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CONGRESS

Irish Congress of Trade Unions

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Shifting to Growth & Jobs

Pre-Budget Submission

November 2012

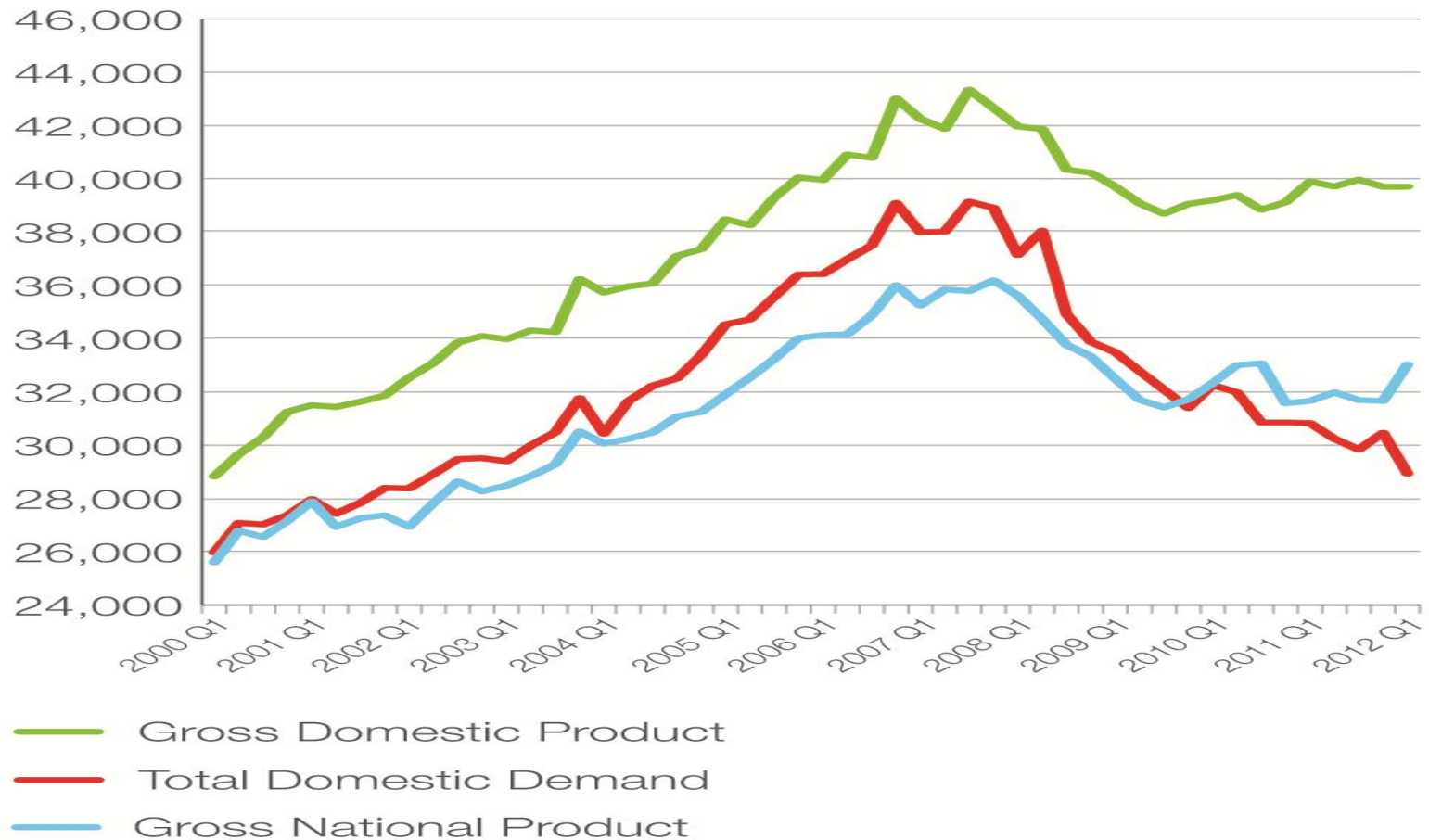
Budget Could have been Worse, but it Should have been Better – much Better!

- **SOME POSITIVE POINTS**
- **The 3% DEFICIT REDN IS ALL**
- **2:1 MIX OF CUTS & REGRESSIVE TAXES IS ALSO FAILING.**

What's Positive?

- We could have *more* cuts and *less* tax increases
- Some progressive tax increases
- Welfare *rates* unchanged
- Abandoned “internal deflation” ie from deflationary wage and welfare cuts + Croke Park stabilises public pay.

Figure 4. GDP, GNP & Domestic Demand



Source: CSO, National Income Accounts.

Congress' Solutions

- Need a serious Jobs Stimulus:
 - at very least, should not have cut Capex.
- Cost of Adjust. in jobs & confidence?
- We set out a menu of taxes.
- Mutualise / write down socialised private bank debts.

Congress' Solutions - Tax

- Redress the balance to tax from cuts
- We set out a menu of taxes to raise between €2.9 and €3.5bn
- Tax on individual incomes over €100k
- Increase tax on Corporates to give an effective increase of 2%
- Ensure property tax is fair - income related
- End all tax breaks for property immediately

Congress' Solutions Tax

- Introduce EU Financial Transactions Tax
- Fairer Pension taxes – **Good but will this be passed?**
- Wealth tax on assets over €2m
- Pursue *Tax Fugitives* relentlessly
- Impose a Royalty of 12.5% on all minerals onshore and offshore for the people
- Treat income from all sources equitable ie , unearned income to same as on earned income:-

(good progress on this)

Mean & Avoidable

- Cuts in PRSI, in Carers' Allow., Job Seekers Allow & c.€1,000 pa in taxes & Charges per family were all *Mean and Avoidable*
- Most of €28bn (=22% of GNP) has been from working families.
- The Corporate sector has not paid even **one red cent** in additional taxes.

Conclusion

- Level of Austerity is too severe.
- Time period is too short.
- Too many cuts, few progressive tax rises.
- Govt. should not sell-off state assets to pay debts of failed indigenous banks.
- There is an over-reliance on Austerity, on FDI, on low Corporation Tax.
- Thus, need a new industrial policy focusing on our real strengths.

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