



National Youth Council of Ireland

Comhairle Náisiúnta na nÓg

Thursday March 15th 2012

Presentation to the Joint Committee on European Affairs on the Intergovernmental Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.

Mr. Chairman, Deputies and Senators on behalf the NYCI I welcome the opportunity to speak to you today concerning the Intergovernmental Treaty on Stability, Coordination and Governance.

Firstly to introduce the National Youth Council of Ireland, we are the representative body for 50 national voluntary youth organisations who work with and for children and young people in every community, village, town and city in Ireland. Our vision is one where all young people are empowered to develop the skills and confidence to fully participate as active citizens in an inclusive society. We have always had a very strong European and international perspective, working with similar national youth councils and international youth organisations across Europe. We are affiliated to the European Youth Forum based in Brussels and were also members of the special observer pillar of the National Forum on Europe when it was in place from 2001-2008.

We welcome the opportunity to exchange views with the committee concerning the treaty which will be put to the people in the coming months. I am not going to discuss the technicalities or intricacies of the budgetary rules in the treaty, you have already have had experts to discuss the pros and cons of fiscal targets. I am instead going to raise some questions for debate and make some comments on the implications of the treaty in particular on young people and those who work with them.

Some of the issues we would have concerning the Treaty are as follows;

- Firstly will the treaty require the Government to impose more and deeper cuts than are economically or socially wise and just.

- Secondly the need for greater EU action on social vision and agenda and not just on economic and fiscal matters
- Thirdly, yes we may need to sign up to the treaty in the short term, but what are the long term implications for our economy and society.
- Finally what are the implications of enshrining this treaty into our constitution, especially if in the medium to long term if the treaty is overtaken by other events, unworkable and/or not implemented.

A key concern which many commentators have raised is that the Fiscal Treaty commits us to further austerity and cuts for a decade or even longer. I accept that the targets depend on the levels of growth and that if the economy grows in the medium term then the situation changes. However if the economy does not grow sufficiently then we are concerned that the treaty binds us to rigid rules that will require us to cut more and deeper than is economically or socially wise or just, that will lead to more unemployment and poverty.

I am sure that the members of the committee are well aware the current recession has impacted heavily on young people over the last 3 years. The latest live register figures tell us that there are almost 75,000 young people signing on, with one 1 in 3 young men under 25 unemployed. There has also been a rise in long term unemployment with the numbers of young people under 25 unemployed for 2 years or more has risen from 11,885 in January 2011 to 16,411 late last year. One of the more startling figures which I came across recently was contained in a NESC report on supports and services for jobseekers stated that there were over 250,000 young people in employment in Q1 2008, but by Q4 2010 this had shrunk to 127,400. There has also been a significant increase in emigration from 76,000 in the year to April 2011 compared with 45,000 at the start of the recession in 2008. The CSO estimates that 33,000 of these were between 15-24 and we know from anecdotal evidence that the vast majority of those emigrating are young people.

This treaty will be discussed against that background. When the recession hit in 2008 many perhaps naively didn't expect it to last this long, many are now hoping that there is light at the end of the tunnel and that by next year or 2014 things will improve. This is particularly so for the thousands of young people who will leave both secondary and third level education and seek work in the coming years, not to mention the 1,000s of young people unemployed. It would be crushing

blow if we were signing up to a treaty that required long term austerity and cuts and which prolonged our greatest social ills of unemployment and emigration. One of the positive lessons from the mid 1990s as the economy recovered and jobs became available was the investment in education/training for the long term unemployed to support them to access the new opportunities. Would the fiscal compact potentially restrict the Government from borrowing money to invest in such efforts if we hopefully had an economic upswing? That is why it is vital that the full implications of the treaty are spelled out to the Irish people.

We are also of the view that the European Union needs to come up with a social vision and plan and not just be seen solely as an economic and fiscal union. Unfortunately that is the perception that many people have and is one of the key reasons for the rise in anti EU feeling. If the referendum is successful fiscal and budgetary matters will be underpinned by constitutional law, while commitments in the social field are merely subject to what amounts to gentleman's agreements which are more honoured in the breach than in the observance. On a regular basis the EU and member states sign up to commitments to address employment, education, poverty etc and other social issues. And then over time most of the commitments are either forgotten or ignored. We all remember to great fanfare the Lisbon Agenda which was launched in 2000. Most of the commitments in that strategy were never implemented. It has been followed by the Europe 2020 strategy, which staggers along with little meaningful output. If as we believe economic and social policy are two sides of the one coin it is wrong and misguided for the EU to pursue a policy which elevates economic policy while relegating and ignoring social policy issues.

We support the recent initiatives by the Government such as the Action Plan for Jobs and the Pathways to Work initiative to get people back to work, but more needs to be done. However we know there is no magic wand and these initiatives will take time to bear fruit. We also welcome the news that in the last quarter of 2011 that we had jobs growth for the first time since 2007. We are however of the view given the high levels of youth unemployment that we need a dedicated youth employment plan, backed with the resources to make it work.

Against that background it was also welcome that in December the European Commission President Mr. Barroso called on member states to address youth unemployment. He opened up the prospect of access to 30bn in unallocated European Structural Funds. The Commission dispatched an action team to Dublin last month with whom one of my colleagues met. Unfortunately the prospect of unallocated funds only related to those countries which had not already spent their allocations and Ireland has spent or will spend all its EU Structural funds by the end of 2013. Therefore as of now there are no EU structural funds to address youth unemployment in Ireland.

We will be calling on both the Irish Government and the EU Commission to explore the options with regard to funding actions and measures to alleviate youth unemployment and emigration. We would welcome any engagement by this committee with both the relevant Government Departments here and the European Commission on this important topic.

We understand the argument that unless Ireland signs up to the Fiscal Compact we will not be able to access funds from the European Stability Mechanism when most likely we will require additional EU/IMF support next year. However making the case for the Treaty solely on those grounds is shortsighted in our view. One of the reasons why we are in this mess is because of shortsightedness and taking decisions to get us past the next year or problem. For example we didn't have any debate about joining the Euro in 2002. It was decided and we joined. We know the flow of cheap credit and the loss of control over setting interest rates fuelled the bubble after the Euro was adopted. In 2010 the NESC produced a very good report "The Euro, An Irish Perspective" examining Ireland's position on the Euro now. It's clear we should have put in place policy and political procedures to offset the impact of the introduction of the Euro. If we had a thorough debate on the issue and the pros and cons were discussed, it very likely the Euro would still have been adopted but it is possible that policy and political mechanisms would have been put in place to offset the downsides. Likewise it is important we have a full debate and get some independent analysis, such as perhaps from the NESC to ascertain the long term impact of inserting this treaty into our Constitution and what measures and institutional changes do we need to make to offset any potential downsides.

The final issue relates to the very serious issue of inserting this treaty into our Constitution. If the referendum is passed some have argued that this treaty will seriously tie the hands of all future Irish Governments when it comes to spending and fiscal policy. Linked to this there is the concern that this Fiscal Treaty is primarily designed to meet the political needs of the German Government and that in a few years times the treaty could easily be discarded as the economic and political in Europe changes or indeed it may be discovered that these technical rules are flawed and unworkable in the real world. Other Governments with parliamentary majority will be able to repeal this treaty. However the Irish people take the constitution very seriously and if they decide to insert these provisions into the text they may take some persuasion to remove them, therefore it is possible Ireland could be required to adhere to fiscal rules even if no other member state does and therefore how we avoid such a scenario needs to be examined.

In conclusion can I make just one final plea and it relates to the day the referendum is held on. I understand the matter is ultimately one for Government, but it would be welcome if the

committee would support our call for the referendum to be held on a Friday. This would facilitate many young people who are away from home in education, training or employment. If we are serious about promoting the participation of young people in democratic life in this country we should ensure the poll is held on a Friday.

ENDS

For further information, please contact **Daniel Meister, Communications Officer at NYCI** on 087 781 4903 or 01 425 5955 or email communications@nyci.ie

Notes to Editors:

National Youth Council of Ireland

The National Youth Council of Ireland is a membership-led umbrella organisation that represents and supports the interests of voluntary youth organisations and uses its collective experience to act on issues that impact on young people.