

# FORWARD TOGETHER IRELAND



**Permanent austerity  
or path to socialism**

**Connolly Youth Movement**



# 'Austerity' is working It's class war

## **What is austerity?**

"Austerity" is simply capitalism squeezing as much as it can out of workers and out of public wealth. It is capital's offensive against labour. It is paying workers as little as possible and making them work harder in return. It is taking money out of public services such as health and education and giving it to "entrepreneurs" to try to enrich themselves. It is the transfer of wealth from working people to the rich and the transfer of debt to working people. Austerity is class war.

## **Why austerity?**

Austerity is not new, but it has been intensified since the crisis. Capitalists seized the opportunity of the crisis to follow a strategy of reducing the cost of labour to help boost falling profits and to put the state into debt, both to protect institutional and wealthy investors and to force further privatisation of valuable state assets.

If you strip away financial speculation, capitalism has suffered decades of virtually no growth. In these circumstances austerity is the system's response to get more for less from working people.

## **Who benefits from austerity?**

Quite simply, the richest benefit. Those with capital to invest benefit from the protection of bondholders, from the reduced wages for workers, and from the sale of state assets and services. Capitalists benefit from austerity: the evidence shows that the richest 10 per cent have got richer as a result of austerity. Austerity is designed to benefit them, and it is working.

## **How has it affected people?**

Austerity has hit working people hardest, in a variety of ways. Public investment has ceased, and a recruitment freeze has been imposed, resulting in fewer jobs. Social welfare has been cut to such an extent that hundreds of thousands of people have been forced to emigrate, while those who stay live in poverty.

Private companies have reduced the number of permanent positions and not replaced workers who have left. Wages have been frozen or cut. Pensions have been closed down and some wound up. Hours of work have been lengthened. New precarious working contracts have been introduced. Funds for public services have been slashed, hitting hardest those who rely on them and driving workers to subsidise further profits for private enterprise.

These are not unfortunate side-effects: this is exactly what austerity is designed to do. It is deliberate and organised class war.

## **Why permanent austerity?**

Austerity policies have existed for decades. Wages have barely kept pace with inflation. A massive credit bubble, and growth based on debt and financial speculation, disguised the fact. Austerity is a reality of capitalism today, as global monopoly capital places downward pressure on wages in the west and moves production to the east.

Austerity is not designed to "fix" the economy: it is designed to increase exploitation, to maximise profits, and will continue to do so until labour fights back and challenges the system.

The government will celebrate its "exit" from the Troika programme, but this will not end austerity, and workers should not be fooled by the triumphalism of Fine Gael and the Labour Party. Austerity is here to stay, until working people mobilise to defeat it.

## **We believe in democracy and in the people**

Many people have lost faith in political parties, and understandably so. It is clear that mainstream party politics is now a profession that consists of managing the affairs of big business, both foreign and domestic. Our democracy has been whittled down to arguments about senates and liberal rights, with little or no engagement on major issues, such as the economy, economic power, and sovereignty.

But this does not mean that politics is useless: their managerial-style politics is, but ours

is not. We have to fight to control and extend democracy and ultimately fight to take the power back! How did we get here? The recent strategy of the state has been to rely on exports and foreign direct investment, a strategy we consider inadequate. But putting faith in foreign investment to sort out the economic problems of the country has a long history in this state.

The move to reliance on foreign direct investment was implemented by direct government policies, and this direction was supported ultimately by all the establishment parties in Dáil Eireann. Fundamentally, democracy and sovereignty mean being able to develop and direct society and the economy for the greater good and the needs of society, employing both human and natural resources to their full capacity. Reliance on foreign investment is contradictory to these principles.

Building a strong, home-oriented economy was introduced in the 1930s and 40s to a limited degree. The policy of moving the economy away from building large-scale native industries can be traced back to a shift in official policy from the 1950s.

- The United States was bargaining with Marshall Aid after the Second World War to open up the economy for American interests, namely a gateway to the potential EU market.
- This meant Ireland abandoning any notion of being an independent producer, opting instead to take up the role of host to foreign investment and transnational corporations. This was a capitulation to imperialism by the class forces in power at the time.
- The Irish state effectually conceded that it could not resolve its own economic problems and was now reliant on exports by foreign-owned companies. It was only logical, therefore, from their class position that Ireland should take up membership of the EEC (now the EU) in 1973 and complete the process of consolidating the rule of imperialism.
- Ireland became a strong link between the United States and the European Union, reinforcing its role as a dependent country in the service of imperialism, in the form of the the EU, Britain, and the United States. (In 2011 the United States was the source of half of all industry based on foreign direct investment and more than 70 per cent of its employment.)

### **Is foreign investment a long-term solution to the crisis?**

Foreign direct investment has never provided sustainability, and in today's global world it is even more volatile. It is not a solution. For one thing, it accounted for only 8.5 per cent of total employment in 2011 and 14 per cent of total wages (because of relatively high-earning jobs) while it contributes only about 5 per cent to the total tax income of the state. Foreign-owned industry accounts for 73 per cent of our total exports, yet of the €21 billion it spent on raw materials only €2.25 billion, or 10.5 per cent, relates to materials obtained in Ireland.

There is no doubt that foreign direct investment plays an important role in the economy as regards the creation of profit, but not from an employment or tax point of view, which is more relevant to working people.

### **Know your enemy!**

European and American imperialism and our class collaborators The EU and its subservient establishment in Ireland are primarily responsible for the debt crisis. It was the European Central Bank—an instrument of the EU—whose policy it was to facilitate the flooding of peripheral countries with cheap credit from the core countries, to prevent stagnation in the core countries. It is the euro that requires the bank guarantee and the bail-out of the financial system, to protect itself and the economic stability and debt of the core countries. It is our adoption of the euro that prevents the option of devaluation. It is our adoption of the euro that prevents diversification of the national debt that might reduce it and reduce its risks.

At present all our debt is held in euros. It is the EU that is dictating budgetary policy. It is the EU that imposed the massive €85 billion potential debt on the state and the conditions attached to it.

Yes, the IMF is a parasite, and it is taking advantage of the crisis to impose its economic policies on behalf of the United States and monopoly interests; but it is secondary in responsibility to the EU and our corrupt establishment.

It is also the EU and the United States that will stop any progressive moves towards a more independent, productive path if it interferes with their interests. After all, it was in the interest of US imperialism to open up Irish borders in the 1950s to gain access to EU markets and subsequently to benefit from the tax and privacy laws implemented in Ireland.

The Irish establishment abandoned the notion of developing vibrant native industries, opting instead to be middlemen for the lords of transnational corporations, which inevitably led to membership of the European Union and adoption of the euro.

So, to get to where we want to go we must first recognise our enemies. These are not the citizens of the United States or of EU countries but the class that these governments and institutions represent. Once we know who our enemy is, we can then set about working to unite our allies.



## The long-term solution is socialism

The Connolly Youth Movement believes that there is really only one viable long-term solution to the economic crisis, which is a crisis of capitalism, and that is for the working class and its allies to stand together, organise and build together with the goal of bringing the main means of production—the land, natural resources, the factories, the banks—into common ownership so that we can plan the policies that would provide for an expanded public service system, social welfare, housing, health, education and jobs and can finance this programme from industry and our resources.

In a word, the long-term solution is socialism.

We also recognise that this general goal will not be something that most people will be calling for in the near future. People need to believe in an alternative that will bring about effective change in society, but they also need an idea of where the alternative begins and where it ultimately leads. We can all call for socialism, but more importantly we need to have concrete measures and strategies now that will open up a path for people to begin to support a socialist programme of government and production. We need to turn a small minority of believers into a large majority of supporters.

We put forward four pillars that constitute the basis for building support for socialism:

**First pillar: fishing and farming**

**Second pillar: oil and gas**

**Third pillar: sustainable-energy industry**

**Fourth pillar: repudiating the debt**

An independent course has been an integral part of large social changes in the history of our country, and so there is a potential to recapture the rebellious spirit of the past, of Tone and Connolly, and bring it to the twenty-first century.

Independence and control in these four pillars is both a popular demand and a strategic one in gaining social control over the economy.

### EXAM HALL



### SOCIAL WELFARE



### DEPARTURES



# HAD ENOUGH YET?

### Youth unemployment

- 30 per cent of young people are unemployed.

### Under-employment

- Ireland has one of the highest rates of under-employment in Europe: 7 per cent, or 150,000 people.
- Youth under-employment is at 11 per cent.

### Emigration

- 89,000 people emigrated from the Republic last year. More than 40,000 of these were under the age of 24; about the same number were aged between 25 and 44.
- 397,500 people have emigrated since 2008.
- 177,000 of these, or 45 per cent, were between the ages of 15 and 24.

### Social welfare

- The dole for under-26s has been cut to €100—only 53 per cent of the full payment.

### Poverty

- Ireland has the highest number of people in Europe under the age of 18 at risk of poverty.

### Cuts

- The budget of the Department of Children and Youth Affairs has been cut by 30 per cent, from €73 million to €51 million in five years.
- In the last three years child benefit has been cut by €36 a month for one child, putting thousands more children at risk of poverty.

### Young people in prison

- 143 young people under the age of 18 were committed to prison in 2012.
- Four in every ten children (i.e. under the age 16) on custodial remand have a learning disability.
- The majority of prisoners have never sat a state examination; more than half left school before the age of 15.

# 4 Pillars to build an alternative

## 1 The first pillar: farming and fishing

The largest industry that actually uses Irish materials is agri-food, where more than a half (52 per cent) of all materials used are purchased within the country. This industry adds €24 billion to the national economy, generates 61/2 per cent of gross value added, accounts for almost 10 per cent of Ireland's exports, and provides 71/2 per cent of national employment.

When employment in inputs, processing and marketing is included, the agri-food industry accounts for almost 10 per cent of employment. This is a comparatively low figure, however, when we look at the fact that we have some of the best grasslands on the planet and some of the richest fishing grounds in Europe.

Fishing and farming have been the bedrock of the economy for centuries, because of the country's geographical position and its rich resources. So why is it that from 1991 to 2002 employment in agriculture, forestry and fishing fell from 14 per cent of the work force to 5 per cent (approximately 4 per cent now), or that the Irish fishing fleet is entitled to only 18 per cent of the fishing quota of its own territorial waters, with a total of €1.18 billion available annually? Two policies, directed by EU law—the common agricultural policy and the common fisheries policy—have been determining factors in the haemorrhage of some of the most productive areas of the Irish economy. This has to be undone. Democracy and sovereignty must return to fishing and farming—but more than that, they must be planned and developed to their full potential and liberated from short-term private interests.

### Farming

With the common agricultural policy, farming has been turned into a grant-based system rather than a productivity-based system. Yes, some farmers have benefited from EU grants—mainly large farm owners; but farming as a viable profession in which to earn a decent living has declined rapidly, leading to an exodus of young people from the countryside.

Between 1991 and 2007 the number of farm enterprises fell by a quarter, while the size of the average farm increased by a quarter. Making a living on a small farm is very hard work, which is why small farms are disappearing. A co-operative farming system could be greatly advanced, in which the state could provide machinery and different measures for lowering their costs, in turn creating an incentive for younger generations to become involved in food production in a communal environment. This would increase employment, increase yields, and create revenue for the government. Knock-on industry could be developed in rural areas to complement agriculture and boost native exports.

### Fishing

The limitations of the common fisheries policy have meant that fishing villages around the country have also been in decline, putting great pressure on the local economy and leading also to young people leaving for the cities or, more probably, to emigrate.

To see the importance and the potential wealth in expanding the fishing industry and taking back our fishing waters, look at the following balance sheet:

<b>Balance Sheet</b>	EU Funds received	72
<b>in Billions of Euro</b>	Irish Funds contribution	31 (1973-2013)
	<i>Irish net benefit</i>	<i>41</i>
	Irish fisheries Commercial value	201
	Irish share	17 (1975-2010)
	<i>EU net benefit</i>	<i>184</i>
	<b>Overall EU net benefit =</b>	<b>€140 Billion</b>

Contrary to popular belief, Ireland has been a significant net contributor to the EU when the commercial value of its exclusive economic zone, its fishing grounds, are taken into account.

With our rightful ownership of this wealth we would also have the ability to expand and build a research-based fishing industry. There could be specialised port facilities, shipbuilding and repair yards, processing plants, the fishing fleet itself, fisheries research ships, and various support ships. The personnel to crew these ships could be trained at several schools and on board special ships. The potential for job creation is massive, even without taking into account the upstream and downstream processes involved in fishing.

The Irish seafood industry provides an estimated 11,600 jobs, supporting the economic viability of many coastal and rural communities. The potential to double, treble or even quadruple that number is the reason why, looking at the present common fisheries policy, Ireland is not able to maximise its own resources.



## **2 The second pillar: oil and gas**

We can't talk about using resources and potential sources of revenue without mentioning the wealth of oil and gas reserves that can be tapped in our exclusive economic zone. The government's conservative estimate put the value of these reserves at €420 billion. Thanks to a government policy introduced in 1987 by a corrupt Fianna Fáil minister, Ray Burke, the state's share in our offshore oil and gas was reduced from 50 per cent to nil, and royalties were abolished.

The transnational oil companies, such as Shell (Topaz) and Statoil, have full claim on these resources and can even write off 100 per cent of their costs before declaring their profits.

Even then the tax on these was reduced from 50 per cent to 25 per cent in 1992 by the then minister, Bertie Ahern.

This has rightly been labelled the Great Oil and Gas Giveaway, and the whole fiasco has been a dark episode in the history of the state.

But these are only policies put on paper by government ministers who robbed the people of access to valuable wealth and resources. Energy self-sufficiency is an essential part of a real alternative strategy; and, just as those ministers signed away our natural resources, we can claim them back and rewrite the terms under which companies are allowed access to them.

The nationalising of our oil and gas and creating a state industry would not only provide us with revenue but could also provide funds for research and development of clean energy resources.

## **3 The third pillar: a new electrification of Ireland**

Although we have proven reserves of oil and gas, if we were to nationalise our resources tomorrow, extracting all of it for consumption in the near future, this has to be debated, considering the effect that pollution and the reliance on fossil fuels has had on the planet. Any alternative strategy must incorporate a viable and sustainable path to the continued health of the planet and all its inhabitants, and therefore the expansion of renewable energy sources for our energy needs must take priority.

Being an island on the far western edge of Europe, hugging the Atlantic Ocean, Ireland is in a prime position to harness the raw power of nature in the form of wind, wave and tidal energy, both onshore and offshore. A new phase of electrifying Ireland could begin immediately, with heavy state funding in research and development and in the construction of a nationwide grid of renewable energy sources. The initial cost would be high, but the long-term cost of not developing these types of alternative energy sources could be catastrophic.

At the moment Ireland is still dependent on fossil fuels for its energy needs (about 75 per cent) and heating (90 per cent). Developing renewable energy would also mean that we would be much less reliant on importing fossil fuels (which is a cost to the exchequer and the environment). If we reached excess supply we could export some of our electricity production, meaning it would be a net contributor to national wealth.

A private firm would not be able to fund such a big project but would invest only in profitable areas and small-scale development, pocketing the profits and under-developing the whole network. We believe the Department of Communications, Energy and Natural Resources would need to oversee a state enterprise, building a large-scale renewable energy grid with homogenised technology and capital to make full use of our abundance of natural resources in maximising energy-efficiency.

## **4 The fourth pillar: repudiating the debt**

All the measures mentioned above could greatly improve the state of the nation and transform it from being an outpost for foreign direct investment into a leading producer in sustainable food, technology, and energy.

However, we can't escape the fact that having a ratio of government debt to GDP of 125 per cent is unsustainable, with general government gross debt hitting €204.5 billion, whereas in 2007 it was €47 billion, or 25 per cent of GDP.

It's clear that the bulk of Ireland's "sovereign debt" is not in fact sovereign debt but is a consequence of the 2008 guarantee and of the policy of saving the financial system and the euro, at the expense of the solvency of the country.

The Irish people have paid 42 per cent of the total cost of the European banking crisis. Each person since the bank guarantee of 2008 has paid an estimated average of €9,000, whereas in the EU as a whole it is €192. We are paying out €81/2 billion a year, or a fifth of our taxes, on interest alone! This is a burden that we believe is unjust and unforgivable. We are being forced to pay a debt that is not of our making. The banks' debt is not sovereign debt: it was not borrowed by the government to build schools or hospitals, or to develop our natural resources. This is private and corporate debt, and we should refuse to pay it.

We must never give in to the argument that we have to get on with paying back this debt, no matter how tough it will be for us. This is a debt that we as a people should not be liable for, so we must reject what gets said and put it to the people to repudiate the debt.

### **The circular flow of income**

The four pillars described above are not only viable ways in which we can get working people on the road to recovery but are a basis on which a path to socialism can be constructed.

We believe that Ireland can be much more than a playground for big business. The potential new revenue from pursuing an independent path in fishing and farming, nationalising our oil and gas, building a renewable power industry and repudiating the debt can become the pillars with which to build and develop our economy in other areas. The injection of revenue into the economy from each of these pillars will have a much higher probability of expanding the economy because of the multiplier effect. These sectors use a high percentage of native materials, which feeds into knock-on industries, as opposed to foreign direct investment, which is what is being presented to us by the establishment parties to bring us out of this crisis.

**We have a great wealth of human resources, with a highly skilled and educated population (though that resource is now under serious attack). The high-technology and pharmaceutical sectors can be integrated in a plan of more state ownership, of repatriating profits to parts of the economy that need it, such as the health service, transport, and education. The aim of state ownership will be to facilitate greater equality in the distribution of wealth and allow for long-term planning in sustainable jobs, resources, services, and the environment.**

**We in the CYM see these as attainable goals for the near future; but they won't come about by chance, just as economic policies in the past didn't come about by chance but by concrete policy decisions by those in power.**

### **Take the power back!**

**To fully use these pillars we have to be willing to fight for them, to fight not only for our future and the future health of our children but for the continued health of this planet. Essentially what membership of the EU and every other imperialist bond has meant has been capitulating to imperialism and developing on its terms. It has eroded both our democracy and our sovereignty, our ability to develop and direct society and the economy for the greater good and needs of society. Instead, marginal interests have enriched themselves at our expense.**

**These policies have stifled the potential productive growth in strategic areas where Ireland could be a leading producer in agri-food, a leader in innovation and development, and perhaps most important of all, a pioneer in sustainable growth and development. They have led to the Great Oil and Gas Giveaway and to the greatest debt burden this country will probably ever see.**

**But it's not alone these imperialists' work; to blame it all on them would be folly. Ireland has its own guard of collaborators, first of all in the form of the internal troika parties of Fine Gael, Fianna Fáil, and the Labour Party. It has its own class of millionaires and billionaires: despite the economic crisis, the top 10 per cent in Irish society actually saw their income grow over recent years, while the rest of us have only unemployment, increased taxes, cuts to social welfare, education and health, all the other austerity measures, or emigration, heaped upon us. It's about time we organised to take the power back!**

### **Wake up!**

**Now is the time for us to wake up to this reality: that class warfare has been initiated against us by the imperialist powers, the capitalists and their class collaborators here in Ireland. It's up to us, the youth of today, to change the corrupt and debilitating policies of yesterday and to begin building the nation of tomorrow.**



[www.cym.ie](http://www.cym.ie)

# A young voice for socialism in Ireland



The Connolly Youth Movement is a youth organisation committed to fighting for democracy, freedom and unity in this country. The CYM takes part in the struggle to build socialism in Ireland and everywhere around the globe.

Since 2008 the crisis in Ireland has deepened which has seen many talented and gifted young people leave this island in search of a better life abroad. We as a youth organisation are fundamentally opposed to any government using its youth as a safety valve in trying to ease economic and political tensions. So we are determined to stay and fight the injustice brought on this and future generations.

We work primarily with the Communist Party, the trade union movement and any other progressive movement or organisation that looks to build an alternative youth culture, to open people's minds to the alternatives to capitalism and slavery.

We also work with other progressive movements to develop young workers' and students' consciousness in their own proud history and culture.

As a member of the World Federation of Democratic Youth we struggle in opposition to imperialism and for liberation around the globe of all oppressed peoples, including ourselves.

The CYM has founded branches in Dublin, Belfast, and Cork



## Join the struggle for socialism

### Join the Connolly Youth Movement

Please send me information about Connolly Youth Movement membership

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send to CYM 43 East Essex Street, Dublin 2 CYM PO Box 85 Belfast BT1