

Irish government announces referendum on EU austerity treaty

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The Irish government has conceded that a referendum will be held on the European fiscal treaty, passed by 25 European Union (EU) member states in December of last year.

It was a reluctant Taoiseach, Enda Kenny, who announced the decision earlier this week. No date has been set, but it is thought it will take place by June.

The treaty turns Europe into a giant austerity zone, as its population is subjected to “fiscal discipline”—the tearing up of wages, working conditions and public spending. Its full implications can be seen in Greece, where, with the agreement of Athens, the troika of the EU, European Central Bank and the International Monetary Fund are imposing savage cuts that are pauperising millions.

The coalition government of Fine Gael and Labour had hoped to avoid a referendum, even though this is a constitutional requirement in Ireland on any measures involving a transfer of sovereignty to Europe. In two previous referenda—held in 2001 and 2008—voters rejected any changes, only to see the ballots reheld under threats of economic penury.

The stakes are far higher this time.

The EU had done its utmost to avoid the treaty facing constitutional challenges in any of its member states. Michael Link, Germany’s European affairs minister, earlier stated, “We are trying to design everything that is on the table in a way which would be okay in the eyes of the attorney general and the Irish Constitution so that no referendum is needed.”

In the end, Ireland’s attorney general advised that it should go to a ballot. The decision by the UK government to veto the treaty in December—on the basis of protecting the City of London from EU regulation—meant that the treaty was not endorsed by all member states, and had to take the form of an

intergovernmental pact.

The anti-democratic manoeuvring by the EU, combined with threats by Sinn Féin and others to apply to the Supreme Court to force a ballot, led to Kenny’s announcement. Nonetheless, Kenny signed the fiscal agreement at a ceremony on EU leaders in Brussels yesterday.

Ireland is touted as the success story of the PIIGS (Portugal, Italy, Ireland, Greece and Spain). The collapse of a massively bloated banking system meant that Ireland had to apply for a €67.5 billion bailout in 2010, tied to severe austerity. As part of its €30 billion spending cuts, the public sector has been subject to a three-year pay freeze. Unemployment stands at almost 15 percent officially, and some 40,000 people—mainly youth—left the country last year. Dublin is now pushing through a privatisation programme worth €3 billion, which includes parts of the state-owned gas and electricity companies and selling its 25 percent stake in Aer Lingus, the national airline.

Thus far, Ireland has been able to avoid the type of mass protests and open conflict seen on the streets of Athens, Lisbon and Madrid. This is solely due to the Croke Park agreement between the unions and the government, which guarantees a no-strike deal in exchange for “managed” austerity.

However, the growth forecast for 2012 was slashed last week from 1.8 percent to 0.5 percent. The government is currently negotiating with the EU measures to refinance promissory notes worth €30 billion used to bail out the Anglo Irish Bank Corp., before its scheduled €1 billion payment is due next month. The total cost of the Anglo Irish bailout is expected to be almost €50 billion.

This is behind the demands being made by some to tear up the Croke Park agreement. In February, the

annual conference of Young Fine Gael demanded the “complete renegotiation” of the pact. This has been backed by a number of Fine Gael MPs. Emboldened by the trade unions’ collaboration with austerity, they are demanding far greater wage cuts and mass sackings.

Dublin South MP Olivia Mitchell said, “People have said Croke Park is the price of industrial peace, but it is too high a price.”

These calls have been backed by sections of the media, with the *Irish Independent* urging that Croke Park “should be torn up without any further ado.”

So far, these demands have been resisted. The *Irish Examiner* reported that Minister Brian Hayes had been asked by German ministers how Ireland “was managing to ‘knock out’ between 12% and 14% of the public service while meeting ongoing demands [by the troika].”

“They wondered why more protests are not happening on our streets. We have managed this change without street protests, at a time of substantial difficulty, because the Croke Park agreement is in place”, Hayes said. Those calling for an undefined “alternative” were “effectively arguing for some kind of nuclear winter” of industrial conflict, he continued.

The government and the media are throwing their political weight into a campaign for a yes vote. A rejection would be fatal, they argue, because Ireland would lose access to the European Stability Mechanism (ESM) bailout fund, conditional on acceptance of the treaty. While maintaining the fiction that, unlike Greece, no second bailout will be necessary in Ireland, they insist that in the event of a “no” vote Ireland would face an “investor strike” and could be forced out of the euro and the EU.

European governments have made little comment on the referendum—anxious to maintain the pretence that it is the “democratic will” of the Irish people that will determine events. European Commission president Jose Manuel Barroso restricted himself to saying that an endorsement of the treaty was in “Ireland’s interest.”

A no vote would not block the treaty, but the prospect of a referendum has caused unease for the precedent it has set under conditions in which the EU has overturned democratically elected governments in Greece and Italy and has made clear that austerity will be imposed, regardless of electoral mandates.

This is especially the case in France, where the

presidential election is to take place on April 22. President Nicholas Sarkozy has specifically ruled out a referendum on the treaty, while Socialist Party candidate Francois Hollande has only spoken vaguely of its “renegotiation.”

Opinion polls suggest that the Irish referendum’s outcome is currently too close to call. But the *Independent* reported a “distinct strain of anti-European sentiment is obvious in the Irish Republic where the bailout from the EU and other institutions has produced resentment about the strict austerity measures which accompanied it.”

Sinn Fein, which is calling for a no vote, is the main beneficiary of this hostility. It currently stands at 20 percent in the polls. Earlier this week, the United Left Alliance (ULA), an amalgam of the pseudo-left Socialist Workers Party and Socialist Party, launched its own campaign for the rejection of the treaty.

While criticising the treaty, they hold out the bankrupt prospect that a no vote would give Ireland greater leverage in the EU, force the major European powers to ameliorate their austerity policies and lead to the democratic reform of the EU and the euro.

In its statement on the treaty, the ULA argued, “The question is not whether Ireland will stay in the Euro or the EU.... A NO vote does not mean an immediate withdrawal from the euro or from the EU—it simply means that we reject a Europe where bankers and bondholders come first.”

In January, representatives from the ULA and Sinn Fein met with officials of the troika for discussions.



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