stephen Gately or, in the case of the BBC, refusing to broadcast the Gaza appeal. Conversely, however, the internet also contributes to the stifling of original news production. Far from being liberating, new technologies can enable the cutting of costs and increased efficiencies. For newspapers in particular, a decline in advertising revenues and reader figures since the 1970s has forced an increase in output, while at the same time cutting back on staff and diminishing conditions of employment.²¹⁴ Job insecurity and commercial priorities place increasing limitations on journalists' ability to function ethically.²¹⁵ Needing to fill more space, including producing copy for both print and online versions, and to work at greater speed, on the one hand, while having improved access to stories and sources online, on the other, journalists are thrust into news production more akin to creative cannibalisation than original journalism.²¹⁶

Civil society associations permeate life in the space between government and the market. As such, they are central to debates on increasing public deliberation and enhancing democratic participation in society. If the media are also central to such aims, then the relationship between the two becomes paramount. Civil society associations do, of course, produce their own media content. A UK survey by MTM London for Ofcom found that the third sector spent an estimated £60–80 million on public service content online in 2006/07.²¹⁷ In addition to securing media coverage and producing media content themselves, civil society associations are also media owners. A long-standing example is the *Morning Star*,²¹⁸ founded on 1 January, 1930 as the *Daily Worker*, and closely linked to the Communist Party. Today, it is a readers' co-operative, the People's Press Printing Society. Having survived three-quarters of a century, it still aims to 'inform, to publicise and to advocate', and considers itself to be a 'forum for debate on the left'. While it is an example of civil-society-owned media with a very clear political agenda, it does provide an example of the type of media ownership role that is possible for civil society associations.

Drawing primarily on the work by the Goldsmiths Leverhulme Media Research Centre²¹⁹ conducted for this Inquiry, this chapter focuses on the current and possible future roles of civil society associations in relation to media ownership and the creation of media content. The Commission recognises that, given the rapid speed and fluidity at which the media and society are changing, it is a challenging issue to write about. Although tremendous change is taking place across the media landscape, it would be wrong to present this as a doomsday scenario. Instead, it is important to look to a flourishing of new forms of quality news production and distribution through the internet, within communities and through new business models. Nevertheless, as illustrated below, the Commission recognises that traditional media are in crisis, and this has implications for the roles of civil society associations.

Civil society associations are central to debates on increasing public deliberation and enhancing democratic participation in society. If the media are also central to such aims, then the relationship between the two becomes paramount.

Traditional news media in crisis

A failed business model

The traditional news media are in decline. The central issue for this Inquiry in relation to the media is therefore how best to shape the next phase of media development so that it is inclusive, original and pluralistic, and has the active involvement of civil society associations.

The number of people in the UK reading the top ten newspapers has declined by 19% over fifteen years, from 1992 to 2006.²²⁰ The decline in readership and sales is due to the significant growth of news outlets and information sources available. The advent of free newspapers, the emergence of 24-hour television news and the popularisation of online and mobile platforms have all contributed to a far more volatile and unstable environment for news organisations.²²¹ The news media sector in the Republic of Ireland faces similar issues: falling and migrating advertising revenues and fundamental changes to the nature of journalism apply equally here. The Audit Bureau of Circulations (ABC) figures for the first half of 2009 showed that daily and Sunday newspaper sales are falling, with a few exceptions such as the *Sunday Times*, which has invested heavily in its brand and boosted its Irish content.²²² However, the 2008–9 Joint National Readership Survey²²³ in Ireland, which surveyed the numbers of readers by copy, also showed a rise in overall newspaper readership, suggesting that a decline in sales may not imply a corresponding decline in public interest in news.

Philip Meyer²²⁴ has argued that the final newspaper will reach its resting place sometime in 2043. Financial analysts agree: ‘There is absolutely no question that the next 10 years are going to be really bad for the newspaper business ... The format, the business model, the organisation of newspapers have outlived their usefulness.’²²⁵

The decline in audience figures for both print and broadcast is combined with a decline in advertising revenue,²²⁶ as news providers search for new business models. New technology has been placed at the centre of this debate, with the migration of classified advertising to largely free online services.²²⁷ The drop in revenue is particularly acute in relation to

regional media. Some national and international media owners such as News International, however, plan to begin charging subscriptions for access to their online platforms in 2010.²²⁸

The consequences of these fundamental changes also threaten to affect considerably the viewing, reading and listening public. Advertisers have financed content generation to reach specific consumer targets while audiences receive material that contributes to their ability to make informed choices that are the basis of democratic political life. However, the internet’s attractiveness as a destination for advertisers seeking niche demographics now threatens to undermine this arrangement.

This raises the prospect that the historic link between advertising and editorial will be broken and, with it, the model that has underpinned news for the last century. In this context, the central issue affecting traditional news providers is not the decline of audiences or interest in news, but the collapse of the existing business model²²⁹ jeopardising the democratic role of journalism. According to the National Union of Journalists: ‘The media industry is essentially profitable but the business model is killing quality journalism.’²³⁰

Centralised news

One of the key issues raised by the Inquiry’s work relates to the centralised character of broadcasting in the UK media (illustrated in Box 3.2), which exacerbated by the decline of the traditional commercially-driven news industry, has serious implications for civil society. Huge areas of the UK and Ireland may soon find themselves marginalised from public debate and democratic participation. Digital Britain states: ‘As the economic foundations of news publishers come under great pressure, especially in local and regional markets, there’s an imminent danger that large parts of the UK will be left without professionally verified sources of information ... A strong, viable and diverse news media is ... integral to democratic life.’²³¹

The gap in the provision of news in the devolved nations is especially noticeable in relation to hard factual news and documentary.²³²

In Ireland, concerns regarding ownership, plurality and regulation of the media have heightened as a result of the closure of the Dublin-based news agency, Independent Network News (INN), which cited as the reason a collapse in advertising revenue that compounded the company's existing financial difficulties.

The decline of originality

As the business model of traditional news media collapses, we can see a corresponding decline in the capacity to produce original news content. The financial challenges faced by the commercial news industry have led to cost-cutting and a constant drive for increased productivity among those responsible for producing the news. At the same time, there has been increased investment in new technology. The National Union of Journalists (NUJ) has noted over

1,500 job losses in UK newspapers,²³³ while the Newspaper Society has noted that over one hundred newspapers closed down in the UK between January and July 2009.²³⁴

The challenges in the news industry have influenced the output of journalists. With the move to online news, journalists are now often required to produce copy for both print and online editions. As mainstream news providers put more resources into generally loss-making online services, commercial pressures increase the reliance on cheaper forms of newsgathering to the detriment of original journalism. Many journalists working in the UK and Ireland find themselves 'desk-bound', resulting in an increasing number of stories that are recycled from existing material. Journalists spend more time monitoring other media, newswires, user-generated content and

Box 3.2 Scotland and Wales

Centralisation of news has caused a bias in media reporting and regulation which makes the issues discussed in this report even more pressing for the nations of Scotland and Wales.²³⁵

The Scottish Broadcasting Commission (SBC) points out that, 'Scotland has always been rather marginalised within this generally successful UK framework.' Concerns about the low percentage of Scottish-made TV programmes on the BBC network formed the context in which the SBC conducted their inquiry into the future of Scottish broadcasting.²³⁶ The conclusion of the SBC was that a Scottish digital network was needed to 'secure a sustainable source of competition for the BBC in high-quality public service content produced for Scottish audiences.'²³⁷ Even though the SBC inquiry concluded that broadcasting should not be devolved at the moment, 'from a Scottish perspective, it is imperative that we have excellent UK-wide services which meet the criteria of public service broadcasting, but it is also a fundamental requirement that there should be high-quality content which addresses the distinctive cultural and democratic needs of audiences in Scotland.'²³⁸

These issues of under-representation and lack of relevant local content are, according to the Institute for Welsh Affairs (IWA), even more pressing in Wales. There is no national newspaper in Wales. Two living languages, extensive poverty and a small scale in broadcast and print media markets make the Welsh case stand out.²³⁹ More importantly, there is a very young democratic institution 'needing to weave itself into the narrative of people's lives and to create an informed democratic engagement between governors and governed. External media ownership and a new democratic institution more than justify a closer look at how Wales is served by the media'.²⁴⁰

The IWA also notes that, compared with Scotland and Northern Ireland, Wales has the weakest print environment, as well as the weakest commercial radio sector. One of the most startling findings of the IWA research is that each day in Wales, '1,760,000 people are reading papers with virtually no Welsh content.' As it points out, this must have 'serious consequences for informed democracy in Wales'.²⁴¹

material produced elsewhere in the organisation. Rewriting stories or ‘churnalism’ has now become a key task for many journalists, especially those in online newsrooms.

Analysis reveals that much of the content of the abundant mainstream online news is the same. News organisations repeatedly cover stories from the same angle or with the same recycled information.²⁴² The role of specialist and foreign correspondents, who have traditionally stimulated a depth and diversity of content, is especially at risk (see Box 3.3).

Box 3.3 International news reporting

Television systems are becoming more commercialised as a consequence of increasing competition from more channels, deregulation and the decline of public service broadcasters.²⁴³

This implies a reduction of international coverage at a time when globalisation makes it imperative that the public is informed about what is happening in the world. British TV’s foreign news in 2007 tended to focus on the United States, Afghanistan and Iraq, and former Commonwealth countries, rendering much of the rest of the world invisible. The British press (subject to intense competition because of its dominant national structure) offered less foreign coverage (17%) than even the American press.²⁴⁴

Oxfam teamed up with Polis and IBT to map the international news coverage in UK television, which they consider instrumental to our understanding of the world and highly important for our ‘political, cultural, economic and environmental health’. Action is needed, the report concludes, as there is ‘a very real threat that the international agenda could fade from our mainstream channels.’²⁴⁵ To ensure continued international coverage in the future, they recommend the earmarking of contestable public funding for international content. They also recommend that non-broadcasting organisations and NGOs should establish – alongside partnerships with mainstream media sites – an international video and information portal.

An MTM London survey²⁴⁶ of public service content online also found the genres of arts, culture and heritage; children; teens; community and social action; learning and education were all weak, with content hard to find and in short supply. Furthermore, they found a lack of content that strengthens cultural identity and makes us aware of different cultures and viewpoints.

The crisis of content in traditional and online media has profound implications for public deliberation and democracy. The Commission believes that this crisis of content means there is now an urgent need to enhance the role of civil society in the generation of quality, in-depth journalism and news content.

The problem of concentration

The challenge of creating original content and the diminishing number of newspapers is further compounded by the concentration of media ownership in relatively few hands. In the UK, eight media owners have dominated the national press since 1993. The local and regional press, however, have seen a market consolidation of ownership, with four dominant publishers controlling 70% of the market share across the UK.²⁴⁷ The national broadcasting market has equally dominant players in news production: there are three companies producing national television news: BBC, ITN and BSkyB. In commercial radio, just four companies have an almost 80% share of the market.²⁴⁸

There are always concerns over media ownership because of its influence and agenda-setting role. The support given by media owners to political parties, as in the case of the *Sun* endorsing the Conservative Party in 2009, may have a significant bearing on election outcomes. Media owners can also have an effect on news output through direct intervention, the appointment of like-minded editors, prioritising particular types of journalism and the emphasis on certain business approaches such as short-term profit. Owners’ influence on journalistic ethos has the potential to filter to all the processes of news production. This not only means what is covered, but what is excluded, can say as much about the influence of the owner as what is present in news content.²⁴⁹

‘The only way that a diversity of voices in newspaper news has been regulated is through ownership regulation.’

House of Lords Select Committee on Communications²⁵⁰



National newspapers in the UK are mainly owned by private companies, such as the Telegraph Group, or by public companies, such as the Daily Mail and General Trust plc. The *Guardian* and the *Observer*, previously owned and governed by the Scott Trust, created in 1936, was transferred to a limited company at the end of 2008, which will continue the aim of preserving journalistic independence. The Scott Trust Limited is not permitted to pay dividends, and its constitution stipulates that no individual can ever benefit financially from the arrangement. In the unlikely event of its winding up, the assets of the company would be transferred to some other entity which has a similar purpose.

A diversity of news provision is more likely to come from a plurality of owners and the regulation of media ownership is designed with this in mind. This is particularly important for the newspaper industry which, unlike the broadcast news, has never had to conform to any statutory regulation of content and standards. In the UK, media ownership and mergers rules are contained in the Communications Act and the Media Ownership Order 2003, the Enterprise Act 2002 and the Broadcasting Act 1990.²⁵¹ These rules are reviewed every three years by Ofcom and currently

restrict political organisations from holding broadcast licences of any kind, for example. Ofcom also carries out a public interest test to assess media mergers focusing on television, radio and newspapers.

In Ireland, the Minister for the Department of Enterprise, Trade and Employment established an Advisory Group on Media Mergers with the task of reviewing the current legislative framework regarding the public interest aspects of media mergers. The Group made eleven recommendations in their report published in January 2009²⁵² which included: a statutory definition of media plurality, referring both to ownership and content; indicators on diversity of ownership in the media sector should be regularly collected and published; the amendment of the term 'media business' to include online publication of newspapers and periodicals and the broadcasting of certain audiovisual material over the internet; and statutory recognition of the important role of the media in a democracy.

Given the growing power of internet companies in the news industry, it is important to consider the consolidation trends occurring in this sector (illustrated in Box 3.4) and the use of private data by these companies.

Box 3.4 Consolidation and commercialisation of the internet²⁵³

The internet remains by many measures the most decentralised medium in history, with hundreds of millions of different voices finding expression. In many fields the internet has bypassed the established media, particularly in creating channels for more marginal groups, whether among young people or minority ethnic communities.

However, seen through another lens, consolidation of media and internet groups is occurring at an alarming rate, with \$30 billion spent in 2007 in mergers and acquisitions by Microsoft, Time Warner (AOL), Yahoo! and WPP on interactive advertising companies. The stalled and unsolicited \$44.6 billion bid by Microsoft for Yahoo! in 2008 highlights the aggressive battle for the online advertising market.²⁵⁴ According to Jupiter Media Metrix, a company that tracks internet and technology analysis and measurement, the number of companies that control 60% of all minutes spent

online in the United States decreased from 110 to 14 between 1999 and 2001.

The new information providers – search engine companies, telecom companies, internet service providers, etc. – shape the selection, organisation and flow of information which means that media ownership in the age of convergence needs to be scrutinised.

Growing consolidation will undermine diversity of content and could transform the internet from an open and global means of communications into one designed primarily to serve the interests of corporate brands and commercialism. As databases of private data and surfing patterns of internet users are being built up, for example, through the controversial Google/DoubleClick merger, concerns about the use of such information need to be addressed.

Meeting the challenges: Implications and opportunities for civil society activity

The dramatic changes described above have profound implications and present great opportunities for civil society activity. There are three guiding principles that must characterise the relationship between civil society activity and media in order for them to thrive in the future: freedom, pluralism and integrity. Freedom concerns the ability of civil society associations to shape, create and access news media content, which requires maintaining maximum freedom on the internet. Pluralism means the need for diversity of ownership, content and voice; news media that are not controlled by a small number of powerful interests, with civil society associations more involved as media owners. The principle of integrity should ensure that news media promote scrutiny and maintain standards of accuracy in reporting.

Civil society associations working in this field appear to be, on the whole, fragile, fragmented and under-resourced. It is, however, important to acknowledge existing civil society activity in media ownership, production and distribution upon which we can build.

Engaging with traditional media to shape content

There are numerous examples of civil society innovation in generating news coverage through public debate and campaigns. Even in a media-saturated environment, many large and well-resourced civil society associations have been able to set agendas and shape policy, for example, on climate change and international development, by growing and professionalising their press and public relations

offices. These trained journalists and media officers apply the same norms and values to their work as any mainstream newsroom, albeit with different aims and intentions. However, the resource-poor cannot match this effort, meaning that many equally valuable perspectives are absent from the news media. While advocates for new communication technologies have cited equity of access as one of their defining characteristics, resource-poor civil society associations find it harder to stand out amid the countless online and other voices competing for both journalists' and audiences' attention. As journalists are now required to do more in less time, so their interaction with a range of news sources dwindles, further compounding the problem. As illustrated opposite, similar challenges can be found in the Republic of Ireland.

Although some civil society associations are able to achieve greater prominence in the news media, especially online, journalistic norms remain the same, so that the opportunity to explain complex issues and shift news agendas is waning. The increased pressure on journalists combined with the pressure to maximise news coverage results in many civil society associations feeling compelled to give journalists ready-made copy that fits news agendas.²⁵⁵

Further, gaining widespread acceptance by the mainstream media requires a public image of neutrality along the journalistic ethics of impartiality and objectivity. Thus, rather than releasing the potential for increased advocacy through publicity, new media seem to have amplified the pressure on civil society associations to emulate mainstream news media. This has implications for their future ability to advocate on particular causes and issues.²⁵⁶

There are three guiding principles that must characterise the relationship between civil society activity and media in order for them to thrive in the future: freedom, pluralism and integrity.

The Republic of Ireland: excerpts from the Inquiry report by Goldsmiths Leverhulme Media Research Centre

Interviewees for the Inquiry noted that an increase in overall news production and a decrease in the number of employed journalists affected their ability to gain meaningful coverage for their issues and campaigns. However, there are some important caveats to this general picture. The *Irish Times* and, increasingly, the *Irish Examiner* employ specialist correspondents on social affairs who work hard to develop and maintain connections with civil society associations. In a media landscape the size of Ireland's, such consolidated channels should not be regarded as unimportant; the *Irish Times* and RTÉ television and radio (public service broadcasters) remain enormously influential mediators of public debate.

However, both the availability of these specialists and the cultural gravitation towards the established channels of national debate have the inevitable consequence of increasing competition for coverage and favour well-connected and well-resourced civil society associations.

The shift to professionalised communications operations within civil society associations is in its infancy in comparison to the UK, though it nevertheless works to exacerbate the differences between resource-rich and poor organisations. It should be noted here that, while many civil society associations have press officers with some form of PR/advocacy training, the real division is between the small minority that employ professional journalists and the rest. Professional journalists bring with them a substantial range of predictable advantages enhanced, in a country the size of Ireland, by the relative importance of contacts and networked professional capital.

All of the people interviewed for the Inquiry's work discussed at length the failure of civil society associations to properly engage existing mainstream media, a particularly grave failing, since constituting a responsive and reliable source is a considerable advantage in a context of desk-bound journalism and pressurised routines. However, in contrast with the homogenisation often associated with reliance on press agencies, the now-closed Independent Network News (INN) was regarded as open to civil society associations, and it was also held that the cultural centrality of the *Irish Times* and RTÉ led civil society associations to neglect other mainstream sources. The interviewees argued that sectoral media training – in which they were heavily involved – was crucial for all of these reasons, but also to lessen dependence on professional journalists in advocacy roles. Engaging professional journalists in civil society association communications may increase the quantity and accuracy of stories, but it does little to increase the breadth of civil society associations represented in the public sphere. Moreover, the use of professionals is unlikely to create a sustained challenge to established agendas and routines, nor will it necessarily offer support in 'explaining complex issues in detail in the hope of shifting news agendas'. In other words, as more press officers learn to service mainstream media requirements and frameworks, the possibility of challenging dominant perspectives recedes even further.

Dr Gavan Titley, National University of Ireland, Maynooth, in Fenton, N., Freedman, D., Witschge, T. (2010) *Protecting the news: civil society and the media*, available free to download from the Inquiry website: www.futuresforcivilsociety.org

There are attempts to counter these tendencies as Box 3.5 illustrates.

Box 3.5 Civil society activity: creating content and networks for production of media

Community Newswire (UK) is a free, government-funded news service to help charities and voluntary organisations gain media coverage. Community Newswire is a joint initiative of The Press Association and Media Trust, and is funded by the Cabinet Office.

www.mediatrust.org/community-newswire

Demotix (UK-based, global) is a citizen-journalism website and photo agency. It takes user-generated content and photographs from freelance journalists and amateurs, and markets them to the mainstream media. Demotix was founded with two principles at its heart – the freedom of speech and the freedom to know. Its objective is nothing if not ambitious – to rescue journalism and promote free expression by connecting independent journalists with the traditional media. Demotix now has over 8,300 members in 110 countries around the world from Afghanistan to Zambia.

www.demotix.com

Independent Media Center (IMC) (global) is a network of collectively run media. It was established by various independent and alternative media organisations and activists in 1999 for the purpose of providing grassroots coverage of the World Trade Organization (WTO) protests in Seattle. Through a decentralised and autonomous network, hundreds of media activists setup independent media centres in London, Canada, Mexico City, Prague, Belgium, France, and Italy. IMCs have since been established on every continent.

www.indymedia.org

PlanPhilly (US) is an independent news-gathering entity affiliated with PennPraxis, the clinical arm of the School of Design of the University of Pennsylvania. Former reporters and editors from the *Philadelphia Inquirer*, as well as citizen journalists, provide daily news coverage of the built and planned environment. PlanPhilly was created in 2006 to cover the Central Delaware Riverfront Visioning exercise and is funded through 2009 by the William Penn and the John S. Knight Foundations. It brings journalists, educators and citizens together to address local issues and is currently in the process of creating an advisory board of journalists, philanthropists and citizens who will help develop a website strategy for added growth and sustainability.

www.planphilly.com

New Voices (US) is an incubator for pioneering community news ventures in the United States. It helps fund the start-up of innovative micro-local news projects. It spotlights independent citizens' media initiatives. And it provides technical support with online training in creating, developing and sustaining websites grounded in journalism ethics. New Voices is a project of J-Lab, The Institute for Interactive Journalism.

www.j-newvoices.org

National Union of Journalists and the **Broadcasting Entertainment Cinematograph and Theatre Union** both advocate progressive media policy.

www.nuj.org.uk

www.bectu.org.uk

As noted, falling sales and revenues throughout the mainstream media are forcing a complete rethink of news reporting and the structures of the news industry. New technology is creating new forms of journalism, including citizen journalism as illustrated below, and new ways of providing information, as well

as new funding models that will be able to sustain journalism that purports to be in the public interest. These developments require a wide range of news outlets and open up the potential for different types of relationships between civil society associations, the media and those who set policy and regulation.

Citizen journalism and ‘networked journalism’

Public access to the media has, in the past, been dominated by ‘professionals’, in particular journalists and editors, who determine what is to be produced, when, and by whom, relegating much of civil society to ‘bit parts’. However, different methods of content production from online comments to video blogging, which are often encompassed within the broader term of citizen journalism, have partly changed the rules of the game. The idea behind citizen journalism is that people without professional journalism training can use the tools of modern technology and the global nature of the internet to collect, report, analyse and disseminate news and information.

The euphoria around citizen journalism resides in the hope it gives in terms of enhancing public debate with more voices, different discourses and dissent. For example, *Random Acts of Reality*²⁵⁷ is a blog written by Tom Reynolds, an Emergency Medical Technician (EMT) with the London Ambulance Service (LAS), who not only describes his experiences as an EMT, but also highlights failures by LAS management, the government and the NHS, and the comments on some of his blog posts provide a place for people to discuss the problems he encounters.

The BBC also taps into audience-provided information to enhance the news coverage in the most obscure corners of the globe or trigger new investigations. For example, BBC defence correspondent Paul Wood became aware of widespread concern within the army about the condition of barracks. By using army websites and obtaining material from soldiers’ families he obtained pictures and information that revealed sub-standard accommodation. Similarly, Twitter contributors provided an earlier picture of the Obama victory in the Iowa caucuses than any professionally organised exit poll or data collection.²⁵⁸

Although citizen journalism is an ambitious and inspiring concept, citizen journalism websites, webzines and other online destinations committed to turning a profit purely on user-generated news and editorials are likely to struggle to survive, because they are subject to the same pressures as professional journalists and mainstream news media, including a fall in advertising revenues, as illustrated by the difficulties encountered by the world-renowned Korean citizen media initiative OhmyNews,²⁵⁹ the motto of which is ‘Every citizen is a reporter’. OhmyNews offers open-source-style news reporting and registers as many as 15 million visits per day. Founded in 2000, it has a staff of some 40-plus traditional reporters and editors who write about 20% of its content, with the rest coming from other freelance contributors who are mostly ordinary citizens. OhmyNews now has an estimated 50,000 contributors and has been credited with transforming South Korea’s conservative political environment. However, despite its worldwide credibility, OhmyNews has not been immune to the crisis hitting the world media. The organisation recently appealed to readers for financial contributions to keep the business afloat in the global economic downturn and in the face of increasing citizen media competition.²⁶⁰

While citizen journalists are important to a strong civil society and democracy, they cannot replace professional journalism and the role of editors who work towards ensuring ethics and taste. User-generated content produces a dilemma for editors: how far should online comments influence news coverage? Following the death of Benazir Bhutto, most user comments on the BBC news websites attacked the Muslim religion. Should they have then assigned a significant part of their website to discuss whether Islam is a religion inherently violent, instead of opting, as they did, to focus on her life and her death.²⁶¹

continued ...

... continued

In light of these challenges, Charlie Beckett,²⁶² from Polis, highlights the value of 'networked journalism', a process rather than a product where there is a constant exchange of information between journalists and society. The 'Networked Journalists' will continue to have conventional sources such as other media, agencies, public relations and government, and will be connected to RSS feeds and members of social networking sites, interacting with other blogs. Citizen journalists must work with professional journalists to deliver networked journalism. It goes beyond people just sending in photos. It means involving citizens in setting the news agenda. Networked journalism can guarantee the quality that many user-generated content initiatives lack, while acknowledging that

old-school journalism can no longer continue as before. There is a future – and a potentially prosperous one – when amateurs and professionals work together to tread the difficult line between quality and extensiveness. The *Huffington Post*²⁶³ is an example of this. The *Huffington Post* has over 3,000 bloggers – from politicians and celebrities to academics and policy experts – who contribute in real time, 24/7 on a wide range of topics. While most news organisations battle with declining revenues, the *Huffington Post*'s business model is seen as a green shoot for the news media industry. It is expected that the *Huffington Post* will make revenues of \$12–16 million in 2009 and has already invested in jobs, increasing its staff from 49 to 89 full-time employees, with 11 of them devoted to producing original content.²⁶⁴

Influencing policy, regulation, governance and ownership

The concentration of ownership of the media ensures that a limited number of people are able to determine the public debate and set agendas. Although other factors contribute to producing homogeneity in the media, ownership and ownership structures are key. The critical mechanism to ensure plurality in the media is regulation. The involvement of civil society associations in media policy and regulation is thus a significant factor in creating an environment in which media structures serve the public interest.

Even though there are a growing number of forums for the discussion of media policy initiatives, relatively few opportunities exist for 'alternative paradigms and critical positions to be expressed and taken seriously'.²⁶⁵ Media trade unions, campaign bodies and civil society groups are almost entirely excluded from policy-making circles. As such, the public and civil society remain a 'largely peripheral force' in influencing questions of media infrastructure. They are excluded from main meetings and when they do respond, there are no guaranteed means for these responses to be incorporated into decisions.

A key obstacle to transparent policy-making which incorporates a sustainable role for civil society associations comes from the 'continuing and intimate relationship between key corporate interests and policy-makers; a relationship whose bonds are rarely exposed to the public'.²⁶⁶ This relationship further undermines the already limited public involvement that does exist.

As in other areas, there are attempts by civil society associations to intervene in issues of ownership and governance representing different interests across the media landscape, including citizens, consumers and producers (see examples in Box 3.6).

Media trade unions, campaign bodies and civil society groups are almost entirely excluded from policy-making circles.

Box 3.6 Civil society associations influencing policy and practice

Community Media Association: The Community Media Association is the UK representative body for the community media sector and is committed to promoting access to the media for people and communities. It aims to ‘enable people to establish and develop community based communications media for empowerment, cultural expression, information and entertainment’. In 2004, the organisation was heavily involved in liaising with government regarding recent actual and proposed legislation on community radio, public service broadcasting, BBC Charter Review, local and community television, the broadcasting code, media literacy, digital switchover, the Community Media Fund and spectrum allocation.

www.commedia.org.uk

Community Media Forum Europe: CMFE was founded to strengthen the participation of the ‘Third Media Sector’ in European discussion and decision-making processes ‘at a moment when freedom of expression and free access to information are increasingly endangered by the consequences of concentration in the media field’.

www.cmfe.eu

The Campaign for Press and Broadcasting Freedom

Freedom: Established in 1979, the Campaign for Press and Broadcasting Freedom works for ‘a more accountable, freer and diverse media, among other activities, defending the principles of public service broadcasting, researching and lobbying on issues of alternative means of ownership and of media scrutiny’.

www.cpbf.org.uk

The Voice of the Listener and Viewer (VLV):

Represents the citizen and consumer interests and focuses on broadcasting issues. It is concerned with ‘the regulation, issues, funding, structures and institutions which underpin the British broadcasting system, and supports the principles of public service broadcasting’.

www.vlv.org.uk

Harnessing social media and the internet

To be ‘seen’, civil society associations are now expected to embrace all the opportunities available to them in the digital world from blogging to podcasts, social networking and their own online platforms. These forms of communication require both financial and human investment that, as we have noted, are not available to all.

To be ‘seen’, civil society associations are now expected to embrace all the opportunities available to them in the digital world from blogging to podcasts, social networking and their own online platforms.

The application of social media on the part of civil society associations

Social media — websites, services and applications that allow users to communicate online or by mobile phone — are transforming many aspects of modern society. People are congregating online and using social tools to filter news, collaborate and organise. Information and requests for action can spread quickly through online networks as people forward interesting or important messages to their peers.

Given that civil society associations are often, at their heart, community organisations that bring people together over a shared topic, problem or concern, they should be naturally drawn to such technologies.

The research carried out by Suw Charman-Anderson²⁶⁸ for the Inquiry on the use of social media shows a mixed picture. While the use of social media is widespread among civil society associations with over 70% of UK organisations using one or more social tools, a qualitative analysis of the websites of civil society associations shows that they are not always being used effectively, with organisations often using them to broadcast carefully crafted messages rather than engage with their online communities. Sites often lacked clear calls to action and opportunities for visitors to interact with the organisation.

While there is social media expertise within civil society associations, this expertise is often at the margin of organisations.

There is some evidence that resistance to new technology by management and trustees is also causing problems. Elements of this resistance include 'complacency, apathy, indecision, fear of change and losing control'. The importance of an internal culture which is open to new ways of doing things and willing to experiment, must not be underestimated.

Some conditions need to be met in order to enhance the use of social media by civil society associations:

- Civil society associations need to 'just do it', and do it seriously. This requires earmarking funds, resources and time to train staff, as well as showing honesty and transparency, and allowing both staff and constituents to have their own voices.
- Funders should invest in projects that will help build technical capabilities across civil society, encourage grantees to include social media strategies in their projects and support experiments and risk-taking.
- Research is needed to explore the benefits and pitfalls of social media for civil society and provide information on best practice, resource requirements, metrics, return on investment and case studies so as to build the capabilities of smaller civil society associations in particular and help them understand 'which tools are useful for what'.
- Any government digital literacy or digital inclusion programme should integrate the development of social media skills including aptitudes such as curiosity, collaboration skills and communications skills.

As social networks grow at three times the overall internet rate, and now account for about 10% of time spent online, with millions of people across the globe connecting,²⁶⁹ it is important to explore how they could be funded in future through alternative ownership structures, rather than solely relying on advertising. What would happen if Ning or Facebook were no longer financially sustainable? Where would their 'members' migrate and how? Whether there are any civil society associations ready to innovate and lead in this area could become a key issue to investigate.

See Charman-Anderson, S. (2010) *Making the connection: the use of social technologies in civil society* (London: Carnegie UK Trust), available free to download from the Inquiry website: www.futuresforcivilsociety.org

‘Cultural change, including a more accepting attitude towards risk-taking and experimentation, will enable civil society associations to benefit more fully from technology and social media.’

Suw Charman-Anderson²⁶⁷



Capturing and conveying voices that are not usually heard

Faced with the increasing homogenisation of news content, the role of civil society associations in bringing diversity of viewpoints and challenging accepted norms has never been more important. Indeed, many civil society associations are investing in conveying viewpoints that are missing from the mainstream media. There are examples of civil society associations, such as the Rural Media Company through its production of the Travellers' Times, generating original news content for and about the Gypsy, Roma and Traveller communities.

However, more needs to be done. In particular, the poorest and people living in rural areas continue to lose out despite claims that digital media enables equality of access.²⁷⁰ For example, among the 10 million people in Britain who have never used the

internet, 4 million are people whom we think of as being excluded from society in other ways too: through poverty and lack of support, or because of disability or old age.²⁷¹ As indicated in Box 3.7, capturing and conveying through the media the views of people experiencing poverty continues to be a challenge.

Enhancing international news media

Civil society associations are an important part of initiatives undertaken to counter the lack of international news media. For example, as a reaction to the crisis in journalism and the lack of international reporting and based on a belief that civil society and freedom of speech are 'sacred', Turi Munthe founded Demotix, which aims to link independent journalists from all over the world to the traditional media. Demotix has found a niche in the market of journalism and was successful in gaining attention

Box 3.7 Poverty and the media

Robinson, F., Else, R., Sherlock, M. Zass-Ogilvie, I. (2009), *Poverty in the media: being seen and getting heard* (York: Joseph Rowntree Foundation)

This study considers how people with experiences of poverty can be given voice in the media to enhance public understanding of poverty in the UK. The authors note that when journalists write about poverty, they frequently seek out case studies to bring the stories to life and make them relevant. This provides an opportunity for people living in poverty to tell their own stories and be heard. Journalists often ask civil society associations to help them find people to interview but this can put vulnerable people in a difficult position. The report argues that organisations need to give more support to individuals who agree to be interviewed and quoted in the media. They also suggest the development of a web portal run by civil society associations to provide a space for digital stories and debate.

However, an increase in the number of voices from those experiencing poverty in mainstream news coverage, though needed, will not necessarily lead

to a fundamental shift in how poverty is covered. Providing case studies must be considered within, and strategies developed in response to, an overall trend in news coverage to personalise and individualise issues. The danger, as evident in much contemporary coverage, is that when the personal is presented, an emphasis is placed on the individual with little discussion of wider social and economic causes and solutions that could broaden understandings of poverty in general.

Another report, *Building public support for eradicating poverty in the UK*, by Sini Rinne and Joke Delvaux from Cambridge Policy Consultants, argues that most media campaigns on poverty aim to achieve policy changes rather than address public attitudes. The authors found that, 'By and large, advocacy campaigns build support by alerting the public to hidden issues, rather than tackling controversial ones.'²⁷² This leaves the deeper and more complex issues of poverty under-explained and largely misunderstood.

with the publication of its material on the Iranian political crisis in June 2009. With its pictures published on two *New York Times* front pages, as well as in 100 other news outlets around the world, including high-profile publications such as the *International Herald*

Tribune, *The Times*, the BBC and *El País*, Demotix has tapped into a need for original material which is not always met through in-house productions. In this way, it is able to counter the decline in foreign news coverage.²⁷³

Box 3.8 Local and community media

New Voices, run by the Institute for Interactive Journalism, helps to start up pioneering community news enterprises and provides training and technical support for the development of websites that are 'grounded in journalism ethics'.

www.j-newvoices.org

Talk About Local is an example of a local community media project, funded by Channel 4's '4 Innovation for the Public' (4iP). The project aims to 'help people communicate and campaign more effectively to influence events in the places in which they live, work or play'

<http://talkaboutlocal.org>

One of the partners in this project, another community media project, is **Kings Cross TV**. Even though this project is successful, the founder, William Perrin, stresses the difficulties local media face, citing a lack of resources, both of money and time, as major stumbling blocks for small local media dependent on volunteers.

www.kingscrosstv.org

Another example is the Midlothian Three Towns community radio station for health **3TFM**, established in partnership with NHS Ayrshire and Arran, University of the West of Scotland, 3 Towns Healthy Living Initiative and North Ayrshire Council. The radio station is run almost entirely by local people working and trained as volunteers.

www.3tfm.org

At an Inquiry event in Edinburgh, Jim McHarg of 3TFM commented:

'... it came about because the academics in the area, the University of the West of Scotland locally, and a number of other professionals in local government worked together with health professionals and then spoke to local community organisations and groups, and eventually the people thought about the idea of using the radio. And the educational professionals got involved and started some training locally on how do people get hold of media, what is it you want to see, what is it you're not hearing? And out of that came this idea that people could actually produce programmes, and it took about a year to get to the point where people had the confidence to do that and the skills to do it, and used the technology that's there. But once that happened, I mean it really exploded. There are over 180 people in 3TFM who have been trained in the last year. And that's what they want, they want to do it and they want the challenge, they want a voice, they want to be able to say to the local council that's your interpretation of it, but ours might be different and let's get a debate going about how we resolve local issues.'

Papur Sain, a local newspaper for the blind, originating in Ceredigion (Wales) celebrated its 40th birthday in 2010 and was the first talking newspaper for the blind and partially sighted in the UK. Since its creation, over 500 local talking newspapers have been established around the UK, each serving blind people in their own area.

One example of a UK-based but globally operating civil society association that is committed to ‘human rights and democracy’ is openDemocracy.²⁷⁴ Aiming to ‘ensure that marginalised views and voices are heard’, it has an extensive network of volunteers from all over the world writing quality opinion pieces on a range of topics for the website. Even though it works mainly with volunteers, this case also shows that publishing, even if it is on the web, is far from ‘free’.²⁷⁵ openDemocracy has received funding from a range of charitable foundations and trusts, but has not succeeded in becoming self-sustaining and constantly faces the problem of funding.

Developing local or community media

As the news media change, it is vital to encourage far greater community ownership and production of media. Stimulating news content must take place both at the macro and micro levels, being encouraged locally through partnerships, financial incentives and investment in skills and capacity. As Box 3.8 shows, community media offer opportunities for pluralism, deliberation and dissent. Civil society associations have been successful in launching their own, or acting in partnership with, local media initiatives of online community news and information. Such initiatives provide a valuable addition to the media landscape, stimulating local engagement and countering the centralisation of news media. Moreover, in February 2009, the Committee of Ministers of the Council of Europe, which includes the UK and Ireland, signed a declaration acknowledging the role of community media in promoting social cohesion and intercultural dialogue.²⁷⁶

While there remains a question as to the extent to which such hyper-local initiatives provide a structural alternative to mainstream national news media serving mass audiences, community sites, like Kings Cross TV which, ‘with no costs can serve very small, human news geographies of a single ward or a few streets,’ can be good for local pluralism over the medium term.²⁷⁷ In an open letter to Gordon Brown, in July 2009, 82 community radio leaders, media scholars and experts including representatives of 60 community radio stations from all nations and regions stated that:

‘It is five years since the Community Radio Order 2004 came into force. The growth, since then of community radio has been described by Ofcom, in its Annual Report 2008/09, as “one of the great UK broadcasting success stories in the last few years”.

Over 200 community radio services have been licensed by Ofcom since 2004. Around 150 of these services are on air, creating around 400 jobs, involving over 10,000 volunteers, and serving a potential audience of more than 10 million people.

Yet this new sector is economically very precarious. Six stations have failed to launch, three have handed back their licences. Others are at high risk. This is not only a result of the recession but is a direct consequence of a failure in government policy.

Community radio broadcasters, the vast majority unpaid volunteers, are disappointed that their achievement is not matched by greater government recognition and support.’²⁷⁸

The World Association of Community Radio Broadcasters (AMARC) suggests that the main impediment to the success of community radio is legislation which limits the human, financial and technical resources needed to sustain it, including issues of training and knowledge and of content development due to the high turnover of volunteers and journalists.²⁷⁹ In Ireland, matters have improved with the Broadcasting Bill 2008 which provides for the growth of the community media sector through the extension of temporary licences for up to 100 days in a 12-month period, and establishes, for the first time, a legal definition of community radio.²⁸⁰

Sustainable structures for media pluralism, including local media that can build expertise, create engaged audiences and encourage continuity also need creative funding mechanisms to stimulate and sustain them, since, the possibilities of the internet notwithstanding, they are not the free, easy option many expect them to be.

‘The media does real violence to deliberation.’

Inquiry contributor



Box 3.9 Community media in Ireland

Community radio – and increasingly television – in Ireland has its roots in adult education, anti-poverty networks and local activist groups. An independent, facilitative and often dissenting/countervailing ethos permeates this sector, and in the case of some of the larger, well-resourced operations, they see themselves as increasingly important spaces for alternative voices, politics and issues. Internet television and the cable/digital spectrum in Ireland have allowed the sustainable development of community television.

Dublin Community Television (DCTV) is an open membership co-operative which has now been broadcasting and webcasting for a year. DCTV's mission is to 'enhance diversity, empowerment and participation in media and in community development more widely ... to serve, empower and promote Dublin communities, their activities and their right to be seen and heard'.

www.dctv.ie

Ireland's two other community stations are the established **Province 5 Television**, formerly Navan Community Television, and **Cork Community TV**, which began broadcasting in Autumn 2009.

www.p5tv.com

www.corkcommunitytv.ie

CRAOL (Community Radio Forum of Ireland) is the representative body for community radio stations across the country. The Forum was established in 1996 to facilitate networking between community and community of interest radio stations. The Forum represents all community and community of interest radio stations across the country. Membership of the forum is open to all licensed stations subscribing to the Community Radio Charter. Currently there are 20 fully licensed community radio stations in the Republic of Ireland and an equal number of aspirant stations.

www.craol.ie

Near 90fm is a Broadcasting Commission of Ireland (now Broadcasting Authority of Ireland) licensed, communally owned, not-for-profit project. It is operated by a democratic co-operative, open to all organisations and individuals in Dublin North-East. Programming incorporates a positive emphasis on areas such as facilitating and supporting community development, providing access and providing a platform to a wide range of local groups.

www.near.ie

Campaigning for freedom of information and protection of journalists

One area where civil society associations are particularly well represented is campaigning for freedom of information and protection of journalists. Often operating as international organisations, they aim to defend the right to information both within Europe and outside. Access Info,²⁸¹ for example, is a human rights organisation dedicated to promoting and protecting the right of access to information in Europe as a tool for defending civil liberties and human rights, for facilitating public participation in decision-making and for holding governments to account. They say:

'Everyone in Europe has the right to know what their elected representatives are doing with the power entrusted to them, and how the public's money is being spent; everyone can access the information they need in order to protect other rights, to expose violations of human rights, to participate in government decision-making and to hold governments accountable.'

A further example is Reporters Without Borders,²⁸² established in 1985, whose mission is to defend journalists and media assistants imprisoned or persecuted for doing their job and expose their mistreatment and torture in many countries. It campaigns against censorship and laws that undermine press freedom as well as giving financial aid each year to 100 or so journalists or media

outlets in difficulty, to pay for lawyers, medical care and equipment, and for the families of imprisoned journalists. It also works to improve the safety of journalists, especially those reporting in war zones. At the international level, the NUJ plays a leading role through the International Federation of Journalists (IFJ),²⁸³ which groups worldwide journalists' unions representing over half a million journalists in more than 100 countries. The IFJ supports journalists and their unions to fight for their industrial and professional rights, promote international action to defend press freedom and social justice, and defend freedom of political and cultural expression.

In the UK, the Campaign for the Freedom of Information²⁸⁴ is a not-for-profit organisation working to improve public access to official information and ensure that the Freedom of Information Act (FOI Act) is implemented effectively. The Campaign was set up in 1984, and played a leading role in the passage of the Act. It is recognised as a leading independent authority in the field.

Imagining the future: a new relationship between media and civil society associations

As the media landscape undergoes fundamental change, it is increasingly clear that a new and enhanced relationship between the media and civil society is not simply desirable but essential. It is central to enabling participation, expanding the public sphere and enhancing democracy.

As we have seen, civil society associations have a critical function in ensuring a diversity of viewpoints and arenas for dissent in the media. They have the potential to develop further as wardens of, and contributors to, news media at local, regional and national levels; they can facilitate deliberation and expand the diversity of views on news platforms and develop news platforms of their own.

Philanthropic organisations are in a strong position to provide crucial funding for news organisations or consortia deemed to be operating on a not-for-profit basis. Alternative models and sources of funding such as this are likely to be essential in shaping the future for a healthy, pluralistic, independent media operating in the public interest.

Civil society associations also have a key role to play in maintaining standards, supporting infrastructure and platforms, and fostering media literacy to assist full access to different viewpoints. Recent research has stated: 'The long-term challenge is imagining and designing a more networked, transparent conception of the news media, which is not only built upon the contributions of professional journalists but also upon insights, knowledge and skills of citizens, charities, companies, government agencies, NGOs and other stakeholders.'²⁸⁵

Media concentration needs to be checked and sufficient diversity of view ensured so that public interest considerations are strong enough to confront aggressive liberalisation and marketisation. Civil society associations have a key role to play in ensuring that the future news environment develops to promote democratic engagement and a deliberative democracy, and counters the growing isolation of the poorest and most voiceless and the fragmentation of society.

Research commissioned by the Inquiry²⁸⁶ illustrates a number of ways in which this can be achieved, as outlined below.

Ownership models involving civil society

Trust funds

One way to develop and support localised news content is to create local trust funds. Funding may come from a variety of sources, including current publicly-funded news providers, local councils and public bodies which buy space in local newspapers, and by investing council tax. The local trust would ensure that the news provider has an obligation to 'good reporting, fair rules and open access'. Investment in trusts of this kind can create 'independent local news across web, print, radio and television, offering a genuine community service.'²⁸⁷

To succeed, however, this type of governance must safeguard local press independence and keep local and central government influence at arm's length.²⁸⁸ This model increases the potential involvement of civil society associations as contributors of funds and in ensuring independent practice in the public interest. However, trust status does not remove all commercial pressures, and safeguards may be necessary to protect the public service interest remit.

Partnerships between civil society and mainstream media

The BBC has recently outlined its plans for partnerships with different actors in the broadcasting sector and elsewhere. While most of these are aimed at other media providers, such as local newspapers, broadcasters and community radio, there is a need for partnerships to extend to the wider cultural sector to 'enable more public sector organisations to harness the power of digital content.'²⁸⁹

Channel 4 also has successful partnerships with organisations from civil society, such as the Britdoc Foundation, which is now a stand-alone, not-for-profit foundation that develops new funding and distribution models for British documentaries.

Digital Britain suggests establishing a long-term and sustainable public service organisation, PSB2, which would develop partnerships with the wider private and public sectors. This may present opportunities for civil society associations, but the proposal originally formulated by Ofcom was 'related to a more limited and instrumental view of broadcasting that saw it as an adjunct of free enterprise and not as a cultural institution in its own right.'²⁹⁰

Two-way partnerships, where the dominant media provider and the more locally based organisation share and cross-promote content, can enhance media plurality. To create successful partnerships, established media, civil society associations, government and regulators must agree operating procedures and public interest goals including representation of a plurality of views.

To further the development of such partnerships, governments could consider offering tax incentives on local mergers or joint operations that aim to maintain certain levels of news coverage and an engagement with civil society associations.

Broad media networks of news consortia

A new media model is the broad media network such as the Scottish Digital Network (Box 3.10) or news consortia such as the Independently Funded News Consortia (IFNC). These are news networks for the regions or devolved nations, providing 'enhanced localness'. They would operate transparently, commissioned through a tender process against clear criteria of serving the public interest. Each consortium would operate independently and would not be limited solely to existing news providers such as television networks and newspaper groups, thus creating an opportunity for the involvement of civil society associations.²⁹¹

Journalistic civil society associations

The availability of freelance work in the media is under increasing pressure despite the fact that many staff positions are being cut in newsrooms. However, international examples point to a further role for civil society associations as a way for freelancers to distribute their work. The Network for Reporting on Eastern Europe is an example. It links 250 journalists and media initiatives from more than 20 European countries. This form of collaborative journalism is successful in distributing the work of its members and in setting industry standards. Organisations that underpay, for example, are banned from using the Network's services.

There are other examples of collaborative journalism, networks of freelancers, part-time correspondents and co-operatives, syndicating work by subscription. These types of distribution mechanisms provide useful business models for civil society to explore and promote.

Funding models

Thus far, this chapter has looked at how civil society associations can be involved as funders and producers of media. This section explores how public money can be released and raised to support the generation of original public service news content at different levels.

Much current debate centres on funding for existing news content providers. However, it is essential that new funding models support new voices rather than amplifying existing ones. Government funding, industry levies and other sources of funding do not

automatically guarantee diversity and new spaces for deliberation. To this end, it is crucial that the allocation of resources is independently monitored.

Given the activism and trusted position of many civil society associations, they have a central role in advocating for creative ways to raise public money and in having an oversight role in the allocation of public funding.

Government funding and policy

There has been a strong resistance to government-funded media as well as to the regulation that this funding entails, in the belief that the relationship might threaten independence. However, throughout this Inquiry it has been clear that some government funding is necessary to protect the public service value of the media, though a mix of funding is critical in order to safeguard independence.

One particular area where there is a clear role for government support in widening the range of perspectives is in community media. Clearly, the issue of the use of the BBC licence fee is central to achieving this aim (see Box 3.1). Civil society associations need to engage robustly in this debate.

Other measures, such as tax concessions and industry levies, are potentially far more effective in generating and supporting additional public service content.

Charging news aggregators

News aggregators are accused of the free exploitation of professionally produced news content and copy for their own commercial gain. The Associated Press has indicated that it will take action against news organisations that do not obtain prior permission to use and publish their material. Similarly, in some parts of Europe, news organisations have taken action against Google to prevent unauthorised use of their material. The British newspaper industry has recently requested government intervention to stop Google using its material without obtaining permission and paying a fee.²⁹²

Levies on the use of aggregated material have the potential to generate significant revenue to support the production of new public service and local content, involving civil society associations. If this form of funding were to be explored, changes in regulation would be needed to ensure that revenues go to original news producers and not just to those who present and disseminate material. Original news reporting needs to be supported so that it is financially viable; this could require charging those who are not authorised to use and distribute this material.

Tax concessions

Tax breaks can be effective in helping the production of original content to flourish. For example, in 2005, Gordon Brown introduced tax relief funding of 20% of production costs for British films with low budgets and 16% for large-budget films. This tax relief has been credited with creating the boom in the British film industry.²⁹³ A potential government stimulus to the provision of public service content by different providers is, as Andrew Currah suggests, the introduction of tax breaks that newspapers currently enjoy to a wider array of news media. This may include the extension of the zero rating for value-added tax (VAT). A possible pitfall is defining to which types of organisation the tax concessions apply.²⁹⁴

Box 3.10 The proposed Scottish Digital Network

The **Scottish Digital Network** is a proposed digital public service television channel with an extensive and innovative online platform, funded out of the UK settlement for Public Service Broadcasting plurality and licensed and given full regulatory support by Ofcom.²⁹⁵ At the core of this network is a linear television network but, rather than having its own in-house production team it is to function like a 'competitive fund and commission content from a multitude of Scottish suppliers on a competitive basis'.²⁹⁶ Furthermore, the network would be run on a not-for-profit basis and governed by a board of trustees.

Direct taxation

The most straightforward way of adding new sources of funding into the media mix is through direct taxation. Channelled to local news media by a process of tender and under strict public service criteria, this method represents a potentially significant and immediate measure to develop locally produced news content. With a clear public service remit which would include stipulating the involvement of civil society associations, it would be possible to enhance the plurality of the media over a shorter period. However, this type of funding is contested, politically sensitive and potentially unpopular as it involves extra funding from the public and an increased governmental role in the media.

Industry levies

Levies are used in 30 European countries and are popular with the general public. The Institute for Public Policy Research (IPPR) has conducted a thorough study for BECTU, the media and entertainment union, and the National Union of Journalists into the potential of industry levies as a means of funding public service broadcasting²⁹⁷ and found that a 'one per cent levy on pay TV operators such as Sky and Virgin Media could bring in around £70m a year. A similar fee imposed on the country's five mobile operators could generate £208m a year. Making Google meet its full tax liability in Britain would boost the pot by a further £100m.'²⁹⁸ The same IPPR report argues that 'such sums could save many local newspapers and web sites from closing down, could stop the destruction of local and regional news on ITV and could help new media start-ups to plug these gaping holes in public service provision – all without the taxpayer having to stump up any more cash and without having to raid the licence fee.' In the past, the Eady Levy,²⁹⁹ a tax on box office receipts in the UK, supported the growth of the British film industry and provided funding for the National Film and Television School, which trained a number of directors and actors.

Levies could now involve direct charges on broadcasters, cinemas, video labels or new media levies on internet service providers and mobile phone operators.³⁰⁰

Special arrangements between different news providers (both local and national) could also be explored. For example, in the past ITV companies sold advertising on behalf of Channel 4 and directed some revenues to fund Channel 4. This arrangement contributed to reduction in competition between ITV and Channel 4 in its early years and allowed each broadcaster to pursue different remits, thus enhancing diverse and creative content.

Philanthropy and journalism

A direct means by which philanthropy can help to ensure the plurality of the media is by supporting professional journalism. In the UK, for example, the Potter Foundation awarded in 2009 a grant of £2 million to the Bureau of Investigative Journalism to promote investigative, not-for-profit journalism in the public interest.

It has been suggested that newspapers such as the *New York Times* should become not-for-profit, endowed institutions which would ensure independence, while at the same time protecting them from 'the economic forces that are now tearing them down'.³⁰¹ A more collaborative approach is illustrated by the Huffington Post Investigative Fund, an American not-for-profit multimedia venture funded by the John S. and James L. Knight Foundation, the Schumann Center for Media and Democracy, Atlantic Philanthropies, the Markle Foundation and the *Huffington Post*. Through its open source publishing platform, any content produced by the fund is free for anyone to publish at the same time that it is made available to the *Huffington Post*, thus distributing investigative journalism to a larger audience than the fund is capable of attracting on its own. To date, more than 40 outlets have republished content published by the fund.

While independent funds directly supporting journalism can come with strings attached and endowments are not immune from economic pressures, philanthropic funding can help preserve journalistic independence and secure guarantees on public service content.

However, the 2006 UK Charities Act 'adopts a stringent interpretation of public benefit that excludes any reference to news gathering'.³⁰² Though there

are journalism-related charities in the UK, Currah notes that ‘the Charity Commission tends to view the pursuit of journalism as an inherently politicised activity and hence an area less suitable for charitable giving.’³⁰³ Thus, in order for charities and endowments to become potential funding models, the Inquiry’s research indicated that the legislative framework needs to be amended to make it easier for civil society associations with charitable status to be associated with news gathering and dissemination.

Civil society associations and standards

Beyond the production and funding of new or original content, civil society associations have a vital role to play in monitoring the media and maintaining standards.

A subject of intense current debate in the UK is the question of whether the Press Complaints Commission (PCC) should have a new role, or even be replaced. In Ireland, after much pressure from civil society including the National Newspapers of Ireland, the Press Council of Ireland and the Office of the Press Ombudsman were established in 2008, giving everybody in Ireland ‘access to an independent press complaints mechanism that is quick, fair and free.’³⁰⁴ The complaints mechanism is designed to ensure that the freedom of the press is never abused, and that the public interest is always served. The model on which it is based is distinctive since it is neither exclusively statutory nor self-regulatory. For example, the Press Council is composed of independent members, including some civil society leaders and news and media industry members. Some participants in the Inquiry suggested the creation of a reformed regulatory body in the UK that includes direct representation of civil society associations, including the media unions.³⁰⁵

The Campaign for Press and Broadcasting Freedom, within this Inquiry, has suggested a system of regulation and oversight in which there is space for dissent both from professionals involved in journalism and those from a wider group of organisations who have an interest in the integrity of news content and production. If it is further explored, this system may develop along the model of regional health authorities in which there is a formalised role for public actors.

Although civil society associations are already involved to some extent in maintaining standards in the media, redesigning formal oversight and scrutiny of the media to include a central role for civil society associations will support and build public trust. The Media Standards Trust,³⁰⁶ for example, ‘aims to find ways to foster the highest standards of excellence in news journalism on behalf of the public’. Through its Transparency Initiative, it sets the standards for online news production by developing a common approach to capturing this information consistently and transparently. Andrew Currah has also proposed the launch of a ‘digital kitemark’ which could help the audience establish the value of digital content. The digital kitemark would serve as an agreed standard of accountability and transparency among publishers and would be designed ‘to identify and differentiate professional journalism amidst the noise of the web.’³⁰⁷

The idea of setting up an Open Commission for Accuracy in the Media was floated in 2004–5. The idea was to establish an agency charged with supporting accuracy across all media (print, broadcast and internet services with high levels of usage) using a combination of open source methods (enabling the public to make complaints on inaccuracies, and to elicit comments and justifications), and full-scale investigations of a few of the most important examples of misinformation and inaccuracy. The commission would have no formal powers, but by focusing solely on the issue of accuracy, would aim to encourage higher standards of integrity on the part of major media outlets and to provide a source for the public, and for anyone having dealings with the media, to judge the likely accuracy of any particular outlet or journalist.

Creating a new media infrastructure

An important conclusion to emerge from the Inquiry is the notion that both governments and civil society associations have a role to play in providing the infrastructure necessary for a plural media landscape. Civil society associations can both lobby for a better media infrastructure and aim to provide it, or be part of it, themselves.

One central element of the infrastructure is the need to ensure open access to the public service content provided. As more and more media content is distributed through online platforms, the importance of universal internet access and comprehensive broadband increases. Digital Britain proposes a mix of funding sources to fulfil what it calls the 'universal service commitment' next to the necessary £200 million of direct public funding: 'commercial gain through tender contract design, contributions in kind from private partners, contributions from other public sector organisations in the nations and regions who benefit from increased connectivity.'

As illustrated opposite, there are also many potential challenges that can threaten the democratic and free nature of the internet and thus its contribution to a healthy civil society.

Though important, providing access to news is only one part of the infrastructure. Equally important to ensuring a plurality of voices in the public sphere is distribution. Simon Worthington, a key figure behind More is More, argues that there is an important role for civil society associations in building the infrastructure for independent media.³⁰⁸ The More is More network is a web-based community project that focuses on creating alternative distribution channels for print publishing, independent publications and small-scale cultural productions. It has tried and tested several ideas for distribution, including the community courier where those in the network with spare freight or luggage capacity distribute media to wherever they are travelling. Worthington calls upon civil society to help build the infrastructure needed for independent media to produce material and reach the audience. He identifies the need for a mature and professional software tool that can help small-scale media distribute their product and manage their client relations. Likewise, an infrastructure that allows independent media a free internet payment system could be of great benefit. PayPal and MySpace already allow zero costs between certain individuals and this could be extended to independent media. Further exploration of civil society involvement in the development of innovative approaches to building media infrastructure would be valuable.

Access to frequencies for community radio and for local TV services on the digital terrestrial television platform, Freeview, are also infrastructure issues that could support the distribution of local and independent media content. Various civil society associations are campaigning for changes to open these platforms to other users. For example, United for Local Television (ULTV) is a coalition of groups who lobby the UK government to recognise local TV as a public service. They propose that the government reserves capacity for local TV on digital terrestrial television.

Similarly, the Community Media Association (CMA) and its European counterpart, the Community Media Forum Europe (CMFE), lobby for a better infrastructure for their members, particularly more frequencies for community radio stations.

A crucial part of developing and maintaining infrastructure, access and content in news media is the development of the skills and capacity, or media literacy, among those who are becoming involved in these areas. Although the focus these days is on digital media literacy, it is of course a much broader issue implying critical comprehension as well as technical 'know how'. The Community Media Association has recently run a 'Your Media, Your Tools' project and recruited 16 community media organisations to promote media literacy (<http://medialit.commedia.org.uk>). There is a need to extend the reach of media literacy schemes to embrace more civil society associations, especially those that represent perspectives that have few resources and limited access to the media.

An important principle behind community media is that citizens get to know the workings of the media by becoming producers themselves. Radio has survived competition and may function better in serving smaller local communities, particularly those underserved by the mainstream media in the future. It is immediate, and can be extremely locally focused and relatively inexpensive to produce. Bristol community radio station (BCfm) produces 45 different programmes broadcast in nine different languages.

The future of the internet

The broadband market remains dominated by commercial operators despite great progress in the UK. A few years ago, the majority of people could only get their broadband and landline telephone service from one provider – BT. Today, there are over 30 different companies offering services to homes and small businesses. This has helped to drive up broadband take-up and drive down fixed-line prices.³⁰⁹ Ireland's broadband market is underdeveloped by European standards and is dominated by two operators, Eircom and BT Ireland, resulting in limited geographical coverage and high costs.

Civil society activity has aimed at addressing these issues. The Community Broadband Network (CBN) is a co-operative of community-run independent broadband operators. It aspires to encourage and support the provision of local broadband services through shared community ownership as an alternative to conventional national service providers. At the time of the CBN's 2004 conception, most of the UK's community broadband projects were being established to provide broadband services to homes and businesses that were not being served by any other operator.³¹⁰

There are also concerns about the way in which the basis of the internet could be perverted in the future. The current value and power of the internet relies on a model with limited protocol that embraces freedom of content production, use and distribution. The survival of such a model is underpinned by the faith and ethos in sharing information.³¹¹ However, private interests have now caught up with the technology to exploit both the infrastructure and the way people use/engage or navigate through the web. Spam, misuse of personal data capture, lockdown of interactivity by either copyright software or increased fear among

users will eventually lead to key players defining what is safe, what valuable content is, and so on. There is a need to protect internet as a progressive and democratic space. This must include engaging a new generation of users so that they understand that 'technology is not only a video game designed by someone else, and that content is not simply what is provided through a TiVo or an iPhone'.³¹²

Save the Internet³¹³ is a US coalition of more than a million citizens and thousands of not-for-profit organisations, businesses and bloggers to protect a free and open internet. They argue that 'the US largest telephone and cable companies – including AT&T, Verizon, Comcast and Time Warner Cable – want to be Internet gatekeepers, deciding which Web sites go fast or slow and which won't load at all. They want to tax content providers to guarantee speedy delivery of their data. And they want to discriminate in favour of their own search engines, Internet phone services and streaming video – while slowing down or blocking services offered by their competitors.

These companies have a new vision for the Internet. Instead of a level playing field, they want to reserve express lanes for their own content and services – or those of big corporations that can afford the steep tolls – and leave the rest of us on a winding dirt road.' The coalition argues that the big phone and cable companies are spending hundreds of millions of dollars lobbying Congress and the Federal Communications Commission to gut Net Neutrality,³¹⁴ putting the future of the internet at risk. In summer 2009, the Internet Freedom Preservation Act of 2009 (HR 3458)³¹⁵ was introduced and discussed. This landmark legislation if passed would under the Communications Act, safeguard the future of the open internet and protect internet users from discrimination online.

To conclude, as the news media landscape rapidly changes, there is an urgent need to strengthen the role of civil society associations in helping to develop independent news media that survey the socio-political environment, hold governments and other officials to account, scrutinise the behaviour of powerful institutions, provide platforms for intelligible

and illuminating advocacy, and offer the opportunity for diverse voices and agendas to deliberate meaningfully. This requires more philanthropic funding, and civil society associations, governments and commercial agencies to work together creatively in the development of new models and initiatives.

Chapter 4: Growing participatory and deliberative democracy



London Citizens: May Day rally for migrant workers at Westminster Cathedral, 2006: *Image courtesy of London Citizens (Chris Jepson)*

Commission’s summary

Democracy in the UK and Ireland was created in large part by pressure from civil society. Power was not willingly shared by those who held it, but was prised from them by campaigners for reform, such as the Chartists and the Suffragettes and, more recently in the UK, by institutions such as the Scottish Constitutional Convention and the All Wales Convention. All over the world, too, the spread of democracy, not merely in form, but in habits of argument, deliberation and scrutiny, has often been driven by pressure from civil society.

Democracies across the globe are under pressure to reform. A crisis of legitimacy, globalisation and trends towards localism have led many to suggest that our representative systems are no longer adequate for effective governance in the 21st century.

After decades of declining electoral turnouts and confidence across the UK and Ireland, the political system in the UK experienced a jolt in 2009. The scandal over MPs’ expenses seemed further proof that politicians couldn’t be trusted. The major political parties are no longer seen as adequate vehicles for people’s hopes and interests. As reports from the Taskforce on Active Citizenship in Ireland and the Power Inquiry in the UK indicate, however, disillusionment with representative democracy is not indicative of a wider lack of interest in politics, but with the relationship and relevance of the system to citizens.

Yet the alternatives of a fully direct or participatory democracy have never found favour either and push-button democracy brings its own risks.

However, the Commission believes we are seeing the slow birth of a participatory representative democracy, in which the institutions of parties and parliaments derive greater legitimacy through a bigger role for civil society in organising deliberation, argument and decision-making. There are many examples of this already happening. They include parliaments opening themselves up to petitions, and allowing citizens to take part in debates. They include participatory budgeting schemes, deliberative polls and citizen juries. The internet is enabling radically greater involvement in decisions, with easy access to data on finance or public services; easier feedback; easier organisation of groups. We favour steps to accelerate this, including clear principles for opening up public data and stronger rights of redress.

An equally vital change is a radical shift of power downwards. This has been part of the rhetoric of political parties for years, but once they come to power, they have been reluctant to share it.

A healthy democracy also depends on the freedom to criticise and dissent. Enabling dissent is a critical role of civil society activity. But responses to the terrorist attacks of 9/11 in New York and 7/7 in London have, according to some, inadvertently undermined cherished and long-standing civil liberties. Civil society, both at home and abroad, is paying an unreasonable price for security concerns that have also led to costly and pervasive data collection and record-keeping on the lives and activities of citizens. Finding the right balance between security and freedom is clearly challenging for democracy and civil society.

We believe that the future is bound to involve a bigger role for civil society in complementing, challenging and enriching representative democracy. We advocate:

- **Strengthening very local democracy** with a shift of power from national to local government and from local government to neighbourhoods, with clear rights to set up neighbourhood councils with powers to raise finance and act.
- **Refashioning parliaments** to allow for more dialogue and engagement, including rights of petition and rights for petitioners to take part in debates, drawing on best practice in the newer devolved parliaments.
- **Reinforcing rights to dissent and reviewing the impact of serious crime and anti-terror legislation on civil society** to reduce the risk of unintended harm to civil society domestically and globally. Governments and civil society need to work together to minimise the impact of legislation on rights to expression, assembly and association. We also support peer review from other democracies. Protecting civil liberties and human rights in the UK and Ireland is an important way in which more fragile civil societies in the world can be safeguarded.
- **Investing in deliberation skills.** Individuals, civil society associations and public bodies need to help strengthen the skills of active listening, rational argument and effective deliberation. Skills associated with dialogue and deliberation need to be nurtured at school, in the media and within civil society associations.
- **Developing leaders from all backgrounds.** Civil society is where leadership skills will often be learned, and where people learn that power should be a means and not an end. More needs to be done to support those organisations that are effective at identifying and supporting emerging leaders who reflect the communities they serve.

The Commission believes that the future is bound to involve a bigger role for civil society in complementing, challenging and enriching representative democracy.

Bridging difference. A related priority for funders is to support individuals or initiatives that are skilled at overcoming conflicts or mutual distrust. We need better ‘bridging institutions’ that can cut across divisions of race, faith or class – not least to support open and honest debate about how communities should deal with big issues such as climate change or an ageing population.

- **Harnessing the potential of the internet.** An extraordinary amount of innovation is taking place around the internet, SMS, Twitter and social networking sites, turning them into tools for mobilisation, education and direct action. Funders should be backing this innovation, partly to ensure that it really does open up participation and deliberation, and partly to find better ways for the online world to connect to the largely offline world of boardrooms and parliaments.

Inquiry findings

Representative democracy in crisis?

Democracies across the globe, the UK and Ireland among them, are under pressure to reform. A crisis of legitimacy, globalisation and trends towards localism have led many to suggest that our representative systems are no longer adequate for effective governance in the 21st century.

Falling turnout in general elections and dwindling party membership show that engagement with formal politics has declined. Turnout in UK general elections has fallen from around 80% in the early 1950s to around 60% in 2001 and 2005.³¹⁶ The Republic of Ireland figures show a similar decline from approximately 74% in 1948 to 67% in 2007.³¹⁷ This undermines the legitimacy of our representatives. Coupled with this is an even more dramatic long-term decline in party membership. Membership of the three main UK parties in 2001 was less than 25% of its 1964 level.³¹⁸

These trends in formal political participation are compounded by changing social attitudes. Citizens have much less deference and much greater expectations of voice. They want a say in the decisions that affect them. Evidence from the theory and practice of deliberation suggests that people often value and enjoy opportunities to take part in genuine deliberation or dialogue,³¹⁹ but find that the political system does not afford them enough influence and

frustrates their expectations of voice. Disengagement is therefore a rational choice, not an indication of apathy.

The Power Inquiry, established in 2004 to explore how political participation and involvement can be increased and deepened, found that the key reasons for disengagement were that:

- citizens do not have enough influence over political decisions;
- the main parties are too similar and lack principle;
- the electoral system leads to wasted and unequal votes;
- parties and elections require citizens to commit to too broad a range of policies;
- there is a lack of information and knowledge about politics;
- voting procedures are inconvenient and unattractive.

The conclusion of the Power Inquiry was simple – the UK representative political system had not adapted to the major changes in society in the 20th century. Change and reform is overdue, it concluded:

‘The approach to government and political decision-making and the structures which enshrine that approach remains predicated on a view of citizenship and social divisions that date back to an industrial era that no longer exists.’³²⁰

The Irish Taskforce on Active Citizenship also found that there is a clear and growing problem about the level of participation in the democratic process, in particular among younger people and disadvantaged groups.

According to the Organisation for Economic and Co-operation and Development (OECD): ‘Government-citizen relations are high on the public agenda. Citizens and organisations of civil society have become increasingly vocal in recent years, bringing forward issues and demands and trying to influence policy-makers. At the same time, citizens participate less and less in formal democratic processes. Voter turnout in elections, for instance, is eroding. Facing declining trust, governments are under pressure to relate to citizens in new ways. Governments also realise more and more that citizens’ input can be a vast resource for policy-making – especially in an increasingly complex world.’³²¹

‘Listening to George Reid and Joyce McMillan talking about participative democracy through the Scottish Parliament, I realised how tired the Westminster model has become. We need to do things differently, in a way that excites and engages people.’

Richard Atkinson, Commissioner



Nation-states have also been subject to wider pressures to reform, stemming from what has been termed the ‘hollowing out of the state’. Part of this phenomenon has seen political power shifting both outwards to international markets and global institutions and downwards to various sub-national levels. Irish participation in Economic and Monetary Union in the European Union and devolution in the UK, for example, can be seen within these wider trends.

In global political institutions and organisations, the democratic deficits are even more pronounced as representative structures are stretched still further and decision-making becomes even more remote from citizens.

The nation-state is no longer the independent autonomous political unit it once was. It is embedded in an interdependent web of global governance structures. At the global level, there is an even greater need for effective and inclusive participatory and deliberative democracy.

Political institutions creating opportunities for participation and deliberation

Responding to these pressures, recent UK policy developments speak the language of ‘participation’ and ‘empowerment’.³²² The roles of governments and public authorities in developing more engaged democracies are crucial. Citizen juries have been piloted in the UK, and a number of local authorities have been piloting participatory budgeting methods to allocate local budgets; among these are Keeping Saffron In Your Hands, Leicester; Voice Your Choice, Manton, Nottinghamshire; Everyone Counts, Walsall; and You Decide!, Tower Hamlets, London. Ireland’s Green Paper, *Stronger Local Democracy: Options for Change*, suggests that participatory budgeting could lead to a direct, stronger, participative relationship between citizens and local authorities, better public spending decisions, enhanced transparency and accountability, and a greater understanding among citizens of the financial circumstances within which local authorities must operate.³²³

Box 4.1 The Scottish Parliament and the National Assembly for Wales

The Constitutional Convention enabled actors across civil society to experience working together towards a common aim: trade unions, politicians, the voluntary and community sectors and faith-based organisations were all connected in some way with the convention.

In the design of the Scottish Parliament and devolved Scottish governance, civil society has left its mark. Participation was built into its design – for example through the petitions system. The petitions system is intended to ensure that the public has a direct link to the Parliament and is able to bring policy concerns to the Parliament without having to find a friendly intermediary. The Scottish Parliament has also published a Participation Handbook, in which it takes a governmental point of view in reaching out further to engage citizens, particularly those who have no links to formal civil society associations.³²⁴

To mark its 10th anniversary, the Scottish Parliament initiated a Community Partnership Project to encourage a greater involvement in Parliament from blind and partially sighted young people, difficult-to-reach young people, and people from black and ethnic minority backgrounds.

The Parliament’s website makes clear: ‘During 2009, the groups themselves will determine what issues they would like to see addressed and work with Parliament staff and MSPs to determine how to bring this issue to the Scottish Parliament. This could be a public petition, an event, an art project – any method that the group believe can effectively communicate their issue to parliamentarians.’

www.scottish.parliament.uk

The National Assembly for Wales has also placed importance on engaging with civil society associations and this is reflected in the design of the new Senedd building, which includes a public space that is regularly used by civil society groups as a place for interaction with politicians and the public.

www.assemblywales.org

‘The Scottish Parliament at Holyrood is the child of civil society. If Holyrood has done rather better than Westminster in opening its doors to the people, it is because right from the start it recognised that politics, these days, are too important to be left just to the politicians.’

George Reid, Inquiry Commissioner



As Boxes 4.1 and 4.2 illustrate, political and public institutions have actively sought to apply participatory or deliberative approaches to decision-making.

There are, however, important questions about whether ‘empowerment’ is something that can be passed to people from above or whether it has to be taken from below. As critical debates within the development field have shown, the promotion of participation or empowerment from above is often problematic,³²⁵ not least because it can depoliticise concepts whose origins were in profound challenges to power relations.

Governments and public bodies have critical roles to play in creating more participatory and deliberative democracies. Yet it is crucial that deliberation is ‘also situated and controlled, to a very significant degree, in civil society ... In this light, public deliberation is just as much about strengthening civil society and civic practices as it is about adjusting how public officials do their work.’³²⁶

Box 4.2 Public engagement – Sciencewise

The Sciencewise Expert Resource Centre for Public Dialogue in Science and Innovation (ERC) is funded by the Department for Business Innovation & Skills (BIS). It aims to help policy-makers commission and use public dialogue to inform policy decisions in emerging areas of science and technology.

It consists of a comprehensive online resource of information, advice and guidance together with a wide range of support services aimed at policy-makers and all the different stakeholders involved in science and technology policy-making, including the public. The Sciencewise-ERC also provides co-funding to government departments and agencies to develop and commission public dialogue activities.

www.sciencewise-erc.org.uk

Rationales for building participatory and deliberative democracy and the benefits of civil society activity

Increasing disengagement from formal political processes and the associated crisis in legitimacy explain the shortcomings of current representative models of democracy, but do not alone explain the interest in deliberative or participatory methods.

Participation, whether in the form of campaigning, demonstrating, writing and broadcasting, taking part in meetings, or direct action, can inform public political debate and influence policy. The health of our democracy and the quality and content of our public deliberations rely on citizen participation and activism, often mediated through civil society associations.

There are five ways in which deliberation and participation can strengthen representative democracy and the public sphere, listed on the following pages.³²⁷ These also illustrate why a more participatory and deliberative culture is essential for a ‘good’ society and for democratic practices that are driven from above and from below. There are challenges and opportunities for civil society associations in all of these.

‘Civil society can and should challenge, irritate, and even at times, antagonise the state. But civil society and the state need each other and, in the best of worlds, they develop in tandem, not at each other’s expense.’

Tom Carothers, Vice-President for Studies – International Politics and Governance, at the Carnegie Endowment for International Peace³²⁸



1. Individuals have the right to influence the decisions that impact on their lives. These rights are protected by a framework of civil liberties

Individuals have the right to influence the decisions that impact on their lives – rights of expression, assembly and association should therefore be protected by a framework of civil liberties. This

framework is essential to ensure that people are able to contribute their views and values to public discussions without fear and is fundamental to liberal democracy.

The civil liberties frameworks in the UK and Ireland are among the strongest and most robust anywhere in the world. However, the key challenge facing civil liberties in recent years has been the responses to terrorism

Box 4.3 Can ‘empowerment’ be delivered? The case of participatory budgeting

Participatory budgeting originated in Porto Alegre, Brazil, when the PT (Workers’ Party), a party with close links to radical social movements and with a strong commitment to participation, came to power in 1989. It was intended as a way of involving citizens, especially those in poorer neighbourhoods, directly in decision-making about the city budget. Participatory budgeting in Porto Alegre rested on an annual cycle of deliberation and mobilisation which involved thousands of people, both as participants and in scrutinising the process itself. Its impact was felt particularly strongly in poor neighbourhoods as both political participation and spending increased.

The example of Porto Alegre inspired similar experiments in other places, both in Brazil and abroad. Those who began to promote participatory budgeting ranged from radical activists to government institutions and the World Bank. In the UK, participatory budgeting was piloted by the Power Inquiry in Harrow and is now one of the strands promoted by the government under the empowerment agenda, and the Participatory Budgeting Unit (part of Church Action on Poverty) has been tasked with ‘promoting and coordinating the delivery of participatory budgeting’.³²⁹ Pilot projects have attempted to run participatory budgeting processes with relatively small pots of money (‘community kitties’).

The UK government’s promotion of participatory budgeting devolves some decision-making to local people and thus creates opportunities for civil society associations to be more involved in setting spending priorities. It is questionable,

however, to what extent the promotion of participatory budgeting from above, where the political project and the popular mobilisation that accompanied its success in its original context are absent, can produce empowerment. In Harrow, the independent facilitation and organisation provided by Power between the council and the representative group of around 300 people was seen as an important strength of the process. However, there is often a tendency to see participatory budgeting as a ‘technical fix’ – a set of ‘tools and techniques’ that can be ‘delivered’, that is presented as a ‘win-win strategy’, and that is ‘not the outcome of a bottom-up struggle for inclusion, but rather an orchestrated attempt from above to re-engage the “poor” with existing representative processes’.³³⁰

For civil society activists interested in challenging inequality in the UK, the case of participatory budgeting raises several questions: is the promotion of participatory budgeting an important opportunity that they need to engage with? If so, is working in partnership with statutory agencies the way forward? Or does this risk undermining the more radical potential of participatory budgeting, which could perhaps be realised by mobilising and politicising communities? Is it possible to do both at the same time?

Another important issue is the extent to which deliberation will be incorporated into the process. Although deliberation was an integral part of the Porto Alegre model and is included in the UK government’s strategy, the current UK pilots have centred on voting rather than deliberation.

after the attacks of 11 September 2001 in New York and 7 July 2005 in London, responses previously referred to as the ‘war on terror’. In the UK, a number of legislative changes connected to terrorism and serious organised crime have inadvertently impinged, or have the potential to encroach, upon the framework of civil liberties. In addition, the Inquiry’s International Advisory Group was especially concerned that the ‘war on terror’ has served as a pretext for illiberal regimes globally to crack down on legitimate civil society groups, as illustrated by the work of CIVICUS in Box 4.4. Speaking at an Inquiry event on the marginalisation of dissent, Kumi Naidoo, former Secretary-General of CIVICUS and a member of the Inquiry’s International Advisory Group noted:

‘The development and implementation of security and anti-terror legislation by countries, such as the UK and US, has been especially difficult for those of us working in countries with weaker democratic traditions where freedoms of assembly, association and expression have been curtailed. For example, in Zimbabwe, government officials have on occasion told CIVICUS members “we agree that things are not perfect here in Zimbabwe, but why are you singling us out? ... we are not running Guantanamo Bay, we are not carrying out extraordinary rendition and we are not seeking 42 days detention without trial”. It is critical that countries that claim to be promoters of democracy uphold civil liberties and human rights consistently both domestically and abroad. Any inconsistencies will be exploited by governments who are flouting democratic practice in their own countries.’

Box 4.4 Tracking threats to civil society

CIVICUS – Civil Society Watch

Using fear of terrorism and foreign influence to justify restrictions, more and more governments are criminalising peaceful dissent, harassing social activists and campaigners and introducing legal and administrative barriers to the activities of civil society organisations.

The threats civil society face include, among others, the introduction or existence of laws restricting the registration or funding of organisations, individual but systemic targeting of human rights defenders, including arrest, detention and restrictions on travel, arbitrary closure of organisations, and barriers or

attacks on the exercise of the rights to free expression and assembly. In 2008 alone, CIVICUS tracked such threats in 61 countries. In the same year, over 14 countries introduced or sought to introduce laws restricting civil society and undermining human rights.

CIVICUS published an advocacy report on the growth and decline of civil society in Uzbekistan. CIVICUS has also issued press releases and appeals documenting growing restrictions, and the imprisonment of human rights defenders – justified as a response to terrorism.

www.civicus.org

‘Civil society organisations must ensure the protection of civil liberties; without civil liberties we will have a not very “good” society.’

Seamus McAleavey, Inquiry Commissioner



Since 2000, the UK government has introduced five major pieces of security legislation: the Terrorism Act 2000; the Anti-Terrorism, Crime and Security Act 2001; the Prevention of Terrorism Act 2005; the Terrorism Act 2006; and the Counter-Terrorism Act 2008. Out of these have come new powers for state agencies, such as control orders for terror suspects and increased stop-and-search powers, and new offences such as the glorification of terrorism and inciting terrorism. Such changes, although aimed at containing the terrorist threat, have had unintended implications for freedoms of assembly, expression and association with ramifications for legitimate civil society activity.

The National Council for Civil Liberties (Liberty), which tracks changing legislation and its impact on civil liberties in the UK believes that: ‘Laws intended to combat anti-social behaviour, terrorism and serious crime are routinely used against legitimate protesters.’³³¹ Anti-capitalist, anti-war and environmental activists have been subject to the application of these laws in contexts where there is no terrorist threat.

UK Ministry of Justice statistics show that, in 2008, there was a threefold increase in the use of the Article 44 (Terrorism Act 2000) power to stop and search, but fewer than 0.1% of those stopped were arrested for terrorism offences, let alone charged or convicted.³³² The Metropolitan Police used section 44 of the Terrorism Act more than 170,000 times in 2008 to stop people in London.³³³

The concerns over stop-and-search were recognised in a recent court ruling. On 12 January 2010, the Court of Human Rights ruled that section 44 of the Terrorism Act 2000 – the broad police power to stop and search without suspicion – violates the right to respect for private life guaranteed by Article 8 of the Convention on Human Rights.

In the case of *Gillan and Quinton v the United Kingdom*, the Court found that ‘the powers of authorisation and confirmation as well as those of stop and search ... are neither sufficiently circumscribed nor subject to adequate legal safeguards against abuse ... They are not therefore “in accordance with the law”’.

This case arose from an arms fair held in the Docklands area of East London in September 2003, where Pennie Quinton and Kevin Gillan, among many other journalists and peace protestors, were subject to lengthy stop-and-search and prevented from attending a demonstration. After public consternation and parliamentary questions, it emerged that the whole of Greater London had been secretly designated for stop-and-search without suspicion on a rolling basis since 2001.³³⁴

There has also been disquiet over the tactics used by police at demonstrations. The London G20 demonstrations, for example, brought these concerns to the fore with widespread criticism of the police for employing tactics such as ‘kettling’ and the seemingly indiscriminate use of force captured on camera. Nick Hardwick, chair of the Independent Police Complaints Commission (IPCC), called for a national debate over how police maintain public order and demanded much tougher political accountability, warning that police should remember that they were ‘the servants, not the masters’ of the people.³³⁵

The Inquiry’s exploration of the roles of civil society associations in enabling dissent also brought to light concerns over how some corporations are using their greater access to the legal framework to prevent legitimate civil society activity. These included the use of injunctions, private ‘security’ forces and blacklists of civil society activists. Malcolm Carroll, a Baptist minister and environmental campaigner who had found his name on a police website for domestic extremists following his participation in a campaign to stop npower dumping coal ash in a nature reserve in Oxfordshire, relayed his experience at an Inquiry event.

‘npower took out injunctions against [protestors] ... on the basis that we either had been or could be violent ... And also npower being a multinational company ... they could employ their own police force to enforce this injunction. So now I’m on a website for being an extremist, why? Basically because a multinational company paid for its own laws, paid for its own police force and it’s a sign of how things are ... I think it’s just one example of dissent being squeezed this time by the privatisation of law and order.’

Although the UK and Ireland have mature and robust frameworks for protecting civil liberties, there are many people from across the political spectrum who are worried that long-held rights such as habeas corpus are being inadvertently eroded or undermined by security concerns. Civil society associations are critical to ensuring that abuses of civil liberties or abuses to the basic freedoms of expression, assembly and association are vigilantly monitored in the UK and internationally: hence the importance of the work of organisations such as Liberty, the Irish Council for Civil Liberties, Human Rights Watch, ABColumbia, Amnesty International and the International Trade Union Confederation.

Box 4.5 The Opsahl Commission

Torkel Opsahl was a distinguished Norwegian human rights lawyer who came to Belfast in May 1992 to head an independent citizens' commission of inquiry into ways forward for a then seemingly deadlocked Northern Ireland peace process. For 13 months, the commission read written submissions from thousands of people and listened to oral presentations from over 200 citizens in public hearings in half a dozen cities and towns. The Opsahl Commission's contribution to Northern Ireland was in the development, if not creation, of a public sphere. This contribution was then continued by organisations inspired by this process, such as the Community Dialogue. The 'findings' from these initiatives created the environment for the peace process to continue by showing that people from all sides of the conflict wanted peace.

‘Renewable energy schemes that have previously provoked hostile local reactions have been seen to become more acceptable if participatory approaches to planning and development are used.’

Victoria Johnson *et al.*, *nef*, in a report to inform the Inquiry³³⁷



2. Citizen participation in decision-making helps smooth implementation by increasing legitimacy

The instrumental rationale for deliberation suggests that if people are involved in making decisions they have more ownership and civic responsibility for making sure that decisions are implemented and adhered to. This is extremely relevant to the challenge of climate change, in which public voice and action will provide the necessary climate of opinion for political leaders to make difficult decisions. UK climate change secretary Ed Miliband acknowledged this when he called in 2008 for a global campaign in the style of Make Poverty History to pressure political leaders into sealing a treaty on tackling climate change.³³⁶

Ideally, decisions are not made for people but rather by people. The Opsahl Commission illustrated in Box 4.5 is one example where engaging citizens helped show political elites that there was public support for efforts towards a Northern Ireland peace process.

3. Citizen participation brings in perspectives and information to decision-making that ‘experts’ and elites do not have – leading to better policy choices

Participatory and deliberative politics offers a route to legitimate consensus on diverse interests and agendas. In an increasingly diverse and complex society, making sure that the widest range of voices and perspectives are brought to bear on an issue is critical if we are to make the right decisions. Michael Edwards notes: ‘By engaging the maximum number of minds and eyes on a particular problem, solutions are more likely to be found. Dialogic politics are continually engaged in a search for better ways forward, and since no group holds a monopoly over wisdom (or even knowledge or information), these journeys must be democratic.’³³⁸

One important outcome of engaging diverse perspectives is the creation of socially constructed knowledge or public knowledge that is not available from experts or polls because it has been produced by public interaction. Generating new knowledge, better understanding and responsibility is critical to underpin the tough decisions that are made in relation to many of society's most pressing challenges.

However, just because opportunities to participate or engage exist, this does not mean that all people are able to participate equally. People on low or insecure wages often lack the money, time and energy to participate more. Social, economic and political equity are necessary for governments and civil society associations to be able to encourage deliberation, to nurture consensus and to achieve democratic outcomes in which people can participate fairly. '[The] problem is how more of the people who routinely speak less – who, through various mechanisms or accidents of birth and fortune, are least expressive in and most alienated from conventional ... politics – might take part and be heard and how those who typically dominate might be made to attend to the views of others.'³³⁹

The lack of equality of voice and access to relevant information, and indeed the nature of news media as outlined in Part 2, Chapter 3, continue to undermine the potential for effective and inclusive democracies. Pervasive inequalities threaten the very foundation of the democratic public sphere. Inequalities and power bear down on efforts to encourage participation and deliberation, raising issues about access and ability to participate, about what happens within conversation spaces and about what happens to the results of deliberative processes.

As highlighted by the Commission on Poverty, Participation and Power:

*'People in poverty face many barriers when it comes to taking part in decision-making. Not enough money. Not enough information. Not enough confidence. The list goes on. But that's not the main problem. The main problem is that too often people experiencing poverty don't feel respected. Too often they aren't respected. And what is the ultimate disrespect? Being involved in phoney participation, by people who don't want to listen, when things don't change. Phoney because it doesn't lead to a shift in power ... Participation ... must involve change in attitudes and behaviour by politicians and professionals.'*³⁴⁰

Moreover, the Inquiry's exploration of the marginalisation of dissent unearthed other views that help explain why wider participation can be so difficult to achieve. Speaking at the Inquiry dissent event in Dublin, Sr Stanislaus Kennedy, Sister of Charity and founder of Focus Ireland, said:

'When intolerance of criticism extends to an unwillingness to listen to suggestions for a better society, or a fairer way of doing government business or providing services, then the consequences are real and can be severe. The result can be the promotion of mediocrity – the perception that existing ways of doing business are fine the way they are.'

At the Inquiry event in London, Fran Bennett, Senior Research Fellow in the Department of Social Policy and Social Work, University of Oxford stated:

'I think often a more pressing need may be for capacity building amongst civil servants and other policy-makers themselves to enable dialogue to happen. And I was put in mind of this by somebody who was working with prisoners in a Cabinet Office consultation about the hard to reach, which I attended. "Take prisoners as a good example", she said, "I don't think the problem is that people are hard to reach, prisoners, for example, are not hard to reach at all. There they are we've got contact with them straight away. I think what the real problem is that these people are hard to hear. And we should actually be hearing them rather than labelling them as hard to reach.'

'If only certain truths are represented, if alternative viewpoints are silenced by exclusion or suppression, and if one set of voices is heard more loudly than those of others (those of the wealthy, for example, or of a particular ideological orientation), then "public" interest suffers.'

Michael Edwards *Civil Society*³⁴¹



Proponents of dialogue and deliberation seek to enhance the inclusiveness of such processes, often as a matter of justice as well as with the hope of generating better outcomes. In addition, deliberation can also potentially contribute to building solidarity, both among people who have been marginalised, and between them and other social groups (illustrated by the example in Box 4.6).

Other examples of civil society associations that seek to engage people who may be excluded or absent from participatory or deliberative activities include ATD Fourth World.³⁴² Based in London and part of an international movement, it aims 'to empower people experiencing poverty to access and exercise their fundamental rights, to have their voice heard and so lead to fulfilling their potential', as well as to create greater awareness of

the realities of chronic poverty in society at large. The strategies used include offering 'people experiencing poverty the opportunity to express their views and offer solutions to issues affecting their lives by running participatory policy projects'. Oxfam UK also works with poor communities to strengthen their voices and enhance their confidence to demand change – as, for example, in the case of Sunny Govan Radio in Glasgow, which is 'helping local residents give voice to the poverty they are experiencing and the confidence to demand change'.

Given that people are not formally engaged in democracy until the voting age of 18, civil society activity that engages young people in decisions that affect their lives (as illustrated in the example in Box 4.7) is also critical. While civil society associations

Box 4.6 Community Organising – the citizen perspective

London Citizens is a broad-based organisation comprised of faith groups, trade unions, schools, universities and community groups. It seeks to organise communities that are diverse in terms of ethnicity, faith and class in order to effect social change. Recent initiatives have focused on a 'living wage' for London workers and on the idea of granting an amnesty for undocumented workers in the UK – the 'Strangers into Citizens' campaign.

Dialogue and deliberation are facilitated by full-time organisers, who continuously hold both one-to-one meetings with affiliates and/or potential affiliates, and local caucuses that feed into the larger assemblies of the whole organisation.

This process is illustrated by the Lunar House Inquiry, set up by South London Citizens in 2004. Lunar House is the Home Office building processing asylum and immigration applications. In one local meeting in Croydon, South London, a priest told a story concerning a parishioner's treatment at Lunar

House. At the same meeting, there was a person who worked at Lunar House who tried to explain the difficulties the staff faced on a day-to-day level.

The full-time organisers then took these testimonies from caucus to caucus and found that many affiliates had individuals who had experienced similar poor service provision. At the first South London Citizens' Assembly, the organisation agreed to set up an Inquiry into service provision at Lunar House. Crucially, the input of staff, users (migrants) and civil society associations working in the field meant that the Inquiry report findings were able to integrate the multiple perspectives and make recommendations for change.

In this case, what started as a local dialogue broadened into a deliberative process that engaged different groups on a common issue and was followed up by appropriate action.

www.londoncitizens.org.uk

play important roles in engaging diverse voices in decision-making processes or in setting agendas for change, the relationship between civil society associations and the state affect whether dissenting or marginalised voices are heard. As illustrated overleaf, concerns about civil society’s relationship with the state were expressed by civil society leaders at a 2009 Inquiry event in the Republic of Ireland.

‘Young people are not merely citizens in waiting. It is imperative that we hear their voices and concerns. They should be given the chance to shape the world they wish to grow up in.’

Rajeeb Dey, Inquiry Commissioner



Box 4.7 Participation Works and the Scottish Youth Parliament

Participation Works enables organisations to effectively involve children and young people in the development, delivery and evaluation of services that affect their lives. It is a consortium made up of the following six agencies: the British Youth Council, Children’s Rights Alliance for England, National Children’s Bureau, The National Youth Agency, National Council for Voluntary Youth Services and Save the Children – England.

Participation Works believes that children and young people, and individuals working with them, should understand the importance of human rights, and organisations, agencies and services are working towards the full implementation of the United Nations Convention on the Rights of the Child. Collectively Participation Works has developed a comprehensive service provision

for organisations and individuals who work with children and young people up to the age of 25. It offers training and consultancy; a national network of participation workers (the Participation Works Network for England); and an online gateway, www.participationworks.org.uk, that offers a wide selection of information, the latest news and supporting resources on participation.

www.participationworks.org.uk

The **Scottish Youth Parliament** empowers young people by involving them in decision-making processes. It does this through its members (MSYPs) who are elected young people aged between 14 and 25 representing different areas and voluntary organisations from across the whole of Scotland.

www.syp.org.uk

‘The community sector, organised within communities experiencing inequality, provides key voice to this dissent. These organisations offer a space where individual experiences can become shared interests. They offer a platform from which to articulate these shared interests of groups experiencing inequality, from which to seek to negotiate change and from which to hold the powerful to account for these inequalities.’

Niall Crowley, former Chief Executive Officer of the Equality Authority, Republic of Ireland



Civil society and dissent – voices from an Inquiry event on ‘Civil Society: Enabling Dissent’ in the Republic of Ireland

Oonagh McArdle, Community Workers Co-operative, Republic of Ireland:

‘A key force which inhibits dissent in Ireland is the lack of understanding and outright resistance by the government and civil servants, towards the role of civil society in an advanced democracy.’

Community organisations are compromised – by being partners with the state, depending on them for core funding, and at the same time challenging its policies and practices. For obvious reasons and often unconsciously, groups have begun to censor themselves.

From national down to local level, many civil society groups, rather than representing an alternative view or ideology are keeping their heads down, avoiding working in solidarity with those most marginalised, and are afraid to challenge. This fear of reprisal has sometimes meant that economic survival is more important than the vision to which we claim to aspire. There is a danger that we are becoming agents of government rather than agents of change. If we are agents of government, then what happens to the voice of the marginalised? Who speaks for the marginalised if this community sector mechanism is turned on its head?’

Sr Stanislaus Kennedy, Sister of Charity and founder of Focus Ireland:

‘Attempts to stifle the voices of those who advocate on behalf of the voiceless in our community are not new. Nor are they unique to Ireland. Sometimes overtly, sometimes through more refined and subtle means, pressure is brought to bear on those whose work at times entails public statements critical of government policy.’

There is a worryingly wide range of methods used in Irish society to stifle the voices of those who advocate on behalf of the marginalised:

- *the introduction of legislation, such as the Charities Act, which won’t allow new organisations which state that one of their aims is to advocate in relation to human rights, to be registered as a charity*
- *cutting funding to organisations who cause embarrassment or discomfort or who challenge the status quo*

- *including clauses in funding contracts – or employment contracts – which prevent organisations or individuals from speaking out*
- *using anonymous “official sources” to discredit the work of NGOs in the media*
- *making state-funded organisations seek clearance for press releases or publications from government departments before they are released*
- *creating and fostering an environment where there is a prevailing perception that dissenting views are unwelcome or, at worst, disadvantageous for an NGO’s client base.*

Some of these are deliberate policy decisions by the government, but others rely on the help, willing or otherwise, of others to be effective – the media or even the NGOs themselves. This is not a sign of freely accepting a muzzle, but of the very difficult and stark choices that sometimes must be made.’

Niall Crowley, former Chief Executive Officer of the Equality Authority, Republic of Ireland:

‘Ireland is currently characterised by significant and persistent inequalities. These inequalities of wealth and income, power and influence, and status and standing create a context where dissent and the search for an alternative model of development are necessary and urgent. However, such dissent is never easy.’

Dissent in relation to equality issues is trivialised when it hits the rock of a dominant common sense about the nature, position and status of different groups in society – a common sense founded on stereotypes, myths, false assumptions and a social conditioning for inequality. Dissent meets backlash when it begins to threaten vested interests and to put our current model of development under scrutiny.

The community sector, organised within communities experiencing inequality, provides key voice to this dissent. These organisations offer a space where individual experiences can become shared interests. They offer a platform from which to articulate these shared interests of groups experiencing inequality, from which to seek to negotiate change and from which to hold the powerful to account for these inequalities. However, the capacity of community organisations to dissent has been attacked and compromised – in particular by the state with an agenda of control and forced consensus.’

4. Citizens benefit experientially from participation – this learning can empower future engagement

The civic empowerment that greater participation creates is often cited by civil society associations as an important benefit in itself. Participation begets future participation. The trade union movement, citizen organising institutions, community development models and international development agencies all aim to empower individuals and groups to develop their future political agency. Groups based on the approach of community organising inspired by Saul Alinsky – London Citizens, Together Creating Communities Wales, ChangeMakers (see Box 4.8) – explicitly work at enhancing people’s sense of agency and power.

The key skills of rational dialogue, active listening, campaigning, advocacy, organising and problem-solving that are critical to participatory democracy are best learnt experientially. Trade unions, political parties, campaigning and advocacy groups have all sought to enhance the skills and experiences of people so that they are better able to influence decisions that affect their lives. Nurturing and growing both the institutions that provide opportunities for experiential learning, and thereby the skill-base for deliberation, is a key challenge if a more deliberative democracy is to develop.

Some civil society associations also offer training, such as the St Ethelburga’s Centre for Reconciliation and Peace in London, to develop peoples’ basic skills in deliberation. The Director, Simon Keyes, suggested at an Inquiry event that deliberative skills are not simply an issue of education. Many well-educated people lack the basic skills of active listening, rational argument and the mindset to deliberate effectively.

‘Creating the best space for civil society to flourish is a benefit to everyone regardless of their political views.’

Seamus McAleavey, Inquiry Commissioner



5. Deliberation across difference and diversity can break down prejudice and build mutual trust and understanding

Participation and deliberation on matters of public policy that are inclusive and able to engage diverse groups provides an opportunity for participants to grow their own social capital and the social capital of a locality. However, in some areas of the UK and Ireland, there are either deep divisions or indifference between communities. For many people, social contact outside their identity group or social class is very limited, which can have serious effects on efforts to build social cohesion.

That said, encouraging people to engage with experiences and views that are different from their own is important for communities and society in confronting the challenges they face. It matters because responding to these challenges in ways that avoid authoritarianism, violence or exclusion requires engagement across divisions. It matters because ‘for our public services to be sustainable, we need to think societally’.³⁴³ It matters because: ‘for our public realm to be restored to the discursive state in which it must exist, we require spaces in which we are comfortable in confronting those of a dissimilar persuasion – we need to do more than simply surround ourselves with like minds.’³⁴⁴

Box 4.8 ChangeMakers

ChangeMakers, a project of Church Action on Poverty, develops the capacity and skills of people from disadvantaged communities across England. Using broad-based community organising and leadership training, it enables people to identify and meet their needs, so that they can participate more fully in local regeneration processes, in the development of effective local and national urban policy, and society in general.

www.church-poverty.org.uk/projects/changemakers

The experience of engaging with those of a dissimilar persuasion or another faith, ethnicity or culture can be positive and transformative. A study of citizen deliberations in the United States found that over half (53%) the participants changed their mind on issues. A larger percentage (71%) said that they had second thoughts, and more than three-quarters (78%) said that they encountered viewpoints different from their own and they thought these views were good.³⁴⁵ This illustrates and confirms the basic premise of social contact theory: that contact with others is helpful in breaking down prejudice and building mutual trust and understanding.

*'Democracy happens and just policy outcomes are made more likely through such border-crossing, not by creating unanimity so much as by bringing participants to see themselves and issues in new ways, understand their interests more inclusively of those of others, and viscerally experience the humanity they share with those others.'*³⁴⁶

Yet one of the key concerns raised throughout the Inquiry's work included the potential for increasing fragmentation in society and the lack of opportunities for meaningful deliberation where people 'talk across difference'. In a society in which individualism is a prominent feature, promoting and encouraging collective decision-making through deliberation is a real challenge.

*'We chat behind closed doors and with close friends, and we engage with matters that interest us online, but in groups and among friendship circles in which conversation is safe and reinforcing, rather than challenging and changing. Talk "behind closed doors" is not a problem in itself. It becomes a problem when it is disconnected from more public conversations, when being social, that is "living together in numbers", is a substitute for being societal, thinking and acting in ways that will help us to continue to live together.'*³⁴⁷

‘Government follows rather than leads when it has to make unpopular decisions. Civil society creates the space that allows them to be brave.’

Inquiry contributor



The robust and interactive pluralist public sphere essential to a well-functioning democracy requires 'public' conversations, in which 'we talk with others who might not share our opinions. Risk, in this context ... is the challenge of being open and exposing your opinions and attitudes to scrutiny. This process is difficult but, at the same time, it is necessary if we are to live together equitably, democratically and cooperatively.'³⁴⁸

Social cohesion is high on the public policy agenda. However, the UK community cohesion debates seem to be more focused on issues of race and faith. This is in stark contrast to the concerns highlighted throughout the Inquiry events that saw growing inequalities as the key social cohesion challenge. Research by Manchester University shows that social class, not ethnic diversity is the main explanatory factor for low levels of social trust: 'Roughly three-quarters of the diversity effect in the UK is the result of poverty and social class rather than racial differences.'³⁴⁹

The importance of class for social cohesion is also recognised in the recent UK Equality Bill (2009) and the inclusion was welcomed by the Equality and Human Rights Commission (EHRC).

*'We welcome the Government's decision to require strategic public authorities to consider socio-economic disadvantage in the planning and monitoring of the services they provide. The Commission was an early supporter of this provision because we believe that to ignore socio-economic disadvantage means you ignore some of the most deep-rooted discrimination in the UK.'*³⁵⁰

In December 2008, the Equality and Human Rights Commission commissioned the Institute of Community Cohesion (iCoCo) to produce a conceptual basis for a measurement framework for good relations. This included a literature review, a policy seminar and interviews to discuss emergent findings with academics, policy-makers and practitioners.

'There was strong and widespread support for the view that the framework should try to cover socio-economic or class differences even though this was not one of the Commission's designated groups. Divisions in terms of class and wealth were seen as deep-seated and often creating more fundamental barriers to good relations than race, religion or belief, or other issues. Class was one of the few areas where open prejudice seemed to be acceptable (frequent references to "chavs" etc.) and it was even suggested that the Commission might have a role in challenging class prejudice.

Therefore, the firm recommendation from iCoCo is that any consideration of good relations should take into account issues of socio-economic or class differences. A GRMF [good relations measurement framework] without measuring the fundamental social divisions by wealth and income would lack credibility. This conclusion has also been reinforced by the inclusion of socio-economic status in the new Equality Bill.³⁵¹

This suggests that the narrow focus on faith and ethnicity that has marked the community cohesion debates in the UK needs to be balanced by considerations of poverty and inequality. That is not to say that 'bridge-building' motivated by, for example, faith (see Box 4.9) is not important, but bridges and interaction are required across all societal cleavages.

Box 4.9 Bridge-building motivated by faith

St Ethelburga's Centre for Reconciliation and Peace in London – 'a Christian foundation with a mission of radical hospitality towards people of other faith traditions' – has used unique and experimental physical spaces to host encounters between people from different spiritual traditions that have explored disagreements as well as common ground. Blackburn Cathedral employs a Muslim Dialogue Development Officer to facilitate dialogue on potentially controversial issues and encourage people to ask each other difficult questions in a spirit of honesty. City Circle in London, led by British Muslims, is 'an open circle for open minds' that holds weekly events that aim to 'provide an atmosphere where individuals are pushed to think outside the box'. The Forum for Discussion of Israel and Palestine, meanwhile, specialises in the specific task of 'host[ing] and facilitat[ing] sensitively inter-faith dialogue on the Israeli–Palestinian conflict, within and between Jews, Christians and Muslims in the UK'. This work is motivated by the recognition that while this particular issue generates passionate responses it

can, if not tackled constructively, lead to dangerous levels of polarisation.

Faith is seen as part, but not a key part, of identity in the Intercultural Leadership and Communication School (ICLS) managed by Active Faith Communities based in West Yorkshire. The ICLS model – inspired by work in the former Yugoslavia – takes young professionals on a four-day residential course where there is a mixture of training in conflict resolution, media skills and leadership/ social change, alongside space to explore identity, and different and shared perspectives of locality, and to ask the 'burning questions' that participants wouldn't normally feel able to ask. The original ICLS West Yorkshire programme privileged religious faith or lack of it as the key aspect of identity to explore through inputs to develop religious literacy. Now, the ICLS encourages participants to choose their own 'identity ingredients' instead, and to consider how these might change in different contexts. Creating a space where people feel able to explore and disagree is a key aspect of the ICLS.

But how do you bring people together? The example of the Developing Good Relations initiative in Box 4.10 is just one of many examples of the contribution civil society associations make to address this challenge.

Box 4.10 Developing Good Relations in northern towns and beyond

In Burnley, local people and agencies have been working with the support of the Belfast-based Mediation Northern Ireland on a programme to 'develop good relations'. This is an innovative programme, introducing new elements to familiar processes of community engagement and work for cohesion.

The Good Relations Programme is defined by an understanding of the importance of unpacking and exploring difficult and contentious issues and the fact that this requires practitioners who are well trained and supported, are 'sure-footed' and confident in their role.

Good Relations aims to support sustainable social change; works on large-scale multi-party disputes or tensions at a societal level; and creates safe spaces for managed dialogue to encourage better understanding. It is made up of four strands of work: civic diplomacy; the development of structures and mechanisms; training of practitioners and raising awareness of civic mediation principles; and direct work on projects and cases.

From the work in Burnley, and similar work that has been taking place in Oldham, there is now an intention to develop a hub to promote and support the development of civic mediation in the north-west of England and more widely. This initiative has managed to bring the British National Party and local black and minority ethnic communities into this process.

How do you bring people together?

Findings of the Inquiry's work that explored the diverse roles of civil society associations in 'bridging' social capital.

To explore the roles and challenges of bringing people together, the Inquiry co-hosted a series of events with the National Council for Voluntary Organisations (NCVO) on bridging social capital.³⁵²

The events included civil society representatives, academics and policy-makers. The presentations looked at bridging institutions, conflict resolution, equality and social capital, education and learning and social capital, intergenerational initiatives and social cohesion.

Why bridge?

Public policy interest in social capital has been prominent for a number of years, although perhaps less explicitly recently. It was Robert Putnam's work on social capital that first captured the imagination of New Labour, particularly the distinction he made between bridging and bonding social capital. In an increasingly diverse Britain, bridging was considered important because connections between people of different backgrounds were seen as contributing to generalised trust and other shared social norms.

Building bridges to strengthen social cohesion

The UK government has referred to the idea of bridging in public policy as a way of encouraging greater social cohesion and promoting community relationships across divides, particularly those based on faith and ethnicity. More emphasis has been placed on social cohesion since the disturbances in the North of England in 2001 and the publication of the ensuing Cantle Report, which highlighted how some communities were living parallel lives and not interacting. Britain's multicultural model was criticised for encouraging separateness, and these criticisms have led to a gradual policy shift towards integration rather than diversity. After the 2005 terrorist attacks in London, debates about social cohesion became more connected to the issues of Islamic extremism and counter-terrorism. In response to these attacks,

the government set up the Commission on Integration and Cohesion to ‘consider innovative approaches looking at how communities across the country can be empowered to improve cohesion and tackle extremism’.

There has also been increased government and public focus on migration since the accession of a number of Eastern European countries to the European Union. The scale and spread of accession migration have been unprecedented and have contributed to a growing perception that society is increasingly fragmented.

Avoiding or resolving tensions and conflict

Finding ways of bridging communities is considered important to prevent the emergence of tensions and conflict as a result of this. Bridge-building policies and activities have been designed with the view to reduce prejudice and hostility between different groups and help people live together peacefully. The need to bridge has been felt particularly strongly where there is an open breach between communities, as in Northern Ireland.

Engagement and empowerment

More recently, there have been growing concerns that the changing demographic structure and the rise in the number of older people could lead to a widening gap in understanding between generations. With the increase of the age-dependency ratio (that is, the number of economically active workers per dependent), equity between generations may in the future no longer exist and this could provoke tensions. Building bridges between people of different ages is seen as one of the ways of addressing this potential threat by bringing together the young and the old to learn from one another, encouraging mutual support and fighting against stereotypes. The theory underpinning bridging is that it can benefit individuals as well as communities and society more generally. Bridging is referred to explicitly mostly in the context of social cohesion. However, it is also present, perhaps more implicitly than explicitly, in debates and policies around collaboration and engagement which have been championed by New Labour. For instance, the development of new forms of governance and

partnership working has meant that organisations and individuals now work more than ever across sectoral boundaries. Even though there are many challenges associated with these changes, they provide opportunities for interaction and exchange, and this can empower communities and individuals previously excluded from decision-making processes.

Key findings from Inquiry events:

The primary point of contention was on whether bridging should focus on difference or on commonalities.

The Institute for Voluntary Action Research (IVAR), for example, highlighted that the activities of organisations involved in grassroots bridge-building are shaped by a focus on what they have in common. IVAR’s aim is to provide a range of social, educational, cultural and sporting activities which bring different communities together to improve community relations. This sentiment was echoed by the Institute for Community Cohesion, for whom the multicultural model of race relations focuses too much on differences, and this has resulted in increasing fragmentation.

In Northern Ireland, the priority given to the exploration of commonalities through shared experience has been challenged by research showing that sharing experiences has only led to functional integration – where people agree to work across boundaries around shared interests on the understanding that differences are not discussed. Where there is conflict, however, functional integration can be a shift in the right direction.

Duncan Morrow (Community Relations Council, Northern Ireland) and Simon Keyes (St Ethelburga’s Centre for Reconciliation and Peace) were keen to stress that both difference and diversity need to be explored and that this exploration is good for both social cohesion and social capital. The important focus for them is to build relationships in spite of difference – rather than create a fragile functional integration that might crumble when the realities of difference can no longer be ignored.

continued ...

... continued

The key objective for them is that, as a society, we must move towards an environment where disagreement success is the norm. Disagreement success is where bridging does not rely on common ground or consensus but rather aims to develop both solutions and relationships across divides. We currently inhabit a world where disagreement failure is the norm and this has serious implications for the development of a more deliberative democracy. Disagreement failure is the avoidance of dialogue on thorny issues in order to maintain or manufacture harmony. Duncan Morrow commented:

'To be honest the work I have been involved in was almost destroyed by the notion that its primary purpose was harmony that good relations is primarily about harmony. Progress in Northern Ireland looked not like instant harmony but actually involved finding the places where the hard issues can be addressed. There was no way for us to talk about a future we could all share without talking about the police, without talking about paramilitaries, without talking about the distribution of goods and power, and every time we did it we risked harmony. Progress is measured by seeing more people talking about these things in the right places and in an atmosphere that we all might survive and be brought along by the answers.'

Overall, this initiative found that civil society associations are well placed to build bridges, but that bridging is a shared responsibility and many actors have a role to play. Schools and workplaces where people interact with one another can promote better understanding of diversity and difference. Public services are particularly important. If people feel that there is equal and fair access to local services, they will start thinking they live in, and belong to, the same place. Debates on diversity and social cohesion are hard to separate from the wider social justice and equality debate. The risk of tension and conflict is higher if people suffer discrimination and marginalisation from social, economic and political opportunities.

The critical importance of civil society activity

Civil society associations have been central to the development of democracy, pushing for change and inculcating democratic habits and norms such as notions of political equality, voice and scrutiny. Civil society associations provide people with the opportunities to deliberate the ends and means of a good society and enable people to reconcile differences peacefully. They are also an essential complement that both supports and challenges formal political institutions and engenders the skills, knowledge, attitudes and norms necessary to make such deliberation effective.

They have two other characteristics that put them in a good position to help develop public participation deliberation and the spaces in which it can take place. The first is their independence from governments and the second is their reach to diverse constituencies, including those that are less involved in formal democratic processes:

'Deliberation must always be anchored and controlled from outside officialdom to some extent if it is to address issues—and solutions to issues—that are controversial and threaten to significantly upset the status quo.'

*Officially sanctioned and organised deliberation will naturally tend to be limited to those issues and solutions with which officials are comfortable. And should issues and solutions uncomfortable to officials make their way onto the policy agenda through the efforts of enterprising citizens, officially controlled deliberation is likely to be conducted in a less than whole-hearted fashion. Thus, relying solely on institutionally-based solutions to the problem of power invites the very distortions and dangers of agenda-setting, exclusion, constraining rules of engagement and the like that [the critics] warn about. In short, if one way to connect public deliberation to processes of political and societal change is to make official institutional practices more inclusive of public deliberation, another is through citizens, groups and coalitions learning to leverage deliberation on behalf of democratic change from the position of civil society.'*³⁵³

Civil society associations, in their many guises, have a number of instrumental roles to play in developing a more engaged democracy. The key objective of much civil society activity, whether the aim is to influence policy or formal democratic structures, or to set agendas ‘from below’, is to bring in people and perspectives to public political debate in order to challenge and scrutinise political elites and political institutions. Civil society associations are very well placed to open public conversations and deliberations on contentious issues: conversations that are often difficult to hold and that state actors may shy away from or are unable to convene. The role of civil society in Northern Ireland convening difficult conversations involving ex-paramilitaries is just one example. Civil society associations are therefore important in widening enfranchisement and democratic engagement.

Beyond their characteristics of independence and reach, civil society associations are also central to developing and piloting new models of participation.

Developing new models of participation and deliberation

Many existing models of participation and deliberation highlighted in this chapter and illustrated in Box 4.11 were developed by civil society associations. Some of these are now being applied by public bodies.

As Box 4.12 shows, civil society associations are also pioneering ways in which the internet can be applied to enable participation and deliberation.

Box 4.11 Tools for participation and deliberation

The King Baudouin Foundation in Belgium has developed a toolkit that includes a number of participatory methods,³⁵⁴ such as: 21st Century Town Meeting®, Charrette, Citizens Jury, Consensus Conference, Deliberative Polling®, Delphi, Expert Panel, Focus Group, Participatory Assessment, Monitoring and Evaluation, Planning Cell, Scenario Building Exercise, Technology Festival and The World Café.

Can activist forms of politics enhance deliberation?

Many activists express reservations about ‘talking shops’ that do not visibly lead to action and change. The reasons for this include concerns that more powerful and socially advantaged actors have greater access to deliberative process and are therefore able to dominate the proceedings.³⁵⁵ There are also concerns that deliberative processes, especially when they are tied to the policy-making, operate within narrow parameters that inhibit more radical questioning.

Yet the findings of the Inquiry’s exploration of this area found that activist forms of politics can enhance deliberation. While it may be difficult to do both at the same time, both are integral to struggles for social and political change that seek to ‘get rid of existing evils without landing us finally in some form of coercive

control from above and outside’.³⁵⁶ Contentious collective action can put new issues and actors on to the public agenda, challenge complacency and broaden the range of alternatives for consideration. Sometimes people and organisations engaged in struggles for ‘another world’ pioneer and model new ways of interacting. Participatory budgeting and Social Forums are examples of important innovations motivated by struggles for justice.

Deliberation can also support activist politics, especially for those groups that have no agenda beyond realising the results of deliberative processes – the fruits of deliberation become the agenda. So operating on either side of deliberation, activist politics can bring issues, perspectives, and groups and individuals into deliberative forums and can then use the results of these to campaign on. The principles of community organising fit well with this type of deliberative activism.

Box 4.12 Face to face or online?

Most accounts of dialogue and deliberation are based on the assumption of face-to-face encounters between participants, and online methods tend to be regarded as a 'peculiar form' of deliberation. As a recent report by the Deliberative Democracy Consortium points out, however, it is time to 'give deeper attention to online methods' – not least because online forms of deliberation are likely to be cheaper and can potentially be accessed by a greater number of participants.³⁵⁷

Interesting and pioneering examples of online dialogue and deliberation have been hosted by Web Lab, 'a New York-based, non-profit think tank'.³⁵⁸ Founded in 1997, Web Lab has developed an online method for 'small group dialogue' that has been used – with very encouraging results – to engage participants in dialogue on a range of topics, including the Clinton impeachment process, inter-racial relationships, the aftermath of 9/11 and the redevelopment of Ground Zero, and education reform. A key characteristic of its work is to enable 'dialogue across difference'.

Web Lab's experience suggests that online dialogue and deliberation, if organised well, have significant potential, including some advantages over face-to-face encounters. Participants tend to communicate across differences and disagreements both honestly and constructively, sharing deeply personal stories and experiences, and supporting each other through the process even without facilitation. Online communication can give participants the time and space to make fuller contributions than they might in face-to-face situations. The online environment also offers the opportunity to access and share information in ways that are not necessarily available offline.³⁵⁹

Nevertheless, there are still challenges associated with online dialogue and deliberation. Perhaps most significant are the issues of (in)equality of access to the web, relevant internet and writing skills, and

confidence in posting messages. Studies of the Web Lab experiments show that, while the gender and ethnic distribution of participants have varied in relation to the topic, a disproportionate number of participants have been well educated and comparatively well off.³⁶⁰ The field of online dialogue and deliberation is still developing; new experiments and research are contributing to this development.³⁶¹

New forms of communication open up significant possibilities for civil society associations. They make it far easier for civil society associations and social movements to access information, exchange perspectives, build solidarity and co-ordinate action with others across geographic boundaries.

Examples of civil society associations that have developed online tools for people to engage with democratic processes include **www.mysociety.org**, which builds websites that give people simple, tangible benefits in the civic and community aspects of their lives. It also aims to teach the public and voluntary sectors, through demonstration, how to use the internet most efficiently to improve lives. Connected with this initiative is **www.theyworkforyou.com**, which seeks to bridge the democratic disconnect between Members of Parliament and their constituencies. **www.opendemocracy.org** publishes news analysis, debates and blogs. It is not about any one set of issues, but about principles and the arguments and debates about those principles. openDemocracy believes there is an urgent need for a global culture of views and argument that is: serious, thoughtful and attractively written; accessible to all; open to ideas and submissions from anywhere, part of a global human conversation that is not distorted by parochial national interests; and original and creative, able to propose and debate solutions to the real problems that we all face.

Combining activism with deliberation

Although they are central to the development of participatory methods, some civil society associations find deliberative politics problematic. This is particularly the case for those that have a substantive agenda. Deliberation can be seen as a ‘side-show’ taking away precious time and resources from the core role of advocacy and campaigning. In addition, the uncertainty of outcomes makes an investment in deliberative processes difficult for some. So deliberation can be seen as the antithesis of action and activism. Yet activist forms of civil society activity and deliberative processes can be mutually beneficial.

A more participatory and deliberative democracy requires a deeper understanding of power

At the heart of this chapter, and of this report, are issues of power. The overriding finding of the Inquiry’s work is that power is best exercised in open and transparent ways; ways that are influenced by a plurality of interests and values. Monopolies of power are anti-democratic and often produce less responsive, disconnected institutions. This leads to policies and practice that are increasingly remote from the real needs of society.

The overriding finding of the Inquiry’s work is that power is best exercised in open and transparent ways; ways that are influenced by a plurality of interests and values.

A conventional understanding of power assumes that contests over interests are visibly negotiated in public spaces with established rules. These public spaces are often viewed as an even playing field where logic, factual information and power of persuasion and persistence are vital to winning compromises. However, necessary as they may be, such processes often fail to recognise the underlying power dynamics that have a huge impact on people’s ability to participate and on the outcomes. Tackling inequalities and discrimination is therefore critical to strengthening the public sphere, to levelling the playing field for meaningful participatory and deliberative democracy, and to creating a good society.

Furthermore, power does not reside solely with elected representatives. As illustrated throughout Part 2 of this report, it resides in corporate boardrooms, in shareholder annual general meetings, in the tabloid pages, and also within civil society associations themselves.

The roles of civil society associations in enabling more participation and deliberation in relation to all forms of power, not just with democratically elected representatives, is therefore critical to a healthy democracy. As the Commission has argued throughout this report, to make society good, and to make good what we have lost, there needs to be a fundamental rebalancing of power between civil society, the market and the state.

To make good what we have lost, there needs to be a fundamental rebalancing of power between civil society, the market and the state.

Part 3: Conclusion



Today, there is the possibility, as never before, to put civil society at the heart of things.

Ballynafeigh is a neighbourhood of some 5,000 people in south Belfast. It grew up around its four churches and today is mixed both in social and religious terms. Strong social capital made it a good place to live, pushing up house prices and making it a community which attracted migrants, including the long-standing Chinese community.

At the heart of Ballynafeigh is the Community House, headquarters of the Ballynafeigh Community Development Association (CDA), set up in the 1970s to hold the community together when others were falling apart. The CDA remains the glue of the community, helped by collaboration between the four churches. It is also a hive of activity.

Ballynafeigh is proof of the difference that civil society can make even in difficult environments. This is not so unusual. There are many places where civil society helps communities find peace instead of conflict, economic revival instead of decline. Usually, you find a few decisive institutions at work there. And usually, too, you find a few decisive individuals, steered by having to fight for what they believe, often with an irrepressible sense of humour.

Our aim in this Commission has been to ask how the people and organisations that hold so many communities together can be strengthened, to explore how they can better shape the future, and how the insights that they bring can be as visible, and as much part of our daily life, as the latest fluctuations of the stock market, celebrity gossip or other issues that dominate much of what we see and hear.

For most of the last century, civil society was seen as a generally good thing, the realm of good works and altruistic actions. But it was marginal to what

was assumed to be the much more important work of businesses and governments. It was seen as well intentioned but often incompetent; well suited to very local needs for care and compassion, but not for the big challenges; attractively diverse, but by the same token, incapable of ever speaking with a single voice.

Today, there is the possibility, as never before, to put civil society at the heart of things. Civil society remains messy, uneven and heterogeneous. But it has shown that it can be as efficient and effective as business or government. It has shown that, on some of the biggest issues, such as climate change, it has been more attuned to what needs to change. And it has evolved some very consistent values and beliefs.

These characteristics allow civil society to make its case more confidently than before. They also allow it to take a step forward and make bigger arguments about the need for a balance between the three foundations of the market, government and civil society. As a society, we have become painfully aware of the risks of an economy which is too narrowly based and does not include a healthy social economy of co-operatives, mutuals and social enterprises alongside for-profit firms. Business without a strong civil society is more vulnerable, less adaptive and less efficient. Experience has shown that democracy cannot thrive unless the formal institutions of parties and parliaments are matched by less formal institutions of scrutiny and activism. Politics without a lively civil society lacks vigour and public confidence. Evidence shows us the limitations of public services that are not supported by a penumbra of community organisations, mobilising ideas, help, campaigns and innovations. Government without civil society as a strong partner is poor at meeting or even spotting needs. Too big a state crowds out enterprise and initiative. Too big a market crowds out compassion and co-operation.

These insights are reinforced by the sheer scale and scope of civil society activity. Across the developed world, the economic size of civil society has been growing at roughly double the rate of the economy as a whole.

The Commissioners' optimism for a better balance between market, state and civil society is also grounded in the extraordinary flowering of evidence in recent years of the importance of civil society, social networks, social capital and community activism to our quality of life – from increasing life expectancy, to cutting crime, to economic prosperity. Civil society has also found new energy in the dynamics of globalisation: examples include global campaigns, the philanthropy to be found within diasporas, and technologies that have made it dramatically easier to organise like-minded people in a common cause.

Civil society, rather than mainstream business or government, often appears to be the place where the future is being created. Peter Sellers wrote of the arts that they provide 'windows into realities under construction', and it is in civil society that you find the most radical experiments with health care, urban farming, therapy, renewable energy, and education, often decades ahead of business or the public sector. It is civil society associations, not political parties, which now drive the periodic revolutions, and attempted revolutions, that are continuing to transform the world, from Ukraine to Iran. The most radical parts of the internet, from the open source movement and creative commons to the activists innovating around social networks, all see themselves as part of civil society. And when the world comes together around big issues like climate change or debt, it is increasingly civil society that sets the agenda far ahead of the negotiators. As T. S. Eliot wrote, 'only those who will risk going too far can possibly find out how far one can go.'

After a period when public debate has been dominated by the idea that people are at root selfish, acquisitive and materialistic, there is now a much more realistic appreciation that they are just as likely to be altruistic, compassionate and social, and that a good society finds outlets for these motives. It is in civil society that people's values of care, compassion, equality, solidarity and justice find their best expression. Civil society is where we express 'we' rather than just 'me', where we act with others rather than only doing things for them or to them.

Civil society may appear to be about the soft things in life, far removed from the hard choices of fighting crime, or creating economic wealth. But a multi-million dollar, multi-year study undertaken in Chicago in the 1990s³⁶² looking at why similar places had both high and low levels of crime found that 'by far the largest predictor of the violent crime rate was collective efficacy'. By that they meant a sense of shared responsibility and power. That could translate into everyday actions, like intervening if they saw a child being bullied by another child. But it also stemmed from a 'shared vision, social trust, a sense of engagement and ownership of public space'. The key factor was not how well the police managed to crack down on crime, but rather how well residents themselves were able through informal means to achieve public order.

The Commission believes that collective efficacy lies at the heart of what needs to change if we are to cope with climate change, a turbulent economy and a compromised political system. The links between common vision and everyday social trust now need to be remade. And that can only happen if civil society moves from being the often neglected, patronised and impoverished relative of the state and the private sector to a role of equal importance.

Civil society, rather than mainstream business or government, often appears to be the place where the future is being created.

But will this moment be seized? There are strong motives for vested interests to pay lip-service to civil society, but to carry on as before. Civil society's strength is its breadth and commitment. But its weakness is that it lacks the power or money of the other sectors.

Our aim here has been to set out some of the elements of a connected series of changes that together could strengthen civil society and, in so doing, strengthen many other parts of our public life. In particular, we have focused on the need to grow a more civil economy, enable a rapid and just transition to a low-carbon economy, develop a more democratised media and strengthen participatory and deliberative democracy. In each of these fields, we have highlighted how such goals might be achieved with stronger roles for civil society associations. Strengthening civil society so that these goals might be achieved, broadly speaking, requires the following actions to be taken by the following parties:

Politicians and parties need to protect civil liberties and the freedoms of expression, association and assembly, to free civil society from unnecessary constraints and regulations, and to put in place the relevant foundations for civil society to play a fuller role in the financial industry, the transition to a low carbon economy and the reshaping of the media. Governments should also create very local democracies, which means a massive shift of power to communities. Attention should also be given to supporting and building on the innovative civil society activity that provides some of the solutions to society's most pressing problems, from local energy schemes, to tools for strengthening participation and deliberation in decision-making processes.

We recommend to **business** that it recognise its potential for making society good, which includes the need for it to be more transparent and accountable. We also urge financial institutions to actively grow a more civil economy, underpinned by guiding values that emphasise responsibility, good governance, and human and environmental well-being.

We believe that **civil society associations** themselves should re-emphasise their values and strengthen their strategic appetite for change. Civil society has more to offer than just efficient service provision. Its energy comes from its values – of justice, equality, mutuality and responsibility – and from the hunger for freedom that has always animated them. Its energy also comes from the courage to voice dissenting views and take direct action. In every generation, these values risk being forgotten or blunted.

Inspired by the existing civil society activity, there is a need for civil society to increase the scale and scope of initiatives in several key areas: the financial industry; the democratisation of the media; and climate change and resource depletion, addressing these in a way that fairly distributes costs and benefits. And to achieve these goals, civil society associations will need to organise and to develop networks and alliances, from the very local to the global, to strengthen their voice.

To **philanthropic organisations** we recommend investing scarce resources in some of the places where they might have the biggest strategic impact. This will involve not only supporting civil society activities that positively influence the areas outlined above, but also investing their own assets in a way that stimulates responsible and social investment. It also means supporting civil society leaders and organisations that have the skills to bridge different agendas and perspectives.

Civil society associations in their modern sense grew up in opposition to hierarchy and power. They asserted people's fundamental equality. They asserted a belief that our lives are bound up with others and that we can best shape our world by acting with others, not doing things for them.

And to the **public, our fellow citizens**, we say don't wait for others. Power today can often seem distant. This makes it harder to launch revolutions, but all of us have power to achieve change, probably more than we realise. We can exercise power as activists, as voters, as consumers, as investors, as donors, and, even through the smallest actions, we can help create the future we want.

We do not offer a single prescription, nor do we claim that any one set of actors has the power to change society in its fundamentals. Change comes when many people and institutions are aligned.

However, there is a single underlying message. Civil society associations in their modern sense grew up in opposition to hierarchy and power. They asserted people's fundamental equality. They asserted a belief that our lives are bound up with others and that we can best shape our world by acting with others, not doing things for them, or to them, as illustrated by the anti-slavery movement with its slogan 'Am I not a man and a brother?'

That sense of civil society's fundamental interdependence remains at the core of global civil society, more than ever in an era of globalisation and environmental awareness.

That sense of trust, co-operation and community of interest needs to be rekindled after decades of atrophy and neglect. It needs to be asserted more strongly against the claims of separate and competing interests. It needs to be embedded in a more plural set of institutions where power is less monopolised and more open.

This has been a Commission about the future. But we can only see through a glass darkly. At a roughly similar point in the last great economic crisis, Winston Churchill wrote that 'the maps are out of date and the compass is broken'. That certainly feels true today. In this Commission, we have tried to suggest some of the new maps that we might need, and the broad direction that the compass might take us. But it will only be through vision, experiment, courage and working with each other, the hallmarks of the best of civil society, that that future, and a good society, can be shaped and discovered.

The Commission believes that collective efficacy lies at the heart of what needs to change.

‘We cannot take civil liberties for granted, these have to be argued for, defended, earned, and a vigilant and vibrant civil society, as well as engaged and informed citizens, are all important factors.’

Philomena de Lima, Inquiry Commissioner



Appendices

Appendix 1: Commissioner biographies

Geoff Mulgan (Commission Chair) became Director of the Young Foundation in late 2004. Between 1997 and 2004 he had various roles in the UK government including director of the Government's Strategy Unit and head of policy in the Prime Minister's office. Before that he was the founder and director of the think-tank Demos; a consultant and lecturer in telecommunications; an investment executive; and a reporter for BBC radio and television. Geoff is a visiting professor at London School of Economics, University College London and Melbourne University. His recent books include *The Art of Public Strategy* (Oxford University Press) and *Good and Bad Power* (Penguin).

The Rt Hon George Reid (Commission Vice-Chair) is a Privy Councillor and a former MP, Member of the Council of Europe, MSP and Presiding Officer of the Scottish Parliament. Between his time at Westminster and Holyrood, he was Director of Public Affairs of the International Red Cross and Red Crescent in Geneva, working in conflict situations and disasters around the world. In 1991–2 he led the Global Campaign for the Victims of War and has also acted as consultant to various international NGOs, particularly in the disability sector. Since his retirement from politics in 2007, he has chaired the Governance Review of the Northern Ireland Assembly and become a Trustee of both the Royal Edinburgh International Tattoo and of Culture and Sport Glasgow. In both 2008 and 2009 he was appointed Lord High Commissioner in Scotland, the Queen's personal representative to the General Assembly of the Church of Scotland. Currently, he is leading a strategic review of the National Trust for Scotland.

The Ven. Richard Atkinson OBE has been Archdeacon of Leicester since 2002. Previously he was Vicar of Rotherham (1996–2002) and Team Rector of Sheffield Manor (1991–6). He is Chair of Trustees of the St Philip's Centre for Study and Engagement in a Multi-Faith Society and recently completed an MA in inter-religious relations with a particular emphasis on faith literacy in the public sphere. He was independent Chair of the Braunstone New Deal for Communities Programme (2003–6); Deputy Chair of Places for People (1997–2005); and received his OBE for services to the unemployed in Rotherham. He is a member of the Church of England General Synod and was a Church Commissioner for seven years.

Kay Carberry CBE is Assistant General Secretary of the Trade Union Congress (TUC), having previously been the first head of the TUC's Equal Rights Department, set up in 1988. She has served on a number of government advisory bodies on equality, education, training and employment, and is currently a Commissioner of the Equal Opportunities Commission and was a member of the Women and Work Commission. She is a Trustee of Gingerbread, the People's History Museum, and the Work Foundation. Kay was a member of the Franco-British Council until 2009.

Rajeeb Dey FRSA graduated in June 2008 with First Class Honours in Economics & Management from Jesus College, University of Oxford. At University he was the longest-serving President of Oxford Entrepreneurs and has been heavily involved in encouraging entrepreneurship from a young age, with a background in social enterprise and education. He founded the English Secondary Students' Association (ESSA) aged 17; and subsequently launched and is the CEO of Enternships.com, for which he was awarded the O2 X Young Entrepreneur of the Year Award. He is a Trustee of UnLtd. – the Foundation for Social Entrepreneurs, a Trustee of the Phoenix Education Trust, Channel 4 Education Advisory Board Member and Advisory Board Member for the UK–India Business Council's Next Generation Network.

James Doorley is Assistant Director of the National Youth Council of Ireland with responsibility for Advocacy and Representation, having previously worked with a number of community and voluntary organisations at local and regional level. James has been Chairman of the Consumers' Association of Ireland since November 2007 and a member of the Consumer Panel of the Financial Regulator and is also active in local and community organisations in Meath as a member of the Meath Community and Voluntary Forum Steering Group. He served as a Board member of the European Youth Forum from 2002–4 and as Vice-President from 2005–6. James has been a Trustee of the Carnegie UK Trust since 2004.

Philomena de Lima FRSA is the Director of the University of Highlands and Islands (UHI) Centre for Remote and Rural Studies. Her expertise includes equalities, access and inclusion, rural disadvantage and social justice issues. She has published widely on these issues and applied these interests in the following areas: demography and population strategies, including migration/immigration, labour market issues, quality of life and retention issues; climate change and social justice; third sector and role of civil society in rural communities; and place (rural) based development policies. She has been actively involved regionally and nationally on policy issues including the National Lottery Charities Board (1994–8), the Scottish Further Education Council (2000–5), and current membership includes the Scottish advisory group of Child Poverty Action Group, and the Crown Office and Procurator Fiscal Service equality advisory group.

Seamus McAleavey is Chief Executive of NICVA, the umbrella body for voluntary and community organisations in Northern Ireland. He is Chair of the Concordia Social Partners Group and is a member of the Economic Development Forum. Seamus was a member of the Northern Ireland Department for Social Development's Task Force on Resourcing the Voluntary and Community Sector and was appointed by Taoiseach Bertie Ahern to the Task Force on Active Citizenship in Ireland. Seamus is a member of the Board of NI-CO, the public sector consultancy company, which channels Northern Ireland expertise into overseas projects.

Joyce McMillan is chief theatre critic for *The Scotsman* newspaper and also writes a political/social commentary column for the paper. She has been a political and arts columnist, theatre critic and broadcaster for more than 20 years, including working on BBC Scotland and Radio 4. She has been involved in Scottish and European campaigns for democracy and human rights, and was a member of the British government's Consultative Steering Group on procedures for the new Scottish Parliament between 1998 and 1999. She was Convener of the Scottish Civic Forum 2003–6, and is Chair of the Hansard Society Working Group in Scotland.

Anna Nicholl became Special Adviser to the Welsh Assembly Government in 2008, advising Plaid Cymru Ministers on policy matters. Anna was previously Policy and Campaigns Co-ordinator at the All Wales Refugee Council. Prior to that she worked at the Wales Council for Voluntary Action where she led the implementation of a pilot project developed by CIVICUS to produce a Civil Society Index for Wales. She was also responsible for facilitating voluntary and community sector input into the National Assembly for Wales' Voluntary Sector Partnership Council and its Voluntary Sector Scheme. Anna co-founded and until recently chaired a community group which brings together refugees, asylum seekers and others living in Cardiff.

Maeve Sherlock is undertaking her doctoral research at Durham University on the role of religion in the public sphere. Maeve also holds some non-executive roles, including being a Commissioner of the Equality and Human Rights Commission and the Chair of the National Student Forum. Before moving to Durham, Maeve was the Chief Executive of three charities, most recently the Refugee Council. She also spent three years as a member of the Council of Economic Advisers, advising the Chancellor and other Treasury ministers on a range of issues concerned mostly with poverty and families with children.

Neil Sherlock is the partner in charge of public and regulatory affairs at KPMG. Educated at Oxford University, Neil graduated with a first in Philosophy, Politics and Economics and was President of the Oxford Union. He was joint editor of *The Progressive Century: The Future of the Centre-Left in Britain*. He is a former adviser to Lord Ashdown and now advises Nick Clegg. He is Chair of Trustees of Working Families, Trustee of Every Child a Chance Trust, Vice-Chairman of the KPMG Foundation, on the Advisory Council of the Refugee Council and Trustee of HTI. He is also involved in the work of leading UK think-tanks, as a member of the Management Board of CentreForum and as a Trustee of Demos. Neil was a member of the Armed Forces' Pay Review Body from 2000 to 2006 and was on the 2009 Panel on Fair Access to the Professions.

Jane Steele is a Trustee of the Carnegie UK Trust.

The Inquiry Commission is especially grateful for the contributions and guidance given by members of the International Advisory Group: Halima Begum, Thomas Carothers, Michael Edwards, John Gaventa, Shannon Lawder, Kumi Naidoo and Gerry Salole.

Appendix 2: Outputs of the Inquiry into the Future of Civil Society in the UK and Ireland

All outputs are available to download free from the Inquiry website: www.futuresforcivilsociety.org

Final Commission report and associated summaries

- *Making good society* (full report and summary)

Futures reports

- *The Shape of Civil Society to Come* (2007)
- *Scenarios for Civil Society* (2007)
- *Futures for Civil Society Summary* (2007)
- *Toolkit: Using Scenarios and Futures Thinking* (2007)
- Write-ups from futures workshops and events (including joint conference with the National Council for Voluntary Organisations (NCVO)): These reports present the findings of futures workshops to illustrate possible futures for civil society, looking out to 2025

Young people reports

- *Futures for Civil Society: Insights from Young People Aged 16–25* (2007)
- *Initiative to Engage Young People in Exploring the Future of Civil Society through the Arts*, Pitcher, J. (2007)
- *How Children and Young People Win Friends and Influence Others: Children and Young People's Association, their Opportunities, Strategies and Obstacles* (full report and summary), University of Bradford (2008)

Bridging

- *Altogether Now? The role and limits of civil society associations in connecting a diverse society*, NCVO and Carnegie UK Trust (2009)
- Write-ups from each of the six 'Bridging' seminars: Seminars were held jointly with the National Council for Voluntary Organisations (NCVO) and aimed to improve the understanding of the dynamics of social capital by exploring its operation in a number of different contexts.

Growing a more civil economy

- *Civil Society, the Economy and the Financial Sector: A conversation between Will Hutton and Geoff Mulgan*, April 2009
- *Tomorrow's Civil Economy: Summary of an event held during the Festival of Politics at the Scottish Parliament, 2009*
- *After the Financial Crisis: The Roles of Civil Society Associations in Growing a more Civil Economy*, (think piece) Dayson, K. (2009)
- *Civil society and the 'Commanding Heights': Past, Present and Future* Paton, R. and Spear, R., Open University (2010)
- *Mutuals in Ireland*, (think piece) Stewart, J. (2010)

A rapid and just transition to a low carbon economy

- *Creating a Climate for Social Justice: A Guide for Non-Environmental Civil Society Groups* Kendle, T., Eden Project and Sensory Trust (2010)
- *Civil Society: Bridging the Social Justice and Climate Change Agendas* (full report and summary) nef (new economics foundation) (2010)

Democratising media ownership and content

- *Making the Connection: The Use of Social Technologies in Civil Society*, Charman-Anderson, S. (2010)
- *Protecting the News: Civil Society and the Media*, Fenton, N., Freedman, D. and Witschge, T., Goldsmiths Leverhulme Media Research Centre (2010)

Growing participatory and deliberative democracy

- *Civil Society: Enabling Dissent*, overview and documentation for findings of Inquiry events 'Civil Society: Enabling Dissent'
- *Civil Society Supporting Dialogue and Deliberation* (full report and summary), Kelly, U., University of Bradford (2010)
- *Global Civil Society*, Naidoo, K. (2010)

Factsheets

- Civil Society and the Law
- Dissent
- Social Capital
- The Community Reinvestment Act
- The Public Sphere
- The Voluntary Sector
- Trade Unions
- Voluntary Activity

Related reports:

- *Discovery, Argument and Action: How civil society responds to changing needs*, Caulier-Grice, J., Mulgan, G. and Vale, D. (2007)
- *Civil Society Associations and the Values of Social Justice* (full report and summary), Craig, G. (2008),
- *For the Common Good? The Changing Role of Civil Society in the UK and Ireland*, Daly, S. and Howell, J. (2006)
- *Contentious Citizens: Civil Society's Role in Campaigning for Social Change*, Hilder, P., Caulier-Grice, J. and Lalor, K. (2007)
- *The Value and Independence of the Voluntary Sector*, Knight, B. and Robson, S. (2007)

Endnotes

Part 1

1. One academic, Norberto Bobbio, wrote that it is inherently 'difficult to provide a positive definition of "civil society" because it is a question of listing everything that has been left over, after limiting the sphere of the state and the market and the private sphere.'
2. Edwards, M. (2003), *Civil Society* (Cambridge: Polity Press)
3. Alexander, J. (2006), *The Civil Sphere* (Oxford: Oxford University Press)
4. Craig, G. (2008), *Civil Society Associations and the Values of Social Justice* (London: Carnegie UK Trust)
5. Folbre, N. (2002), *The Invisible Heart: Economics and Family Values* (London: New Press) p.18
6. Morenoff, J., Sampson, R. J. and Raudenbush, S. (2001), 'Neighborhood inequality, collective efficacy, and the spatial dynamics of urban violence' *Criminology* Vol. 39: pp. 517–60
7. Marmot, M. and Wilkinson, R. G. (2006), *Social Determinants of Health*, 2nd edn. (Oxford: Oxford University Press) pp. 97–130
8. Cacioppo, J. and Patrick, W. (2008), *Loneliness: Human Nature and the Need for Social Connection* (New York: W. W. Norton & Co.)
9. Examples of where well-being is being incorporated into policy include the Local Government Act (2000), Every Child Matters and Opportunity Age – a national strategy for improving older people's well-being. Also see OECD (2001) *The Well-being of Nations: The Role of Human and Social Capital* (Paris: OECD)
10. NCVO (2009), *UK Civil Society Almanac* (London: NCVO)
11. Donoghue, F., Prizeman, G., O'Regan, A. and Noël, V. (2006) *The Hidden Landscape: First Forays into Mapping Nonprofit Organisations in Ireland* (Trinity College, Dublin: CNPM)
12. The National Trust currently has 3.5 million members and 52,000 volunteers. At their peak in the early 1950s there were over four million members of the Labour and Conservative Parties. The latest figures show the Conservative, Labour and Liberal Democrat parties have memberships of approximately 250,000, 166,000 and 60,000 respectively an aggregate of less than half a million.
13. Elsdon, K., (1999), *Voluntary Organisations: Citizenship, Learning and Change* (Nottingham: NIACE) – suggests up to one million
14. www.communitysectorcoalition.org.uk
15. University of Bradford (2008), *How Children and Young People Win Friends and Influence Others: Children and young people's association, their opportunities, strategies and obstacles* (full report and summary) (London: Carnegie UK Trust)
16. Cabinet Office (2009), *Key Facts on the Third Sector*, July 2009 [online] www.cabinetoffice.gov.uk/media/231495/factoids.pdf [accessed December 2009]
17. NCVO (2009), *UK Civil Society Almanac* (London: NCVO) p. 26
18. Figures from Certification Office *Annual Report of the Certification Officer 2008/09* (Certification Office for Trade Unions and Employers' Associations)
19. Figures from Labour Force Survey, cited in Department for Business, Enterprise, and Regulatory Reform (BERR) (2009) *Trade union membership 2008*
20. UK trade union density in 1984 was 58% of all employees. Figures from Office of National Statistics
21. Co-operatives UK (2009), *Co-operative Review 2009* (Manchester: Co-operatives UK)
22. Co-operatives or co-op PLCs account for the following market share in Ireland: Milk Collection: 100%, Milk Processing: 97%, Livestock Marketing: 65%, Grain Purchase: 70% Animal Feed Manufacture: 65%, Animal Breeding (AI): 100%, Fertiliser Sales: 60%, Pig-meat: 70%. Source: www.icos.ie
23. Figures from: www.creditunion.ie
24. Cole, G. D. H. (1944), *A Century of Cooperation* (London: Allen & Unwin for the Co-operative Union)
25. Publicly owned (failed) banks have 45% of the market and independent banks around 36%, see Paton, R. and Spear, R., Open University (2010), *Civil Society and the 'Commanding Heights': Past, Present and Future* (London: Carnegie UK Trust)
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Chapter 1

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Chapter 2

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About the Carnegie UK Trust

The Carnegie UK Trust was established in 1913. Through its programmes, the Trust seeks to address some of the changing needs of the people in the UK and Ireland, in particular those of the less powerful in society. The Trust supports independent commissions of inquiry into areas of public concern, together with funding action and research programmes. There are currently two active programmes: the Democracy and Civil Society Programme and the Rural Programme.

The Democracy and Civil Society Programme has two elements to its work. The main focus of the programme is the Trust's Inquiry into the Future of Civil Society in the UK and Ireland. The second focus of the programme is the Democracy Initiative, which aims to strengthen democracy and increase the ability of citizens and civil society organisations to collectively influence public decision-making.

The Rural Programme helps rural communities across the UK and Ireland to respond to and influence social, environmental and economic change. The programme works to ensure that rural priorities are fully recognised by decision-makers. This is done through: securing the practical demonstration of asset-based rural development; testing Carnegie UK Trust's Petal Model of Sustainable Rural Communities; and hosting a Community of Practice for rural activists and professionals.



In the spirit of the report, the Commission of Inquiry into the Future of Civil Society welcomes your feedback on ***Making good society***. If you would like to get in touch please contact us at info@carnegieuk.org.

We look forward to hearing from you!

Civil society is on the cusp of remarkable change. The Commission of Inquiry into the Future of Civil Society in the UK and Ireland believes that civil society activity has the power to radically alter the way we live and plays a central role in responding to the challenges of our time.

Making good society, the final report of the Inquiry Commission, argues that civil society has been pushed to the margins in key areas including politics, finance and the media and that this must change. The report explores how civil society activity can help: grow a more civil economy; enable a rapid and just transition to a low carbon economy; democratise media ownership and content; and grow participatory and deliberative democracy. The Commission hopes that the evidence and ideas provided in this report and the direction of travel it sets for a 'good' society will inspire individuals and organisations to act and invest in civil society activity.

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