Labour and Fine Gael impose savage cuts in Ireland

Jordan Shilton
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In its first budget since taking power in March, the Labour-Fine Gael coalition in Dublin has imposed a budget containing vicious cuts in social spending and tax rises hitting working people hardest.

Overall, the plans outlined on Monday and Tuesday will see spending reduced by €2.2 billion and taxes rise by €1.6 billion for a population of just under 4.5 million.

Other than the change in personnel presenting them, nothing in the latest round of cuts differed fundamentally from the policies of the former Fianna Fáil-Green coalition.

Between 2008 and 2011, it imposed four consecutive austerity budgets that reduced spending by 16 percent of Irish GDP. Overall, taking the latest budget in to account, fully €25 billion has been cut from government spending since 2008, with at least a further €13 billion to go by 2015. The brutality of such cuts can be seen when considered against public spending for next year of just over €56 billion.

The 2012 plan targets basic social services for the deepest cutbacks. Labour public affairs minister Brendan Howlin revealed reductions of more than €500 million in the health budget, €700 million in social welfare, and €130 million in the education department. Capital spending, which includes several large infrastructure projects, was cut by €750 million.

As a consequence, 6,000 jobs will be lost next year alone. By 2015, more than 23,000 jobs will have been lost in the public sector across the country. This far-reaching attack on the working class is being carried through with the full collaboration of the trade union bureaucracy, which has not lifted a finger to oppose the government's austerity measures.

The breakdown of the cuts reflected the determination to place the burden of the crisis on workers and the very poorest and most vulnerable, while allowing the financial speculators to continue business as usual. Winter fuel payments will be slashed, with the period in which they can be claimed cut by six weeks. Child benefit payments will be cut, and the eligibility for benefits such as jobseekers' allowance, disability allowance and the state pension will be altered to increase qualification barriers. Student fees are to increase by €250 per year, and funding for disadvantaged children in schools is being removed.

The tax rises have also been directed towards the lower paid. An increase of 2 percent, coming two years after a similar increase, will see the sales tax rate rise to 23 percent. Duty on petrol has risen, while the cost of health care insurance could rise by more than 100 percent for a family of four. The only crumb of comfort offered by Health Minister James Reilly was to claim cynically, "Nobody is going to die because of health cuts. That is a certainty."

On the other side of the social divide, foreign investors and Irish big business will continue to enjoy a corporate tax rate of 12.5 percent. Despite a slight increase in capital gains tax, the government has laid out a programme to provide tax breaks and other incentives to private enterprise, with particular emphasis on new firms.

Howlin announced the opening up of areas in the public sector for private competition. With the help of government incentives, the intention is to create an expanded private sector with increased rates of profit for the business elite while public services are destroyed.

Despite the attempts of Howlin and Finance Minister Michael Noonan to talk up the Irish economy, it is still mired in a deep crisis. Projected growth for next year was revised down to 1.3 percent compared to last month's forecast of 1.6 percent. The ongoing crisis in the eurozone is having a particularly harsh impact on Ireland, due to the dependence of the economy on exports to Europe.

Today's summit of European Union (EU) leaders, which could decide to create a new treaty at the insistence of France and Germany to enforce greater fiscal "stability", could lead to a referendum early next year to secure Irish acceptance of the proposals. This is a vote that could easily see the electorate reject the treaty, as public opposition to the EU is high due to its imposition of austerity. Reports have suggested that the Irish government may seek to secure a reduction in the interest on its bailout in exchange for its acceptance of any treaty changes that take place.

No opposition to the government's course of action exists within the political establishment. Fianna Fáil and the Greens have been widely discredited within the population for their role in imposing the bulk of the austerity measures over the past four years, and are in no position to criticise the cuts.

Sinn Fein president Gerry Adams, notwithstanding some rhetorical bluster against the worst excesses, sought to reach out to Labour Party backbenchers, urging them to break with the government to block the passage of the bill. Claiming that several Labour MPs were "dissatisfied" with the budget, he called for a "backbench rebellion."

Adams's pose of opposition is for public consumption only, as demonstrated by the willing participation of his party in a coalition government in Belfast, where it has imposed deep cuts in line with the British Conservative/Liberal Democrat government in London.

In the Republic, Sinn Fein drew up a programme for economic recovery in the lead-up to the elections early this year. It was entirely in line with the demands on international finance capital for the need to make massive reductions to government spending, the only differences being on the length of time over which this should be carried out.

Ruling circles recognise that such a programme poses them no threat. As the *Financial Times* noted in a recent analysis, Sinn Fein is "increasingly occupying the nationalist territory of Fianna Fáil."

The trade unions have worked throughout to prevent any opposition from emerging from within the working class. Since 2008, they have sought at every stage to collaborate with and act as advisers to the government of the day, whilst refusing to mount any struggle by workers against the ruling elite's austerity.

In the lead-up to the latest budget, the Irish Congress of Trade Unions (ICTU) produced its own budget document, "Growth is the key", which provided its version of how to achieve a "balanced budget." Proposed measures included the encouragement of private pension funds to invest in infrastructure projects and increased effort to boost foreign investment. Such proposals fully accept the framework imposed in the interests of the financial speculators. As ICTU general secretary David Begg urged, the troika—the EU, IMF and ECB (European Central Bank)—had to "cut us some slack" if Ireland was to implement the necessary measures.