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IMF urges cuts in minimum wage and dole payments:

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THE INTERNATIONAL Monetary Fund has recommended gradually reduced dole payments and a drop in the minimum wage in a new position paper approved by its lead negotiator in Ireland.

The measures, which also advocate that more resources be given to Fás, are contained in an IMF staff position note posted on its website yesterday. It states that the document is approved by its head of mission in Ireland, Ajai Chopra, who is also the IMF's deputy director in Europe.

The paper has examined the priorities for structural reform and governance in the euro area. In its country specific recommendations, it has stated that Ireland needs to introduce measures to tackle its high unemployment rate.

It recommended a "gradual decrease of benefits over time of unemployment and stricter job search requirements". It also states that more resources should be provided to Fás to provide efficient job search assistance.

The paper has recommended a review of the minimum wage "to make it consistent with the general fall in wages". This measure already forms part of the four-year austerity plan, to be published tomorrow.

It also suggests that public resources should be targeted to the "knowledge-based economy".

In relation to attracting women into the labour force in several countries including Ireland it urges tax changes and better child care. The report says that "cutting labour income taxes paid by women by 5 percentage points" would increase the GDP by 1¾ percentage points.

The Government's four-year plan will include measures to drive down costs to business in order to increase competitiveness, the Government's economic adviser Alan Ahearne disclosed yesterday.

He said the plan would seek reductions in the costs of electricity, waste disposal, broadband and professional services such as legal fees.

The plan had been due to be published today but has been delayed for 24 hours because of efforts by the Green Party and by the Department of the Taoiseach to have key measures included in the document.

The measures included a few key Green policy areas – such as wider provision of broadband services in rural areas – as well as the insistence of the Department of the

Taoiseach that language be included in the document that would make it more amenable to social partnership.

An €85 billion loan will be made available to the State as part of the bailout package being provided by the European Union and the International Monetary Fund, according to a Government source.

Negotiations are expected to be concluded by the end of the month, at which time a memorandum of understanding will be signed, imposing the conditions the State must fulfil during the three years of the programme.

A Government source accepted the IMF and the EU would have power of approval over both the plan and the budget. Mr Lenihan said that IMF and EU officials were “broadly satisfied” with the four-year plan.

“I am quite satisfied on the basis of the discussions to date that the budget that will be presented to Dáil Éireann on December 7th will be our own budget, nobody else’s budget. There has been no request for any change on that,” Mr Lenihan said.

The Minister said the country had a “very good future”, and that a very severe recession had been stabilised. He noted that Britain had sought IMF assistance in 1976 and come out of it after a few years.