

Labour's new president promotes "Irishness" to cover austerity

Steve James**25 November 2011**

Newly-elected Irish president, Labour's Michael D. Higgins, made clear in his inauguration address that the large numbers of working people who voted for him will be immediately betrayed.

Higgins informed the 1,700 rich and influential guests at his November 11 investiture that the Irish people wanted to "move beyond anger, frustration or cynicism and to draw on our shared strengths." He reassured the assembled politicians, diplomats and celebrities that his aim as president was to foster "a State which will restore trust and confidence at home and act as a worthy symbol of Irishness abroad."

Meaning to Higgins' opaque remarks was provided by the Labour/Fine Gael administration. The government warned early November, that, contrary to their claims during their February 2011 general election campaign, it intends to fully repay the vast debts accrued through the collapse of the country's banking system.

A week before the inauguration, Fine Gael leader and *Taoiseach*, Enda Kenny quietly announced that €17 billion had already been repaid to bondholders in nationalised and defunct Anglo-Irish Bank by the previous government. Kenny insisted that a €715 million bond due in November would be fully honoured. According to the Bondwatch blog, another €3.77 billion will have been repaid by the end of January 2012.

The €715 million bond will provide a huge profit to unknown international financiers, since at one point since the bond was issued in 2006 it was trading at 52 cents on the euro. The 100 percent repayment was

insisted upon by the European Central Bank (ECB), which bailed out the Irish government with €67.5 billion in late 2010. Payments will be made to Deutsche Bank, and thereafter to the bondholders.

Higgins won the October 27 presidential election because he was broadly perceived by many voters to be on the left of the Irish Labour Party, opposing, for example, the 2003 assault on Iraq. Higgins defeated independent candidate Sean Gallagher. Gallagher, who had been leading the polls for most of the campaign but saw his election bid disintegrate following revelations from Sinn Fein's Martin McGuinness that Gallagher had accepted money for Fianna Fail.

The cash had been delivered in the form of notes stuffed into an envelope from an unnamed business person at a Dundalk fundraiser in 2008. Such is the broad hatred of Fianna Fail's corrupt relations with a narrow layer of property developers that association with the party and its practices doomed Gallagher's campaign.

Higgins won the election with 39.6 percent of first preference votes to Gallagher's 28.5 percent.

McGuinness, target of a media campaign over his alleged leadership of the IRA, and his budget cuts as Northern Ireland First Minister, polled only 13 percent. Fine Gael's Gay Martin won a derisory 6.4 percent of the vote.

Labour also won the Dublin West by-election, following the death of former Fianna Fail Finance Minister Brian Lenihan. Patrick Nulty won 24.3 percent of the vote against Fianna Fail's 21.7 percent and the

ex-left Socialist Party's 21.1 percent. Nulty is also viewed as on Labour's left, and is said to have opposed the coalition with Fine Gael.

Illusions in Labour cannot last long. President Higgins' smug call to "move beyond anger, frustration or cynicism" was issued in full knowledge that the Labour/Fine Gael coalition intends to immediately deepen the attack on living standards to pay off the banking debts.

Details of the 2012 budget are becoming clearer. Firstly capital spending has been cut by €755 million to €3.9 billion. This contrasts with 2007, immediately prior to the global financial crash, when a National Development Plan outlined nearly €12 billion of spending in 2012 alone.

This year, three planned new over and underground rail lines and a new tram line in Dublin have been cancelled in a city whose traffic problems are chronic. The cancellations, along with other curtailed building projects, will badly hit construction workers. Currently only 100,000 building workers are employed in Ireland, down from a peak of 270,000 a few years ago. The head of the Construction Industry Federation, Tom Parlon, predicted a further 26,000 jobs would be lost in 2012.

Some €3.8 billion, up from previous estimates of €3.6 billion, will be cut from annual spending. Press reports suggest that measures will include reductions in payments to single parent families by offering assistance for children up to the age of 7, instead of the current 14 years. These are likely to be part of welfare cuts totalling up to €700 million. The Department of Health is expecting to have to find between €400 and €500 million, principally through a continued recruitment freeze. VAT is likely to be increased by 2 percent to 23 percent.

On November 17, the government announced a public service "reform" program aimed at saving a further €2.5 billion by 2015 through rationalisation and sharing of services, holiday cuts, property sales, and improved "performance management." Some 14,500 jobs are expected to go on top of 37,500 already cut

since 2008. Unemployment currently stands at 14.4 percent.

Students are facing further sharp assaults. According to the Union of Students in Ireland (USI), Labour's Education Minister Ruairi Quinn and leader Eamon Gilmore signed a USI pledge refusing to implement either an increase in student fees, college fees, or a reduction in the student support grant. USI leader Gary Edmond claimed that their campaign delivered thousands of student votes to Labour.

The USI recently contacted every Labour and Fine Gael member of parliament. Unsurprisingly, none of them would repeat their previous promise. Quinn is reported to favour a €2,000 increase in student fees, while a graduate tax is also under discussion. This week 20,000 students from all over Ireland marched through Dublin in opposition to any further increase in fees.

The Irish government is entirely beholden to the ECB, the International Monetary Fund and the European Union. In the interests of Ireland's and Europe's financial oligarchy, the government is intent on maintaining its Fianna Fail predecessor's war against the social conditions of the working class.

The government's austerity program and 100 percent bond repayments have made it a model for governments across Europe, seeking to impose devastating social cuts while maintaining the eurozone.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact