Ireland opens parliamentary inquiry into banking crisis

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A parliamentary inquiry into the banking crisis in Ireland commenced on December 17. It is a toothless body, which will do nothing to hold anyone responsible for the financial collapse in 2008 to account.

The investigation involves representatives from both houses of the Irish parliament, the Dail and Saenad, and is scheduled to run for 11 months. Over 30 witnesses are to be called, including bankers, leading politicians, economists, accountants and media representatives. Witnesses are to be questioned at public hearings and a final report will be produced.

Yet it is clear even at this early stage that nothing will be done to uncover the criminal practices of those who crashed the economy through financial speculation. Nor will the swindling of billions from working people through the bailout of Ireland's bankrupt financial institutions be subjected to serious scrutiny.

When Ireland's banking system faced imminent collapse in the immediate aftermath of the Lehman Brothers downfall in September 2008, the Fianna Fail-Green Party government organised a multi-billion euro financial support package for the banks. A deposit guarantee was issued by the government totalling €440 billion, and €64 billion was provided to the leading banks in the form of loans.

The rescuing of the financial elite at the expense of working people led directly to Dublin's acceptance of a multi-billion bailout programme from the International Monetary Fund (IMF) and European Central Bank (ECB) in 2010. The three-year programme facilitated a massive transfer of wealth from working people to the financial elite, with successive governments intensifying austerity. This resulted in over 20 percent of government spending being slashed, wage cuts and tax increases.

The consequences for the working class have been devastating. Poverty rates have shot up, unemployment has been above 10 percent for over five years, and homelessness and other social problems are rampant.

Any serious investigation of this sequence of events cannot avoid apportioning blame where it is due: to the bankers for their speculative and often outright criminal activities; the government and opposition parties for their support for raiding public money to rescue the banks; and the media which fed the narrative to the population that there was no alternative.

Such an approach was excluded before proceedings even began. According to legal advice provided to the inquiry committee, the inquest will not have the power to establish "facts" or make charges in its report, unless such claims go unopposed by all of the witnesses who appear before them. Given that the witness list includes former Prime Minister Brian Cowen, as well as many former top executives at the failed banks, it is obvious that nothing is to be exposed that contradicts their self-serving accounts.

The committee has appointed lead investigators with close ties to the banks and financial industry. Peter Rossiter is to be senior investigator, to be paid an annual salary of over €170,000. He worked at Citibank until 2009, before joining Anglo Irish Bank, which received over €30 billion in public funds before being wound up. Other appointees include Helen Bunbury, a senior legal and insurance executive.

Committee Chairman Ciaran Lynch, whose Labour Party has loyally imposed the dictates of the ECB-led troika, explained in the *Irish Times*, "The purpose of this Inquiry is to identify and to learn from previous mistakes and to ensure that, as far as is possible, we do not create the circumstances which would lead to a similar disaster in the future."

Referring to the need to avoid political conflicts, he

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added that the investigation was an opportunity to "leave our club jerseys at the committee room door" and that the main thing was to remain "thorough and impartial."

Another crucial flaw in the committee's investigation is that the collapse is being presented as a national phenomenon. Outrageously asserting that it does not deal with national parliaments, the European Central Bank has refused to send witnesses to appear at the committee's hearings, or even to appoint a contact person responsible for communicating with it. No opposition to this decision from the committee's members has been forthcoming.

There is no shortage of culprits within Irish ruling circles who should be held criminally responsible for their part in crashing the economy. But to view the crisis purely in national terms is to obscure what really took place. The ruthless actions of the financial and political elite to maintain their wealth at the expense of the working class reflected their determination not to lose Dublin's position as a major centre for international finance capital, which had been built on the basis of low taxes over the proceeding decade. These policies were systematically encouraged by global corporations and banks, which cashed in with huge profits from the so-called Celtic Tiger economy.

The idea of the crisis being only an Irish debacle is also being used to accuse the entire population of carrying a share of responsibility. As the first witness, Finnish academic and finance expert Peter Nyberg, told the inquiry on the opening day, the Irish people "lived a bit better than they might have done" prior to the crisis.

The committee has been the subject of political wrangling for several years, delaying the start of the inquiry. Fianna Fail and the Greens successfully stalled a full inquiry into the events of 2008, only allowing a Central Bank investigation to publish findings in 2010. Even after the appearance of taped telephone calls between top executives at Anglo Irish last year confirming that they had deliberately misled the government, current Taoiseach (Prime Minister) Enda Kenny continued to employ delaying tactics to avoid convening an inquest.

The Fine Gael-Labour coalition government insisted on their right to control a majority on the committee, which they secured by adding an additional two members to the investigation after the original nine had been appointed. This prompted independent TD (Taechta Dala—member of parliament) Stephen Donnelly to resign in protest at the committee's lack of independence.

The deputy who volunteered to replace Donnelly on the committee was the Socialist Party's Joe Higgins. While making token criticisms of the government's efforts to control the inquiry, as well as the fact that the committee is composed entirely of representatives of the political establishment, Higgins nonetheless claimed, "My clear view was that there was an obligation on me to offer to go on the Committee of Inquiry in order to be in a position to call to account those who were in positions of responsibility in politics, banking and construction before, during and after the banking crisis."

Higgins' assertion is laughable, given the inquiry's terms of reference which preclude the bringing of any charges. After a few slaps on the wrist for the banks and the previous government, the main message which the inquiry will deliver will be the need to move on and develop regulatory mechanisms within the framework of capitalism to prevent such a crisis from happening again. Higgins' role is to give this fraudulent process some much-needed credibility among working people, with his rhetoric about holding the bankers to account.

Higgins' position is in keeping with Socialist Party efforts throughout the crisis to lend credibility to the Irish bourgeoisie and its ability to change its ways. At the 2011 elections, Higgins was elected to parliament alongside then Socialist Party member Clare Daly as part of a broader group of six TDs belonging to the now defunct United Left Alliance (ULA). ULA representatives met with ECB and IMF officials during their quarterly review visits to Dublin to discuss policy options to resolve the crisis.

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