# Ruling circles hail social misery produced by Irish bailout

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**19 December 2013**

Ireland's three-year €85 billion ($116.9 billion) bailout by the troika of the European Union (EU) commission, International Monetary Fund (IMF), and European Central Bank (ECB) formally came to an end Sunday.

The government organised a series of public events to mark the occasion, where ministers declared that the ending of the programme was a milestone on the road to recovery, praised the population for accepting devastating spending cuts and tax hikes imposed by successive governments, and hailed a return to economic "sovereignty." The culmination was a televised national address by Taoiseach (Prime Minister) Enda Kenny.

Proceedings and the accompanying coverage in the international press had a surreal character. There was virtually no mention of the fact that less than two months ago, another brutal austerity budget was passed, which removed free medical care from over 30,000 elderly people, slashed jobless benefits by nearly a third for those under 25 and cut over €200 million from the social welfare budget. Nor was there any reference to the assault on workers' jobs and conditions.

Instead, the IMF congratulated Ireland on its "success" in completing the bailout, as did EU Commission President Jose Manuel Barroso. EU Commissioner for Economic and Monetary Affairs Olli Rehn acknowledged that Ireland's decision to provide a blanket guarantee for all investment at the height of the crisis had been a mistake, but added that this was "water under the bridge."

Such comments sum up the arrogance and hostility of the ruling elite towards working people. A policy which committed hundreds of billions in public money to the bailing out of a criminal financial elite is dismissed as irrelevant to current conditions, even though it was paid for by spending cuts and tax hikes equivalent to 20 percent of the country's GDP.

The bailout programme and its related policies are being hailed because they have facilitated a vast redistribution of wealth from working people to the top of society. In 2012, top bankers in Ireland were paid an average salary of €1.4 million, and the stock market has doubled its value since its low point in 2009. The average bonus for the top 17 bankers was 235 percent of their salary, according to an EU report. The number of billionaires has doubled since 2008.

There can be no talk of a recovery for ordinary working people. From initial estimates of 1.1 percent growth for 2013, the latest projections suggest that output will expand by just 0.3 percent this year. This stagnation is connected with the broader European crisis, with growth in even the supposedly stronger economies slowing to a virtual standstill.

Although unemployment has fallen slightly to 12.5 percent, this is largely due to the high emigration rate. And those jobs that have been created are on much lower pay than previously. A sign of the depth of the crisis was provided by a report last week that the government is sending letters to claimants of jobless benefits urging them to emigrate in order to reduce the welfare bill.

A recent report by the government's Irish Fiscal Council warned if growth did not reach two percent next year, the Fine Gael-Labour coalition would have to increase the amount of savings in the 2015 budget from the current plan of €2 billion.

This will only be the first step in a programme of “reforms” being planned to run until 2020. Earlier this year, Finance Minister Michael Noonan revealed he was drawing up plans with Minister for Public Expenditure Brendan Howlin, which would lay out where savings could be made in government budgets. Kenny is due to present a medium-term economic programme to reassure financial markets of the reliability of the current and future governments.

The stalled economy has contributed to the continuing rise in state debt, which is currently put at 124 percent of GDP--comparable with that of Portugal and surpassed only by Greece and Italy within Europe. Observers from financial markets have pointed out that such levels are likely to prove to be unsustainable, and that Ireland's decision to leave the bailout programme without agreeing a precautionary credit line could prove to be a mistake. Such a deal would have required a vote in the German Bundestag and Ireland wished to present its bailout exit as a return to "full economic sovereignty."

Ireland will remain under the control of the financial markets and their organisations, as shown by the announcement that the IMF will maintain its office in Dublin even after the bailout ends.

As has been seen in the cases of Italy and Spain, the EU commission now has the power to dictate policy changes if it deems national budgets to be in breach of regulations to cut deficits and reduce state debt. This will apply no less to Ireland, especially since it has been singled out as one of the EU states likely to come off worst in bank stress tests scheduled for next year. It is anticipated that the three remaining banks will require further capital injections to cover losses on bad loans. A major source of concern is the huge quantity of mortgage debt, with projections that one in five households are more than 90 days behind on their payments, which amounts to potential losses of €18 billion.

This crippling level of household debt is compounded by deepening poverty rates. A recent study commissioned by trade unions suggests that 10 percent of the population live in food poverty, rising to one in nine in some areas of the country. A conference held in Dublin revealed that Ireland has one of the highest fuel poverty rates in northern Europe, and that in comparison with other countries with a similar climate, Ireland has the highest percentage of winter deaths.

In spite of such miserable conditions, ruling circles have expressed their frustration that the government did not go further during the bailout. As Mark Fielding of Ireland's small and medium enterprises association wrote in the *Irish Examiner*, "We still have a State we can’t afford and anyone who thinks that the formal completion of the bailout marks the end of all our problems is in for a rude awakening."

He criticised the "expensive public sector" which was still costing a third of government spending, due, he claimed, to over-paid public sector workers, before denouncing the "social welfare culture," which still persisted.

The most dishonest part of the official commentary surrounding the bailout exit was that the imposition of brutal austerity measures had been widely supported by Irish workers over recent years. In reality, the government has only been able to proceed with such aggressiveness due to the collusion of the trade union bureaucracy, which has stifled all opposition within the working class and helped draft many of the most severe attacks on wages, pensions and working conditions.

In 2010, the unions signed up to the Croke Park Agreement with the government, in which they acceded to a four-year strike ban. This was lengthened in the Haddington Road Agreement earlier this year. Croke Park facilitated the elimination of 10 percent of all public sector jobs, pay cuts, and changes to working conditions.