

Irish government facing electoral rout

Steve James
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Both parties in the Irish government are facing electoral disaster when they finally go to the polls. A general election is due by 2012 at the latest, but the coalition government of Fianna Fail and the Greens is unlikely to last that long. Recent opinion polls have suggested that Fianna Fail, the largest political party for the entire history of the Irish republic, will be reduced to third place in the Dáil Éireann, the Irish parliament, while the Greens will face near obliteration.

A poll by the *Sunday Business Post* in June gave Fianna Fail 24 percent of the vote, against 42 percent in the 2007 general election. This would reduce the party from 78 seats in the Dáil to around 41. The Greens, with 6 seats and 5 percent of the 2007 vote, face losing most or all of their seats with 2 percent of the poll.

The main winners are Fine Gael, the traditional conservative opposition party, and the Irish Labour Party. Fine Gael's share of popular support has risen from 27 percent in 2007 to its current 33 percent, which would translate to 65 seats. More dramatic is the rise in support for the Labour Party. Labour polled only 10 percent in 2007, but would now win 27 percent of the vote and 48 seats. Mushrooming support for the Labour Party has coincided with the onset of financial crisis and recession. Gerry Adams's Sinn Fein made no progress.

Another question in the same poll suggested 40 percent of voters would support Labour leader Eamonn Gilmore as Taoiseach, prime minister, against 28 percent for Fine Gael leader Enda Kenny. The present incumbent, Brian Cowen, mustered only 18 percent.

The poll result and the high profile given it in the media indicate that the political establishment consider that the Fianna Fail-led coalition is exhausted and may fall apart at any time. A recent vote on banning stag hunting saw the government's majority reduced to four amidst tensions between the Greens and Fianna Fail's rural lobby. Three by-elections have been repeatedly

delayed, while Fianna Fail is increasingly unable to rely on either its own members or the clutch of "independent" members. Only fear of mutual electoral calamity is preventing far deeper feuds erupting publicly.

Underlying the collapse in government support is the economic crisis. Fianna Fail and the Greens have presided over the greatest financial disaster in Irish history, followed by unprecedented hand-outs from the state to the Irish banks to prevent a collapse of the financial system.

To pay for this, the government has imposed successive emergency austerity budgets to cut pensions, public sector wages, benefits, student grants, and all areas of social spending. It has overseen the transfer of billions of euros from working people back into the hands of the criminal financial elite for whom it speaks, and whose leading representatives are its close associates.

This has not resolved the crisis. Ireland is saddled with gargantuan debts that are increasingly costly to finance. State bankruptcy is considered by several leading economists to be ultimately inevitable.

Economic conditions facing large numbers of working people continue to deteriorate rapidly. Last week's statistics showed unemployment at 13.4 percent, the highest for 16 years. Some 452,888 workers are now unemployed or sufficiently under-employed as to be eligible for welfare.

Irish households are considered to be among the most indebted in the world, due largely to absurdly inflated house prices. Average house prices peaked in 2006 at seven times the average wage. During the housing bubble, outstanding mortgage debt rose from €49 billion to €113 billion in March this year. Some 32,321 mortgages of a total of 791,047 are currently in arrears of over 90 days. Of these 21,817 are over 180 days in arrears, and 3,077 are in formal court proceedings.

Although repossession rates are fairly low, in comparison with other countries, such as the UK, this is unlikely to remain the case. A recent government report refused to suggest an increase in the one-year moratorium on legal action on mortgage arrears.

Small companies are being destroyed at an accelerating rate. According to *Insolvency Journal*, the rate of failures increased 27 percent in the first months of 2010 compared with the previous year. So far in 2010, 792 companies have gone, more than during the whole of 2008.

Construction, services, hospitality and retail industries, impacted by collapsing property prices and wage levels, have been most affected. According to the Construction Industry Federation, the building sector's output is likely to fall from €19 billion in 2009 to €7 billion in 2011. One third of bankruptcies were in construction, while 103 hospitality companies, including prominent hotels have ceased trading.

Much more social pain is on the way. In order to finance its emergency bank rescue packages, the government is investigating a huge sell-off of semi-state owned companies such as Dublin Airport, and the gas and electricity utilities Bord Gais and ESB. Local authority and state owned company pensions are also being targeted. The government has appointed economist Colm McCarthy as head of a team looking at the sell-offs. McCarthy's previous report, in 2009, recommended €5 billion in social cuts. His recommendations are now being implemented by the government. A new wave of sell-offs will necessarily generate further large scale job losses.

Previously privatised telecoms company Eircom has announced huge redundancies. In addition to 1,200 job losses over the last months, a further round of between 1,500 and 2,000 jobs losses are expected to be announced shortly. The company lost €500 million in 2009, and has accumulated debts of over €3 billion. By means of a union promoted Employee Shared Ownership Scheme, the Communication Workers Union (CWU), which represents 5,000 of the company's 6,500 workers, has a major stake in Eircom. Eircom and the CWU have entered talks on a three-year redundancy and cost saving programme.

In such conditions, with support for the current government disintegrating, the political establishment are casting around for a new coalition to deepen the

offensive against the working class. In particular, they are turning to the Labour Party and Eamonn Gilmore. Labour has traditionally been a coalition partner of Fine Gael since 1948, when it joined the so-called Inter Party government, although it has also shared power with Fianna Fail.

Gilmore is a former president of the Students Union of Ireland, former parliamentary member (TD) for the Workers Party (formerly Official Sinn Fein) and the Democratic Left, which broke from the Workers Party in 1992 to join the Labour Party. He became leader of the Labour Party in 2007 following the resignation of Pat Rabbitte, now Labour's justice spokesman and also a former Workers Party and Democratic Left TD. As Labour leader, Gilmore has specialised in biting denunciations of Fianna Fail, particularly its bail out of the financial elite, and is considered a more able political figure than Fine Gael's Enda Kenny.

Programmatically, however, Labour has only the most marginal tactical differences with Fianna Fail and Fine Gael. It is just as committed as its prospective coalition partners to the defence of capitalism in Ireland which, in current conditions, means pushing forward the attack on living standards begun by the present administration.



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