# Deepening euro crisis increases fears over Ireland

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Mounting turmoil across the euro zone, focusing on concerns over Spain's ability to borrow on the financial markets and the threat of a Greek exit, has seen Ireland's economic outlook worsen sharply.

The government succeeded in securing backing for the European fiscal treaty on May 31. But the result had barely been announced before commentators expressed fresh doubts over Ireland's ability to return to the financial markets.

The crisis gripping Europe has temporarily put on hold plans to sell short-term treasury bills, in what would have been the first attempt to sell government debt in nearly two years. Bloomberg reported Thursday that the planned sale of up to €500 million (US$630 million) of 6-month and 12-month government debt would have to wait until after the Greek elections on June 17. The article optimistically predicted more "stability" in the markets in July, but as the downgrading of Spanish debt to one notch above junk status has shown, such hopes are anything but assured.

European Central Bank (ECB) head Mario Draghi attempted to remain positive on Ireland's return to the markets, stating that a sale of government debt prior to the end of Dublin's bailout programme next year was much more likely than it had been nine months ago.

Notwithstanding such pronouncements, the Labour-Fine Gael coalition is preparing for Dublin having to access a second bailout through the European Stability Mechanism (ESM) created under the fiscal treaty. As parliament voted to pass the ESM bill into law, Finance Minister Michael Noonan commented, "There is no clear answer to the question as to where else financial assistance could be found were a situation to evolve in which we required further assistance. Enacting the ESM Bill 2012 before us today, and ratifying the ESM treaty, will ensure that Ireland has access to this funding safety net if our efforts to reaccess the market are delayed in any way and we need to resort to further assistance."

With these warnings in mind, ruling circles are preparing a vast intensification of the austerity measures directed against working people. Sections of the ruling elite are calling for the abandonment of the Croke Park agreement between the trade unions and the previous government in 2010. Although the deal has facilitated the slashing of hundreds of millions of euros from public services, thanks to its four-year strike ban and its acceptance of "reforms", there is a desire to ditch the government commitments not to make any compulsory redundancies in the public sector and not to cut base salaries.

Colm McCarthy, an economist who has acted as an adviser to successive governments on the implementation of austerity measures, said the deal was unsustainable. Speaking at an awards dinner, he stated that if the Fine Gael-Labour coalition was to meet its obligations under the European Union (EU) and International Monetary Fund (IMF) bailout, it could not allow its hands to be tied.

The debate has fuelled speculation that there are differences within the coalition. Several Fine Gael representatives have stated publicly their strong opposition to Croke Park, while Labour figures have urged the terms of the agreement to be maintained. This does not reflect any difference over the need to continue the deep attacks on working people, but rather tactical disagreements over how they can best be implemented.

Under Croke Park, a voluntary redundancy scheme has been implemented across the public sector that will result in more than 37,000 job cuts by 2015. Public Expenditure Minister Brendan Howlin is in the process of a spending review aimed at cutting the pay bill by €75 million this year. This has been achieved by targeting the allowances and holiday pay of public service workers, allowing the government and unions to trumpet the claim that basic salaries remain untouched. As Labour parliamentarian Gerald Nash stated bluntly, “We have to reform the public sector. We are doing it but it can’t be done by confrontation. Industrial peace is the big success of Croke Park.”

This “industrial peace” has been achieved due to the trade union bureaucracy, which has time and again refused to call for any action by working people in opposition to austerity measures. When independent actions have broken out, as in the case of the occupation of the Vita Cortex factory in Cork in December 2011, the bureaucracy has done all it can to isolate the workers before agreeing to a sell-out deal.

In March, the Irish Congress of Trade Unions (ICTU) presented to parliament a report detailing the savings achieved through Croke Park by June 2011, pointing to close to €700 million in cuts. At its annual conference last month, Impact, one of the ICTU’s largest members, passed a motion urging that a new agreement be reached soon to follow Croke Park when it expires in 2014. This is confirmation, if any were needed, that the unions have no intention of changing course and will continue to loyally collaborate with the government in the enforcement of the dictates of the financial elite.

The demands for yet more sacrifice from working people are being made as the social crisis in Ireland worsens. Last week, unemployment rose once again to its highest rate since the onset of the crisis. Officially, 14.8 percent currently find themselves out of work, and the total number of those in employment, 1.7 million, is the lowest level in almost a decade.

A report in the *Irish Times* claimed that the health service was over budget for 2012 by €145 million at the end of March, prompting calls for more cuts to be announced.

Rising joblessness has been compounded by the announcement of several large-scale layoffs over the past month. The Bank of Ireland revealed plans for a voluntary redundancy scheme to cut at least 1,000 jobs from its workforce of 13,200. Already, more than 2,000 bank employees have lost their jobs since the crisis began in 2008. Other banks have also reduced their workforce, with Ulster Bank laying off 950 in March, and Anglo-Irish planning to cut 1,000 jobs by the end of the year.

Irish Rail has released details of plans to cut between 450 and 500 jobs, while at pharmaceutical manufacturer Pfizer, 177 job cuts will be made at two facilities in Cork. The job cuts at Pfizer are particularly significant, with the multinational being one of the biggest investors in Ireland over the past decade. The government’s incessant claims about the coming economic recovery have been premised on maintaining the presence of such global corporations.

Government officials, including Prime Minister Enda Kenny, have repeatedly assured big business that no move to raise corporation tax from its level of 12.5 percent will be made. They have pledged to continue with more labour market reforms, designed to maintain Ireland’s global competitiveness as a low-wage platform.