

National Economic Dialogue

Opening Plenary Session: “The Landscape for Budget 2016”

16 July 2015, Printworks, Dublin Castle

Opening Remarks by the Tánaiste

Good morning and welcome.

I’m delighted to see people here this morning from such a wide variety of backgrounds.

I’d also like to welcome the people watching at home.

Today is about a new way forward.

A new way forward that we will chart together.

To hear different voices, different views, a range of expertise and experiences – and using all that to frame the best possible Budget for our people.

I know the value of dialogues such as this.

In my role as Social Protection Minister, I hold a pre-budget forum every year, seeking the views of campaign and advocacy groups on what the welfare budget should contain.

We held this year’s forum earlier this month, also at Dublin Castle, so I could give guided tours at this stage!

On a serious point, the social protection pre-budget forums are crucially important, and I know the National Economic Dialogue will be too.

I think most of us would recognise that groupthink was one of the causal factors in the property bubble and subsequent banking collapse.

I hope and trust this dialogue will puncture groupthink wherever it exists.

In a different context, one of the US founding fathers, George Washington, once said: ““We must consult our means rather than our wishes.”

The budgetary process is a bit like that – it involves difficult decisions between competing priorities because we don't have all the resources we would wish.

Nonetheless, our challenge is to be imaginative with what we *do* have – and I hope plenty of imagination will be in evidence today and tomorrow.

Of course, as we will hear shortly from our first two speakers from the ESRI and the Fiscal Advisory Council, the budget will not be produced in a vacuum.

Instead, it will be produced in the context of both our macro-economic outlook and European fiscal rules.

Economic outlook

But we will have some leeway in the Budget to invest.

As a result of the policies pursued by this Government, and the people's willingness to stay the course through a very difficult period, we're recovering strongly.

Our economy should grow by around 4 per cent this year, which would bring our level of GDP above its pre-crisis peak.

That is a remarkable turnaround in a relatively short period of time.

Looking ahead, the economy has the potential to expand by around 3 per cent per year.

That means we're perfectly placed to deliver a decade of strong growth, of good jobs, of opportunity for all our people.

However, these growth rates cannot be taken for granted and will require a continuation of this Government's prudent and sustainable approach to managing the economy.

The public finances continue to move in the right direction, and the latest Exchequer returns are again positive.

However, even when Ireland exits the Excessive Deficit Procedure this year, we will still be bound by the EU rules.

In simple terms, these mean that revenue arising from cyclical economic growth can no longer be used to fund additional expenditure.

It means that future expenditure will be financed sustainably, helping avoid many of the mistakes of the past.

In short, we won't spend what we don't have.

The Labour Market

But what we do have, we'll spend sensibly.

On investment in schools, healthcare facilities and transport infrastructure that will boost our communities – and create jobs.

The Government has prioritised employment from day one.

As a result, we have a jobs-led recovery, with more than 110,000 additional people at work now.

Most of the additional jobs are full-time, and many are well-paid.

That is crucially important, because economic recovery by itself is not enough.

There must be a social recovery too, that raises people's living standards.

The Government will play its part to deliver that social recovery, having started the process of raising living standards in the last Budget.

We will continue that process in the forthcoming Budget, and have already set out how we will do that in certain areas.

We will continue to reduce taxes for low and middle-income workers, to ensure they take home more pay.

We will continue to increase Child Benefit and make a number of additional targeted welfare increases.

We will continue to prioritise investment in infrastructure that will boost our long-term economic – and social - capacity.

But to be clear: these are overall themes, not granular detail.

The Budget is not yet written, and won't be finalised until October.

Right now, individual Government departments are shaping their own priorities, ready to feed them into the system for debate.

This dialogue therefore comes at the perfect time to influence and shape that discussion.

Our challenge today is to be imaginative, to ensure we capitalise on the opportunity we now have to build that decade of growth, jobs, and opportunity.

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