Big business lays out its demands for Irish government

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A 38-page “Blueprint for Ireland’s Recovery” was issued last week and handed in to the new Irish government by the “Ireland First” group of prominent business leaders and senior politicians. The report brings to mind gangsters returning to a crime scene to see what else can be picked up and to make sure nobody talks.

Some of the report’s recommendations have already featured in the new government’s programme. The group, who claim to have come together “out of a sense of deep concern about the challenges Ireland is now facing”, admit “Ireland is in the midst of unprecedented economic crisis. It is also in the midst of serious government crisis. Confidence in the governance structures of the country has been undermined. Trust in the regulatory system, the political system and public administration has been damaged severely. There is widespread public anger at these failures.”

In response to the social mayhem wrought by unrestricted speculation, Ireland First calls on the new Fine Gael/Labour government to sweep aside all restrictions on profitability, push ahead with the sale or closure of social assets and services, further slash social welfare and drive down wages.

Ireland First speaks for sections of the Irish banking and business elite enraged at the slow progress made in slashing social spending. Co-chair Phillip Lynch is CEO of One51 Group plc, an investment company oriented towards agribusiness. In 2009, after the onset of the financial crisis, Lynch called for an “all party government” and joined in the campaign against public sector workers. According to Lynch, the public sector was “bleeding the country of funding that could be put to much better use.”

Lynch’s co-chair is Angela Kerins of Rehab, a large service provider to disabled people. Other business figures in the group include CEOs from the building sector and telecoms.

Members include billionaire tax exile Dermot Desmond, founder of Dublin’s International Financial Services Centre (IFSC), and one-time ally of corrupt and jailed former Taoiseach (Prime Minister) Charles Haughey.

Also present is Peter Sutherland, the current chair of Goldman Sachs International, former chair of oil major BP, former Irish attorney general, former Fine Gael politician, former director general of GATT, and current Bilderberg Group steering committee member. Sutherland has repeatedly opposed calls for bondholders in the ruinous Irish banks, particularly Anglo-Irish Bank, to bear any of the costs of the losses sustained by their practices.

Goldman Sachs is one of many international financial institutions holding bonds from Anglo-Irish. Others include HSBC Private Wealth Managers, Societe General Gestion, Credit Suisse Asset Management, Aberdeen Asset Management (London), BNP Paribas, Nordea Investment Management, Deutsche Asset Management, among some 80 leading funds.

Also in the group are former Taoiseach John Bruton, of Fine Gael, and Dick Spring, former tanaiste (deputy premier), from the Labour Party. Bruton was recently appointed chairman of IFSC Ireland with a remit to rebuild the IFSC’s reputation as a major financial services centre. Spring runs a foreign exchange company.

Together these ladies and gentlemen insist, “Ireland can and must become the most competitive Eurozone country by 2016”.

The basis on which this is to be done goes further than the already savage measures set to be implemented by the new government led by Fine Gael’s Enda

Kenny.

To promote “enterprise and growth”, Ireland First proposes more business exemptions from corporation tax, drastically reduced local rates for business, the privatisation of Ireland’s airports and ports, and an audit of all business regulations with the aim of ripping up as many as possible.

New handouts to potential investors should be made available and particular attention should be paid to investors from China, India, Brazil and Japan. The group set a target of 20 percent of new foreign direct investment (FDI) to come from China.

Where social spending cannot be avoided, it should be diverted towards enriching the private sector.

Ireland First goes further than recommendations already made by economist Colm McCarthy, architect of the previous government’s emergency cuts programme. Where McCarthy recommended the current 34 local authorities are reduced to 22, Ireland First calls for the number to fall to 9 to save an additional €1.5 billion in public sector wages. “The cost savings should be passed directly back to the business sector in the form of lower commercial rates and other state charges,” it adds.

On welfare, the group considers the €21 billion currently spent annually should be cut by at least 10 percent by 2015. Chip and PIN and biometric technology should be introduced to police claimants, while intensified measures should be used to force them into work.

The document calls for an “urgent” commission to investigate sacking 30,000 public sector workers—a figure for job losses already suggested by Fine Gael. Further than this, wholesale outsourcing should be considered while remaining state companies should be sold off. The group crows that the “downward trend of wages in the private sector is a positive development but this needs to happen in the public sector.”

While all sections of working people should expect immense sacrifices, no such unpleasantness is demanded of the financial services industry.

Nearly €2 trillion in assets are managed by the Irish-based financial industry, a fraction of which would resolve all Ireland’s debt problems. Ireland First notes, “Ireland’s annual borrowing requirement is not sustainable”, despite €15 billion of cuts already implemented and another €15 due before 2014. It complains “it is hard for many to accept that investors who invest in the bonds of banks, whether they are subordinated or senior bonds, should be insulated from potential losses.”

But Ireland First insists that any pressure on bondholders would be “unwise” because it would “threaten our ECB (European Central Bank) and EU/IMF funding”. Instead, it calls for a new 30-year bond market to be established across the European Union to make repayment in full of the EU/International Monetary Fund loans and all outstanding bonds to be made sustainable. This will ensure that all debts are repaid by the working class for decades to come.

To ensure this is implemented, Ireland First calls for a major reorganisation of the Irish political system to break the influence of local client groups and for business leaders to be directly appointed to leading ministerial and civil service positions.

A spokesman for the new government said that “given the pre-eminent nature” of those producing the report, it would likely be considered by the new government. Fianna Fail, now the largest opposition party, agreed.