

The Impact of Austerity on Ireland

Pat Kenny CWU 11th November 2014



Background



- Irelands bank guarantee introduced with indecent haste in September 2008
 - □ Ireland had to foot a €64.1bn cost for saving individual banks
 - □ Led to Ireland's bailout in November 2010
- Ireland's first austerity budget introduced in October 2008











Policy

- Policy was driven by the Troika and was all about reducing borrowing to 3% of GDP by 2015
- The plan was:
 - Make internal 'adjustments'
 - □ Place Ireland on a secure funding footing
 - Benefit from broader economic recovery
 - Leave
- Ireland held up as the "poster child" for austerity and this policy had a real and negative impact on working people



ORKERS: UNION





What happened?

- □ Reduced day to day household spending
- □ Households not investing
- □ Government spending on day to day costs has reduced
- ☐ Government not investing in infrastructure
- Company spending on day to day costs has reduced
- Companies not investing



Impact on Ireland of Austerity

From Q1 2007 to Q3 2010 there was a decline of 21% in GDP



Ireland's general debt increased by 320% in the same period

Unemployment grew from 4.6% in 2007 to 14% in April 2013



Massive youth emigration – our brightest and best are leaving

Legislation introduced to cut the wages of Public Servants who did not agree to a pay cut

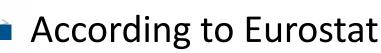


One in every seven jobs lost

- □ Construction jobs reduced from 250,000 to 100,000
- □ 10 % of Retail Jobs lost



Cost to Ireland of European Banking Crisis





- □ Ireland contributed €41b towards the cost of the EU banking crisis
- □ Cost to Ireland as a % of GPD is 25%
- □ Irish people have paid 42% of the total cost of the European Banking crisis population 0.9%



- □ The European banking crisis to date has cost every individual in Ireland nearly €9,000 each.
- □ The average throughout the EU is €192 per capita.











Impact on Services

- Austerity cuts particularly the budgets of 2011 and 2012 were all about financing cuts and were not policy driven
- Carers, the elderly, the unemployed, people with disabilities, children, the poor were all hit hard by austerity
- Government refusal to pay adequate levels of rent supplement led to an increase in homelessness and the increases use of emergency housing which is more expensive
- No increases in pension payments since 2008 but big increases in prescription charges, heating and electricity has hit pensioners hard









Impact on Services

- Between 2009 and 2013 funding of the Health Services Executive fell by 22% - €3.3b
 - □ Staffing reduced by 22% 12,200
- Funding of Universities has reduced by 35% with fees increased to €3,000 and bigger class sizes
- Unemployment rates have risen from 5% in 2008 to 11.4% in August 2014
- Increased levels of taxation
 - Water tax
 - □ Property tax
 - Universal Social Charge



Conclusion

Austerity has not worked and has cost jobs



Austerity fatigue is growing – water tax considered to be a tax too many



 Austerity alone as a way of solving Ireland's economic crisis was a mistake and was counter productive





Should have been a fairer distribution of the adjustment