

National Economic Dialogue, June 28 2017

Address by Patricia King, General Secretary

Congress takes the view that our economic policy should be based on the principle of having the welfare and betterment of the majority at its very core. We believe that the next series of budgets should be transformative and prioritise higher living standards and quality of life underpinned by a programme of investment in infrastructure and services. Given the very short time, I will address 3 key points briefly:

1. The Housing Crisis

A huge Housing Crisis impacts on hundreds of thousands in this country. 90,000 households currently on social housing lists. Some 7,500 people, including 2,560 children are living in totally unsuitable temporary accommodation, with severe adverse effects on their health and wellbeing. Thousands of young workers, who forfeited more than most in the austerity programme, cannot afford to buy or rent a house. They pay a disproportionate share of their wages on rent and have little chance of realising their aspirations of owning their own home as their parents before them did.

This is one of the worst policy failures since the foundation of the State. Policy makers need to take responsibility for this. The market has failed and is totally dysfunctional. We urgently need a policy shift. We know that the answer lies in increasing supply. Congress strongly advocates that Government should develop a local authority led emergency response. We should produce an annual rate of 10,000, quality, well planned social/affordable housing units per annum at an estimated cost of €1.8bn per annum. We need the State to intervene immediately. State owned land should be used for this purpose only and not made available to private developers or vulture funds who, by NAMA's own admission, are now hoarding land awaiting further price hikes. The Local Authorities should begin construction now and these new homes made available within months.

The State should also acquire 'voids' and refurbish them for immediate use. Compulsory purchase orders should be utilised where required in the common good. While acknowledging the issue of National debt, in the circumstances of this crisis, it is unconscionable to contemplate using AIB share sale returns to write down debt. Ireland's social needs must not be sacrificed to satisfy financial Europe. The State's first responsibility is to those children and thousands of young workers who deserve better.

2. Reduced Vat rate for certain sectors.

Congress believes that the Government should indicate that it will remove the temporary VAT reduction for the hospitality sector. We believe that the €660 million (2015) in tax subsidy or 'giveaway' should be put to better use on behalf of citizens including the funding of the much welcomed provisions of the recent 'Slainte Oireachtas Health report'. Given the significant recovery in tourism, high occupancy rates, ever increasing hotel room rates, consistently rising profit levels, and the fact that 75% of all workers in the sector earn between 0 and €400 per week, the case for retaining the reduced tax no longer exists.

3. Brexit

The European Union is on the cusp of enormous change. Congress supports a fundamental change in the direction of EU fiscal, monetary and social policy. There is an urgent need to address the social deficit by correcting the imbalance in social and economic policy and repairing the societal damage following years of Austerity. In the event of Brexit, it must not be used as pretext to dismantle hard won employment rights and protections or to drive down standards generally. Indeed there is a strong case for equivalence of employment rights across the island of Ireland .

Brexit and the nature of the Brexit outcome remains the most significant economic uncertainty although it is impossible to quantify the scale of the potential damage. A 'hard Brexit' with a WTO style arrangement would have a very damaging impact on Irish-UK trade due to the imposition of tariffs.

Congress believes that the best trade outcome, would be that the UK as a whole remains in the Customs Union if not in the Single market. This we consider is the only mechanism to ensure 'no border'. The EU should ensure that a zero tariff agreement is reached between the UK and the EU and that the UK should commit to maintain the Common External Tariff during any transitional arrangement. The Belfast Agreement, in our view, is the appropriate basis for these discussions given the obligations on the parties to this agreement.

A European Regional Adjustment Fund with support from the European Investment Bank should be established to direct significant additional investment to specific sectors and regions severely affected by Brexit on the island of Ireland. Furthermore, a Retraining and Income Protections fund should be put in place to enable workers in vulnerable sectors to transition to new employment. Congress call for the establishment of a High Level Brexit Advisory Council inclusive of the main stakeholders, as an integral part of the dialogue on Brexit.