

Agreed Statement
on
Discussion on a National Recovery Programme

Following the invitation of the Taoiseach on 24th March, the Government and Social Partners have had further engagement within the context of the *Framework for a Pact for Stabilisation, Social Solidarity and Economic Renewal* agreed in January and the subsequent report of the *National Economic and Social Council* (NESC) which emphasises the importance of an integrated policy approach which addresses all five dimensions of the current crisis.

This engagement has focused on developing a shared understanding of how to respond to the five interlocking sets of problems identified by the NESC:

- an economic crisis, reflecting the severe downturn in international conditions, compounded by the severe impact of the sharp depreciation in sterling relative to the euro, which has resulted in reduced demand in export markets, and reduced demand in the domestic economy, in addition to other domestic factors;
- a social crisis, caused by record redundancy levels across all sectors of the economy with the clear expectation that this trend will continue;
- a public finance crisis, due to the sharp reduction in tax revenue and the strong downside risk attaching to the outlook, resulting in an unsustainable deficit in the public finances despite the

- adjustments to spending levels already made, and arising from the impact on revenue and expenditure from rising unemployment;
- a banking and financial crisis, reflecting the global restrictions on lending and credit and particular problems within the domestic banking system, and
 - a reputational crisis affecting international perceptions of, and confidence in, Ireland.

On 28 January the Government and Social Partners agreed a *Framework for a Pact for Stabilisation, Social Solidarity and Economic Renewal*.

In the *Framework*, the Government and Social Partners agreed on the importance of a shared response through partnership in finding a way through current difficulties facing the country.

In particular, they agreed that urgent and radical action is required to restore stability to the public finances, to maximise economic activity and employment and to improve competitiveness, and set out a broad framework within which those actions would be pursued and which would be fair and equitable.

Recent discussions with the ICTU and IBEC have focused in particular on:

- protecting jobs, and assisting those who lose their jobs;
- responding to the challenges facing the pensions system;
- support for enterprises facing particular difficulties at present;
- taxation and expenditure adjustments required to return the public finances to stability;
- maintaining a sustainable level of social protection;

- people encountering difficulties meeting their mortgage; commitments as a result of job losses;
- the transformation of public services;
- the concept of a national recovery bond;
- corporate governance concerns arising from recent developments; and
- employment rights and industrial relations.

There has also been engagement on issues relating to pay, and related matters including the pensions levy.

The Government and each of the Pillars of Social Partnership have agreed, in the light of the progress to date, that they will resume discussions following the Supplementary Budget to be introduced on 7th April.

They have also reaffirmed their view that the best chance of laying the foundations for a sustainable economic recovery lies in an integrated response agreed through the social partnership process which simultaneously addresses all five dimensions of the crisis, and that is widely understood, can command the support and engage the ability and energy of the Irish people.

6th April, 2009

Ends