

EAPN Conference on Crisis September 2011

Paul Ginnell



Economic situation

- Projected Government Revenue for 2011 down 23% from 2005 to €39.2bn
- €17.3bn gap between income and expenditure expected in 2011
- September 2008 – Govt. guaranteed deposits up to €100,000 and all bondholders (those who loaned to the banks). In place until end 2011 and now enforced by Commission
- Total potential bank bailout €65.3bn - 43% of GDP
- National Debt: 25% of GDP in 2007 – 103% in 2014 (11.5% of revenue to service debt in 2011)

Economic situation

- Main cause – Huge over dependence on construction sector for employment, Government revenue and banking
- Unemployment – 14.3% (QNHS – 2nd Quartet 2011)
 - Up from 4.4% in 2007
 - 53.9% of unemployed are long term unemployed (over 1 year)
 - Youth unemployment (20-24 years) over 27%

Government Response

- Overall goal is to reduce deficit to 3% by 2015 (9.3% in 2011 excluding bank bailout).
 - 2008-2010 - €14.6bn austerity adjustment (cuts and tax increases)
 - National Recovery Plan (NRP) - November 2010 (outgoing Government)
 - €6.000m in 2011
 - €3.600m in 2012
 - €2.100m in 2013

2:1 Cuts over tax changes
- NRP formed basis of Loan agreement with EC/ECB/IMF in December 2010.
- New Government in March 2011 - 'Hands tied' by the Agreement - can negotiate small changes. Only point of tension seems to be the treatment of bondholders
- Government currently carrying out a Departmental 'Comprehensive Review of Expenditure' –identify areas for further cuts

Government Response

Reform of social protection system

- Mainly to prevent Long term unemployment but also to generate savings
- Restricting the criteria for qualifying
- Stricter conditions on welfare recipients- (also clear EU policy)
- welfare fraud
- Reform of activation process – bringing welfare and employment services into one Department (National Employment and Entitlement Service)
- Reviews
 - Child and disability payments
 - Proposing one welfare payment for all people 16-64

Government Response

Welfare

- Social welfare payments reduced by 10% and cuts to many secondary payments and other supports e.g. fuel allowance for older people.
- Universal Child benefit cut by about 15%

Tax

- New Universal Social Charge on all gross salaries over €4,000.
- Minimum wage earners into tax net
- Lowering of bands and tax credits
- Elimination of some tax breaks mainly availed of by those with higher incomes – many remain

Government Response

- **Training and employment programmes –**
 - More training places, new work placement programmes including one in community and voluntary sector. Apprenticeship programme in private sector. Still limited numbers and no clarity on where future jobs may be.

- **Job creation**
 - Reduction on employers insurance payments for low paid workers.
 - Initial investment in social infrastructure – schools, insulation of housing etc, but now little money to invest in job creation
 - No clear vision of where future jobs will be.

Government Response

- **Wages**
 - Review of minimum wages (part of EC/ECB/IMF Agreement – Role of Commission in wage setting in Member States?)
 - Pressure to reduce minimum wage, mainly at the lower end – ‘to boost Competitiveness’
 - Minimum wage lowered by previous Government and increased again by new – but attack on negotiated wages in lower paid sectors
- **Quality of work not being addressed**

Government Response

Services

All areas of service have been cut

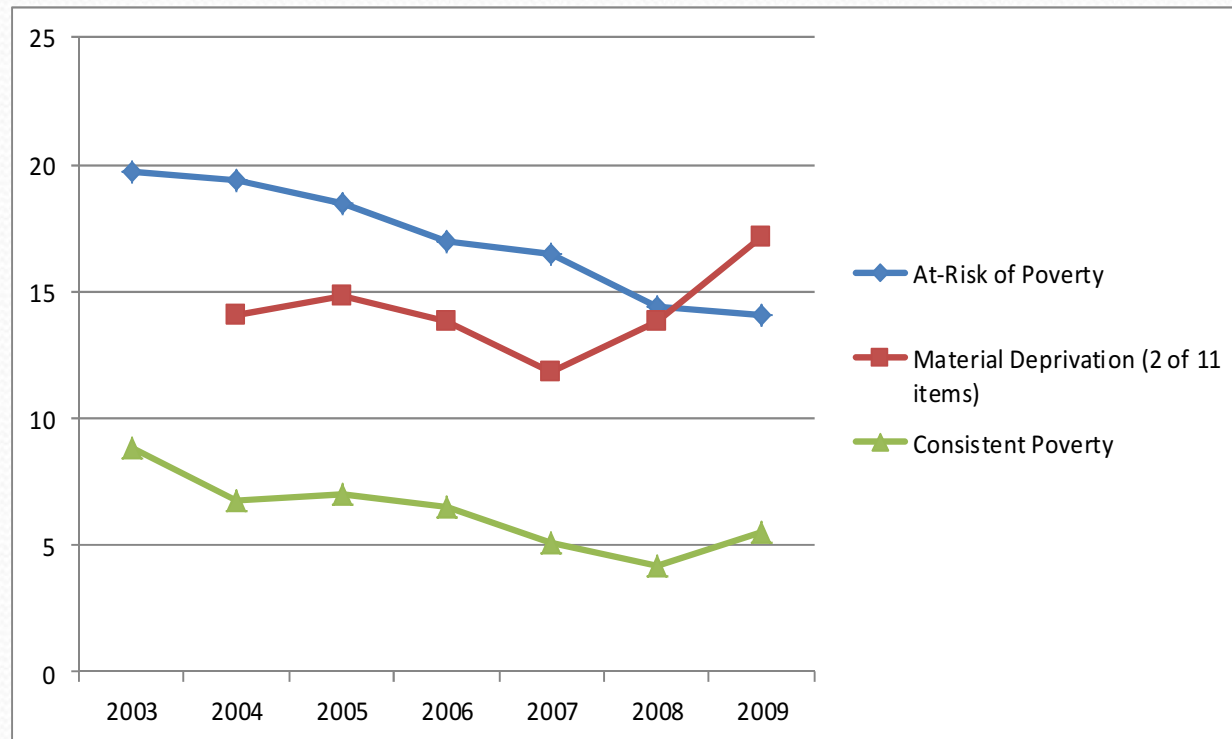
- **Health**- wards and services in some hospitals closed. Home care for elderly cut
- **Education** – student to teacher ratio increased, supports for children with different needs reduced or closed (e.g. language supports, special needs, Travellers). After school supports cut
- **Transport** – routes closed, travel subsidies for older people reduced
- Cuts to drug support projects

Government Response

NGOs and Government agencies

- Cuts to Government supports to community advocacy groups- e.g. End of Community Development Programme (over 160 local NGOs) and over 50% cuts to national Community and Voluntary organisations. 100% cut to some
- Closure and cuts to key Government Agencies addressing racism (closed), Poverty (closed), Human Rights (24% cut) Equality (43% cut)

Current Reality



- At risk of poverty – little change 2008-2009
- Material Deprivation –13.8% in 2008 to 17.1% in 2009

Current realities -

Poverty

- Statistics do not cover current reality – hidden poverty many people not seeking help.
- 'New poor'
- In work poverty
- Poverty Impact Assessment carried out on policies including budgets but not clear if this has any impact

Personal/Household Debt

- In 2009 more than 11% of households had to go into debt to meet ordinary living expenses.
- Debt leading to mental health issues such as stress, depression and sometimes resulting suicide
- Parents unable to keep their children in school
- Government still not agreed on how to address personal debt.

Other

- Migration +71.8% in 2006 to –34.1% in 2011 (76,400 expected to emigrate in 2011)
- Increase in racism and discrimination
- Breakdown in social cohesion and solidarity and growing inequality
- Long term impact of short term measures

Current Campaigns and Movements

- Poor can't Pay www.thepoorcantpay.ie
- Campaign to protect the lower paid www.protectlowestpaid.ie
- Equality and Rights Alliance www.eracampaign.org

Broader

- Community Platform research into a more Equitable tax system www.communityplatform.ie
- Claiming our Future – Broader vision www.claimingourfuture.ie
- Some public protests