National Recovery and Resilience Plan
Ireland
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National Recovery and Resilience Plan: Ireland

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Abstract

Political leaders and the public in Ireland broadly welcomed the establishment of NextGenerationEU and the Recovery and Resilience Facility, despite limited public engagement with the detail of the programme. The method for calculating funding allocations has been criticized on the basis that the activities of multinational companies disguise the damage caused to the domestic economy by the Covid-19 pandemic, leaving Ireland with only a small allocation. Fears that the programme will act as a Trojan Horse for renewed austerity are understandable in light of Ireland's experience of the EU–IMF bailout during the Financial Crisis, but ultimately seem unfounded. There is no evidence that EU institutions have been pushing Ireland towards austerity in recent years, as shown by the content of the country-specific recommendations. Although the Irish Resilience and Recovery Plan is unlikely to be transformational, it is nonetheless welcome as one aspect of the rebuilding effort after the pandemic, and should have some (albeit small) positive impact on protecting labour and social rights in Ireland. It is disappointing that the opportunity to focus more on social policy was not seized, but the small amount of funding available to Ireland meant that the impact was always going to be limited.

Keywords: NextGenerationEU, Recovery and Resilience Facility, Ireland, European Union, European Pillar of Social Rights.

1. General framework.

Ireland was supportive of EU intervention to finance a post-pandemic recovery from the beginning, being among the nine Member States that signed the initial letter in March 2020 calling for the EU to issue common debt.[1] This despite being a net contributor to the EU budget: "In a break from its previous alliance with many of the more frugal States, the

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[1] Dombey D., Chazan G., Brunsden J., *Nine eurozone countries issue call for 'coronabonds'*, in *Financial Times,* 25 March 2020.

Republic has sided with southern EU members from the start of the crisis in supporting the idea of centralised borrowing".[2] As will be explored further below, this attitude was partly a result of lessons learned from the Financial Crisis.[3] Once negotiations began in earnest, the Irish government favoured a larger recovery package, and spoke critically of attempts by the so-called 'Frugals' to cut the value of the fund.[4] The government welcomed the deal that was finally reached at the European Council summit in July 2020, and the establishment of the Resilience and Recovery Facility and NextGenerationEU was broadly welcomed in Ireland more generally, though not without some lingering concerns.[5] The government has, however, remained opposed to efforts to finance some of the spending from EU 'own resources' insofar as these would include a 'digital tax' on the sales revenue of large multinational technology companies (many of which are based in Ireland and pay corporation tax on profits booked there).[6]

2. Irish Recovery and Resilience Plan: overview

The Irish government requested €989,938,300.[7] The Council approved funding of €988,966,534, the maximum available to Ireland under the NextGenerationEU funding scheme.[8] This is entirely in the form of "non-repayable financial support", that is, grants rather than loans. Ireland did not request any loan support,[9] probably because of its already relatively high level of public indebtedness since the Financial Crisis a decade ago.[10] This section will set out the main spending areas, namely transport infrastructure, training and education, and environmental restoration projects.

[2] Taylor C., *Why Ireland will push for change in how EU recovery money is shared out*, in *The Irish Times*, 4 June 2020.
[3] O'Leary N., *Ireland's experience of economic crisis shaping EU policy, says Donohoe*, in *The Irish Times*, 2 December 2020.
[4] O'Leary N., *Micheál Martin fears EU summit is moving towards cutting €750bn recovery package*, in *The Irish Times*, 19 July 2020.
O'Leary N., *Martin warns against cutting recovery fund too much to please the 'Frugals'*, in *The Irish Times*, 20 July 2020.
[5] Leahy P., *Coalition eyes €900m from EU "recovery and resilience" Covid fund*, in *The Irish Times*, 4 May 2021.
[6] O'Leary N., *Ireland would oppose EU digital tax, says Micheál Martin*, in *The Irish Times*, 17 July 2020
O'Leary N., *Q&A: What did Ireland win from the EU talks?,* in *The Irish Times*, 21 July 2020).
[7] Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, recital (62).
[8] Proposal for Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, article 2(1). The difference between the amount requested and the amount granted is attributed to expenses for which Ireland is liable. Those expenses are defined as "pertaining to preparatory, monitoring, control, audit and evaluation activities, which are required for the management of the Facility and the achievement of its objectives"; *see* Regulation (EU) 2021/241, article 6(2).
[9] European Commission, *Commission Staff Working Document: Analysis of the recovery and resilience plan of Ireland, SWD(2021) 205 final, COM(2021) 419 final*, Brussels, 16 July 2021, 2.
[10] As observed in: European Commission, *Commission Staff Working Document: Country Report Ireland 2020*, Brussels, 26th February 2020, 26; European Commission, *Commission Staff Working Document: Analysis of the recovery and resilience plan of Ireland*, Brussels, 16th July 2021, 2.
It is also plausible that Ireland did not request loans because it currently has no difficulty borrowing at low interest rates on international bond markets.

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The largest spending item in the Irish Resilience and Recovery Plan (RRP) is preparatory works for the electrification of the rail network around Cork, Ireland's second-largest city, for which €164 million has been allocated.[11] When investments in carbon efficiency for homes, public buildings and business premises are taken together, that amounts to an allocation of €155 million.[12] Combining the funding allocations for digitising businesses and schools yields a total of €149 million.[13] The next largest funding allocation for a single item is for training programmes for upskilling workers, at €114 million. Combining these standalone training programmes with additional funding for technological universities and work placement schemes (all aimed at developing workforce skills in various ways), makes a spending total of €181 million for worker training.[14] Some €108 million has been allocated for the restoration of peatlands for carbon sequestration and biodiversity. These spending items thus account for the bulk of the funding allocated.

Several reforms are included in the plan for which funding is not sought. The most significant of these deal with education in digital skills, pensions, housing, health care and reforms to the taxation system.[15] It is expected these reforms will have financial implications down the line, but these are not specified as funding allocations under the RRP.

Those items that concern skills training will clearly have an impact on the labour market.

That includes €27 million to be spent on work placements for persons unemployed for longer than six months, €114 million for standalone worker training programmes (including education for skills in carbon-efficient construction), and €40 million for technological universities to develop third-level education programmes and apprenticeships. These programmes will be targeted at people from disadvantaged communities. There are also labour market implications in the funding and reforms already mentioned for digitising schools and businesses; a key component of this is development of digital skills. Finally, the RRP envisages significant employment arising out of lower regulatory barriers affecting SMEs,[16] and the retrofitting and other construction work to be funded under the plan.

In respect of other aspects of social policy, the RRP specifies reforms in pensions, health care and housing. The Irish government has adopted the goal of 'simplifying and harmonising the supplementary pension landscape',[17] such that it would be easier for workers to move from a pension scheme to a personal pension and to draw down from their pension; the government also wants to harmonise the tax implications of employer and worker contributions to a pension fund.[18] It is too early to say what the implications of these reforms will be for pensioners and workers. As for health care, the RRP envisages the implementation of a new system of contracts for consultant doctors that would preclude them working

[11] Government of Ireland, *Ireland's National Recovery and Resilience Plan: Europe's Contribution to Ireland's Recovery*, 2021, 20.
[12] *Ibidem*, 18–19.
[13] *Ibidem*, 22–23.
[14] *Ibidem,* 26–27.
[15] *See* Government of Ireland, *Annex to Ireland's National Recovery and Resilience Plan: Europe's Contribution to Ireland's Recovery*, 2021.
[16] *See* Government of Ireland, (11), 27–28.
[17] *Ibidem*, 13.
[18] *Ibidem,* 29.

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outside the public health-care system, as well as the expansion of primary care services.[19] This is important because one of the reasons the Irish health service performs so poorly and is so cost-ineffective, is that consultant doctors split their time between working for the public health-care system and private practice, where they earn significantly higher fees. It is expected that public-only contracts will thus lower the earnings of the most highly-paid doctors, in pursuit of greater staffing resources for the public system. Furthermore, €75 million has been allocated for various 'eHealth' programmes, in two main categories: the use of technology in issuing and managing prescriptions for patient medication (so-called "ePharmacy" technology); and infrastructure to support a "mobile clinical workforce" of health-care professionals working with patients in the community.[20] In respect of housing, the government proposes two legislative reforms, to release public land for social and affordable housing construction, and to establish a commercial state agency for the provision of housing.[21]

Finally, we should mention that a very large proportion of Irish RRP spending has been allocated to current expenditure programmes (such as funding training schemes) rather than capital investment (such as infrastructure construction). It remains to be seen whether the funding for these programmes will be maintained from national resources once the RRP funding has been spent. That should be borne in mind in assessing the long-term impact of the RRP on labour and social policies, to be discussed in Section 3.

3. Social and labour dimensions of the RRP.

This section will examine the elements of the Irish RRP that touch on labour and social policies and social rights, including what the EU institutions consider the impact to be. It will also discuss the country-specific recommendations.

3.1. Evaluations by the Commission and the Council.

The Commission and the Council begin their assessment of Ireland's RRP by observing that, although the pandemic did not affect Ireland's headline economic performance as severely as those of many other Member States, long-term structural weaknesses persist in the Irish economy and public finances, including high levels of public and private indebtedness (legacies of the Financial Crisis) and disproportionate reliance on a small number of large multinational companies for high-value employment and tax revenue.[22]

[19] *Ibidem,* 29–30.
[20] *Ibidem,*24.
[21] *Ibidem,* 29.
[22] Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Ireland {SWD(2021) 205 final}, Recitals (1), (3). *See* also nt. (9), 5–6.

The EU institutions welcomed Ireland's apparently 'strong focus on the green transition with energy- and climate-related measures'.[23] In the area of social and labour policies, the Commission and the Council approved of a number of proposals: (a) to retrofit private and public sector buildings (because this is labour-intensive and will thus support employment in the construction industry); (b) to establish training programmes and upskill workers, particularly in digital skills; (c) to reduce regulatory burdens on small and medium-sized enterprises (SMEs); and (d) to improve the provision of housing, health care and pensions.[24] They conclude that Ireland's RRP 'is expected to have a high impact… on strengthening the growth potential, job creation, and economic, social and institutional resilience of Ireland', granting it Rating A in this respect.[25] In particular, they believe that the climate and digital aspects of the RRP will 'improve productivity… create jobs and encourage job growth'.[26] In particular, the Commission expects that the RRP will benefit SMEs.[27] Nevertheless, the Commission observed that 'the direct impact from a macroeconomic perspective is expected to be small',[28] anticipating the creation of just 6,200 jobs directly as a result of the NextGenerationEU funding.[29] This was not intended as a criticism, but simply an acknowledgement of the limited size of the financial contribution available to Ireland.[30] The RRP does very little to address the fundamental reasons why ease of doing business in Ireland has deteriorated recently: systemic problems in the justice system that make it very difficult to enforce contracts efficiently and cost-effectively, and to register property, as well as difficulties trading across borders.[31] As such, the RRP is likely to generate modest employment growth; but the Commission does accept that other measures 'are being taken' in this regard.[32]

Meanwhile, Ireland has the second-highest rate of 'quasi-joblessness' in the EU, defined as being in employment but having 'very low work intensity'.[33] Ireland also has the largest employment gap between people with and without a disability, and an above-average gender employment gap.[34] Youth unemployment is significantly above the average for other age groups, and has grown dramatically during the pandemic as industries with disproportionately young workforces (such as hospitality) have been closed under public health restrictions.[35] The Commission and Council expect the RRP to "address the risks of

[23] Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, recital (10).
[24] *Ibidem*, recitals (11), (18), (19), (22)–(24).
[25] *Ibidem*, recital (27).
[26] *Ibidem*, recital (28).
[27] European Commission, nt. (9), 32.
[28] *Ibidem*, p 3.
[29] European Commission, *Ireland's recovery and resilience plan*, available at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/irelands-recovery-and-resilience-plan_en (accessed 26 April 2022).
[30] European Commission, nt. (9), 3.
[31] *Ibidem*, 9.
[32] *Ibidem*, 12.
[33] *Ibidem*, 11.
[34] *Ibidem*.
[35] *Ibidem*.

a digital divide",[36] "improve the skills of young people",[37] and "tackle the regional economic disparities in Ireland enhancing inclusive growth and social cohesion".[38] It should be observed that Ireland has the highest inequality in regional productivity growth of all EU Member States.[39] Similar regional disparities exist in respect of poverty rates and levels of disposable income.[40] Moreover, child poverty in Ireland as a whole is higher than the EU average,[41] which is all the more shocking given that Ireland's GDP per capita is more than double the EU average.[42] The Commission expects the RRP to contribute to "social cohesion" across demographic groups and geographical regions, support "long-term sustainability" of social welfare systems, and "contribute to the just transition" for members of the population most likely to be affected by climate mitigation policies.[43]

The social policy aspects of the RRP are welcomed as "expected to increase the provision of social and affordable housing, and … to improve the accessibility and resilience of the healthcare system".[44] Overall, "all components directly contribute to health and economic, social and institutional resilience",[45] particularly the health-care system reforms, which are widely-recognised in Ireland as being long overdue. The RRP and NextGenerationEU funding are "expected to have a lasting impact on Ireland to a large extent", again receiving Rating A in this respect.[46]

There are only very limited attempts in the Irish RRP to demonstrate how the measures will promote gender equality, despite this being required in the Regulation establishing the Recovery and Resilience Facility.[47] The plan refers to 'a range of cross-Governmental equality strategies'[48] and promises (without elaboration) a 'social sustainability proofing scoreboard to ensure consideration of gender equality' in the plan's implementation (including gender-disaggregated data).[49]

Overall, it is hard to see how the Irish RRP merits Rating A for how much 'lasting impact' it is likely to have. On the other hand, it is equally hard to see how the plan could have been much more impactful – simply because not much money was allocated to Ireland under the

[36] Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, recital (29).
[37] *Ibidem*, recital (30). *See* also European Commission, nt. (9), 13.
[38] Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, recital (41).
[39] European Commission, nt. (9), 10.
[40] *Ibidem,* 10.
[41] *Ibidem*.
[42] Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, recital (1).
[43] European Commission, nt. (9), 32, 34, 35.
[44] Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, recital (41).
[45] European Commission, nt. (9), p 33.
[46] Council Implementing Decision of 16 July 2021 on the approval of the assessment of the recovery and resilience plan for Ireland, recitals (40), (42).
[47] Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, recital (39) and article 18(4)(o).
[48] Government of Ireland, nt. (11), 14.
[49] *Ibidem,* 14-15.

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programme. It is reasonable to conclude that the plan will go some way to addressing socio-economic and environmental challenges, without being fundamentally transformative.

3.2. Implementation of the European Pillar of Social Rights and the Social Scoreboard.

The European Pillar of Social Rights is mentioned three times in the Irish RRP,[50] but the plan does not draw on the Pillar, nor on the associated Social Scoreboard, in any significant detail. First, the government states: "A significant number of the proposed actions, both investments and reforms, which Ireland will commit to are designed to have substantive positive social impacts. In addition, they will contribute to advancing the European Social Pillar".[51] However, no further detail is offered at this point on what aspects of the Pillar are engaged nor on how the RRP contributes to advancing rights under the Pillar. Second, the RRP refers to Scoreboard data in respect of digital skills, arguing that the plan will "be a key enabler of improvement in that regard".[52] Third, the government claims that the RRP "will help to achieve the European Pillar of Social Rights Healthcare objective that 'everyone has the right to timely access to affordable, preventive and curative health care of good quality'".[53]

The limited consideration that the RRP gives to the Pillar and the Scoreboard is regrettable, particularly because a stronger case could have been made that other measures under the plan, as well as measures already adopted, engage other principles under the Pillar.

For example, the investment in worker training schemes and technological universities contributes to the following principles: 1, education, training and lifelong learning; 4, active support for employment (in particular, paragraph (b) thereof); and 5, secure and adaptable employment (in particular paragraph (c) in respect of occupational mobility). The RRP contains further contributions to principle 19, housing and assistance for the homeless (legislative reform on housing); and principle 20, access to essential services (in respect of the proposals to spend €164 million on transport in Cork, €20 million on upgrading water treatment services, and €19 million on upgrading national internet connectivity). Obviously, measures taken during the pandemic have contributed to principles 12 (social protection), 13 (unemployment benefits) and 14 (minimum income). The impact of government policy in this respect was noted by the Commission in its assessment of the RRP, without mentioning the Pillar specifically.[54]

The assessment given here that several aspects of the RRP will contribute to achieving the requirements under the Social Pillar is shared by the Commission: it considers the plan's

[50] And all on the same page.
[51] Government of Ireland, nt. (11), 14.
[52] *Ibidem*.
[53] *Ibidem*.
[54] European Commission, nt. (9), 2, 50.

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impact on active support for employment,[55] housing,[56] and healthcare.[57] It observes that "Ireland performs relatively well on a number of indicators of the Social Scoreboard supporting the European Pillar of Social Rights, while challenges remain".[58] The RRP is most likely to contribute to the labour market aspects of the Pillar, for the reasons set out above. On the other hand, measures to pursue other goals are lacking in specificity or ambition. For example, the government commits to implementing only one aspect of the long overdue *Sláintecare* health system reform programme,[59] namely public-only consultant contracts. In respect of housing – widely acknowledged as the most pressing social crisis in Ireland at the moment – the Commission concludes:

> While these measures go in the right direction, the focus on disadvantaged groups in the plan could be stronger. The high need for affordable and social housing is addressed through numerous reforms and investments, which are outlined in the recovery and resilience plan but are financed through other sources. Affordable housing is well addressed by the plan, but measures on social housing could require further efforts to address the challenge, given its size.[60]

Unfortunately, this assessment appears to be too generous. The two pieces of legislation referred to in the RRP, namely the Affordable Housing Bill 2021 and the Land Development Agency Bill 2021 (both since enacted), had both already been introduced into the *Oireachtas* (parliament) before the RRP was submitted to the Commission (on 11 May 2021 and 3 February 2021, respectively, with the RRP submitted on 28 May). The RRP was approved by the Commission on 16 July 2021, by which time both pieces of legislation had passed all stages through parliament and were awaiting Presidential signature, which was obtained on 21 July 2021. Reference to the Recovery and Resilience Facility process and NextGenerationEU in parliamentary debates on the legislation was extremely limited.[61] As such, it is difficult to see what contribution the RRP made to "the development and enactment" of the legislation, as the government claimed in the plan itself.[62]

Again, the fairest conclusion is that the Irish RRP will go some way towards securing the principles of the European Social Pillar, without being transformative in this regard. The biggest challenges Ireland faces in respect of social rights (particularly housing, health care and childcare) are deeply entrenched and will require substantial funding and legislative

[55] *Ibidem*, 46.
[56] *Ibidem*, 46-47.
[57] *Ibidem*, 47.
[58] *Ibidem*, 50.
[59] *See* https://www.gov.ie/en/campaigns/slaintecare-implementation-strategy/ (accessed 27 April 2022).
[60] European Commission, nt. (9), 51.
[61] For the Affordable Housing Act 2021, *see* https://www.oireachtas.ie/en/bills/bill/2021/71/?tab=debates. For the Land Development Agency Act 2021, *see* https://www.oireachtas.ie/en/bills/bill/2021/11/?tab=debates. (Both accessed 27 April 2022).
[62] Government of Ireland, nt. (11), 29.

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reform. NextGenerationEU is useful, but fully implementing the Pillar will require much greater resources and attention from government.

3.3. Country-specific recommendations.

As will be discussed in Sections 4.3 and 4.5, some Irish commentators have expressed concern about the European Semester process, and whether it amounts to the imposition of austerity conditions. In order to assess these claims, it would be useful to briefly summarise the findings of the Country Reports 2019 and 2020 for Ireland as part of the European Semester process,[63] which led to the country-specific recommendations being issued by the Council.[64] There was broad overlap between the reports, albeit with different emphases from year to year. What follows is a synthesis of observations in the Country Reports, and the Recommendations that have derived from these reports:

1. Labour policy:
   i. Although Irish education generally performs well, there are skills shortages in the labour force, with particular gaps in digital skills and managerial skills (particularly in SMEs). Higher education needs significant additional funding. There are shortages of teachers at primary and secondary levels.
   ii. Active labour market policies are needed to re-integrate both people recently made unemployed by economic and technological realignment, and the long-term unemployed – this includes training and work placement programmes, and apprenticeships.
   iii. Platform working creates instability for workers and reduces the coverage of social assistance programmes. More generally, self-employed people suffer exclusion from social protection.
   iv. Significant numbers of people are underemployed or 'quasi-jobless'. This trend is more pronounced among women and people with disabilities, with high rates of poverty among disabled people.
   v. There is a significant gender pay gap, and regional imbalances in both employment and pay rates.
   vi. Greater social dialogue is needed at policymaking level.
2. Other social policy areas:
   i. Strongly related to the gender employment and pay gap: childcare costs are very high, representing a particular burden on middle-income families, which results in women dropping out of the workforce to care for children.

[63] *See*, in general, European Commission, *Commission Staff Working Document: Country Report Ireland 2019, SWD(2019) 1006 final,* and European Commission, *Commission Staff Working Document: Country Report Ireland 2020, SWD(2020) 506 final.*
[64] Council Recommendation of 9 July 2019 on the 2019 National Reform Programme of Ireland and delivering a Council opinion on the 2019 Stability Programme of Ireland 2019/C 301/7.
Council Recommendation of 20 July 2020 on the 2020 National Reform Programme of Ireland and delivering a Council opinion on the 2020 Stability Programme of Ireland 2020/C 282/07.

ii. Improvement is needed on child poverty.
iii. The pension system is not sustainable.
iv. Ireland is a European outlier in terms of lack of access to primary health care and waiting times for hospital treatment, despite consistent overspends in health care. The health system suffers from inefficiencies of duplication, in the absence of single-tier public health care. The health system needs to be rebalanced between hospital-based treatment, on one hand, and primary and community care, on the other; as well as between curative and preventive care.
v. The entrenched housing crisis is creating both massive social problems, with homelessness very high, and damaging economic competitiveness, as workers cannot find affordable housing. The provision of social housing in particular is far too low, and delivery is inefficient and costly.

There was limited engagement with recent country-specific recommendations in the Irish RRP. The need for compliance with those recommendations, as required by the EU institutions, was acknowledged at the beginning of the plan.[65] The government asserts that the recommendations were used as a basis for consultation with domestic stakeholders on the plan,[66] and these were referred to by some stakeholders in their submissions.[67] Of the priority areas in the plan itself, only "Social and Economic Recovery and Job Creation" referred to the recommendations in substance. Of these, most engagement is in respect of the health-care reforms listed in the RRP.[68]

Nevertheless, the Commission calls the Irish RRP "a response to a significant subset of challenges faced by the Irish economy".[69] Its review praises the RRP's efforts to address recommendations in health care,[70] digital skills,[71] upskilling more broadly,[72] the pension system,[73] and housing.[74] The review approves of the government's existing measures on child care, including a new national child-care scheme, a child-care workforce development plan, and a 141 per cent funding increase since 2015.[75] No further reforms have been pledged nor funding allocations sought for child care in the RRP. Beyond the question of skills training, the review has little to say about active labour market policies more broadly.[76] It is regrettable that the RRP does not commit the government to progress on the country-specific recommendations that deal with employment security for atypical workers, social assistance coverage for atypical and self-employed workers, and the acute need for stronger collective

[65] Government of Ireland, nt. (11), 1.
[66] *Ibidem,* 15.
[67] *See: NRRP – Stakeholder Submissions Summary*, available at https://www.gov.ie/en/publication/d4939-national-recovery-and-resilience-plan-2021/ (accessed 27 April 2022).
[68] Government of Ireland, nt. (11), 29-30.
[69] European Commission, nt. (9), 35.
[70] *Ibidem*, 36-37, 40-41.
[71] *Ibidem* 37.
[72] *Ibidem*, 38.
[73] *Ibidem*, 39–40.
[74] *Ibidem*, 40.
[75] *Ibidem*,41.
[76] *Ibidem*, 42.

bargaining rights and social dialogue in the Irish economy.[77] More regrettably still, the Commission did not criticise the government for avoiding these issues in the RRP.

The Commission concludes that several aspects of the Irish RRP will not advance progress towards relevant Recommendations. For example, the Commission considers that several aspects of the government's approach to tackling the housing crisis are likely to worsen the situation by inflating house prices further. These include, chiefly, the shared equity purchase scheme, whereby the state advances an additional loan on top of a mortgage in exchange for a share in the equity of the property.[78] It is worth recalling that Irish government interventions in the housing market are not financed by the Recovery and Resilience Facility, but are included as reforms. The Commission is more straightforwardly positive about the health-care reforms in the plan in pursuit of country-specific recommendations on health, but again it is worth noting that the implementation of public-only consultant contracts and expanded primary care are only parts of the *Sláintecare* reform programme agreed between all political parties in 2017. The government has previously committed to implementation of the programme by 2030.[79] There is widespread political and public scepticism as to whether the necessary reforms will ever be realised,[80] fuelled in part by the resignation of the *Sláintecare* programme director and a senior member of the implementation committee in September 2021, apparently in frustration with the slow pace of reform.[81]

4. Lessons from the previous crisis

It is clear that the Irish RRP, the country-specific recommendations that informed the development of the RRP, and the Commission's review of the plan have learned lessons from the Financial Crisis. Ireland's experience of the crisis was marked by severe austerity as a condition of the EU–IMF bailout – but there is no evidence that the government intends, nor is it expected, to respond to the present crisis in a similar way.

[77] For discussion, *see* Eustace A., *Collective Benefit: Harnessing the Power of Representation for Economic and Social Progress*, in *FÓRSA*, 2021.
[78] European Commission, nt. (9), 40.
[79] Bowers F., *Sláintecare drama may help clear reform path*, in *RTÉ*, 9 October 2022, available at https://www.rte.ie/news/2021/1009/1252568-slaintecare-analysis/ (accessed 28 April 2022).
[80] O'Halloran M., *Sláintecare 'relegated to sometime in the future' in programme for government*, in *The Irish Times*, 17 June 2020; Bowers F., *SLAC warning over 'fundamental obstacles' to Sláintecare reforms*, in *RTÉ*, 8 October 2021, available at https://www.rte.ie/news/2021/1008/1252506-slaintecare-siac/ (accessed 28 April 2022); Horgan-Jones J., *Health committee criticises HSE and department over commitment to Sláintecare*, in *The Irish Times*, 16 February 2022.
[81] Bowers F., *Stakes are high as Sláintecare showdown looms*, in RTÉ, 25 September 2021, available at https://www.rte.ie/news/2021/0924/1248845-fergal-bowers-analysis/ (accessed 28 April 2022).

4.1. Recommendations in the context of the in-depth reviews

The Commission presented Ireland with macroeconomic recommendations in its 2021 in-depth review.[82] The Commission chose as thematic issues non-financial corporate debt and household debt. As a result, the 2021 review has little direct relevance to social and labour policies. There remain some useful insights, however.

First, in its assessment of macroeconomic imbalances, the Commission notes the following: Irish GDP growth is strongly supported by the activities of multinational corporations. However, recovery from the pandemic will depend on domestic economic performance, as this ultimately has a larger effect on the labour market.[83] In this context, it will be necessary to avoid 'labour market scarring effects' from the enforced business closures during various stages of the pandemic, which saw unemployment reach record highs (remaining at 10.7 per cent for 2021).[84]

Second, the Commission observes that local investment in the Irish economy is "dominated by construction", which is necessary to address the acute housing crisis (see, in particular, Section 3.3). The high cost of housing in Ireland reduces labour supply and increases labour costs, as (potential) workers cannot find anywhere to live.[85]

On that note, thirdly, the Commission offers a broadly positive assessment of the Irish government's interventions in the housing market thus far,[86] albeit admitting that because of the pandemic's effects on tourism and construction output, "the impact of recent reforms has been difficult to monitor".[87] It recommends better targeting of the vacant-site levy,[88] focusing demand-side assistance on low-income households to avoid further inflationary effects,[89] and (most importantly) a dramatic increase in construction output, of both public and private housing units.[90]

The in-depth review for 2022 was released on 23 May 2022. This was much more relevant to social policy, the sole thematic issue being housing. Before turning to that, the review noted Ireland's "exceptional" economic growth before and during the pandemic, driven by the exports of large multinational companies in pharmaceuticals and technology.[91] This

[82] European Commission, *Commission Staff Working Document: In-Depth Review for Ireland, SWD(2021) 402 final, COM(2021) 500 final*, Brussels, 2 June 2021. In-depth reviews are defined by the Commission as "analytical documents… aimed at identifying and assessing the severity of macroeconomic imbalances". The Commission typically selects "thematic issues" for each review, as well as a more general overview of the macroeconomic situation in the Member State. For more, *see*: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/macroeconomic-imbalances-procedure/depth-reviews_en (accessed 14 June 2022).
[83] European Commission, nt. (82), 7.
[84] *Ibidem*, 3–5.
[85] *Ibidem*, 11.
[86] *Ibidem*, 7, 20.
[87] *Ibidem*.
[88] *Ibidem*.
[89] *Ibidem*.
[90] *Ibidem* 5-6, 9, 19-20.
[91] European Commission, *Commission Staff Working Document: In-Depth Review for Ireland, SWD(2022) 634 final, COM(2022) 600 final*, Brussels, 23 May 2022, 3–4.

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helped ameliorate the macroeconomic imbalances identified in previous reviews.[92] On housing, the assessment is markedly less positive. First, the review notes that house price inflation is significantly outstripping general consumer price inflation.[93] House prices are among the least affordable in the EU, based on years of gross income required to purchase comparable properties.[94] However, the Commission concludes that prices are not "overvalued", particularly in the context of extremely constrained supply.[95] This means that high prices are driven primarily by low supply rather than by systemic overvaluing of residential property above market fundamentals, as occurred during the "Celtic Tiger" period of the 2000s (with severe consequences for the solvency of Irish banks during the Financial Crisis). A similar picture is painted of the rental market: 'Stock available for rent has reached historic lows', as smaller landlords sell properties to owner-occupiers, and new supply is slow to come into the market.[96] It is clear that public health restrictions caused a significant fall in supply; but even before the pandemic, residential property construction was well short of market demand, and this 'gap between supply and demand is set to remain large in the short term'.[97] The Commission broadly approves of the measures the government has taken in recent years to intervene in the housing market,[98] even if there is little evidence of these bearing fruit in the form of lower purchase prices and rents.

Unfortunately, these demand-side measures, if improperly targeted, risk fuelling further inflation.[99] There has been weak enforcement of many regulations in the rental sector, and over-reliance on the state renting housing units from the private sector for social housing rather than building publicly-owned units.[100] Enforcement of new taxes on vacant and derelict properties has also been weak, despite the government's commitment to addressing this issue.[101]

Further significant challenges identified in the review arise from a shortage of construction workers across all relevant trades, and inflation in the cost of building materials.[102] The Commission recommends government support for the development of the construction workforce, but observes that attracting skilled immigrants will be difficult because every EU Member State is trying to do the same.[103] In these circumstances, it seems that the skills training measures contained in the RRP are more likely to help.[104]

[92] *Ibidem*, 4-7.
[93] Commission Staff Working Document: In-Depth Review for Ireland, SWD(2022) 634 final, COM(2022) 600 final, 5, 11.
[94] *Ibidem*, 5.
[95] *Ibidem*, 5, 11.
[96] *Ibidem*, 11.
[97] *Ibidem*, 11-12.
[98] *Ibidem*, 6.
[99] *Ibidem*, 6, 12–13.
[100] *Ibidem*, 12–13.
[101] *Ibidem*, 12.
[102] *Ibidem*, 13.
[103] *Ibidem*, 13.
[104] *See* Government of Ireland, nt. (11), 26–27.

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4.2. 2022 Country-specific recommendations for 2022.

The 2022 Country-Specific Recommendations (CSRs) for Ireland were released on 23 May 2022. These continue the themes identified in previous years' CSRs: the Commission and Council recommend that Ireland maintain its current budgetary policy, albeit with the flexibility needed to respond to the war in Ukraine and its associated energy price shock; expand public investment in renewable energy generation (particularly offshore wind) and storage, waste prevention and recycling, and water treatment; retrofit homes and businesses; electrify the transport system; and reform the planning system. They also recommend the continued implementation of the Irish RRP. [105]

A number of criticisms are levied in the 2022 Country Report. The Commission observes that although Ireland's GDP per capita is 230 per cent of the EU average, its GNI* (modified Gross National Income – to correct for distortions caused by multinational companies) per capita is 180 per cent of the average,[106] and it has sustainable public debt levels,[107] the state suffers from serious deficits in environmental sustainability. Greenhouse gas emissions per capita are 180 per cent of the EU average[108] and only 50 per cent of waste-water is treated to the standards required by EU law.[109] There are significant regional imbalances, with gross value added per capita being four times higher in Dublin than in the Midlands region.[110] Ireland is the only country in Western Europe without universal health-care access,[111] which is only indirectly addressed in the RRP.[112] The Country Report for 2022 repeats previously-identified concerns about skills gaps,[113] housing[114] and pensions.[115]

The EU institutions have acknowledged that the modest amount granted under the NextGenerationEU Recovery and Resilience Facility will be insufficient to fully resolve these problems.[116] Nevertheless, the institutions continue to approve of the Irish RRP.[117]

[105] European Commission, *Recommendation for a Council Recommendation on the 2022 National Reform Programme of Ireland and delivering a Council opinion on the 2022 Stability Programme of Ireland, COM(2022) 615 final*, Brussels, 23 May 2022.
[106] European Commission, *Commission Staff Working Document: 2022 Country Report – Ireland, COM(2022) 615 final*, Brussels, 23 May 2022, 2.
[107] *Ibidem*, 4; European Commission, nt. (105), 7.
[108] European Commission, nt. (106), 5.
[109] European Commission, nt. (105), 8.
[110] European Commission, nt. (106), 2.
[111] *Ibidem*, 4-5.
[112] *Ibidem*, 13.
[113] *Ibidem*, 15.
[114] *Ibidem*, 12-13.
[115] *Ibidem*, 11.
[116] *Ibidem*, 6, 9, 11.
[117] European Commission, nt. (105), 10.

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4.3. Domestic political impact of NextGenerationEU.

There has been limited specific engagement in domestic public discourse with the NextGenerationEU programme, although it has featured somewhat in national parliamentary proceedings. Political discussion has generally followed this format: a general welcome for the establishment of NextGenerationEU and the Recovery and Resilience Facility, and common EU borrowing in principle to finance the recovery; concern that the funding for Ireland is inadequate; concern that the link to the European Semester means that the programme will be used to impose austerity; a welcome for rule of law conditionality in principle; and concern that the actual conditionality mechanism is inadequate.

From the summer of 2020, there was strong political consensus that the recovery from the Covid-19 pandemic requires fiscal expansion.[118] As a result, party leaders across the political spectrum welcomed the Commission's proposal to establish NextGenerationEU. It is also worth observing that from this time, party leaders across the spectrum mentioned the need for conditionality to be attached to funding to "end the practice of governments taking European Union funding yet aggressively undermining the liberal democratic principle to which every member state signed up when joining".[119] From parsing parliamentary debates, it seems the greatest areas of concern have been the rule of law and LGBT+ rights.

Despite this broad welcome on a recovery fund financed by common EU borrowing, there was immediate disagreement on the extent to which Ireland was actually going to benefit from NextGenerationEU. Opposition TDs (members of parliament) raised concerns that 'the mechanism being deployed by the European Commission to calculate disbursements' unfairly disadvantaged Ireland and did not reflect the actual toll of the Covid-19 pandemic on any given member state.[120] (It is worth noting that Ireland received approximately 0.25 per cent of the grant funding available, as against its approximately 1.1 per cent share of the EU population.) Moreover, the government at this time signalled its concern about own-resource funding for NextGenerationEU, particularly the mooted digital tax.[121]

Discussions continued after the NextGenerationEU programme had been agreed at European Council level. While the government welcomed the plan,[122] the opposition considered this a missed opportunity. There was strong criticism of the precise allocation of funding to Ireland,[123] and parliamentarians condemned the "austerity hawks" in other

[118] *See* Ryan E., *Dáil Éireann debate*, 993, 5, 27 May 2020: https://www.oireachtas.ie/en/debates/debate/dail/2020-05-27/7/; Varadkar L., *Dáil Éireann debate*, 994, 2, 24 Jun 2020, and responses from the opposition, https://www.oireachtas.ie/en/debates/debate/dail/2020-06-27/4/.
[119] Martin M., *Dáil Éireann debate*, 994, 2, 24 Jun 2020. Mr Martin was then in opposition but has since become *Taoiseach*. His party, Fianna Fáil, sit in the ALDE group in the European Parliament.
[120] *See* the contributions of Brady J., Howlin B., and O'Callaghan C., *Dáil Éireann debate*, 994, 2, 24 Jun 2020.
[121] Minister for State McEntee H., *Dáil Éireann debate*, 994, 2, 24 Jun 2020.
[122] *Dáil Éireann debate*, 995, 4, 22 July 2020.
[123] *See* in particular Brady J., *Dáil Éireann debate*, 995, 4, 22 Jul 2020): "Ireland will be left on the outside yet again, its face pressed against the glass looking longingly while the funds are divided out".

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Member States who pushed for the overall funding package to be reduced.[124] This criticism would emerge again in the media when the Irish RRP was actually submitted to the Commission in May 2021.[125] Regrettably, there was no discussion of the RRP until after it had already been submitted to the Commission for assessment, which was widely criticised by the opposition.[126] On the substance of the plan, political leaders across the spectrum welcomed aspects of it, but criticised a lack of ambition in the proposals, arguing some of the measures had already been introduced or announced separately from the RRP process.[127] Discussion about the basis for allocating funding focused on whether it is appropriate to use GDP per capita for Ireland, given the distorting effects of multinational companies based here.[128] Since the approval of the plan, there has been some limited discussion on how much progress has been made in drawing down the funding and implementing the plan.[129] Questions were posed to Commissioner for Economy Paolo Gentiloni on the operation of NextGenerationEU when he appeared before a parliamentary committee.[130] The Commissioner was asked whether the EU institutions' attitude to austerity had changed since the Financial Crisis, about the mechanism for calculating financial allocations for the Recovery and Resilience Facility, and about how the implementation of the Irish RRP will be monitored.

Another strand of criticism argued that 'the EU is using the shock of the crisis as a kind of shock doctrine to reinforce the power of the European Commission to demand structural reforms' in the form of austerity.[131] This characterisation of the country-specific recommendations was strongly disputed by the government.[132] The criticism of the link to the European Semester, particularly from parties on the left, is understandable in light of Ireland's experience during the Financial Crisis of austerity imposed as a condition of the EU–IMF bailout. However, it does not seem to be supported by the actual content of Ireland's CSRs during recent rounds of the Semester, which broadly advocate increased spending on public services, development of a universal health-care system, and reforms to improve housing affordability. This seems more indicative of a general distrust of the EU on the Irish left than of substantive engagement with the process of macroeconomic monitoring within the European Union. No political consensus has emerged on whether the NextGenerationEU programme marked a shift in EU policy away from austerity, having learned the lessons of the Financial Crisis.[133]

Other opposition voices acknowledged that Ireland's national funding allocation was less important than the recovery of the European economy as a whole. Given Ireland's

[124] McDonald M.L., Boyd-Barrett R., Murphy P.*, Dáil Éireann debate*, 995, 4, 22 July 2020.
[125] Leahy P., *New economic plan a big political moment for Coalition*, in *The Irish Times*, 31 May 2021.
[126] *Dáil Éireann debate*, 1008, 2, 2 June 2021.
[127] *See*, for example, Farrell M., and Nash G., *Dáil Éireann debate*, 1008, 2, 2 June 2021).
[128] *See* Shortall R., Munster I., Conway-Walsh R., and McNamara M., *Dáil Éireann debate*, 1008, 2, 2 June 2021.
[129] *See*, for example, *Dáil Éireann debate*, 10 May 2022.
[130] *See* Joint Committee on European Union Affairs debate, 20 Sep 2021:
https://www.oireachtas.ie/en/debates/debate/joint_committee_on_european_union_affairs/2021-09-20/.
[131] Murphy P., *Dáil Éireann debate*, 995, 4, 22 July 2020.
[132] Minister of State Byrne T., *Dáil Éireann debate*, 995, 4, 22 July 2020.
[133] Compare, for example, Shortall R., and Murphy P., *Dáil Éireann debate*, 1008, 2, 2 June 2021.

dependence on exports across the internal market for economic growth, it matters more for Irish economic recovery from the pandemic that *other* Member States have financial capacity to rebuild their economies than that the Irish government itself has additional resources.[134] More detailed discussions were held in parliamentary committees on the criteria used to allocate funds and the conditions governing where funds should be spent.[135] However, it does not appear that the precise rules agreed at EU level for allocating spending (proportions to be spent on climate action, digital initiatives and so on) have filtered through to broader political and public debate.

In November 2020, there was parliamentary discussion of the rule of law conditionality mechanism. Irish political leaders across the spectrum were in broad support of conditionality but were divided on whether the mechanism ultimately adopted is sufficient.[136] It is interesting that monitoring by EU institutions of national Recovery and Resilience Plans was criticised in parliament for allowing the EU to exert control over national fiscal policy, while many of the same politicians called for *greater* EU supervision over Member States in respect of the rule of law and fundamental rights. This calls into question whether many Irish politicians hold principled positions on the relationship between Member States and external supervision by the EU.

As for the media, while there has been close coverage of the EU budgetary negotiations generally (some of which has been relied on in this article), there has been relatively little focus on NextGenerationEU in particular, other than to query the allegedly limited funding allocation for Ireland in the same terms as some opposition politicians. Likewise, there has been relatively little scrutiny of the Irish RRP in its own terms,[137] as opposed to as part of the government's broader budgetary measures.[138] Some, albeit limited, discussion has taken place in relation to rule of law conditionality – again, broadly welcoming the existence of conditionality but concerned that the Regulation adopted is not strict enough.[139]

134 *See* the contributions of Howlin B., and O'Callaghan C., *Dáil Éireann debate*, 995, 4, 22 Jul 2020.
135 For example, Joint Committee on European Union Affairs debate, 28 Oct 2020 https://www.oireachtas.ie/en/debates/debate/joint_committee_on_european_union_affairs/2020-10-28/; Joint Committee on European Union Affairs debate, 25 Nov 2020 https://www.oireachtas.ie/en/debates/debate/joint_committee_on_european_union_affairs/2020-11-25/2/.
136 *Dáil Éireann debate*, 1001, 5, 26 Nov 2020) https://www.oireachtas.ie/en/debates/debate/dail/2020-11-26/2/. There was further discussion on this subject in committee: *see* Joint Committee on European Union Affairs debate, 9 Mar 2021, https://www.oireachtas.ie/en/debates/debate/joint_committee_on_european_union_affairs/2021-03-09/; and Joint Committee on European Union Affairs debate, 20 Oct 2021 https://www.oireachtas.ie/en/debates/debate/joint_committee_on_european_union_affairs/2021-10-20/; and on financial conditionality and monitoring more broadly: Joint Committee on European Union Affairs debate, 30 Jun 2021, https://www.oireachtas.ie/en/debates/debate/joint_committee_on_european_union_affairs/2021-06-30/2/.
137 One exception being Goodbody W., *What is Ireland getting from EU Recovery Fund?,* in *RTÉ*, 16 July 2021.
138 *See*, for example, Moore A., *Q&A: Where will the €4bn National Recovery Plan funding be spent?,* in *Irish Examiner*, 2 June 2021.
139 O'Brennan J., *Why the EU's €750bn Covid recovery fund needs guarding from abuse*, in *Irish Examiner*, 3 May 2021.

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Meanwhile, senior EU figures such as Josep Borrell and Ursula von der Leyen have been given media platforms to explain the EU's role during the crisis and recovery,[140] but it is hard to know how much this has affected the terms of public debate within Ireland. Polling sponsored by the European Parliament suggested that in the early stages of the pandemic, 79 per cent of Irish people were aware of the EU's response to Covid-19, 64 per cent said the EU was 'doing enough' at that stage. Towards the end of the year, 79 per cent of Irish people were reported as supporting greater EU integration and competences to tackle crises such as Covid-19.[141] In the latest Eurobarometer polling (winter 2021–22), 83 per cent of Irish people trust the EU 'to make the right decisions in the future' in light of the experience of the Covid-19 pandemic, significantly above the EU average of 60 per cent.[142]

4.4. Involvement of social partners in development of RRP.

Limited information is available on the process by which the Irish RRP was developed. There was a process of public consultation, to which some trade unions and business groups made submissions to the government.[143] The plan refers to a specific channel of discussion with the social partners:

> [E]ngagement with stakeholders took place in a number of different formats, including through the Labour Employer Economic Forum, chaired by the Taoiseach which brings together Trade Unions and employer representatives, at which the importance of public investment and support for sectors such as health as part of our national recovery were emphasised.[144]

Furthermore, specific aspects of the plan were referred to the Labour Market Advisory Council, a body set up in 2013 to advise the government on labour policy, which comprises economists and representatives of the social partners.[145] The plan also makes provision for social partner consultation to inform the implementation of the plan, with a "Social Dialogue Unit" within the Department of *An Taoiseach*.[146] This is not a dedicated part of the RRP

[140] For example: Borrell J., *Analysis: This was Europe's watershed year*, in *Irish Examiner*, 24 December 2020; Hoare P., *Ursula von der Leyen: How the Green Deal and climate change will affect Ireland*, in *Irish Examiner*, 11 August 2021.
[141] Figures provided by O'Connell N., CEO of European Movement Ireland, during the course of Joint Committee on European Union Affairs debate, 28 Oct 2020).
[142] European Commission, *Standard Eurobarometer 96: Winter 2021–2022*, Communication, April 2022.
[143] Government of Ireland, *Ireland's National Recovery and Resilience Plan: Europe's Contribution to Ireland's Recovery*, 2021, 1.
[144] *Ibidem*, 16.
[145] *Ibidem,* 16. *See* Department of Social Protection, Labour Market Advisory Council, 6 January 2020 https://www.gov.ie/en/publication/656a27-labour-market-advisory-council/ (accessed 9 May 2022).
[146] Government of Ireland 2021, nt. (143), 15.

programme itself, but rather plays a variety of roles in supporting social dialogue in multiple forums, and features participation from a range of civil society organisations.[147]

Summaries of the submissions to the public consultation process have been published, from which it is possible to extract the views of the social partners.[148] What follows is necessarily truncated for brevity.

The Irish Trade Union Congress (ICTU) and the largest trade union in Ireland, the Services, Industrial, Professional and Technical Union (SIPTU) made submissions from the perspective of workers, as did the Irish National Organisation for the Unemployed (INOU).[149] The thrust of these submissions focused on using the NextGenerationEU funds to help finance a 'just transition', including retraining workers displaced by changes in industrial practices to reduce carbon emissions. Training schemes were also proposed for housing construction and retrofitting, and concern was expressed about youth unemployment in particular. It was argued the state should support firms who follow good practices in collective bargaining, environmental sustainability and corporate governance, and generally take steps to increase collective bargaining coverage and social dialogue. Reference was made to increasing the minimum wage, but no specific figure was given. Submissions referred to the need for investment in transport, childcare, health care and affordable housing, and additional funding for the charitable sector.

As for employers, a number of individual businesses made submissions. These are not considered here; instead, we focus on employer representative organisations. Again, in the interest of brevity, the focus will be on the most significant players in terms of social partnership: the Irish Business and Employers Confederation (IBEC) and the Construction Industry Federation (CIF). There is a remarkable overlap with the proposals from the other social partners listed above: green construction featured prominently, alongside public transport funding, skills training (including apprenticeships), youth and long-term unemployment, and childcare. Beyond these, reference was made to investment in "space-related technologies" and research and development, digitisation of public services, and assistance for SMEs in public procurement. There are calls for state support for businesses to invest in new capital equipment and equipment necessary for remote working, and the regionalisation of large infrastructure projects and public procurement generally. It is fair to say that the RRP as it emerged reflects most of the concerns put forward by the social partners, albeit that the limited funding available meant it was not possible to pursue some of the more ambitious submissions.

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[147] Irish Government News Service, Government agrees on a new approach to strengthening Social Dialogue, 2 March 2021, available at: https://merrionstreet.ie/en/news-room/news/government_agrees_on_a_new_approach_to_strengthening_social_dialogue.167530.shortcut.html. *See* further: https://whodoeswhat.gov.ie/branch/taoiseach/Economic-Division/john-shaw/834/ (both accessed 9 May 2022).

[148] Department of Public Expenditure and Reform, *NRRP – Stakeholder Submissions Summary*, available at https://www.gov.ie/en/publication/d4939-national-recovery-and-resilience-plan-2021/.

[149] Engineers Ireland also made submissions on behalf of their members, but this is more a professional body than a trade union.

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4.5. Austerity.

From the moment the earliest signs of emergence from the pandemic appeared and minds turned to the rebuilding of Ireland's economy, opinion across the political spectrum and public commentary agreed that austerity was to be avoided.[150] It was considered crucial to avoid a repeat of the EU–IMF 'Troika' bailout conditions imposed on Ireland during the Financial Crisis. In advance of the application for NextGenerationEU funding, Irish government ministers were already perfectly clear there would be no "return to austerity budgets".[151]

Parallel to that application, the government published a "mini-budget" in June 2021 to boost the domestic economy as the vaccine rollout gathered pace. *An Taoiseach* Mícheál Martin described this as "the opposite of austerity" and promised that "social and economic progress must go hand-in-hand".[152] Similarly, *An Tánaiste* (deputy prime minister) Leo Varadkar stated he wanted to "restor[e] our public finances to good health through employment not austerity, by going for growth not retrenchment and aiming for a rapid recovery". Minister for the Environment and leader of the Green Party Éamon Ryan was reported as saying "that the budgetary strategy of running a significant deficit this year was 'by any definition in economics [an] expansionary policy, which is the right thing at this time'".[153] It is worth observing that these three men lead political parties which were in government in various combinations the whole way through the Financial Crisis and Troika bailout, and implemented the austerity measures agreed under the Memorandum of Understanding with the Troika. The *volte-face* in economic crisis management is significant, and laudable. This reflects a broader shift that has been observed in economic and social policy among senior Irish political figures in recent years.[154]

However, the measures announced in the summer of 2021 were criticised by the opposition as insufficient, and the "tapering" of pandemic unemployment support payments was characterised as austerity by another name.[155] These objections were broadly dismissed in media circles, and not taken seriously by a population more interested at that stage in the

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[150] *See*, for example, Cohen S., *New policies for social change needed after pandemic is over*, in *The Irish Times*, 2 April 2021.

[151] Taylor C., *Rebound in economic growth forecast to close budget deficit*, in *The Irish Times*, 14 April 2021; Also, Leahy P., McQuinn C., Horgan-Jones J., *Cabinet to be warned public spending levels are unsustainable*, in *The Irish Times*, 27 April 2021, where they affirm: "fearing a political backlash, Ministers and senior officials have played down reports of troika-style austerity being introduced as the pandemic recedes and the economy recovers".

[152] Horgan-Jones J., Taylor C., Leahy P., *Economic recovery plan 'the opposite of austerity', says Taoiseach*, in *The Irish Times*, 1 June 2021.

[153] Horgan-Jones J., Taylor C., Leahy P., nt. (152).

[154] Horgan-Jones J., *Varadkar dances a leftward shimmy to pair with greatest hits*, in *The Irish Times*, 20 June 2021; O'Leary N, *Paschal Donohoe: 'Disease does not lend itself to being defined in economic terms*', in *The Irish Times*, 8 December 2021.

[155] Horgan-Jones J., *Stimulus package of €3.5bn likely to be lost amid fallout from PUP cuts,* in *The Irish Times*, 1 June 2021.

timeline for removing public health restrictions.[156] The "mini-budget" was welcomed for its focus on investments aimed at tackling climate change.[157]

In October of that year, a full budget was unveiled, in which the government again avoided a return to austerity, while not going as far as the opposition wanted in key spending areas (particularly the building of social housing).[158] Subsequently, debate focused on how to return public-sector working conditions to the pre-Financial Crisis situation, reversing pay cuts and other austerity measures.[159] One measure in that budget which has since generated significant political blowback was the scheduled increase in carbon tax required by the state's commitments to reduce carbon emissions. In light of soaring energy prices during the war in Ukraine, there has been enormous public pressure (thus far resisted) to reverse this policy. An opposition motion to cancel the carbon tax increase in April 2022 was defeated by the government.[160] Again, this reflects the extent to which the Green Party, although the smallest party in the three-way coalition, has outsized clout in extracting policy measures to combat climate change.[161]

It is important to note that the spiralling cost of living crisis triggered by the Russian invasion of Ukraine has changed the terms of political debate in Ireland, although it remains too early to say whether a return to austerity is on the cards. Even before the war, there was concern in some quarters that the return to normal economic activity after the removal of public health restrictions would lead to serious inflation, and that public borrowing was becoming unsustainable.[162] Initially, these fears were broadly dismissed as either unwarranted, or as disguising an ideological desire to return to austerity policies (or both).[163] However, the war in Ukraine has changed the outlook of many policymakers and commentators. Moreover, after a long hold-out against inflation hawks, the European Central Bank announced it would follow other monetary authorities in raising interest rates over the summer of 2022.[164] This will put further pressure on the Irish government to reduce public borrowing.

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[156] Leahy P., *Green Party fingers evident all over economic recovery plan*, in *The Irish Times*, 1 June 2021.
[157] *Ibidem*, where the Author writes: "The range and breadth of the green and climate action investments in the plan is remarkable".
[158] McGee H., *Budget 2022: give and take in the biggest political set piece of the year*, in *The Irish Times*, 12 October 2021.
[159] McQuinn C., Leahy P., *Plan to restore senior public sector pay must be honoured, says IMO*, in *The Irish Times*, 4 February 2022); McGee H., *Working hours of public service staff to be restored to those before austerity measures*, in *The Irish Times*, 14 April 2022.
[160] Burns S., *Sinn Féin accuse Government of 'political cowardice' as turf ban motion defeated*, in *The Irish Times*, 28 April 2022.
[161] *Ibidem*.
[162] Taylor C., *We're in for a post-Covid mini-boom, but how long can it last?*, in *The Irish Times*, 4 September 2021; Taylor C., *Are Ireland's public finances heading for trouble?,* in *The Irish Times*, 16 September 2021; Burke-Kennedy E., *Five economic flashpoints to watch out for in 2022*, *The Irish Times*, 31 December 2021.
[163] McWilliams D., *It's not money we lack, it's vision*, in *The Irish Times*, 2 October 2021; McWilliams D., *My builder told me about 'the inflationary climate'. It must be true*, in *The Irish Times*, 11 December 2021.
[164] Arnold M., Stubbingdon T., *ECB plans July quarter percentage point interest rate rise*, in *Financial Times*, 9 June 2022.

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It remains to be seen whether the path chosen will be a return to austerity politics. If anything, the strongest political demands are for even greater government spending and intervention, particularly in respect of housing and energy/fuel costs.[165] Of course, making predictions in such volatile circumstances is a fraught endeavour.

5. Conclusions

The most important conclusion in respect of Ireland's Recovery and Resilience Plan is that it will not have a transformational impact on the Irish economy and society. The funding allocation is modest, perhaps because the mechanism for calculating entitlements is skewed by Ireland's economic reliance on the activities of large multinational companies. Much of what is committed to in the plan probably would have been attempted anyway, or at least there would have been political pressure to take these measures even in the absence of EU funding. The legal requirements for how spending is allocated have almost certainly been useful in channelling undeniable public sentiment in favour of green and digital transitions towards concrete action. It remains to be seen whether the incorporation of the Recovery and Resilience Facility into the European Semester reporting mechanism will speed up delivery of the public infrastructure projects supported by NextGenerationEU funding. The RRP shows some promise in helping Ireland make progress on the principles of the European Pillar of Social Rights, and the reforms contained therein are positive from a social policy perspective. It must nonetheless be acknowledged that even within the limited scope of Ireland's financial allocation under NextGenerationEU, there was a missed opportunity to focus more acutely on the biggest social policy challenges.

There is force in some of the political criticism that the plan does not go far enough. That said, the measures contained in the plan are broadly laudable. The claims that the RRP is 'austerity in disguise', or that the connection between NextGenerationEU and the European Semester is an attempt by EU institutions to force national governments to return to austerity, so far appear unfounded. For several years, Ireland's country-specific recommendations have urged more public spending, particularly in areas such as housing, health and childcare. That has continued into the 2022 Spring Package. Of course, it remains to be seen whether this trend will continue in light of inflation across the EU, rising interest rates (with potential effects on sovereign bond yields), and war on the borders of the European Union.

Finally, it should be observed that in Ireland, neither national media nor many political figures have demonstrated exceptional command of the minutiae of the NextGenerationEU programme and the Recovery and Resilience Facility. It is interesting to observe the high approval ratings in Ireland for the EU's actions during and after the pandemic, despite (or perhaps because of?) limited media engagement with the detail of EU policy. Academic commentary, such as that contained in this journal edition, therefore offers valuable analysis

[165] Leahy P., *The squeezed middle are back, and they're mad as hell*, in *The Irish Times*, 2 April 2022.

of NextGenerationEU projects and strategies across the Member States, and the impact of these on the lives of European citizens.

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