Irish military was on stand-by during financial crisis in 2011

Steve James
29 October 2015

Irish Prime Minister Enda Kenny has said that, in the depths of the country's financial crisis, he was told by the head of the Irish Central Bank, "It looks like this weekend … you'll have to put [the] Army around the banks and around the ATM machines…"

Kenny's Fine Gael and Labour coalition took office in 2011, following the collapse of its Fianna Fail and Green predecessor, in conditions of profound economic crisis and amid a rising wave of protest and unrest. His comments attracted denunciations from his political rivals. Fianna Fail leader Micheál Martin claimed Kenny's account was a "fairy tale", while the party's financial spokesman Michael McGrath claimed Kenny was creating "yet another self-aggrandising story."

Kenny is certainly seeking to bolster his own political reputation with the financial elite ahead of the next general election, due before April 2016, as the man who imposed brutal austerity and stabilised the Irish economy. But there is no reason to doubt the content of his remarks, which have been noted by others previously, and which reflected behind-the-scenes discussions in the Irish and European ruling class. Indeed, Kenny said that talk of the use of troops came in the context of implementing capital controls as was done in Cyprus.

Between 2008 and 2013, the Irish economy was in a state of near collapse, triggered by the world financial breakdown that burst a series of speculative bubbles based on vastly inflated housing prices in and around Ireland.

In 2008, seeking to prop up its hopelessly exposed banking system, the government offered a blanket guarantee to maintain all deposits. By 2010, all of the banks had been nationalised and the debts accrued by Ireland's ruling kleptocracy were shifted onto the public purse. A European Union-led bailout of the banks was organised on condition that successively more aggressive austerity measures were imposed on the working class.

Unemployment soared to nearly 15 percent. Every sector of public spending faced, and continues to face, endless cuts. In late 2010, 100,000 workers marched through Dublin in opposition to austerity, and many protests have followed.

By early 2011, the then Fianna Fail-led coalition collapsed, with its opinion poll ratings having fallen from 41 to 8 percent. To ensure the "troika" bailout terms were imposed regardless of the outcome of the election, a finance bill was passed, with the support of all parties, to prevent a new assault on the banks from the financial markets. The bill, the latest of a series, set out terms to cut the public sector deficit to three percent of GDP through further social cuts.

Kenny has not specified quite when his discussion with Patrick Honrohan, head of the Central Bank of Ireland, took place, but discussions of this nature were undoubtedly widespread amongst the Irish ruling elite.

In October 2010, Ireland's newspaper of record, the *Irish Times* complained, "It is no exaggeration to say that we are in a state of emergency. … Uncertainty over the future is accompanied by a widely held belief that changing the Government would make no difference to Ireland's economic prospects."

In November 2010, Eamon Devoy of the Technical Engineering and Electrical Union warned, "We are on the brink of significant civil unrest in this country, the like of which has not been witnessed in this jurisdiction for decades."

Devoy continued, "When the draconian measures being proposed are heaped on top of the €14.5 billion cuts already implemented in the last three brutal budgets, life in Ireland will be unbearable."

© World Socialist Web Site

In February 2011, in the midst of the government collapse, retiring Fianna Fail deputy Ned O'Keeffe, a member of parliament for 29 years, an admirer of former Fianna Fail leader Charles Haughey and a multi-millionaire pig farmer, described the situation:

"Our political system is going to fail further. The two Brians [Prime Minister or *Taoiseach* Brian Cowen and Finance Minister Brian Lenihan] have made a right mess of the country and I see the real possibility of an Army coup. People thought I was mad with all the things I have predicted through the years, but I foresaw the economy collapsing due to lax regulation on building housing estates and unwanted shopping centres."

Other members of the current government have pointed to army preparations.

Last year, the current defence minister, Simon Coveney, made remarks confirming Kenny's more recent account, stating of the period, "We were losing about 1,000 jobs per week. The economy was wrecked and the country was bust … *the Taoiseach was getting briefed by the Central Bank that actually he needed to have a fall-back position whereby the Army might be needed to surround banks to protect them because we could literally run out of money.* " [Emphasis added]

Coveney's remarks were endorsed by Labour's Joan Burton, currently the deputy prime minister, who stated, "Yes, the times were very difficult. There was a huge emphasis on security because the Queen of England was about to visit as was (President) Barack Obama… There were concerns in relation to the banks though, thankfully, none of that contingency type of planning was necessary."

Earlier this year, Kenny himself insisted, "I think it's an indication of just how bad things were that you had a situation where the State had about three months money left to pay social welfare, to pay gardai [police], the teachers and nurses and everything else… The situation was perilously close to an economic abyss."

In the event, no troops were deployed to defend Anglo-Irish Bank, its equally bankrupt competitors or the government. The banking debts were taken on by the state and passed on to the working class in the form of billions of euros of austerity measures, wage cuts and job losses.

On the basis of these measures, the Irish government was able in 2013 to exit the European Union's €67 billion bailout with a more or less functioning banking system and, on the basis of yet more corporate tax breaks and cheap labour, attract new investment and thereby stabilise state finances.

However, with the entire world economy teetering on the edge of another, yet deeper crisis, Kenny's revelations must sound a warning as to what the ruling class is preparing in response to renewed social unrest, not only in Ireland but internationally.

The success of the massive social looting operation used to rescue the banks depended on the unshakeable loyalty of the trade unions and their pseudo-left allies to Irish capitalism. These organisations ensured that the many demonstrations and protest campaigns that emerged in response to the huge social anger generated by austerity have, to date, amounted to little more than noisy distractions.

This role is ongoing. In the run-up to next year's election, a pact between Sinn Fein, the unions and the pseudo-lefts has recently been announced. Under the framework of Right2Change, these organisations have made a commitment to end the public sector deficit by 2020.

Regarding the near deployment of the Irish army, Sinn Fein's finance spokesman in the Irish parliament, Pearse Doherty, merely criticised Kenny for not raising the discussion on the use of the military during his appearance at the ongoing official inquiry into the banking crisis. The pseudo-left groups have not commented at all.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site