



Taighde, Idirphlé, Comhairle
Research, Dialogue, Advice

NESC Exchange with DPER & Austrian Ministry of Finance

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Overview

- Introductions
- About NESC
- Summary of *'Understanding the Irish Economy in a Time of Turbulence'*
- Other recent climate-related NESC work



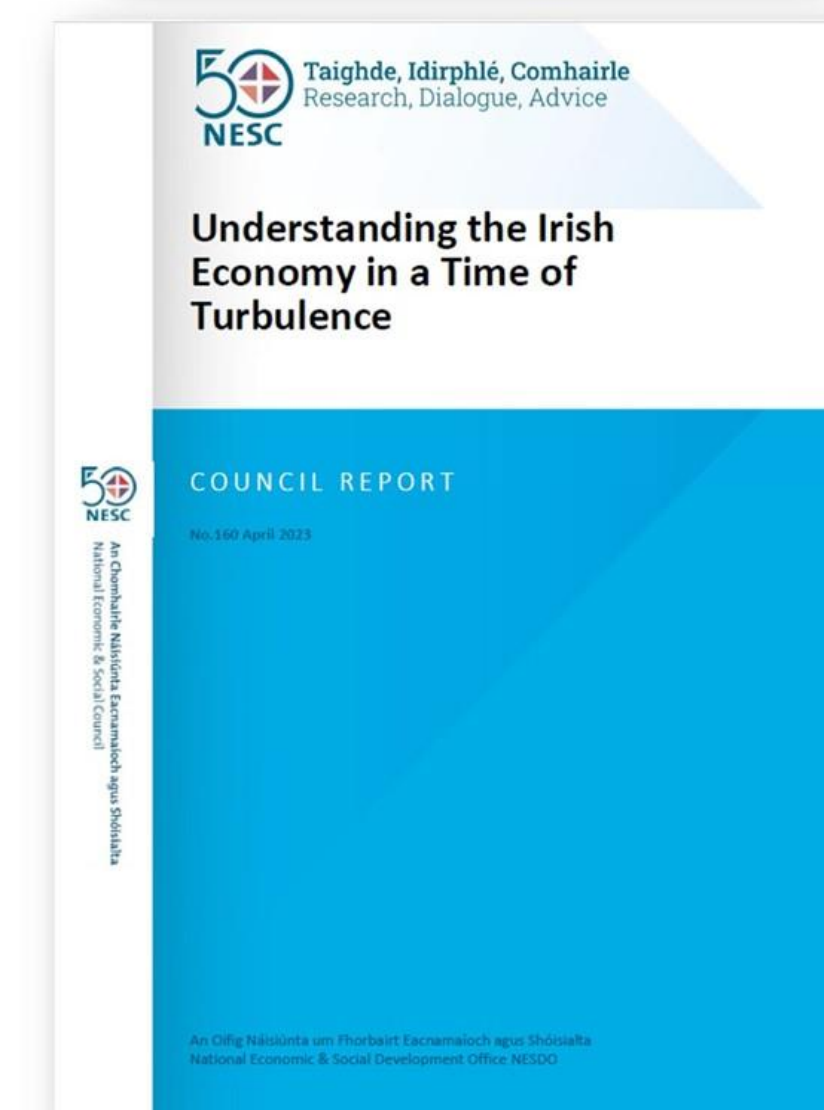
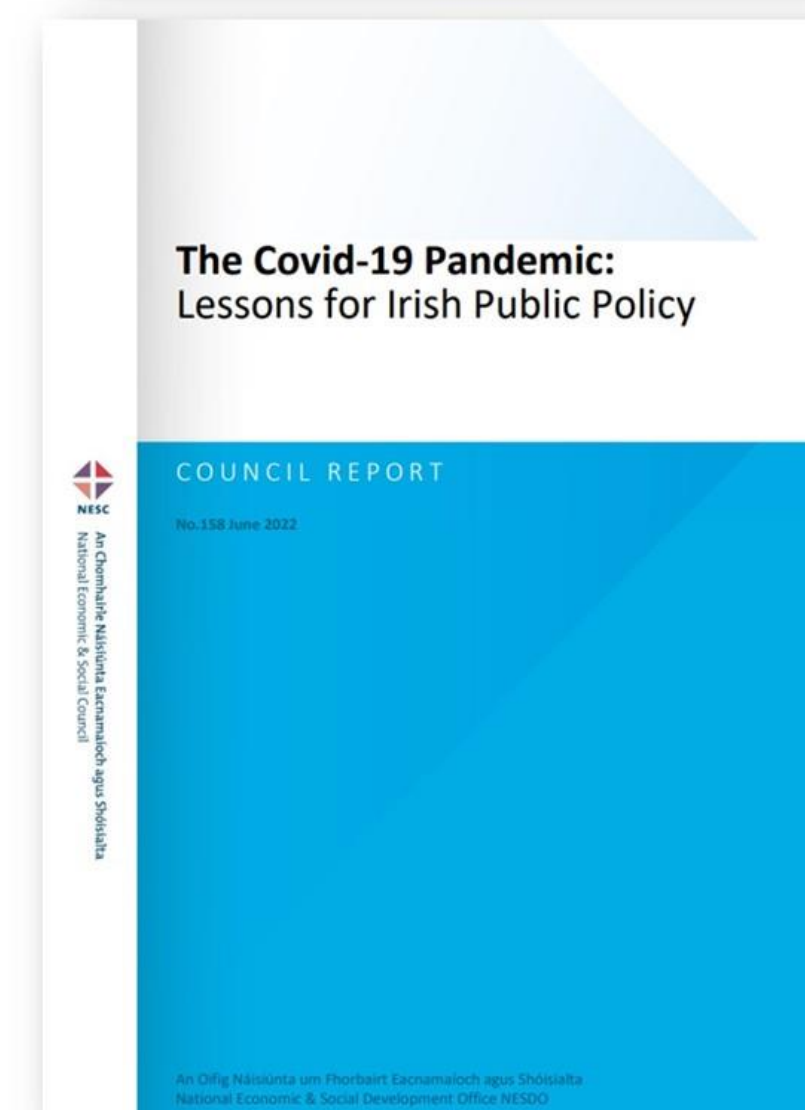
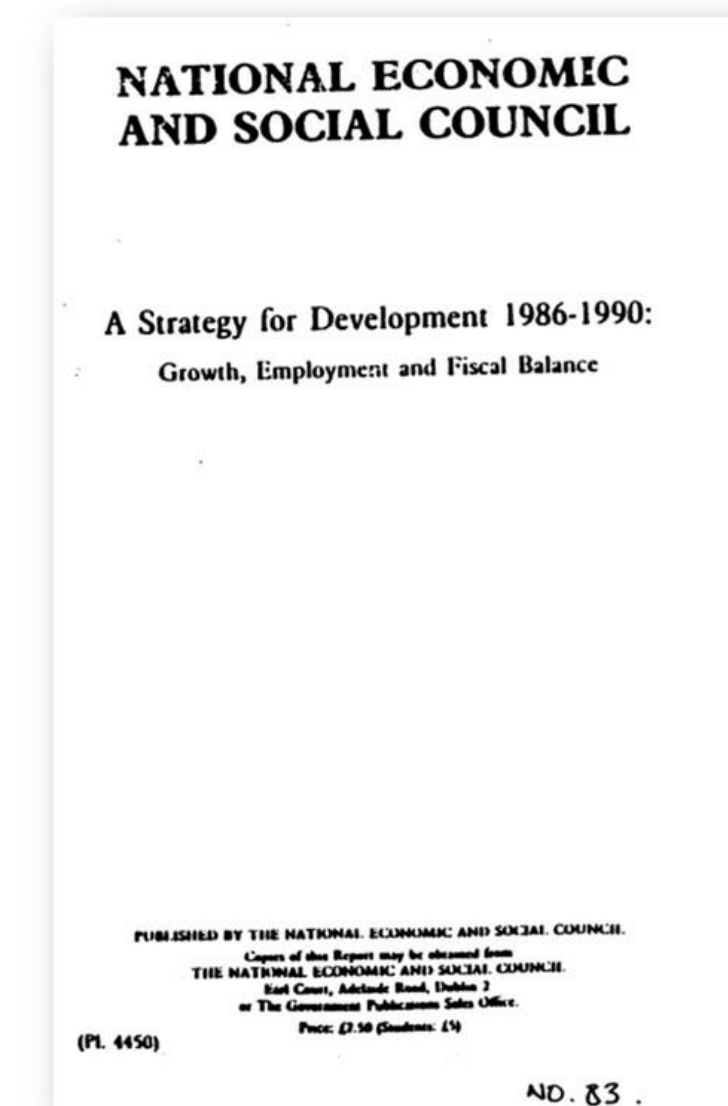
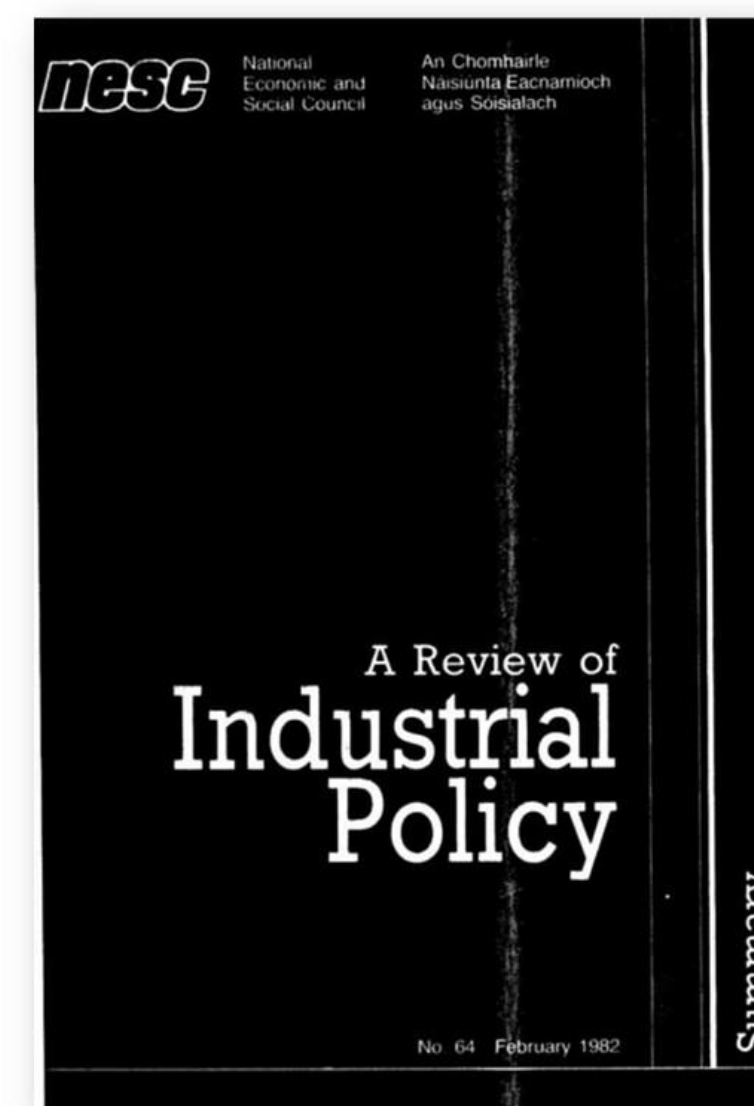
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Understanding the Irish Economy in a Time of Turbulence

Background to the Report

- Promotion of medium-term strategic thinking
- NESC Report 158
 - ‘The Covid-19 Pandemic: Lessons for Irish Public Policy’
- Context in April 2022
- Request to consider the cost-of-living crisis...
- ... within a broader context
- NESC Report 160
 - ‘Understanding the Irish Economy in a Time of Turbulence’



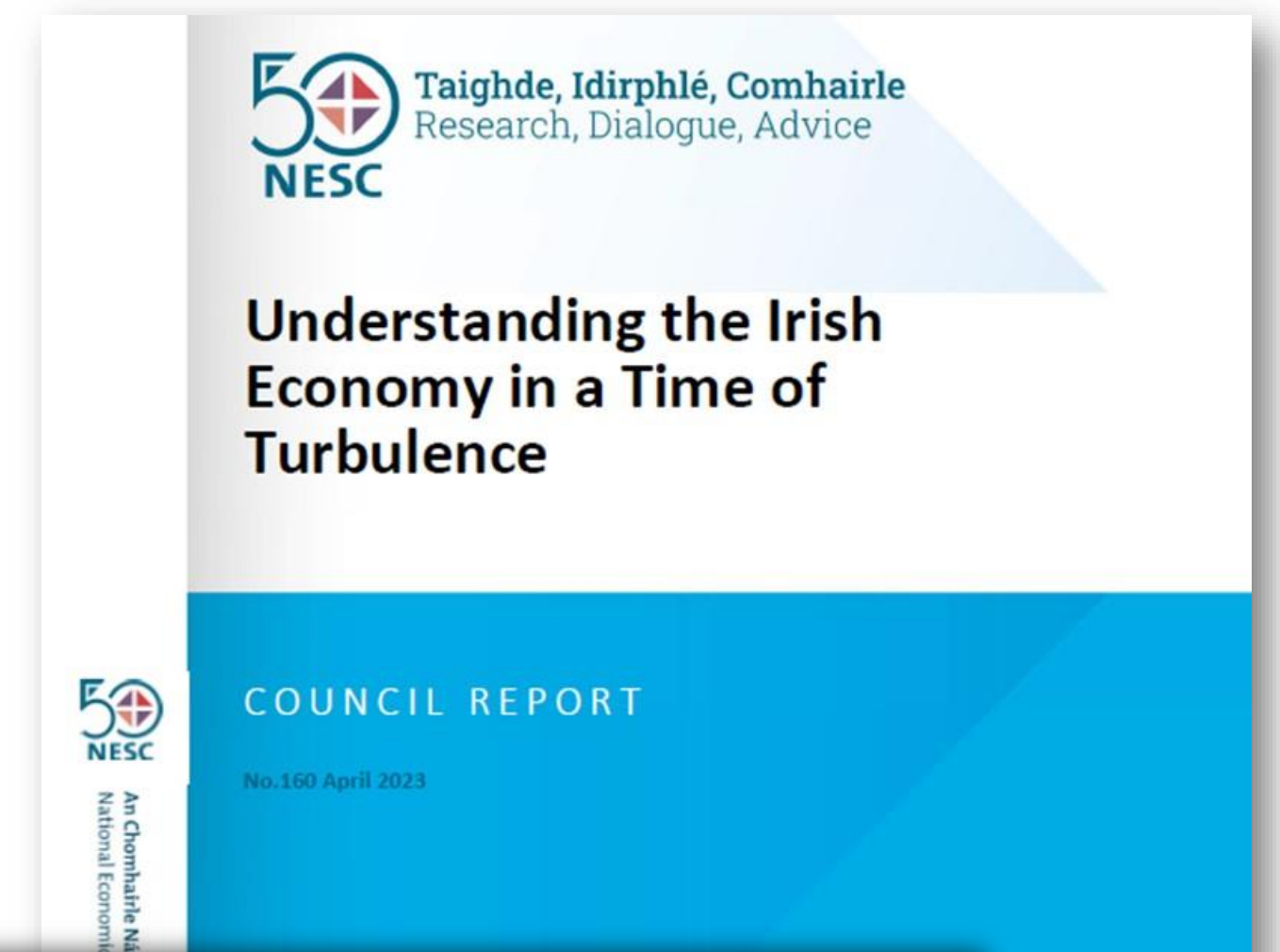
Contents of the Report

- Main sources of turbulence
- Ireland's enterprise economy
- The *capacity* and *cohesion* challenges
- Council's recommended policy response

National Economic & Social Council	
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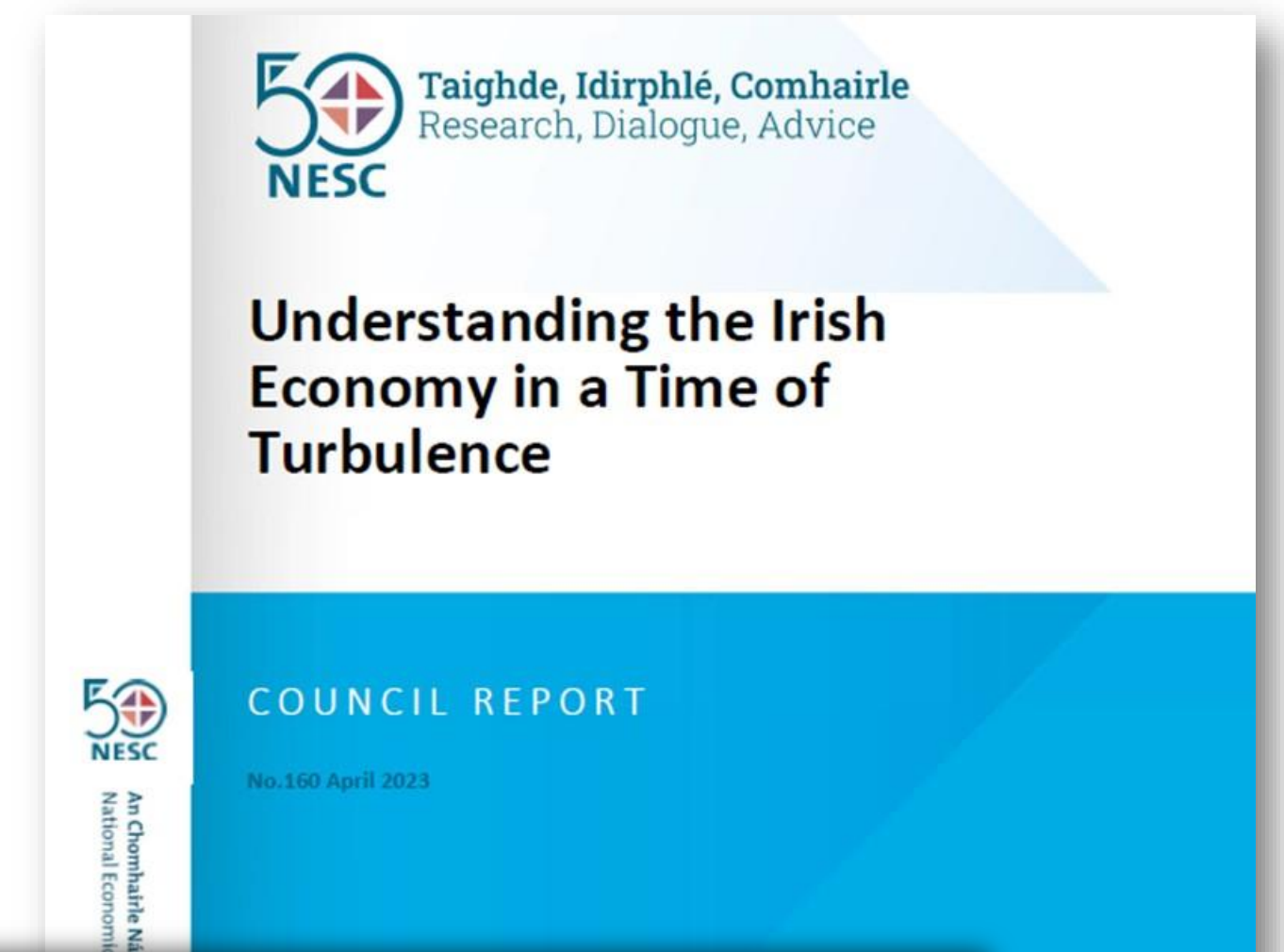
Turbulence: The Climate and Biodiversity Emergencies

- Rising average temperatures
- Declining biodiversity
- Physical risks to the economy
- Transition risks to the economy
- Higher costs for business
- Stimulate innovation



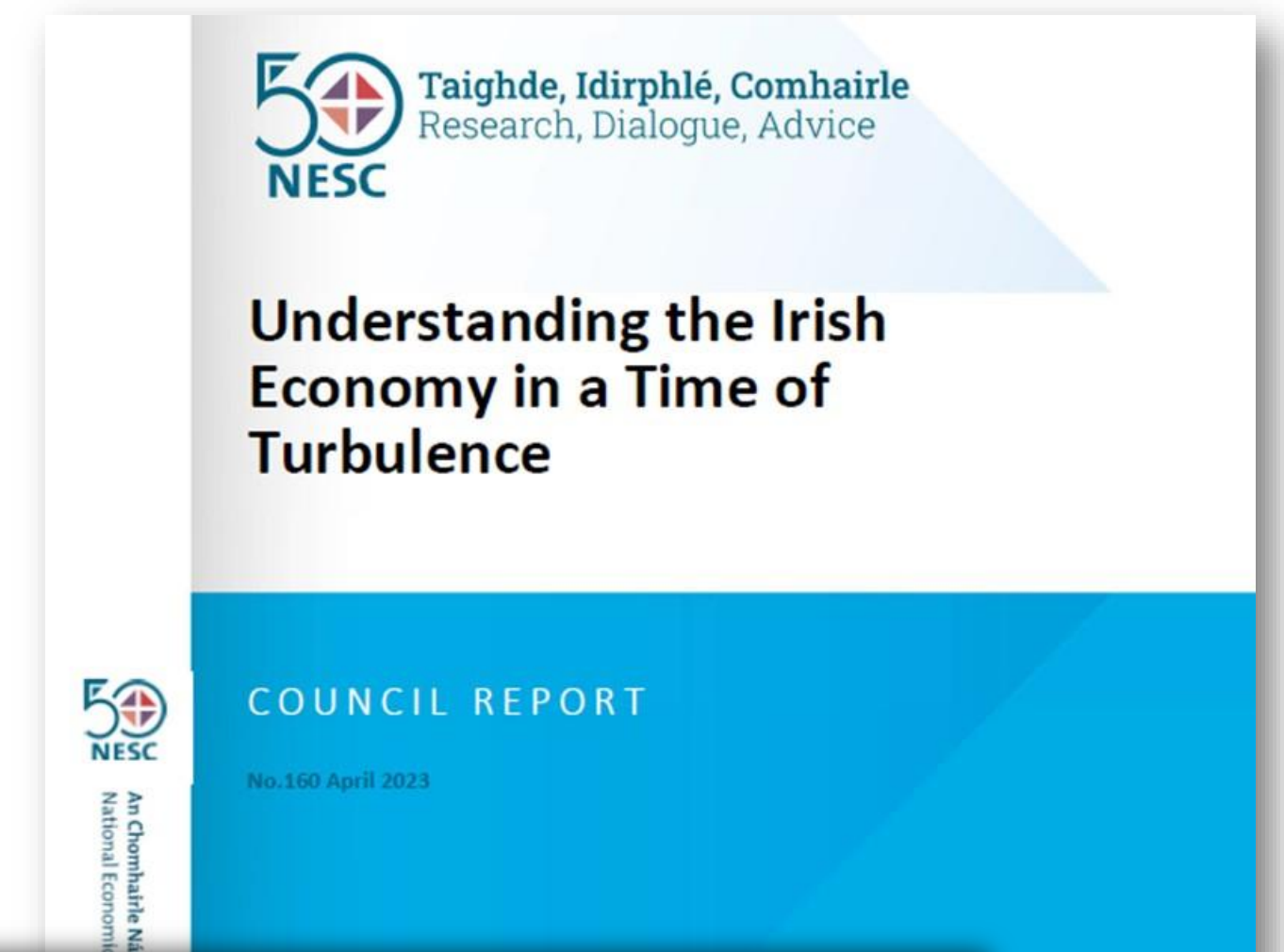
Turbulence: Demographic Shifts

- Growing population
- The role of migration
- Investing in economic and social infrastructure
- Declining dependency ratio
- Rising age-related expenditure



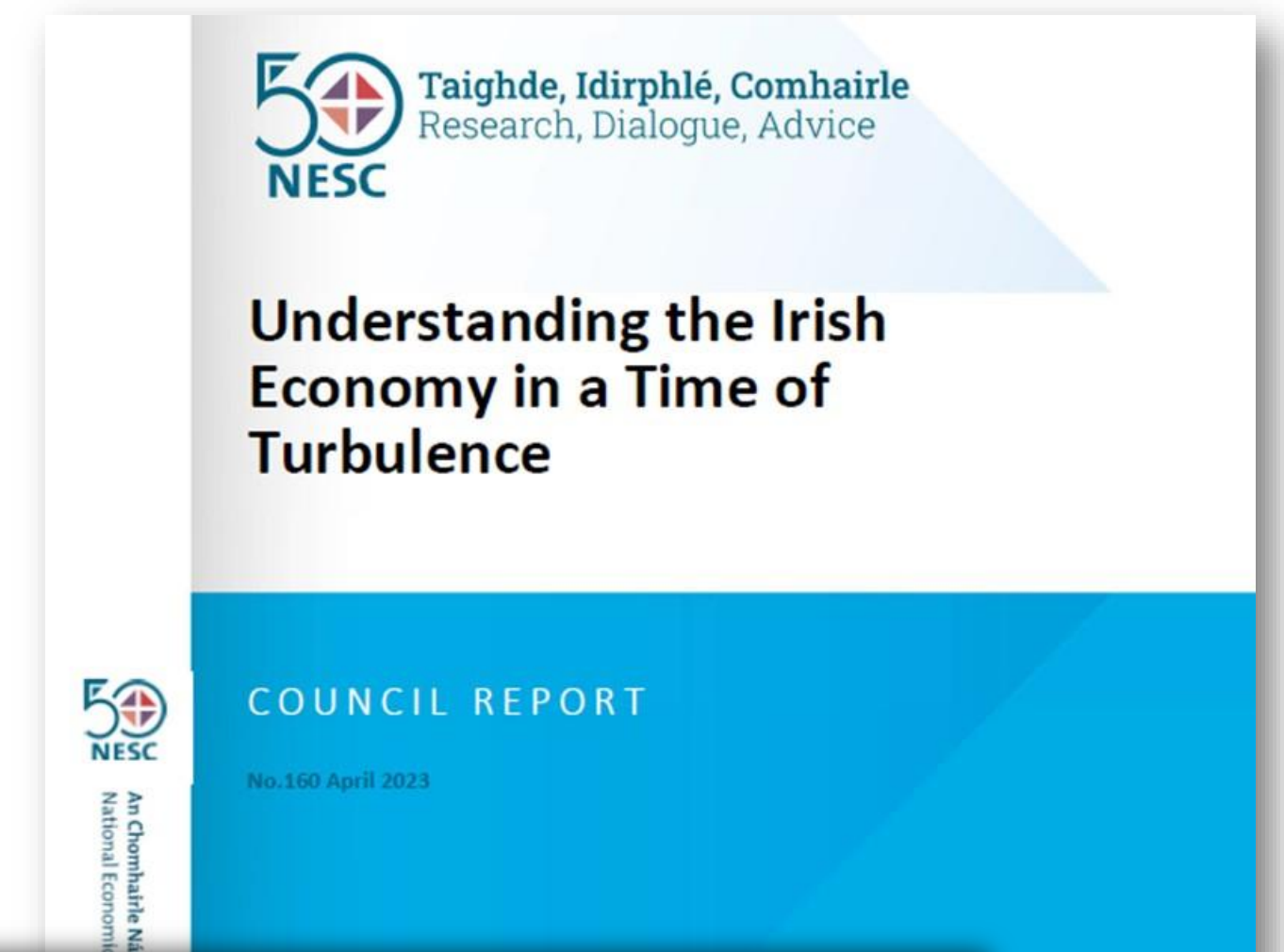
Turbulence: Geopolitical Change

- A small, open economy
- Weakening globalisation
- Geopolitical rivalry
- Invasion of Ukraine
- Deficit in Global Leadership
- Brexit



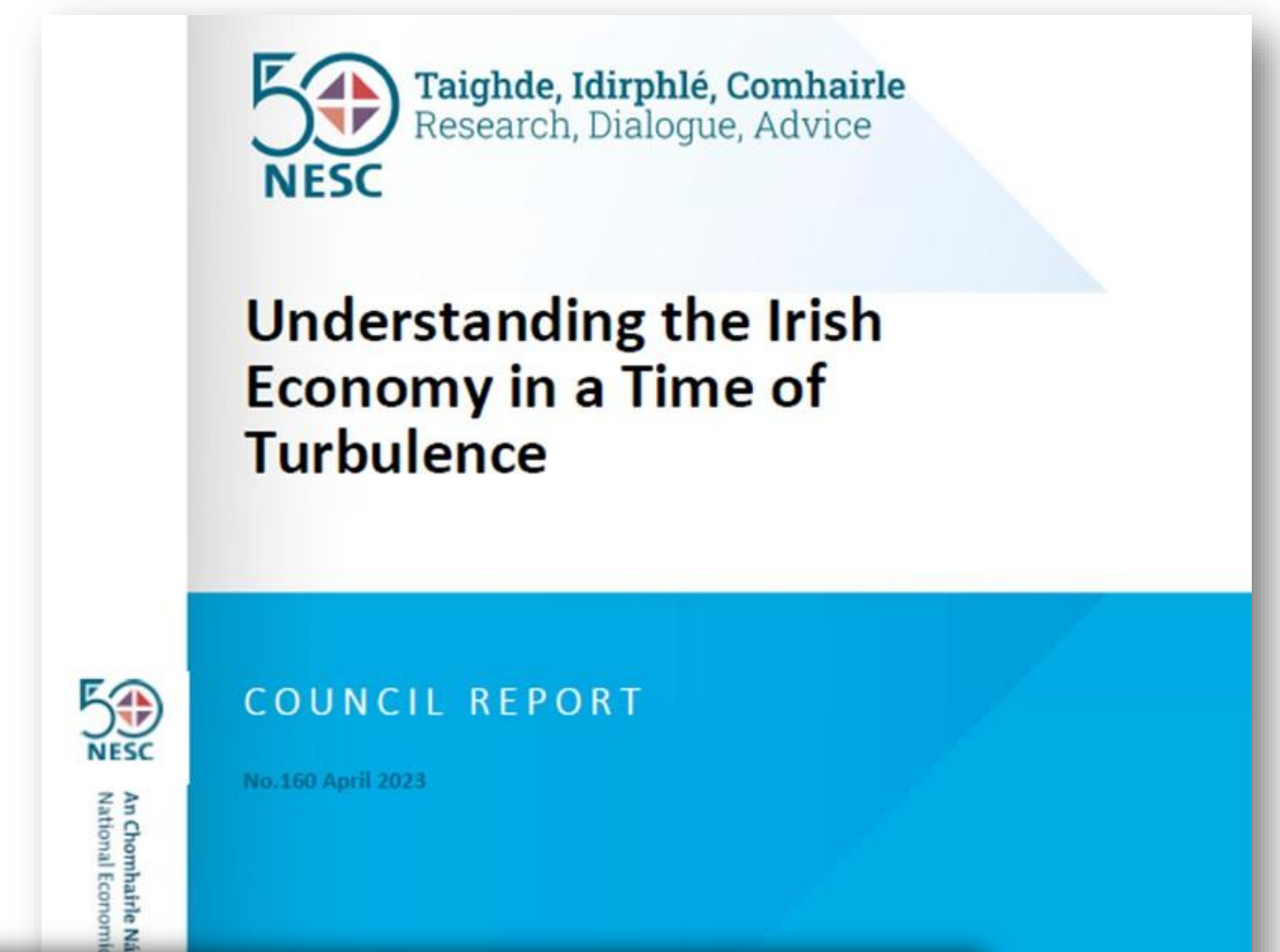
Turbulence: The Rising Cost of Living

- Post-pandemic prices rises
- Invasion of Ukraine
- Pre-existing high domestic costs
- Continuing inflation forecasted
- Spill-over effects
- Property inflation
- Disproportionate impact
- Some easing ahead?



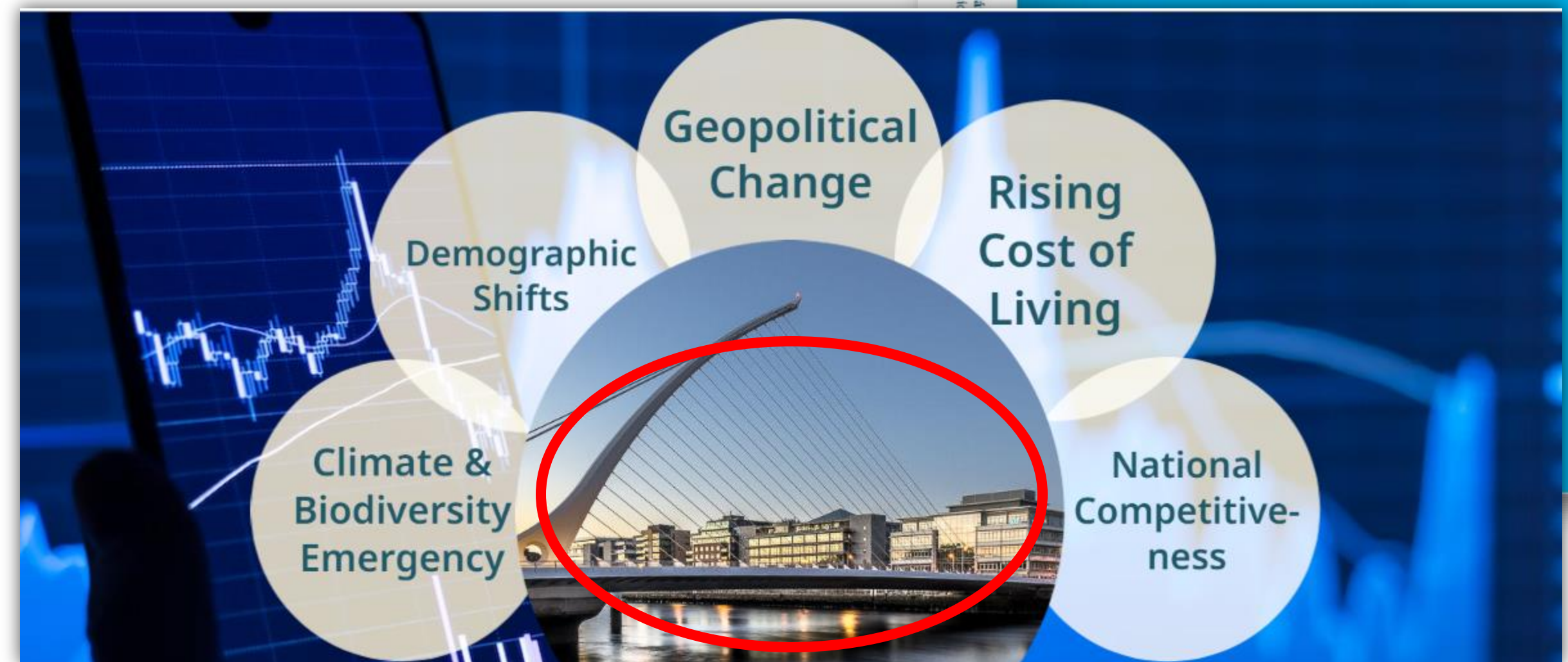
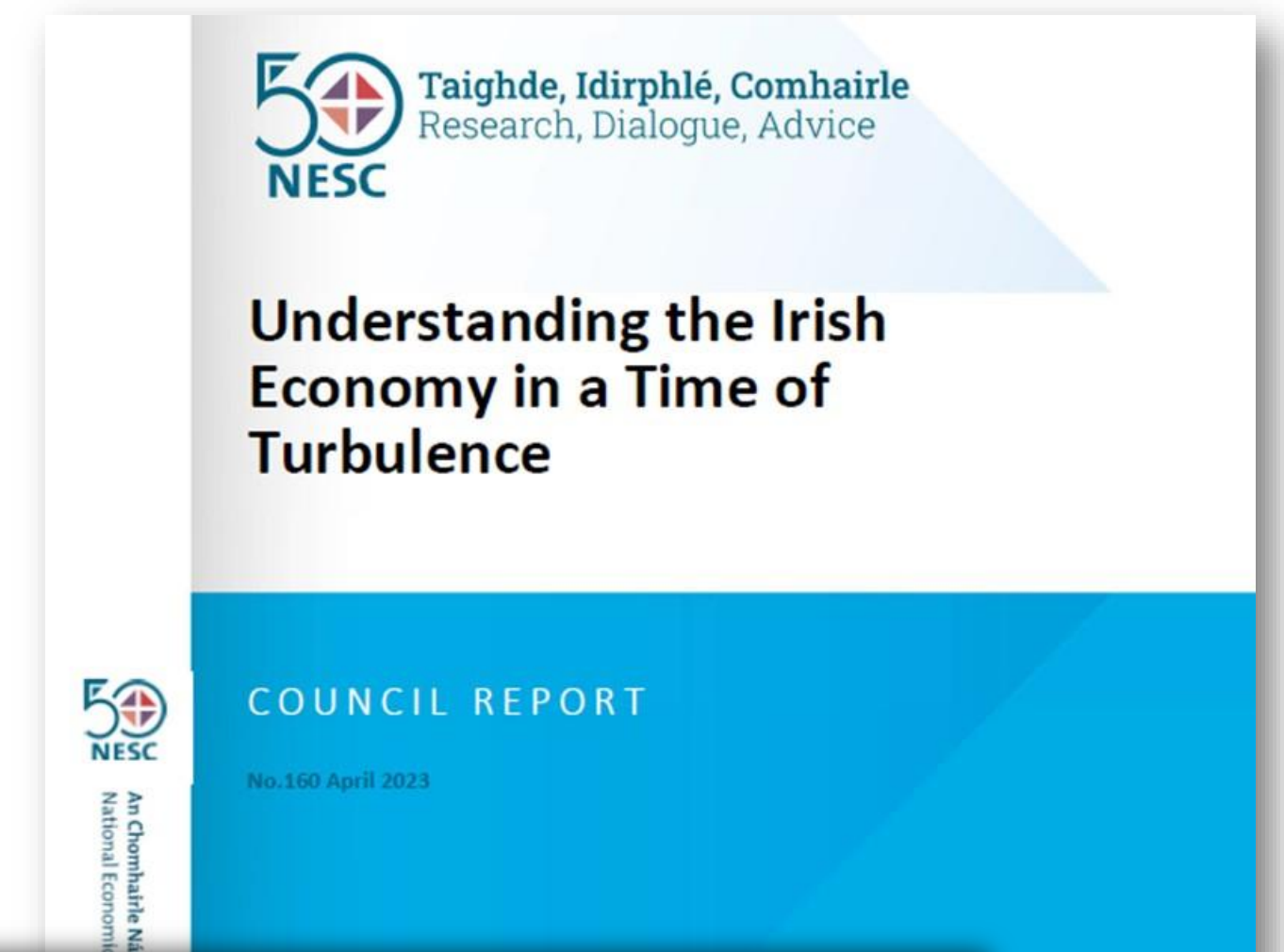
Turbulence: Maintaining National Competitiveness

- Multifaceted concept which includes the cost of doing business
- Inflation -> national competitiveness -> prosperity, employment, and standards of living
- Challenges viable firms
- Dampens longer-term investment
- Harms domestically focused firms
- Lowers confidence
- Presents risk of a spiral



Ireland's Enterprise Economy

- Exhibiting resilience
- Strong enterprise base
- Concentration risks
- Driver of progress:
 - Employment;
 - Incomes;
 - Equality;
 - Gender pay gap;
 - Poverty rates; and
 - Attracting skills



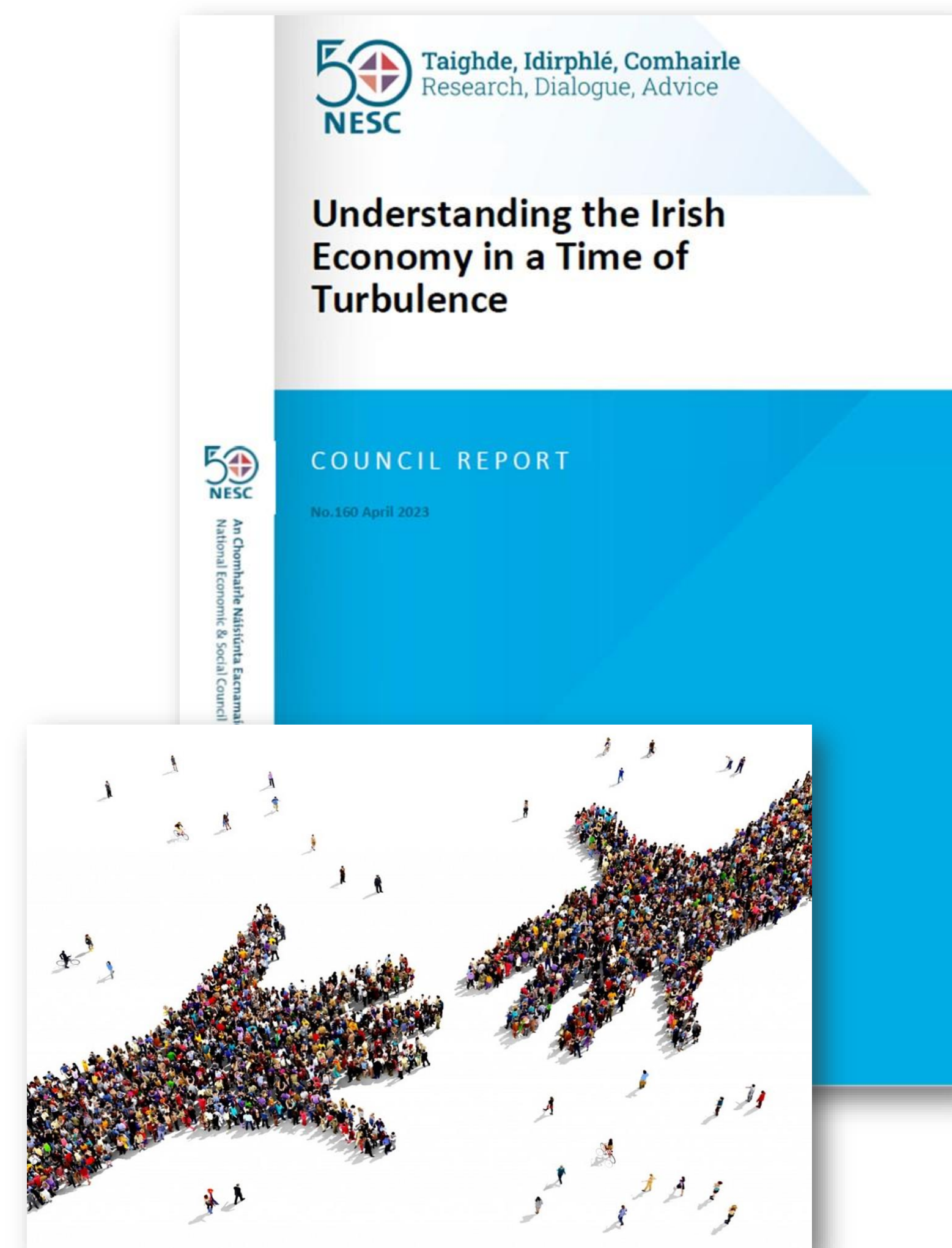
Challenge 1: Capacity

- Managing constraints in the delivery of services and infrastructure
- Addressing vulnerability to society and economy
- Constraints impact on capital spending
- Future success depends on improving capacity in key areas
- Focus on housing and homelessness
 - Wide ranging impact



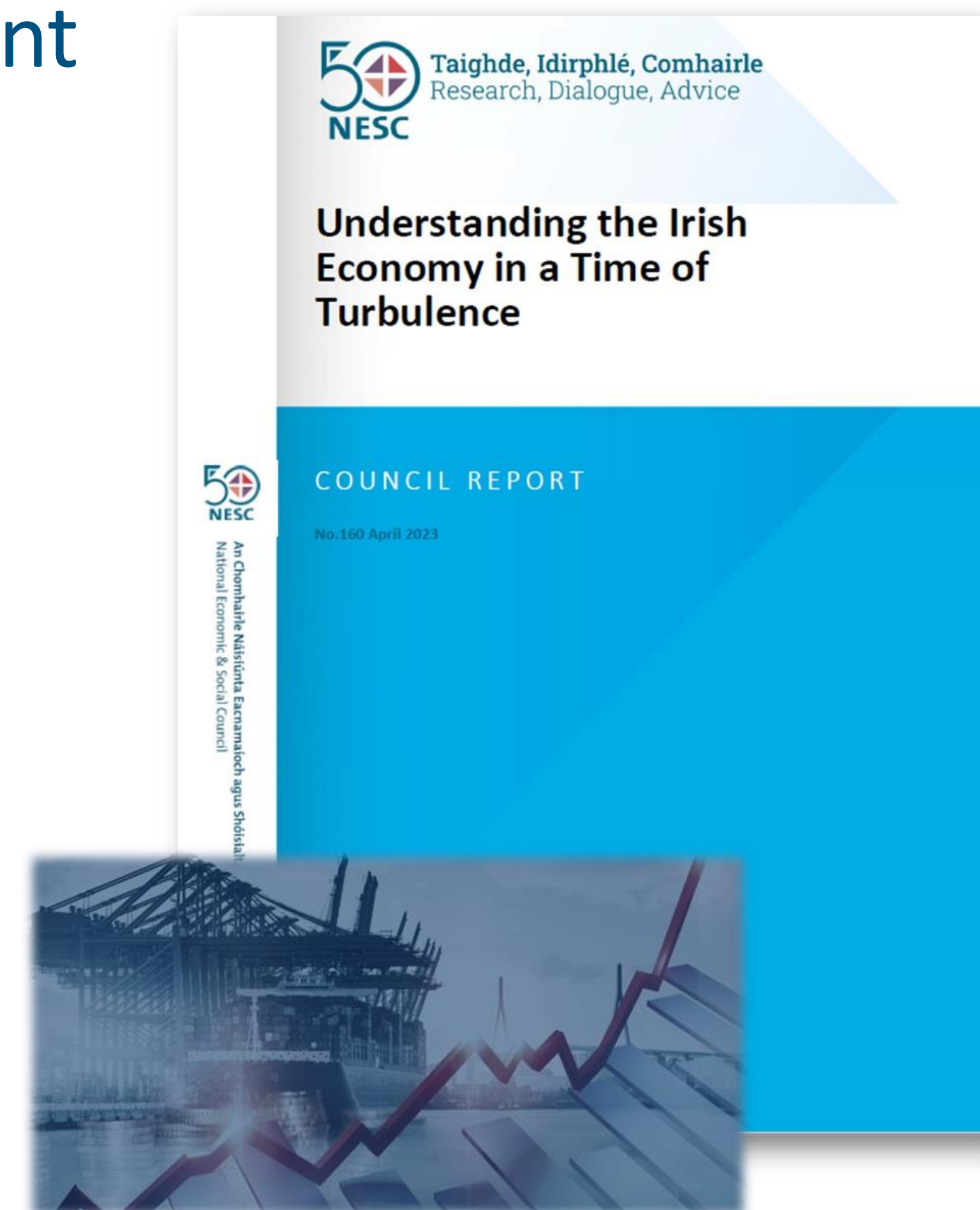
Challenge 2: Cohesion

- Cohorts more weakly connected to the enterprise economy
- Progress and resilience is evident
- Significant steps taken by the State
- But, little change for certain groups
- Tackling low pay, low hours of work available, and precarity
- Competitiveness and addressing ‘the problem of low pay’
- Sectoral challenge



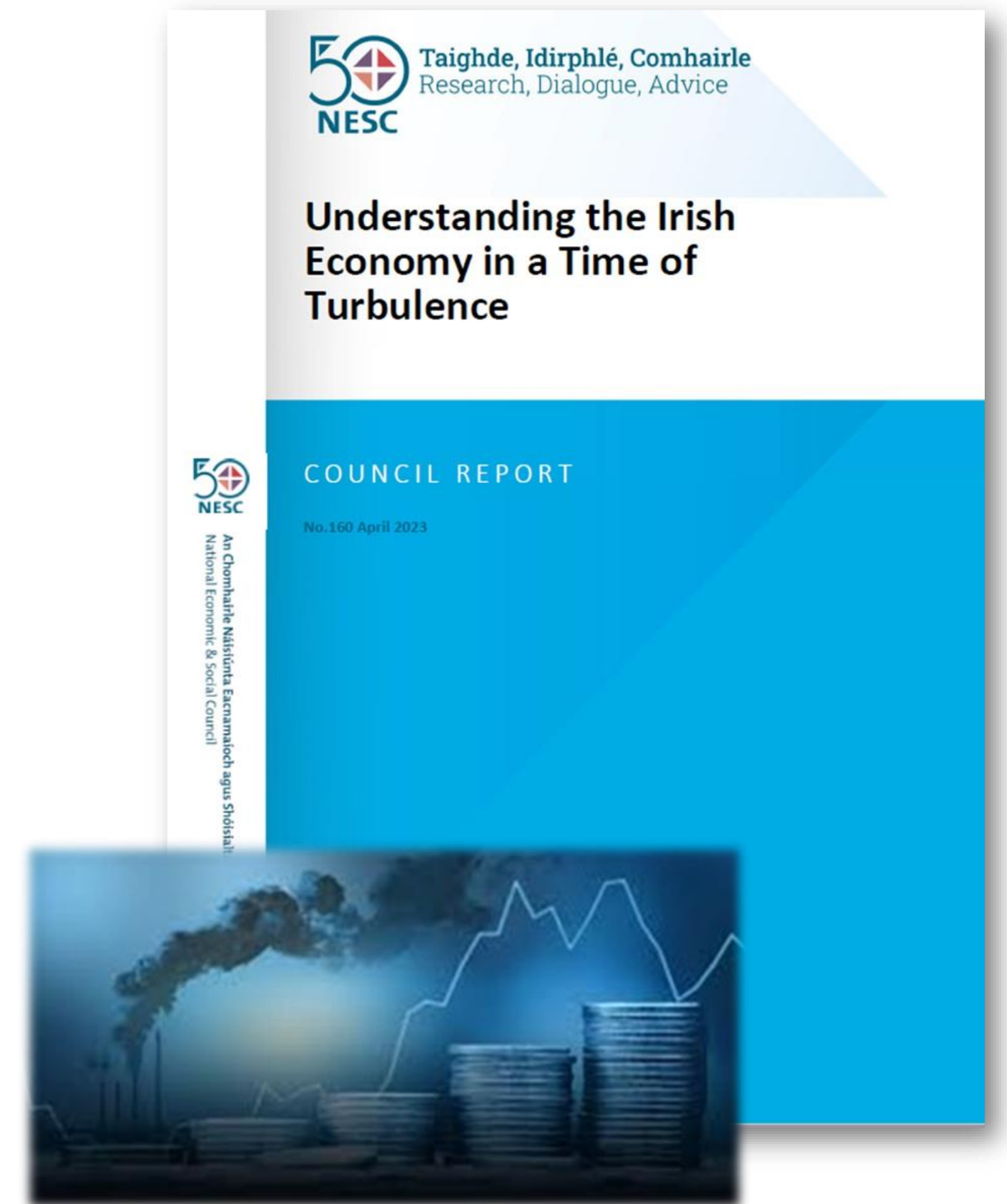
Line of Action 1: Fiscal Sustainability and Investment

- Stable and sustainable macroeconomic policy
- Well-regulated financial systems and well-functioning markets
- A framework for saving excess tax revenue
 - **New Pensions Reserve Fund**
- Maintain investment to be counter-cyclical
- **Focus on housing**
 - Previous NESC work and Housing Commission
 - Openness to new ideas



Line of Action 2: Acting to Realise Net Zero

- Demand reduction measures
- Policy action to meet commitments, targets, and ceilings
- **Deliver clean energy infrastructure**
- **Re-imagine enterprise for net zero**
- Research link between competitiveness and climate action
- Alternative pathways to prosperity
- New just transition mechanisms



Line of Action 3: Making Work Attractive

- Understand the impacts of ‘bad jobs’
- **Transpose the EU Adequate Minimum Wage Directive**
- Examine earnings, security, and quality of the working environment
- **Research the link between low pay and productivity in Ireland**
- **Re-examine the barriers to work**
 - Literacy, early school leaving, cost of services, disadvantage...



Other recent climate-related NESCC work

- NESCC Report 155
 - ‘Ireland's Well-being Framework: Consultation Report’
- NESCC forthcoming Report 163
 - ‘Just Transition in Agriculture and Land Use: an Integrated Framework for Action’
- NESCC current project
 - Natural Capital Accounting

Conclusion

“Ireland will become a resilient, sustainable, thriving net zero economy, environment, and society, using innovation and collective preparedness to shape the future we want to achieve” (NESC, 2020)

- Inform debate as well as action
- Encourage awareness of future generations
- Promote ‘cathedral thinking’
- Be constructive and place-based
- Further the common good
- Deliver for all
- Build societal trust





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THANK YOU

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