

Post Troika: Never Waste a Crisis

(Making Ireland work – SMEs leading the way

Annual ISME conference)

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Research for new economic policies

Three key points:

1. A return to 'old normality' is not on
2. Demography, technology/skills and climate will change the game
3. Social, Business and Fiscal policy need to sit into a coherent vision/strategy

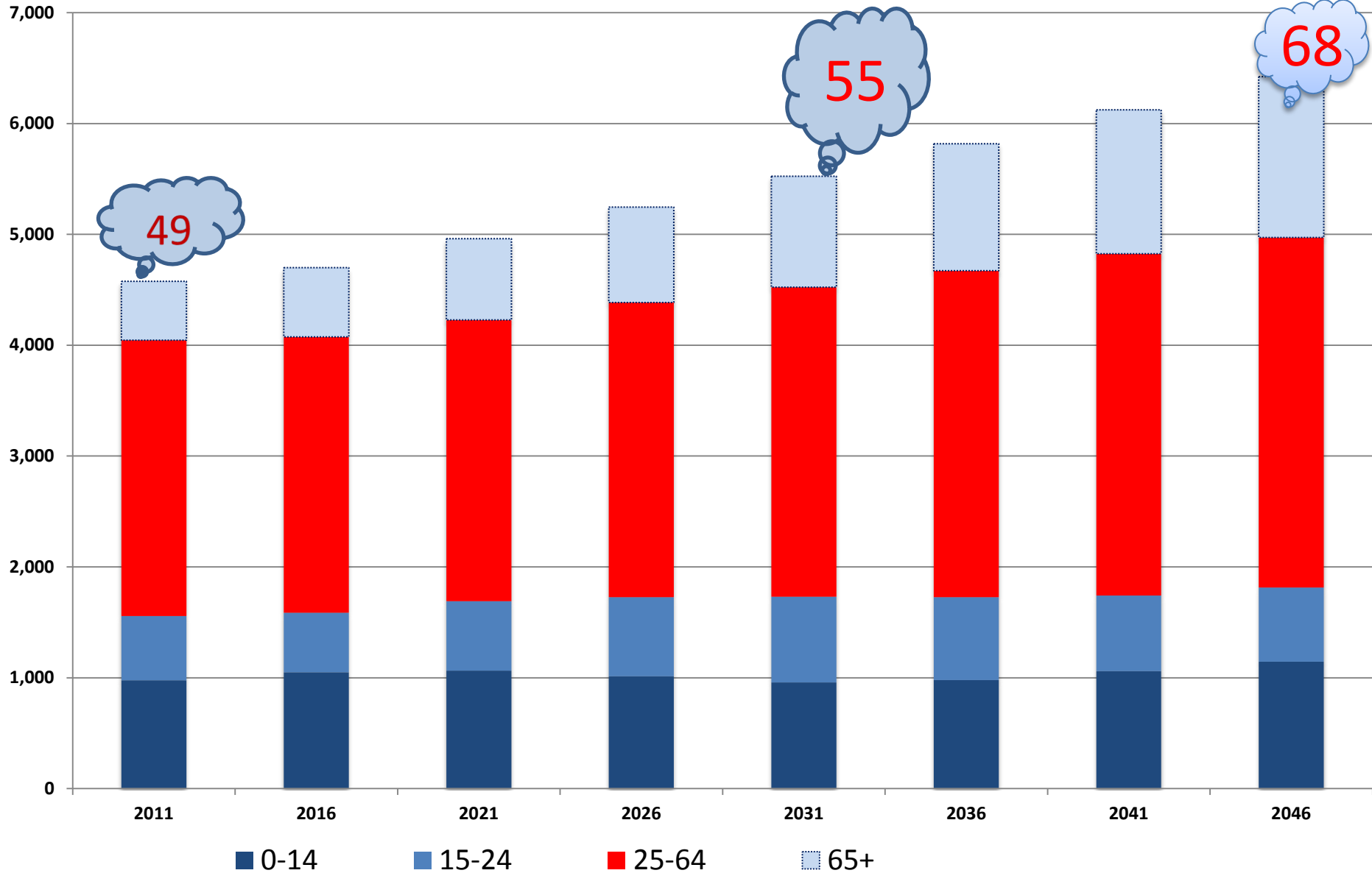
Four key concerns of SMEs (at least):

1. Keeping costs under control
2. Rebooting demand
3. Accessing credit when you need it
4. Finding and retaining right mix of skills, supports and networks

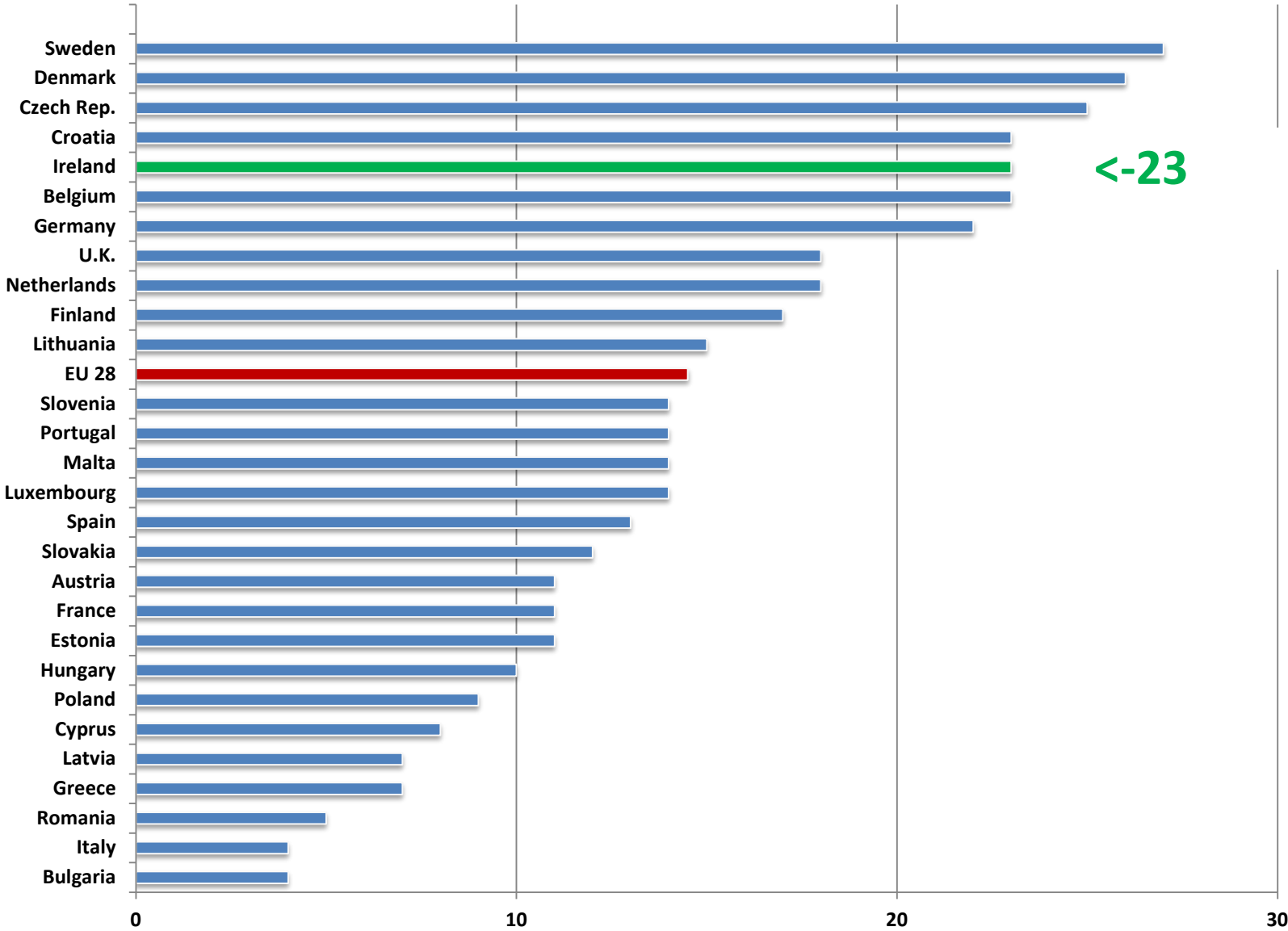
SMEs in Ireland (CSO, 2011)

1. SMEs =99.8% of active enterprises, 69% of persons engaged, 50% of turnover & 46% GVA.
2. Employment in SMEs down from 1m+ in '06 to 840,000 in 2011
3. Gross operating surplus as % of turnover = 7% in Irish indigenous enterprises (14% for business economy as a whole)

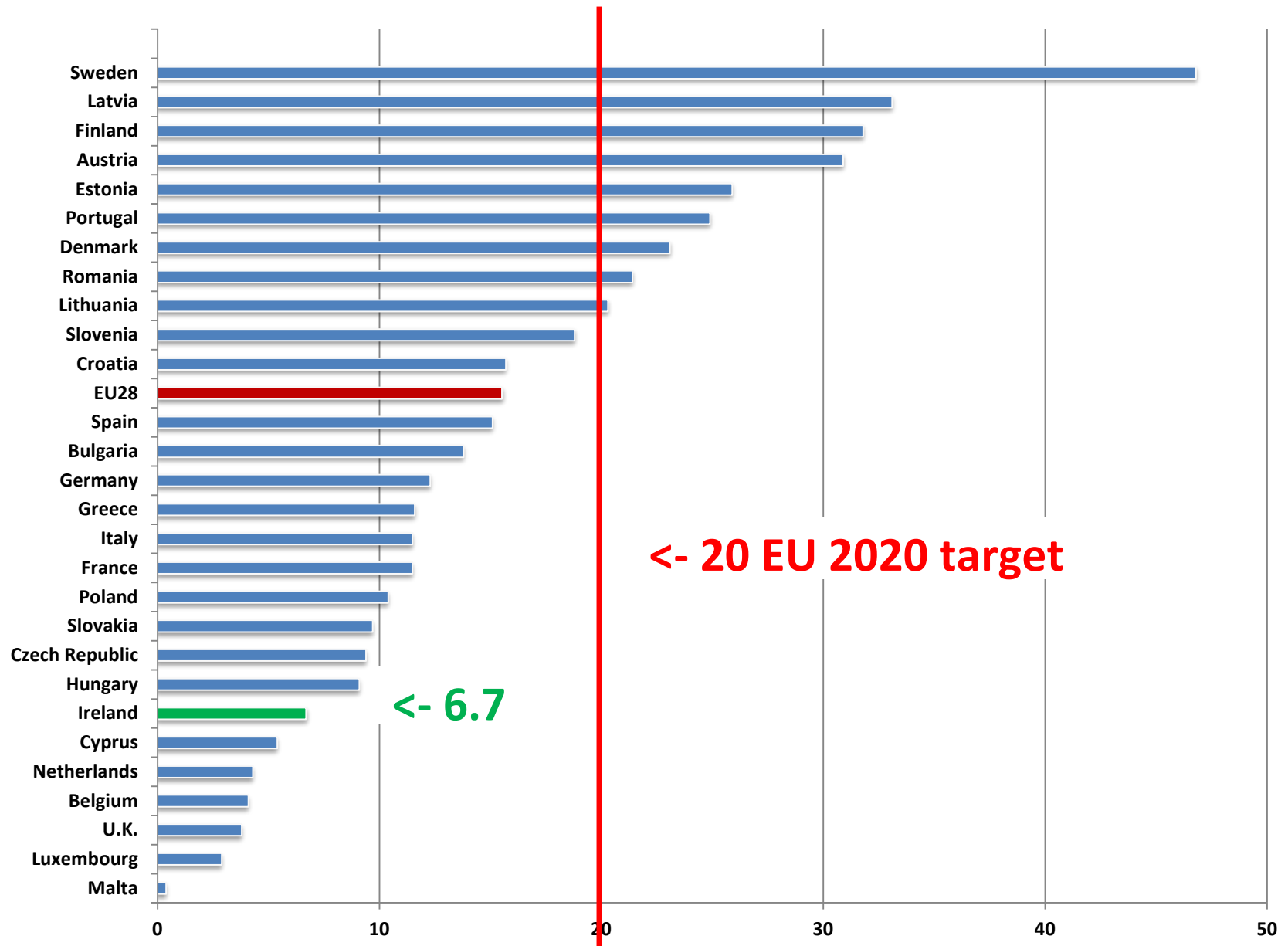
Medium population growth (M1F2)



% Enterprises receiving orders online 2012



Share of renewables in energy consumption (2011)

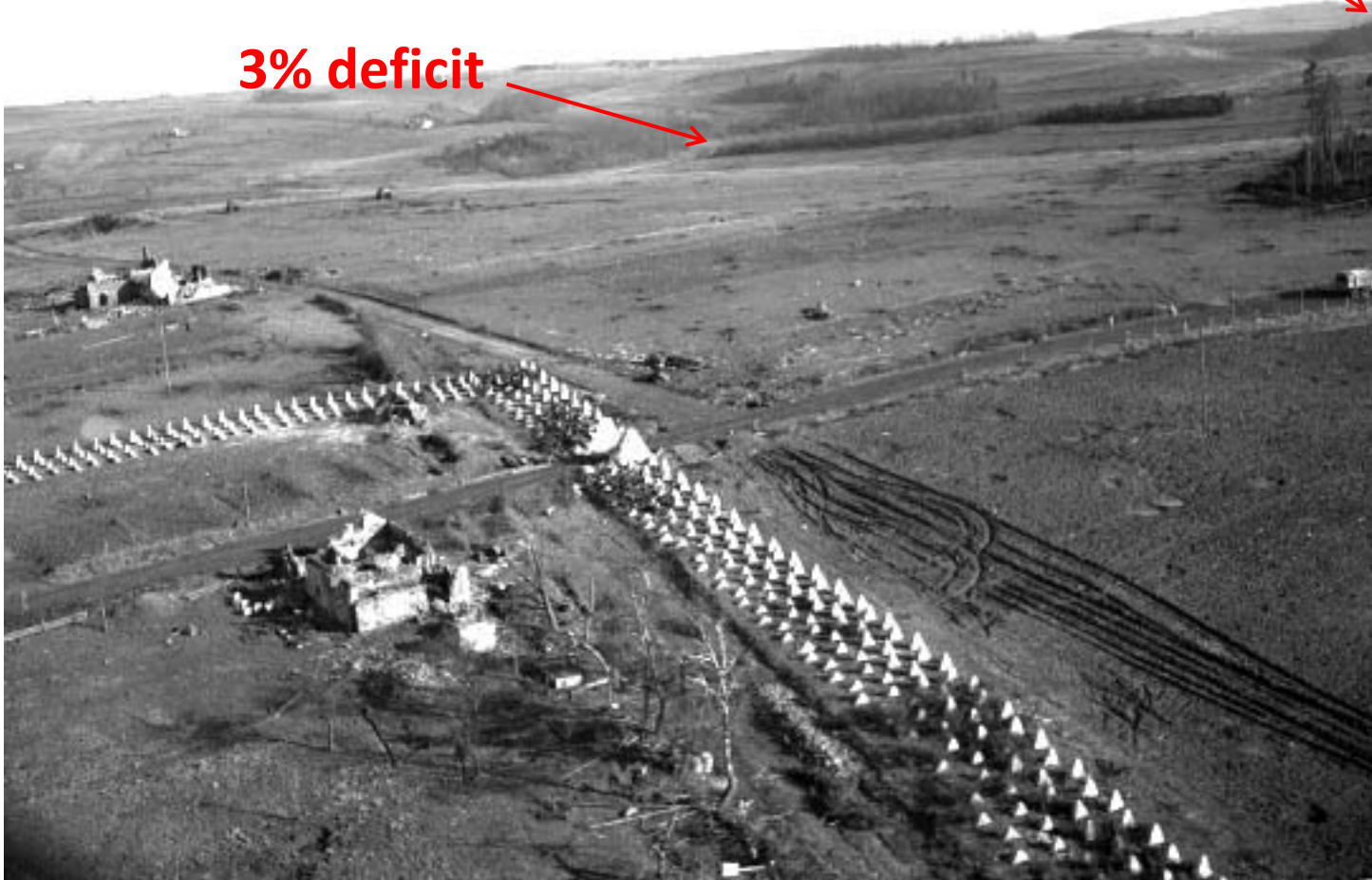


Fiscal policy needs to sit into a coherent vision/strategy

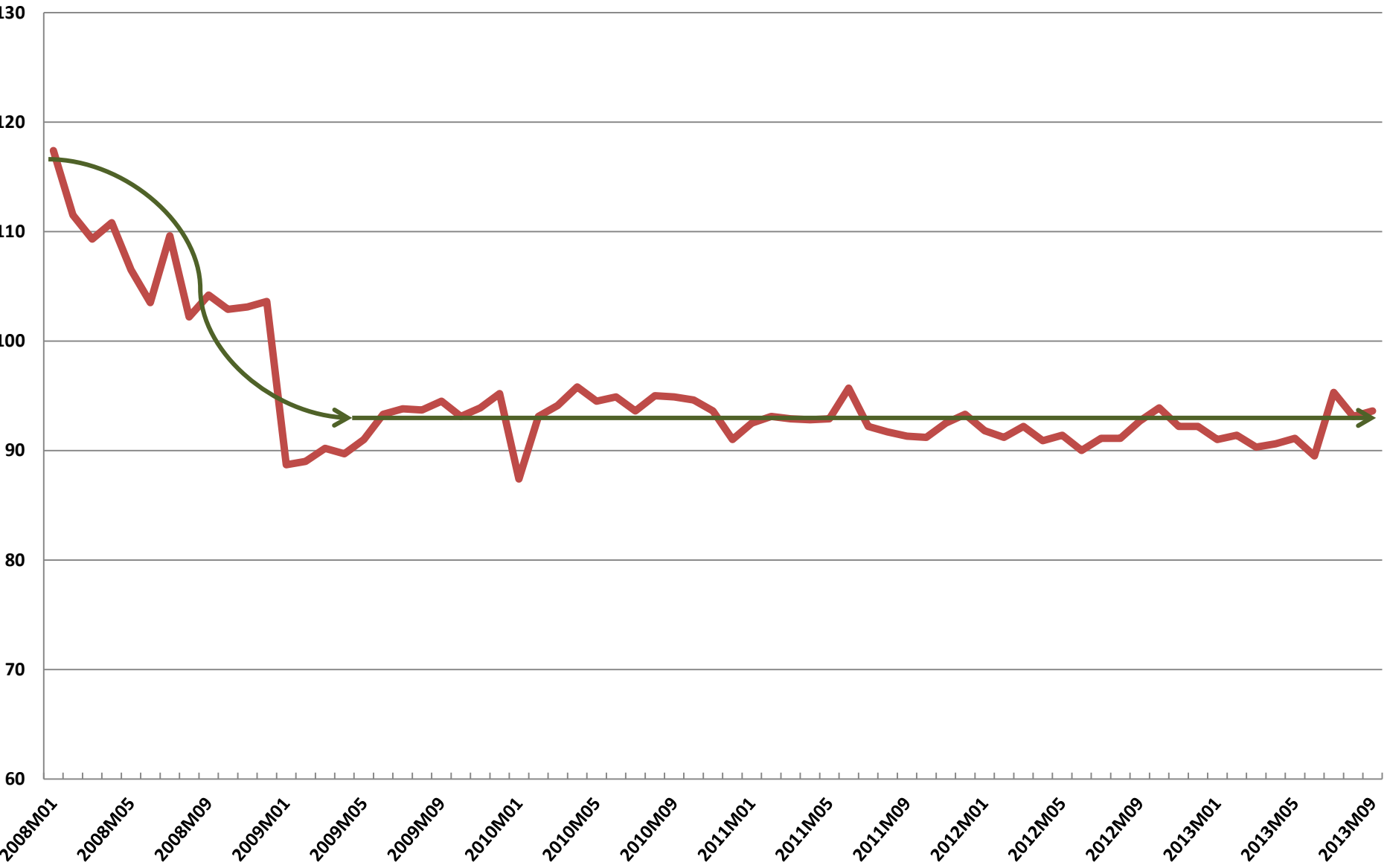
What are we going to do after the war?

0.5% structural deficit

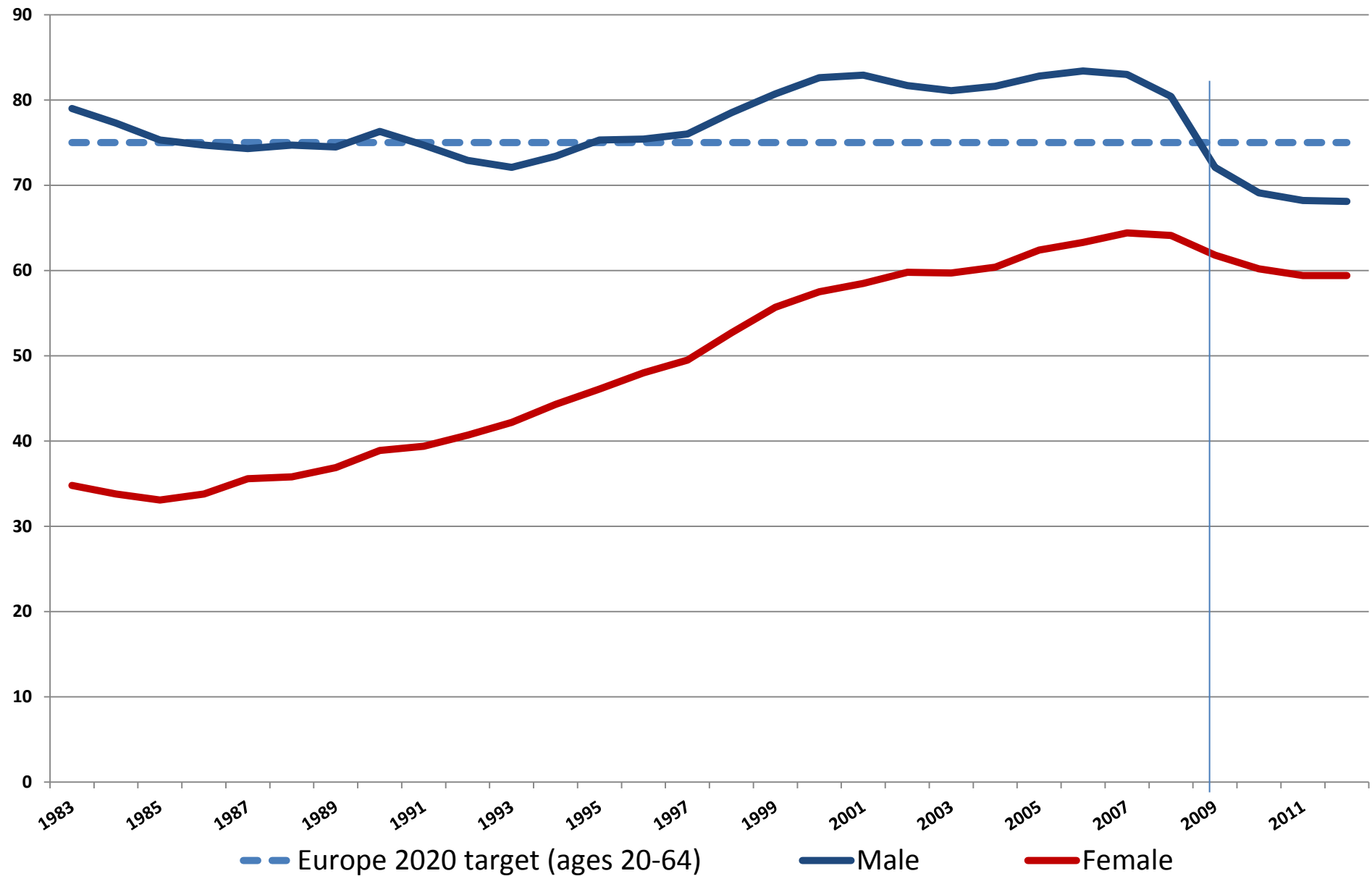
3% deficit



Monthly trends in volume of retail sales



Employment % of working age population



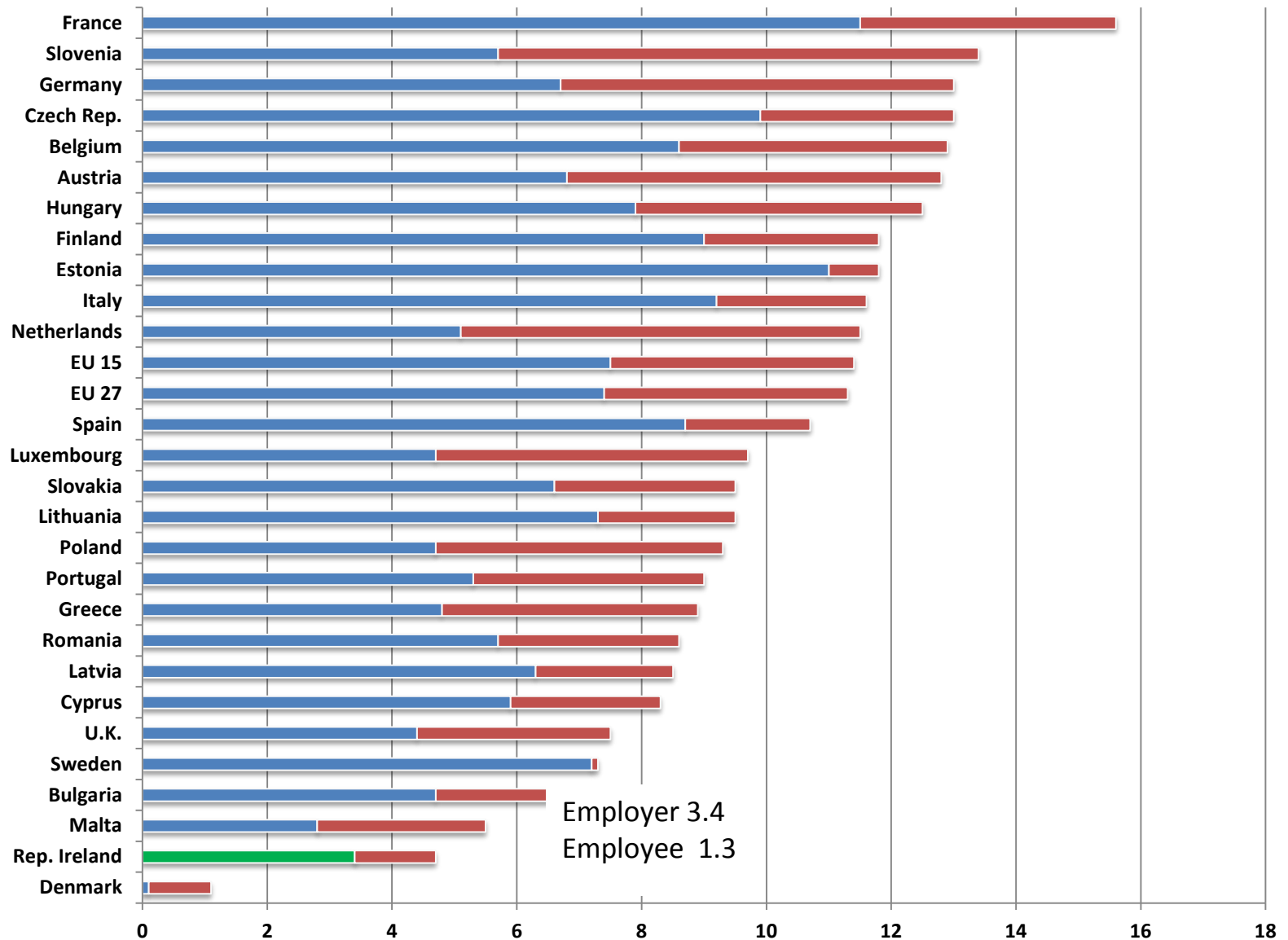
What can Governments do to help increase employment & encourage enterprises?

- 'Do no harm' via excess fiscal austerity
- Focus on investment for long-term gain including ECEC
- Pay attention to skills
- Changing the nature of work ...implying changes in behaviour of governments, employers and trade unions

A new social deal for Europe/Ireland

- New enterprise strategy
- Basic income – to eradicate poverty
- Reforming tax and social insurance
- Social credit & back to plain banking (inc SIB)
- Universal public services – health, education and income protection funded thru balanced taxation structure

Social Insurance is the way to gobut there is a long way to go(data in respect of employees and their employers only) % GDP



Social Insurance = Social Security

- Access to services regardless of income or employment status: e.g. free health services
- Protect those who fall ill or lose a job (e.g. S.E.)
- Provides an alternative to the vagaries of equity markets or investment policies of a handful of fund managers



€15 billion
Investment Fund

Water

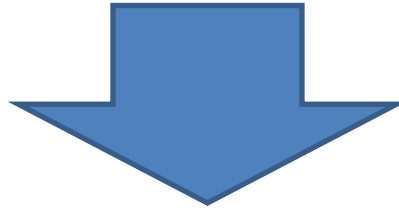
Broad-band

Energy

Early Childhood

Retro-fitting

€15 billion Investment Fund



2013-14
€1.5bn

+

2015
€3bn

+

2016
€4bn

+

2017
€4bn

+

2018
€2.5bn

Companies of excellence – a Win Win ?

- Enterprises which acknowledge labour rights, employee participation, R&D, re-investment and the retention of the business in Ireland.

A new approach?

1. Prudent fiscal strategy
2. Smarter investment in social infrastructure
3. Protecting the incomes of the most vulnerable = protecting domestic demand
4. Reforming public tax/spend
5. Going for sustainable growth

Central Thesis

Adequate living standards

+social protection

+labour standards

+public services

***good for workers, good for business,
good for Ireland and good for Europe***

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