

Ireland’s economy on the brink

Governing Fine Gael/Labour party coalition facing bankruptcy

Michael O’Brien
Socialist Party (CWI Ireland)

Within the first month of taking office, after 14 years in opposition, the shine has already come off Ireland’s Fine Gael/Labour coalition government.

The big noise made by both parties in the recent general election campaign about renegotiating the EU/IMF austerity deal and ‘burden sharing’ between taxpayers and the bondholders (who recklessly lent to Irish banks) has been exposed as hot air.

The new finance minister, Michael Noonan, now admits that the senior bondholders will not be forced to take any losses. Now the governing coalition holds out hope for a reduction on the 5.7% interest rate on the austerity deal, which will have no perceptible impact on the cuts that are being experienced by workers and the unemployed.

If further proof was needed that Fine Gael/Labour represented ‘more of the same’ capitalist politicians then it was provided by last week’s announcement that an extra €24 billion of ‘recapitalisation’ would have to go into Irish banks. This brings the total bailout to €70 billion or the equivalent of 45% of Ireland’s GDP!

The shock and anger at this announcement was made greater by the fact that we were originally told to prepare for a €10 billion bailout. Where did the need for the extra €14 billion come from?

A ‘stress test’ was carried out to identify the true scale of losses on the loans that remain on the books of Ireland’s banks and their capacity to absorb these losses based on their deposits and loans that are performing.

The reality, which has been virtually censored from official discourse, is that there has been a run on Irish banks since late last year with major depositors seeking a safer home for their wealth. So every time this gov-

The working and middle classes should refuse to pay for the crisis in the capitalist economy

ernment (and its Fianna Fail predecessor) think they have a handle on the true scale of the crisis and imply that each bailout is a full and final settlement they are in reality pouring water into a leaking bucket.

The various sources from which the current tranche of €24 billion is being drawn is a scandal within a scandal. Between €5 billion and €6 billion will come from the privatisation of a profitable insurance arm of a loss making bank that was recently nationalised.

A further €10 billion will come from the government raiding the National Pension Reserve Fund which is the fund into which public service pensions are paid.

With this bailout, which amounts to the Irish government buying shares in the banks, the entire sys-

tem is either nationalised or under Irish government control. They now want to force mergers of the smaller banks into the ‘big two’, Allied Irish and Bank of Ireland. One Sunday paper estimated that 6,000 jobs in the sector, mostly ordinary bank workers who are blameless for this crisis, could go.

Programme

The Socialist Party (a major component of the successful United Left Alliance which made a breakthrough in February’s general election) calls for a properly nationalised banking system shorn of private losses which should not be the concern of the working class.

Liberated from these losses, a publicly owned banking system,

run under democratic workers’ control and management, would look after the needs of ordinary depositors and provide cheap credit to tradespeople, small farmers and businesses.

Moreover such a publicly owned banking system would not repossess the homes of those who have fallen behind in their mortgage payments as a result of the capitalist crisis. Instead, it would reduce payments of those who bought houses at the height of the housing bubble rather than enslaving them in negative equity.

Socialist Party TD (MP) Clare Daly said in her maiden speech in the Dáil (parliament) on 9 March that this government’s honeymoon would be the shortest on record. Prophetic words!

Jordan: ‘Reforms’ fail to halt growing opposition

CWI reporter
Amman, Jordan

On Friday 25 March, more than 1,500 demonstrators demanding reforms clashed with a group of government supporters in the centre of Amman, the capital city of Jordan. They threw stones at each other until police forces charged in and started beating protesters with batons. One person was killed and more than 100 injured.

This is the most violent event that has taken place, so far, in Jordan, over the last few weeks of demonstrations.

Demonstrations have been relatively small and peaceful in Jordan, in comparison to those in other Arab countries, and have not been calling for the removal of King Abdullah II. Now protesters say they will intensify their struggle and they are determined to take it much further, until their demands are met by the government.

The campaign was launched on 24 March, as a peaceful sit-in protest at the Interior Ministry circle in the centre of Amman, by a group of young people inspired by the Egyptian, Tunisian and Libyan revolutions under the banner, ‘March 24th Movement’ and was mostly coordinated through Facebook.

Their demands are for political reforms and better living and working conditions. They call for an end to corruption and autocracy, as well as the removal of prime minister Marouf al-Bakhit. They also demand the dismantling of the feared ‘Intelligence’ (secret police).

Regime ‘reforms’

“There is no trust to anyone in this government. We want to be able to have a say about who is representing us, we ask for a real vote”, one young unemployed said. The most popular slogan, so far, is: ‘Grandfather was a Palestine martyr, Father was al-Karama martyr, Brother is a duty martyr, I am a liberty and corruption martyr’.

A few days ago, King Abdullah II and al-Bakhit publicly pledged new reform policies as a sign of good will towards the uprisings.

The key points of those reforms include a call for the elimination of corruption; an end to interference in student unions and for freedom of political beliefs at universities, to take practical steps within three months to revive the economy and create jobs; to ensure social justice; to put in place measures to attract foreign investments, especially from Arab countries, and for judicial independence.

Protesting to demand social change in the capital, Amman

No matter what reforms the government gives because of fear of more uprisings, the majority of Jordanians have no trust in this government whatsoever and are fully determined to fight until they see real changes.

It is necessary to translate the growing desire for change among youth into demands for fundamental change that challenge the regime.

We call for:

- Unity of the working masses against the ruling elite and state repression
- End corruption
- For the dismantling of the secret police forces

- A living minimum wage; affordable food and other essential goods, and housing
- For massive investment in the public sector, including education, health care, social security and pensions
- End unemployment; jobs for all
- The building of a workers’ movement to unite the working class and fight for the eradication of poverty, sectarianism and racism
- For immediate elections to a constituent assembly! For a majority workers and small farmers’ government, with socialist policies

Further reports on the Middle East, see [socialistworld.net](#)

The Committee for a Workers’ International

The Committee for a Workers’ International (CWI) is the socialist international organisation to which the Socialist Party is affiliated.

The CWI is organised in 45 countries and works to unite the working class and oppressed peoples against global capitalism and to fight for a socialist world.

For more details including CWI publications write to: CWI, PO Box 3688, London E11 1YE. email cwi@worldsoc.co.uk

[www.socialistworld.net](#)

The CWI website contains news, reports and analysis from around the world. Recent articles include:

Yemen: Regime faces mass desertions

The masses cannot trust official opposition - workers and youth need a socialist alternative

Per-Ake Westerlund

Germany’s “green wave”

Mass protest against nuclear energy propels Green party victory in regional elections

Sascha Stanicic, SAV (CWI in Germany)

Egypt: ‘Yes’ vote on constitution referendum

Genuine democracy needed to make real political and social change

David Johnson