

19 minutes – 2,700 words

INTRODUCTION

Go raibh maith agat and I want to begin by thanking Ciarán Mac an Bhaird, the Chair of this year's conference, for welcoming me to Wexford and giving me the opportunity to meet and speak with you today.

The Dublin Economics Workshop is a unique forum for economic policy debate, drawing expertise from academia, the public service and industry.

This year's conference has an ambitious programme with panels discussing a wide breadth of challenges and opportunities which our economy and society face.

From labour market dynamics and climate change to the housing crisis and globalisation.

The panels are impressive.

And I am sure the discussions that will follow will be of immense value to all here today.

In the time I have available I will be unable to address all of the topics that will be discussed at this year's conference.

But I will touch upon our current economic context, and Sinn Féin's perspective in a number of key areas.

THE ECONOMIC CONTEXT

In the past decade the Irish and global economy have faced numerous crises and convulsions.

The Great Financial Crash.

A period of austerity which weakened public services, reduced State capacity, and undermined social cohesion.

A global pandemic which triggered a markedly different reaction to that which followed the Great Financial Crisis.

With fiscal and monetary policy supporting demand, incomes and facilitating a strong State response.

The pandemic also led to an important period of introspection.

Calling into question an economic model which placed unjustified faith in the market and relegated the role of the State.

Leading to a recognition of the centrality of the worker, the community, and the State, in delivering inclusive development and resilience.

If I could stray into politics, there has been much talk of Sinn Féin's march to the centre.

But when I consider these developments, it seems clear to me that the centre has moved decisively towards Sinn Féin.

Focussing on the more recent period, the Irish economy has faced three inter-related challenges.

Uncertainty that has characterised the global economy.

Historically high levels of inflation.

And an aggressive tightening of monetary policy.

The global reopening as pandemic restrictions eased revealed supply chain constraints and released pent-up demand.

These drivers of inflation were turbocharged by the illegal invasion of Ukraine, leading to a global energy shock.

These factors have resulted in levels of inflation not seen in decades.

Despite these challenges, the Irish economy has performed well.

Long-term scarring was avoided, and a bounce-back recovery followed.

Growth has remained robust.

Modified Domestic Demand grew by 9.5 percent last year and is expected to reach 2.9 percent this year and 2.6 percent next year.

Another aspect is the continued strong growth in employment and the low rate of unemployment, which stood at 4.1 percent in August.

These are, there is no doubt, welcome developments.

But there are now clear signs that these trends will slow down as capacity constraints emerge.

On a deeper level, this favourable economic backdrop masks a more complicated picture of our economy and society.

Despite the record levels of employment that I have mentioned, market inequality remains among the highest in Europe.

The at-risk-poverty rate for working single-adult households has risen and was among the highest in the European Union last year.

For many in our society, there is a growing disconnect between the economic indicators that are published and celebrated, and their own lived experience.

Many of these indicators, whether it is Gross Domestic Product or the Human Development Index, capture distortions from the activities of foreign-owned multinational corporations.

This problem was explored in 2021 by the former Governor of the Central Bank, Professor Patrick Honohan.

He noted that there are acute shortcomings of these indicators as a measure of economic welfare.

He found that *“when we dig into the available data in the more relevant parts of per capita income and consumption, we find that Ireland’s relative international position is somewhere between 8th and 12th in the European Union”* – much lower than is commonly portrayed.

The measure in question – Actual Individual Consumption per capita – is acknowledged by the World Bank as a more accurate measure of living standards.

On this measure, Irish households are, in fact, 13 percent below the EU average and in the bottom half of the European league table.

And so, the economic story is more complicated.

We recognise that the domestic economy has been transformed – like every advanced economy – in the past century.

But for too many people today, the headline indicators fail to reflect their lived experience.

We know some of the reasons for this.

A housing crisis that weighs on incomes, is widening wealth inequality and undermining the hopes and dreams of a generation.

High market inequality and the scourge of low pay.

Unaffordable or inaccessible childcare which denies too many parents and women the freedom to fully participate in the labour market.

Sinn Féin want to address each of these challenges, building a more inclusive economy.

Ensuring a broad-based rise in living standards.

Equipping Ireland to seize the opportunities of the future.

Strengthening the rights of workers and building resilience.

INNOVATION & CLOSING THE GAP

Innovation is the engine of economic development.

Improving living standards depends on the ability to drive up the level of value-added output per capita - providing the basis for higher wages.

Sinn Féin wants to see the State and industry collaborate on a shared agenda that places innovation, productivity and high wages at its heart.

Where firms and Government identify windows of opportunity, the sources of competitive advantage, and develop the policies to seize them.

For some time, Government expenditure on research and development has fallen below the European average.

We must change this trend.

With our higher education system the nexus to achieve this aim.

Our tax system also has a role to play.

R&D incurs heavy up-front costs for firms and is often unattractive due to knowledge spill overs and other factors.

Tax credits are an effective policy tool to encourage firms to invest.

For many years, Sinn Féin have argued for enhancements to our R&D tax credit regime, specifically to support SMEs.

That includes increasing the R&D tax credit to 30 percent for SMEs.

And by providing payable R&D tax credits to our start-ups in one instalment in the first year.

This would increase State support for research and development among our innovators, start-ups and small firms.

We must also ensure that gains in productivity are broad based and inclusive.

Recent figures show the continued gap in Gross Value Added per capita across our regions.

This gap is then reflected in wages, disposable income and living standards between different parts of our country.

Therefore, a new industrial strategy must be regional as well as national.

We have entered an era that many have coined the Fourth Industrial Revolution.

An era where new technologies – from artificial intelligence to big data – will transform production, pricing and consumption.

This era of accelerating technologies includes advancements in manufacturing, biotech and the green economy.

This new wave of general-purpose technologies offers unique opportunities, so long as we have the policies and capacity to seize them.

It also raise a number of risks.

Where work becomes ever more specialised.

And old jobs give way to new skills with greater frequency.

In this context, the role and status of the worker must be central.

For too long, the position and status of the worker has been ignored.

This fact was recognised during the pandemic.

The concept of the *essential worker* became a popular term.

It became clear that the value and importance of these workers to our society was not reflected in the value the market assigned to them.

In 2020, at the height of the pandemic, Eurostat revealed that we had one of the highest levels of low pay in the European Union.

Recent research from the ESRI has shown that in 2021, disposable incomes fell or stalled for the bottom half of the income distribution.

For too long, Irish workers have been getting a bad deal.

It is often noted that our tax and welfare system is among the most progressive in the OECD.

But there is too little discussion on why it must be, in order to close the gap in market inequality.

The new technologies I have just discussed risk widening that gap even further.

Sinn Féin want to close that gap.

I think of this in terms of four key principles.

First, dignity.

To ensure a dignified workplace in which workers have more autonomy and control over the data an employer holds and how it is used.

This will become even more important as artificial intelligence and big data are integrated into workplace practices.

Second, flexibility.

As new industries emerge and grow, workers need to be given the chance to reskill through lifelong learning.

Third, security.

A stronger safety net is crucial at times of rapid change – a fact made all too clear during the pandemic.

Fourth, equity.

Unions push up wages, ensuring workers receive a fair share in the economy they build.

Sinn Féin are fully committed to legislating for the right to trade union recognition and of unions to bargain for and represent their members.

These four principles will guide our approach to economic policy moving forward, to ensure that workers are respected and that our economy delivers for its most important constituents.

STABILITY & THE PUBLIC FINANCES

We must recognise that clear impediments to our future prosperity have emerged in recent years.

The housing crisis and our infrastructure deficit threaten the ability of firms to grow.

Undermine future employment.

Threaten investment.

Harm our competitiveness now and in the future.

Strains on our public services and the high cost of childcare inhibit the ability of firms to attract and retain staff.

These weaknesses did not emerge out of nothing.

But instead, are the result of clear policy failures by successive governments.

Sinn Féin are determined to address them.

Of course, we recognise that this cannot be delivered without the careful management of the public finances.

The volatility of the past decade has also underlined the importance of resilience.

The resilience of our workforce to adapt to shocks.

The resilience of our State to deliver key public services and infrastructure.

And the resilience of our public finances.

My ambitions, and the ambitions of Sinn Féin, can only be delivered with resilient public finances.

To tax fairly and spend wisely.

Despite the challenges of the pandemic and this period of inflation, the fiscal outlook continues to improve.

With significant surpluses expected in the years ahead.

This presents a unique opportunity –

To correct the mistakes of previous governments and address critical deficits in our economy.

In housing, childcare, health and climate action.

As we know, a key driver of revenue growth over the recent period has been due to corporation tax.

That a significant portion of these receipts comes from a small number of foreign-owned multinationals gives cause for pause.

We must acknowledge that this revenue stream could be volatile, with its future course uncertain.

For this reason, it is my view and Sinn Féin's position that day-to-day current expenditure should not be funded through potentially windfall revenues.

The scale of expected surpluses and their nature has led to wide discussion on how this revenue should be treated.

And to what use it should be committed.

Some argue that it should be wholly committed to address demographic change in the years ahead.

I do not agree with this approach.

A failure to address the housing crisis and our infrastructure deficit threatens our competitiveness.

It harms not only Irish living standards but the capacity of our economy and performance of our public services.

A failure to tackle them will make long-term challenges even more difficult to address in the future.

It is therefore clear to me and Sinn Féin that a portion of this revenue must be committed to public investment.

This is even more important in today's high interest rate environment, as private investment becomes more expensive.

Sinn Féin are committed to delivering the largest public housing programme in the history of the State.

Addressing not only supply, but crucially, affordability.

And increasing public investment in core areas of healthcare infrastructure, transport and climate action.

I want to focus on two areas that are critical not only to Irish living standards, but our future economic prospects.

HOUSING

The biggest failure in policymaking and the greatest threat to living standards is in housing.

Housing is not a commodity but a fundamental right.

Under Fianna Fáil and Fine Gael, the housing crisis has become a social disaster.

This crisis did not happen by accident.

Nor was it caused by invisible forces.

The decision by the State to outsource the provision of housing to the private sector was a decision.

The result of a flawed economic model that relegated the responsibility of the State and promoted the role of the private market.

An economic model that relegated the public good and promoted private interests.

That model has failed with disastrous consequences.

Those who claim, whether it is the Taoiseach or the Minister for Housing, that this and previous governments bear no responsibility for this crisis are playing a dangerous game.

Not only is this claim false.

It also undermines our democracy, breeding a cynicism that politics cannot deliver for our citizens.

The truth is that Government policies caused this housing crisis.

That also means that Government policies can resolve it.

It is clear, however, that the Government's housing plan will not.

Its targets are widely acknowledged to be too low, and incapable of meeting housing need.

It is also a plan that is heavily reliant on private sector delivery.

This creates two problems.

The first concerns affordability, with a private sector that is clearly struggling to deliver homes that are affordable for workers and families.

The second concerns the capacity of the private sector to deliver in the time ahead.

In a transformed monetary policy environment, the cost of finance will increase, posing a risk to future private sector delivery.

Our way out of this housing crisis will require many policy levers.

But increasing the delivery of public housing is key among them.

That is why Sinn Féin in Government would significantly increase funding to deliver the largest public housing programme in the history of the State.

And use every tool at our disposal to unlock the barriers to delivery and push down the costs of construction.

CHILDCARE

The availability and access to high-quality and affordable childcare is a significant barrier to parents, especially women, participating in the labour market.

High childcare costs reduce the economic freedom of women, their ability to work and build a pension for retirement.

This barrier creates a deep injustice within our economy.

An injustice that must be addressed.

The impact of high childcare costs also spills over into our wider economy, reducing labour supply.

Investing in childcare and reducing fees improves living standards, brings down barriers and increases employment.

In 2020, Sinn Féin put the provision of affordable childcare at the centre of our ambitions.

That ambition remains.

We are committed to increasing investment in the sector.

To improve the pay and conditions of childcare workers – professionals who are crucial to the functioning of our society and economy.

And to reduce fees by two thirds as we move childcare to a more public model.

CONCLUSION

Our economy faces many challenges and opportunities in the years ahead.

As climate change and biodiversity loss gather pace with terrible consequences, a commitment to transition to a low-carbon, and ultimately net-zero economy, is not an option.

But a pledge that must be delivered.

As we operate in a world that is more fragmented and less secure, we must work to reduce risks and promote stability.

As a wave of new technologies and digitalisation emerges, we must equip ourselves to grasp opportunities and adapt to change.

And as we grapple with the failures that undermine the living standards of our people, and the future prospects of our economy, we must be prepared to change course.

I am determined, as is my party, to lead the next Government, address these challenges and bring about that change.

I thank you for your time and wish this year's Dublin Economics Workshop every success.

Go raibh maith agat.

ENDS