



## Making Just Choices in Difficult Times

### Community and Voluntary Pillar Briefing

October 2012

## **Executive Summary – 7 Key Initiatives**

At this time of crisis, Irish society is being challenged to identify clearly the sustainable future it seeks to build and to map out credible steps towards reaching that future. While difficult choices face Ireland at this moment in its history, options do exist. Different choices will produce different futures.

Decisions made by Government now should be made with the intention of delivering a sustainable future. To achieve that vision, current choices should be made on the basis of the answer to a single question: where should Ireland be in ten years' time?

The core values that should inform the answer to this question are: human dignity, sustainability, equality and human rights and the common good.

The 17 members of the Community and Voluntary Pillar propose **seven key initiatives** they believe should be part of a strategic approach to resolving Ireland's current problems in Budget 2013 and delivering a sustainable future. Government should:

1. Ensure protection of the vulnerable is at the core of all decisions made.
2. Bring Ireland's total tax-take up to European average levels.
3. Reverse the current ratio of tax increases to expenditure cuts.
4. Dramatically increase investment which is essential to generate the jobs that are essential for recovery. (This can be done in a way that keeps it off the Budget arithmetic.)
5. Protect the social infrastructure that is under severe pressure currently. This is crucial for services across the life-cycle from children to people of working age to older people to people with disabilities.
6. Support the CV sector which provides a wide range of services but is currently being undermined by Government's decisions to cut its funding as the demand for its services increase.
7. Engage with the Community and Voluntary Pillar to promote social dialogue and good governance.

The CV Pillar recognises that all sectors of society have a responsibility in shaping the future. The Pillar is glad and willing to play its role in both shaping and delivering such a future. The Pillar seeks real, effective, ongoing engagement with Government to develop that role.

## Introduction

Ireland continues to face a series of interlinked crises that threaten its viability as a nation. These crises are fiscal, banking, economic, social and reputational. Despite achieving all the targets set for it by the 'Troika'<sup>1</sup> in the bailout agreed in late-2010, Ireland has not experienced the positive outcomes that were forecast to follow:

- Economic Growth is not reaching the forecast targets.
- Jobs are not being created on the scale required. In fact the number of jobs is falling.
- Unemployment has not been reduced and long-term unemployed has risen from 1.3% in 2007 to 8.8% currently.
- Investment is far below what is required to drive a recovery.
- Finance is not available on the scale required for small and medium enterprises.
- Essential services are being reduced to such an extent that the health and well-being of citizens is being put at risk.
- Those who are poor and/or vulnerable are bearing an inordinate share of the pain of the adjustment process.
- The Community and Voluntary sector, often the place of last resort for many vulnerable people has seen a huge growth in the demand for its services. At the same time its funding has been reduced dramatically.
- The essential infrastructure that supports the delivery of public services is being eroded with very serious long-term implications.

In part these failures are due to the international economy being weak. But in far greater measure they are due to the approach that has been followed. There is insufficient investment which means there are insufficient jobs which in turn means that the recovery is delayed which in turn means that austerity will continue for the foreseeable future.

This unjust approach must be reversed. Budget 2012 saw the poorest people proportionately take the largest hits.

Irish society is being challenged to identify clearly the sustainable future it seeks to build and to map out credible steps towards reaching that future. In situations such as these a country, a government and a society defines itself by:

- The cuts it makes

---

<sup>1</sup> International Monetary Fund, the European Commission and the European Central Bank - IMF/EC/ECB

- The people it protects
- Its effectiveness on economic growth/jobs and investment
- Its actions on public services
- The balance it maintains between Government expenditure and taxation
- The values underpinning its choices

It is crucial at a time such as this that Government make decisions that are fair and just, that protect the vulnerable and ensure that the cost of Ireland's restructuring is fairly spread.

It is also important in this context to remind ourselves that Ireland is not a poor country and that we do have choices. Much of the public debate in recent months has been dominated by a narrative that suggests Ireland has no choices. That is untrue. Difficult choices face Ireland at this moment in its history but options do exist. Different choices will produce different futures. Choices exist even within the terms of Ireland's Bailout Agreement with the 'Troika'

In making these choices it is crucial that decisions are focused on moving Ireland towards a viable, sustainable, just and fair future. To reach such a future will require decisions on the levels of taxation, investment and services, how these are to be structured, paid for and delivered. The CV Pillar recognises that all sectors of society have a responsibility in shaping the future. The Pillar is glad and willing to play its role in both shaping and delivering such a future.

### **CV Pillar's Stance**

The need to address Ireland's budget imbalances is fully recognised by the 17 members of the Community and Voluntary Pillar. We have, in fact, long urged Government to address these issues and we have made a wide range of proposals outlining how we believe this could be done while protecting people who are poor and/or vulnerable. We still believe that this issue remains to be addressed and should be given major priority.

As Ireland faces a range of interrelated crises it is important to realise that:

- Ireland is not a poor country.
- Ireland's total tax-take is one of the lowest in the developed world.
- It is both essential and possible to protect the vulnerable in the choices Government makes.
- An integrated approach to tackling the country's current problems is essential if they are to be addressed successfully.
- Investment on a sufficient scale is essential for job-creation
- A guiding vision of where Ireland could be in a ten to fifteen year timeframe is essential.
- How policy decisions, especially in a Budget context, are linked to achieving this guiding vision should be clearly outlined by Government at all times.

In this context the CV Pillar draws attention to two important points concerning the Bailout Agreement:

- The statement, repeated on several occasions by the Troika, that it is the duty of Government to protect the vulnerable in the adjustments being made in Ireland.
- Government is free to adjust the terms of the Bailout Agreement on condition that the final outcome remains the fiscal adjustment to which the Agreement commits Ireland.

The CV Pillar believes:

- ⇒ Decisions made by Government should be made on the basis of the answer to a single question: where should Ireland be in ten years' time?
- ⇒ The core values that should inform the answer to this question are: human dignity, sustainability, equality and human rights and the common good.
- ⇒ Government needs to conduct more in-depth analysis on the likely impact of decisions that are being considered, to identify the consequences of choices made and to show clearly how budgetary choices would impact on services down the line.
- ⇒ The fiscal adjustment in 2013 and beyond should be achieved in a 2:1 ratio between tax increases and expenditure cuts.
- ⇒ The tax-take should be increased through broadening the tax base fairly and eliminating tax breaks that benefit mostly the better off.

### **Change is required**

Without strategic change:

- The likely level of economic growth will be nowhere near what is required to provide the jobs needed to provide the income to meet the Bailout Agreement's targets.
- Those who are poor and/or vulnerable will continue to bear an inordinate part of the burden of restructuring.
- The unchallenged assumption that the economy should have priority over all else will mean that our social infrastructure is eroded without any regard to the long term consequences of these actions.
- There will be no assessment of what the long term impacts of the cuts to services will mean for Ireland in ten years' time.
- The issue of the links between the vision of Ireland's future and the appropriateness of policy initiatives Government is taking will not be addressed?
- Without a major rebalancing in Government's approach the process of poor people being dispossessed will continue as their resources (financial and services) are appropriated to fully re-pay those who knowingly took risks, gambled their resources and lost.

## **A Strategic Approach – 7 key initiatives**

The CV Pillar proposes seven key initiatives it believes should be part of a strategic approach to resolving Ireland's current problems in Budget 2013 and beyond. Government should:

1. Ensure protection of the vulnerable is at the core of all decisions made.
2. Bring Ireland's total tax-take up to European average levels.
3. Reverse the current ratio of tax increases to expenditure cuts.
4. Dramatically increase investment which is essential to generate the jobs that are essential for recovery. (This can be done in a way that keeps it off the Budget arithmetic<sup>2</sup>.)
5. Protect the social infrastructure that is under severe pressure currently. This is crucial for services across the life-cycle from children to people of working age to older people to people with disabilities.
6. Support the CV sector which provides a wide range of services but is currently being undermined by Government's decisions to cut its funding as the demand for its services increase.
7. Engage with the Community and Voluntary Pillar to promote social dialogue and good governance.

### **Governance**

The issue of governance is of major importance for the Community and Voluntary Pillar as well as for society at large. There is a substantial role for civil society in the huge task that Ireland currently faces. Social dialogue is a critically important component of any effective decision-making in a modern democracy. All aspects of governance must be characterised by transparency and accountability. We believe governance along these lines can be developed in Ireland. The Community and Voluntary Pillar seeks real, effective, on-going engagement with Government – an engagement that reflects the value of social dialogue and the need for good governance.

---

<sup>2</sup> This can be done using off balance sheet sources e.g. NPRF, European Investment Bank/Council of Europe Bank, other potential private investment sources

For further information on the content of this document please contact

The Secretariat  
Community and Voluntary Pillar  
C/o Social Justice Ireland  
Arena House, Arena Road, Sandyford, Dublin 18  
TEL: 01 2130724

## **ABOUT THE COMMUNITY AND VOLUNTARY PILLAR**

The Community and Voluntary Pillar is one of the five pillars of social partnership alongside the Employers Pillar, the Trade Union Pillar, the Farmers Pillar and the Environmental Pillar. The Pillar consists of seventeen organisations invited by Government to provide voice and representation for vulnerable people and communities in developing Ireland's social and economic policies.

The members of the Pillar are:

Age Action Ireland  
Children's Rights Alliance  
Congress Centres Network  
Disability Federation of Ireland  
Irish National Organisation of the  
Unemployed  
Irish Rural Link  
National Association of  
Building Co-operatives  
National Women's Council of Ireland  
National Youth Council of Ireland  
Protestant Aid  
Social Justice Ireland  
The Carers Association  
The Community Platform  
The Irish Council for Social Housing  
The Irish Senior Citizens Parliament  
The Society of St. Vincent De Paul  
The Wheel