

Volunteering Ireland Talk

I am delighted to be back in Dublin to speak at your event today. In fact, this is the first time I have been asked to speak in Ireland about my work, so it is a real pleasure.

What is important to us? What do we value? These are questions that we believe at the new economics foundation that we do not ask often enough. I currently run a research programme that seeks not just to answer that but to find ways to measure and make visible many of the intangible things in life that are important to our well-being.

Traditionally, we have tended to focus on those things that have a price attached to them. The most notable example is our focus on GDP. Governments as far back as the Kennedy administration in the US have recognised the short-comings of GDP – it is partial – leaving out some of the most important things in life such as unpaid work and volunteering – and it can be self-defeating – it measures counts prison building and warfare even though they are destructive. This obsession with the financial bottom line was demonstrated in a quote from the Chancellor of the Exchequer, Alasdair Darling, when he was making an unprecedented investment in the UK banks:

“There is a distinction to be made...between the sort of borrowing you incur to pay civil servants, for defence, or for schools and hospitals and what we are doing here, where we are taking an investment in two particular banks...those banks are worth a great deal...there is every reason to be confident that...the British taxpayer will get its money back”

One of the reasons for this is our tendency to measure and focus on things that we can count. Things that we can count then get included and valued, and important things are left out. This is ultimately perverse because we end up measuring things because we can count them rather than because they are the most important things.

This leads us to the final distortion. The current approach is skewed towards the interests of the already powerful. Often people who use public services have few opportunities to hold those services to account. Measures and targets are set centrally, and do not reflect the things that matter to people but the priorities of policy-makers. In the production of goods, services the costs borne by people who are most directly affected are often invisible and are not borne by those that profit from them. This leads to us to a situation where developing countries bear the costs of climate change they have not produced. So we get governments that make poor decisions that are remote from people and companies who are not held to account on the social, economic and environmental impact of their activities.

The result of all of this has led to three crises that we are currently experiencing – an economic crisis, a climate crisis and a social crisis. We are familiar with the first two of these and they need no further explanation.

The final of these receives less attention. However, if we look at the next graph we can see the growth in public spending in just one area of policy – children’s services – since 1980. As you can see it has grown in every country including Ireland where it more than doubled. This is as a percentage of GDP so in absolute terms it would be far more. Now don’t get me wrong, Ireland needs to spend more not less money on children but as we

see in the next slide the growth in spending doesn't necessarily lead to better outcomes, we have widening inequality in almost all OECD countries and we have seen increases in many social problems: violent crime, mental health, obesity etc.

Now that is not to say that there haven't been improvements, of course there have but they are not happening at a fast enough rate to turn around many of our major social problems. There are also costs associated with this. At nef we recently put a cost on what preventable social problems cost the UK compared to other countries. Ireland was included and as we can see from the table it comes close to the bottom. These were done in UK terms, so those figures don't apply to Ireland but it does show that it doesn't compare particularly well with its neighbours.

So this leads us to three conclusions:

1. Firstly, the growth of the market economy itself producing the problems – we are just running to stand still
2. Secondly we don't measure interventions well enough to know when we are being effective – we see this in the UK where regeneration programmes which spend billions of pounds in deprived areas, report that they create jobs and enterprises and yet those areas relative economic position does not change, they still lag behind their better-off neighbours
3. And finally, because we don't do the measurement properly it undermines our ability to understand the extent to which it's the system that is producing the problems

So, how is all of this relevant to volunteering?

- Well, its about relationships – a consistent feature of what people say matter to them
- It is often hard to see, or measure therefore gets left out
- The market economy is given a disproportionate amount of significance, as it lies outside it, it gets left out
- It contains many of the elements that research shows are important to our well-being – reciprocity
- Promotes collective, rather than individual approaches – essential for achieving more equal outcomes

Despite all of this its value is not widely recognised. This applies to all work outside the market economy. This relates to our issues of measurement described earlier but also to the way in which the market economy itself encroaches on our ability to participate in the non-market, or what is sometimes referred to as 'core' economy. It is declining in most countries. Full-time workers devote less time to neighbour based activities than those classified as part-time workers, unemployed, and other economically inactive.

What else do we know about it? Well there are downsides: As our graph shows it is carried out disproportionately by women (less so on the neighbourhood activities but very much so on the informal volunteering such as caring for elderly relatives). And it is also carried out by low income groups – again more on the informal caring but that can be the exploitative type of volunteering that doesn't bring people the well-being benefits that are often associated with it.

This again relates to people's commitments within the market economy. This is a startling graph that shows the distribution of paid work across the quintiles. As you can see hours of work increase dramatically as you go up the quintiles – unfortunately data weren't available for Ireland, and it's dangerous to speculate but if it is anything like the UK then it is really quite extreme. Again, we calculated at nef that if everyone in the UK were to work a 35 hour week, there would be 137 million surplus hours in the economy every week, so more than enough for all of the unemployed to have paid work.

So how can we measure the impact of volunteering? Well one approach is to put a monetary value, say the minimum wage on the number of hours spent. It's important to say that this would just be a proxy to demonstrate its scale, rather than a measure of 'worth'. For example, when we did that, all unpaid work in the UK was the equivalent of 46% of GDP. They reached a similar figure when they did it in the US, so it probably holds in other countries. The downside of this approach of course is that it doesn't distinguish between different types of voluntary work. This is useful in the aggregate but less at the level of an individual project.

The other approach is to measure the outcomes from the work. This is of course preferable because it captures the real benefits of different types of activity. However, this is more resource intensive, and can be hard to justify for small scale projects.

This leads us to an interesting conclusion that the distinction between market and non-market activities is to some extent false. Of course there is something special about the unpaid aspect of it that cannot be underestimated, all activities create and destroy value whether they are inside or outside the market. We are embarking on this territory at nef at the moment, we are just coming to the end of a project where we are comparing the value of highly paid professions like City bankers with low-paid ones like hospital cleaners. We can immediately see from the results that some of the best paid jobs are actually destructive of value whilst the low paid are socially beneficial. You could extend this logic to volunteering very easily.

The approach that we use for this type of measurement is known as Social return on Investment. It was designed specifically to overcome some of the problems with the current approach to measurement to capture those intangibles. Now they are still difficult to measure but it does give you a framework for doing so, a way of capturing social, environmental and economic returns and in a way that gives a voice to those normally excluded from decision-making. It is also a basis for allocating scarce resources to improve social, economic and environmental outcomes.

I won't get into describing the method today because it is a bit technical but just to say that difficult to measure things will remain difficult to measure what SROI does it give you a framework for doing. I will just touch on some of the principles here:

- Involve stakeholders
- Understand what changes
- Value what matters
- Only include material, or significant things
- Be transparent
- Verify the result

So the techniques to make the value of volunteering visible are out there. However, in order to create the space in our lives to really engage with it requires structural change to the way our economy functions. It is not enough to show that it is valuable; we have to make space in our lives for it.