Ireland heading for second COVID-19 wave

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Ireland's National Public Health Emergency Team (Nphet) has warned of a second wave of COVID-19 infection, reaching 150 new cases a day in three weeks' time, and of hospitals being overwhelmed in the winter.

The team's modeling chair, Professor Philip Nolan, warned that the "R number" (infection reproduction rate) was already likely between 1.4 and 1.8. Nolan told Nphet's regular press briefing Thursday, "We are in a position of high uncertainty at the moment."

The country's acting chief medical officer, Dr Ronan Glynn, warned that such a scenario should have a "very very negative impact on the government's plans to get our children back to school."

The *Irish Times* reported Friday that Health Service Executive (HSE) officials will tell the government that winter flu surges frequently overwhelm emergency units. Patients spending hours and days on trolleys awaiting treatment has been a scandalous feature of Irish hospitals for years. Dr Colm Henry, HSE's chief clinical officer, said of a second wave during winter flu season, "I can't see any healthcare service managing that scenario, I couldn't put it more starkly than that."

Thus far, 25,698 people have been confirmed as having contracted COVID-19 in the Republic of Ireland (RoI), of whom 1,749 have died. An additional 5,815 infections have been reported in Northern Ireland, of whom 556 died. Lockdown measures, now rapidly being unwound, have reduced weekly deaths to low single figures.

The warnings expose the recklessness of the drive by the Irish government, egged on by business interests, to reopen the economy as soon as possible.

"Phase 3" of the government's "roadmap" out of lockdown, introduced June 29, re-opened most of the economy, with only requirements for facemasks and some limits on pubs, hotels and large gatherings remaining. Newly installed coalition Taoiseach, Fianna Fáil's Micheál Martin, was forced last Wednesday into a token delay of "Phase 4"—due next Monday—until August 10, requiring a few weeks delay in hotels and pubs re-opening.

July's Central Bank of Ireland's Quarterly Bulletin outlined the shattering impact of the coronavirus pandemic on the economy and laid bare the profit interests behind the premature return to work.

Amid mass unemployment and with the R number increasing again, the bulletin's authors resort to sketching out two scenarios, "baseline" and "severe", without any indication of the confidence being placed in either.

The lockdown "triggered sudden and large-scale job losses and, allied to extreme uncertainty, gave rise to a severe negative shock to both consumer spending and investment." While the back to work drive has led to some "rebound", the "outlook is very uncertain and the path ahead for the economy depends on the scale of the shock and its aftermath."

Further "containment measures" might be necessary while uncertainty overshadows the immediate and long-term impact on "behaviour and economic activity", "damage to productive capacity" and "the pace at which economic activity normalises."

Even the "baseline" scenario is dire. The bank predicts that, this year, private consumption will fall by 10.1 percent. Unemployment, which peaked at 28.2 percent in April, will average 14.5 percent, while investment will collapse by 34.7 percent. Under the "severe" scenario, consumption falls by 13.9 percent, unemployment averages 16.6 percent and investment falls by 44.4 percent.

In the aftermath of the 2008 financial meltdown, unemployment in Ireland peaked at 14.6 percent.

In terms of public health, the baseline assumes that the strict lockdown in Ireland is "unwound over the coming months," while "some containment would remain in place." The severe scenario assumes the disease is not contained, and there is "a resurgence of the virus at some point between now and the end of 2021." Output losses are expected to be lower in a second phase of "containment" but "such losses would likely be more persistent and thus more damaging to the long run growth rate of the economy", including a "potential increase in structural unemployment."

The government has been forced to spend significant amounts in welfare and unemployment benefits to workers in locked down areas of the economy. A COVID-19 illness payment of €350 weekly was paid to self-isolating workers, while a COVID-19 temporary wage subsidy scheme to furlough workers covered 70 percent of wages.

A COVID-19 Pandemic Unemployment Payment for laid off workers was initially €350 weekly. From July 7 however, this was reduced to €203 for low waged workers to enforce the return to work.

By contrast, subsidies to business are long-term and generous. While workers are facing immediate reductions in benefit, as rent and mortgage debts pile up, the Irish government has developed a host of schemes benefiting the corporations and rich:

* COVID-19 Working Capital Scheme—a €450 million scheme to provide between €25,000 and €1.5 million for qualifying firms.

* COVID-19 Funding for Future Growth—€500 million making long terms loans, up to 10 years and up to €3 million, available for companies.

* COVID-19 Credit Guarantee Scheme—€2 billion available to small and medium sized businesses loans for up to six years and up to €1 million.

* Pandemic Stabilisation and Recovery Fund offers €2 billion to larger companies.

Additional amounts are available under the Sustaining Enterprise Fund, while a Restart Grant is available to small and micro businesses of between €2,000 and €10,000. Some businesses have had their commercial rates waived.

The emergency payments have drastically impacted state finance. While large sums have been handed out in subsidies and welfare payments, tax revenues have slumped as entire sectors, particularly construction and tourism, ceased functioning.

The bank anticipates the government's balance sheet to shift from a small surplus of 0.6 percent of Gross National Income (GNI) in 2019 to a deficit of between 12.8 and 17.6 percent of GNI in 2020. Total government revenue is expected to fall by €12.5 billion this year, while expenditure will increase by €12 billion, although some of the deficit will be made up from resources put aside in the aftermath of the previous financial debacle.

The bank bulletin notes that the debt to GNI ratios are likely to remain high for a prolonged period. It warns of the impact of other international factors over which the Irish government has little control, such as "additional shocks caused by Brexit or a decline in corporation tax revenue linked to changes in international tax policies."

The report includes a comment considering the British government's intention to leave the European Union (EU) by the end of this year. Earlier in the year, the bank suggested that a basic free trade agreement between Britain and the EU would in the long-term reduce Irish output by around 3.5 percent. If trade reverted to World Trade Organisation terms, the fall would be around 5 percent. A "disorderly" no deal Brexit would have a sharper impact.

The pandemic will have disrupted companies' preparations for Brexit, with staff unavailable. Firms will also have lost revenue, leaving them less able to deal with losses from Brexit, while "preparations of governments and public authorities are also likely to have been curtailed to re-direct resources to tackling the COVID emergency."

The unraveling of global supply chains is likely to impact on exports. The bank acknowledges vast levels of uncertainty, based on the progress of the virus, and how "households and businesses respond once containment measures are lifted."

The bank supported measures taken to bail out US, EU and British corporations, including the US government's unlimited CARES act, yet considered these "are not sufficient to outweigh the negative impact of the crisis given the range of channels through which the pandemic is impairing growth in the economy."

Ireland, simultaneously with every other country, is heading into a period of extended and profound crisis, in which the fundamental conflict in society—between the capitalist class and working class will be ever more naked.

Workers in Ireland, including in the meat industry, the health sector and transport, have made determined efforts to defend themselves against the immediate early impact of the crisis, demanding the right to personal protective equipment (PPE), a safe working environment and opposing job losses. To take this forward, Irish workers urgently need new rank-and-file organisations of struggle and their own political organisations to assert their independent interests as part of an international class. Contact the Socialist Equality Group, Irish supporters of the International Committee of the Fourth International today.