Irish budget deepens misery for working people

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Ireland's sixth austerity budget in less than five years, announced Wednesday by the Fine Gael-Labour coalition, will intensify the attacks on working people to pay for the bailout of the financial elite.

Combined spending cuts and tax hikes of €3.5 billion (US$4.5 billion) were unveiled by Finance Minister Michael Noonan and Minister for Public Expenditure Brendan Howlin. The measures fall disproportionately heavily on the poorest layers of the population, who have already endured €25 billion of austerity since 2008, equivalent to 17 percent of GDP.

Social devastation has been overseen by the "troika"—the European Union (EU) International Monetary Fund (IMF) and European Central Bank (ECB). Through the €85 billion bailout programme, which Ireland entered in 2010, the living standards of working people have been systematically lowered. The *Irish Independent* calculated an average family with a combined household income of €55,000 had suffered a reduction in disposable income of €10,000 since 2008, prior to the latest measures.

ECB head Mario Draghi welcomed the latest austerity package as a step towards re-establishing "sound fiscal conditions."

Spending cuts totalling €2.2 billion were detailed for 2013, most of which are directed at social welfare and public sector pay. The largest chunk of this will be achieved by slashing the public sector pay bill by €1 billion over the next year to be followed by similar reductions annually until 2015.

One week prior to the budget, the Irish Congress of Trade Unions (ICTU) indicated it was willing to assist in the destruction of what remains of the public sector by agreeing to negotiate a new no-strike deal with the government. The successor to the Croke Park Agreement adopted in 2010 will impose the cuts that Howlin set out. Some 37,000 public sector jobs have already been eliminated with the collaboration of the unions.

Howlin also proposed measures to cut child benefit payments by €130 million, reduce the length of time unemployed workers can claim jobseekers allowance from 12 to 9 months, and eliminate welfare payments that provide assistance to low-income households and the elderly to meet basic costs such as telephone and electricity charges. Care grants provided to those who look after the disabled and sick were slashed by an average of €300 per year.

With official unemployment close to 15 percent and sharp pay cuts across the board, these policies will be catastrophic for workers already struggling to make ends meet.

Noonan's headline initiative was the introduction of a property tax, which is anticipated to raise €500 million a year when it is fully operational. The minuscule rise in the rate of tax from 0.18 percent of the property value to 0.25 percent for properties valued at ore than €1 million was claimed by the government to be a way of making all sections of the population pay.

In a reference to the mass movement that developed in opposition to the government's household charge of €100, introduced earlier this year as a precursor to the property tax, Noonan issued a veiled warning to anyone who opposed payment. He remarked on RTE, "The Revenue know how to collect taxes and they will collect taxes and they are also being mandated to collect the arrears on the household charge."

On top of the property tax, there is to be an average increase in PRSI (pay-related social insurance) contributions of €260 annually. The contributions, which traditionally funded welfare programmes and jobless benefits, will net the government another €300 million. The increase will fall overwhelmingly on the low-paid, as someone on an income of €250,000 will still have to pay €260 annually.

Students will see their tuition fees rise by a further €250 per year, coming after a similar increase in 2011. As the economy continues to stagnate and with little job prospects, many young people find themselves priced out of an education.

The government's own figures claim that after the budget, more than €5 billion in further cuts will still be required to reduce the budget deficit to below 3 percent by 2015. Even this sum, huge by the standards of Ireland's 4.6 million population, is based on optimistic projections, including economic growth of 1.5 percent in 2013 and 2.5 percent in 2014. The EU has estimated a lower rate of growth of around 1 percent for next year, meaning that austerity measures will need to be intensified to achieve bailout targets.

Taken together with last year's budget, the Labour-Fine Gael coalition has imposed more than €7 billion of austerity measures since coming to power in 2011.

Howlin claimed that Labour's presence in the government had limited the impact of austerity, asserting, "We debated that 18 months ago before we went into Government, and we felt that our presence in the Government would be to defend the most vulnerable and we've tried our very best to do that—I think with some very great success."

The reality is that Labour has proven to be as reliable a defender of the interests of the financial elite as its Fianna Fáil-Green party predecessors and its Fine Gael coalition partners. Through its links to the trade unions, it has overseen the implementation of the deepest austerity measures in the history of the Irish state.

Governments throughout Europe are engineering a vast transfer of social wealth from the working class to satiate the hunger of the ruling elite for ever-greater profits. Greece and Portugal have seen new austerity packages in recent weeks in response to EU demands to slash their budget deficits. The day after Dublin presented its latest budget, Britain's chancellor, George Osborne, announced to Parliament in London that the UK faced a further five years of austerity measures, as he acknowledged that the government would miss its budget targets.

More pain awaits Irish workers as Europe's economy continues to slow. The announcement last month that the euro zone has again entered recession fuelled doubts about the sustainability of Ireland's bailout programme, which comes to an end in less than a year. It is generally accepted that Ireland will require some form of ongoing financial support, whether by means of a debt restructuring or a second support package. Neither option offers any viable alternative for working people, but will bring deeper austerity and social misery, as the example of Greece proves.