AN ECONOMY FOR THE COMMON GOOD

STRATEGY FOR A NEW DIRECTION

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Introduction

On the 24th of March 2009 an editorial in the *Irish Times* pompously pronounced that "organising a one-day strike at a time of such unprecedented crisis is national sabotage"—a view that was universally echoed in the rest of the establishment media, where calls to patriotism and "sharing the pain" were the order of the day.

This idea is further expressed in the report of the Government's think tank, the Special Group on Public Service Numbers and Expenditure Programmes, where all the establishment political parties, their mass media, the employers' organisations, bankers, corporate bosses and some leading trade union figures hide behind what the supposed experts have presented as the only way forward for the Irish people.

Their proposals mirror the strategy encouraged and promoted by the Government and the European Union, proposals that are intended to maintain the status quo and to perpetuate an unequal Ireland. Gross economic, social and cultural inequality have been the hallmarks of this state since its foundation and did not diminish but in fact grew under the conditions of the "Celtic Tiger." The establishment are demanding sacrifices for a system that fed off poverty, inequality and mass emigration for decades. They wish to slash and burn the existing inadequate health and education services provided to our people.

This slogan of "sharing the pain" is the big lie to get people to believe that we are all in this together. The rich and powerful will still have their private hospitals and clinics, and their children will still have their private schools and easy access to third-level education. People's sacrifices will not bring a better Ireland or a more just Ireland.

This pamphlet is produced by the Communist Party of Ireland in order to explain the economic crisis afflicting our country. We approach the issue from a Marxist viewpoint, which informs our opinion that the blame lies not with individual greedy bankers or developers but rather with the inherent character of the capitalist system. We feel that the nature of this system, its contradictions and its recent global developments, as well as the distinctive features of the Irish economy as it developed under colonialism and after the creation of the 26-county state, are all worthy of scrutiny.

We also outline an alternative economic and social strategy, with the vision of a state development bank facilitating the creation and protection of employment. We believe that such a bank could be the focus of Government capitalisation, not the bottomless pit of the likes of Anglo-Irish Bank. A state bank could develop industries and services and help the nation to harvest its natural resources and to develop fully the talents of our working people. Such an economy would permit an expansion of our health service, enhance educational opportunity, and promote housing and community development.

Of course the very nature of these proposals runs counter to the so-called laws of neo-liberal economics, as sanctified by the European Union. For our alternative vision for Ireland to be advanced, the European Union would have to be changed. It is up to labour and democratic movements throughout the European Union to begin this process.

The two political entities within Ireland have failed to meet the economic and social needs of our people. We believe that an all-Ireland approach to economic and social development is the only sustainable way forward for the people of Ireland, both north and south.

These proposals are not in themselves revolutionary; they will not "smash capital." The overthrow of capitalism requires that the working class and its allies refuse to be governed in the old way and that the ruling class is unable to rule in the old way. These circumstances have not yet arrived.

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The economic crisis

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The economic crisis now shaking the world economy has its origins in the intrinsic nature of the capitalist system. It was not caused by a few greedy bankers, as Barack Obama would have us believe, nor by fraudulent financial dealings. This is a mystification, to avoid facing up to the real nature of the crisis.

Throughout history there have been many empires—the Roman Empire, for example—but the term "imperialism" refers to the stage of developed capitalism when financial capital merged with industrial capital. This coincided with the height of the British Empire's power, and Cecil Rhodes used the term "imperialism" with great pride. Lenin, in his book *Imperialism: The Highest Stage of Capitalism,* described the new developments: the massive banks and great industrial corporations, the intensified oppression of the colonies, and the drive to war. All of these are still characteristic of modern capitalism. In spite of the ending of direct colonial rule, the economic grip of the great capitalist powers has been maintained. The banks and the huge transnational corporations dispose of far greater wealth and wield greater power than the bankers and businessmen of Lenin's day; but the nature of the domination, the exploitation and the drive to war remain very much as he described them.

The "Bretton Woods system" agreed after the Second World War, apart from marking the dominance of the United States in global economic affairs, was inspired by the attachment of Keynesian economics to a degree of national economic regulation. After growth and reconstruction during the 1950s and 60s this "regulated capitalism" gradually became an obstacle to the free movement of capital seeking profit globally. Investing in production in the saturated markets of the United States and western Europe was not sufficiently profitable. Continually conceding greater pay to organised workers in the West, in order that they could continue to purchase the goods they produced, was not a long-term option: it ate into long-term corporate profits.

By the mid-1970s the interests of global business were best served by a removal of governmental restrictions on its activity, a weakening of trade unions throughout the developed world, and a return to completely deregulated global markets. Milton Friedman and his "monetarist school" of economists blasted Keynesianism academically, and the policies they advocated were implemented with gusto by the likes of Ronald Reagan and Margaret Thatcher.

This policy approach later evolved into "neo-liberalism," which essentially sought as free a hand as possible for capital throughout the global economy. The market would determine everything, with the state relegated to policing and to waging wars, ensuring the dominance of important markets by the West. State industry and services were privatised, opening up another source of profit. Rich profits were available in providing services that were guaranteed by the state.

The retreat of the state was accompanied by a growth in military expenditure, especially in the United States, whose military budget dwarfed all others, constituting an enormous economic burden. The financing of global military expenditure paralleled the growth of global finance. Because of the political influence of the military-industrial lobby, governmental expenditure has been continuously cranked up. The arms industry stokes the belligerence of the United States and shores up aggressive states, such as Israel. The profits from military contracts, especially in connection with recent wars in Iraq and Afghanistan, are phenomenal.

The media monopolies, such as the Murdoch empire, have been powerful protagonists of these policies, abandoning journalistic ethics to become cheer-leaders of reaction. President Dwight Eisenhower famously referred to the existence of the military-industrial complex; now it is an axis of the military, industry, finance, and the media.

The world's poorer countries were opened up to foreign investment, enabling transnational corporations to establish operations in countries with low wages. Industry in the United States and western Europe moved to India, Bangladesh, and China, facilitating a "race to the bottom," seeking ever-lower labour costs in a boom driven by an intensive exploitation of workers in those emerging economies.

The deregulation of finance led to a massive increase in credit, which in turn fed into a runaway increase in prices, especially in housing. In the United States, domestic debt actually exceeded the national debt when the country went from being the greatest creditor to the greatest debtor in the world. As real wages were not rising there, consumer spending could be kept up only by borrowing, resulting in an explosion in personal debt. The income of Americans could not allow them to satisfy their propensity to consume the commodities available, and so the credit card and easy credit provided the bridge.

Easy credit, and an abundance of "cheap" money, drove up share prices around the world, further enriching the wealthy elite of shareholders and speculators. The neo-liberal landscape was a happy hunting ground for greedy bankers and fraudulent speculators. They did not create it, but they were the natural inhabitants of an environment created by capital, for capital.

The crash

Another myth is that this crash came as a surprise. In fact many economists not employed by the banks and financial institutions saw the crash as inevitable. They could not predict the day or the hour when the bubble would burst, but they clearly showed that burst it inevitably would.

Recent years have seen a variety of economic crises, each one worse than the last. Each crisis was patched up, allowing the credit bubble to be blown up a bit more, without the underlying cause being addressed. The political clout of the bankers was just too great—and, despite the crash, it still is. The printing of trillions of dollars by the US government and the other major economic powers built the house of cards even higher.

The supply of money in any economy must reflect the material base of that economy—that is, the production of socially necessary goods that people wish to buy. There is clearly no material foundation to the sums of money now being printed. The debt can be paid only by developing the material base; but this is not possible in present conditions because of the dominance of finance capital.

The subordination of political parties to financial interests is complete. In spite of his populist appeal, Barack Obama is essentially trying to save the banks from the consequences of their own actions; the same can be said for the European Union and the countries of western Europe, including our own pathetic Government. The Minister for Finance, Brian Lenihan, declared that the Irish banking system was sound only a week before the banks came to him pleading to be rescued. Now he is crying to the world that our recession will be the worst. So we are "the most distressful country" once again.

Irish Government policies have certainly exacerbated the effects of the crash. The country's economic policy was decided in the hospitality tent at the Galway Races. Builders and land speculators were given free rein, pushing up house prices, saddling the unfortunate purchasers with forty-year mortgages and massive repayments.

The pundits now are unanimous that this was always unsustainable, that something should have been done to control it; at the time they just cheered it on. The celebrated International Financial Services Centre, now coming under belated scrutiny, was an enabler of tax evasion and money-laundering. The total reliance on foreign direct investment and the neglect of native industry meant that these investors could leave as easily as they arrived. Mary Harney has frequently bragged that Ireland has a "small open economy"; now, thanks to her and her colleagues, it is open to destruction.

For many employers the crash was also an opportunity: an opportunity to attack trade unions and cut wages but also an opportunity for those who are trading well. A notable example is Tesco's attack on trade unionism in Cork. During full employment, workers were able to win better pay and conditions;

now these precarious gains are under pressure. Many businesses will go under; those that remain will dominate the market, and the trend to monopolisation will be intensified, not diminished.

The strategy of the global elite, despite the crisis, is to restore the status quo, maintaining the control of big business and finance over a global economy dominated by bigger and fewer financial institutions and transnational corporations. Even then the underlying economic problems will remain; another, greater crash will be inevitable. It is all the more important, therefore, to resist the drive to make the working class and the poor pay for the crisis and to present an alternative strategy, based on a different, human set of values.

The worldwide financial crisis that we are now in the thick of is far from being resolved. Its immediate cause—the uncontrolled financialisation of the capitalist system, backed by state policies in the advanced capitalist countries—is only the current form of the deeper crisis of capitalism. Capitalism is inherently an unstable system, facing repeated crises, temporarily resolved (for capital) by inflicting misery on the mass of the population and further straining the world's environmental resources.

The Irish economy, from colonialism to today

The underdevelopment of the Irish economy was one long-term result of the Act of Union of 1800. At the end of the eighteenth century Ireland was England's biggest trading partner and potential competitor. In 1801 the country passed into the hands of the world's most experienced and most ruthless ruling class. Ireland's role in this extended "United Kingdom" was to provide cheap raw materials and even cheaper migrant labour for the rapidly expanding Industrial Revolution in England.

The effect was masked for more than a decade because the Napoleonic Wars created a surge in demand for agricultural products, which enriched both landlords and large tenants. This role of providing food for the growing English population continued during the Great Famine of 1845–48, with wheat and livestock being exported at a profit for landowners and merchants while 750,000 people died of hunger. In the same period a million people emigrated; and emigration would remain a constant feature of Irish life for more than a hundred years.

The threat of another famine in 1879 was an impetus for the setting up of the Land League, which originally aimed at the nationalisation of agricultural land. The hard-fought Land War fizzled out with the Land Acts, which granted private ownership of holdings to tenants from bankrupt and heavily mortgaged landlords, creating a new class of large and middle farmers, who, though supportive of national independence, proved to be a conservative force in Irish life.

By the end of the nineteenth century Irish industries, such as Guinness, Jacob's, O'Mara's bacon factories, Northern linen factories, and the Belfast shipyards, were joined by many local enterprises set up by the maturing Irish bourgeoisie. The most affluent section of this class was typified by the infamous William Martin Murphy, who owned railways in what is now Ghana and tramways in Argentina. Murphy was one of a circle who managed to marry nationalism to support for the empire. He looked for a self-governing crown colony of Ireland with control over tax and with people like himself in the driving seat. Murphy made his position clear: "My Home Rule policy does not contemplate a surrender of the heritage of the Empire which our countrymen have helped to build up." This approach was the basis of Redmondism, which allied itself completely with the imperialism of financial capitalism.

The British Empire was not prepared at the time to accept the Irish bourgeoisie as a junior partner, but the ambition remains to this day, as shown by the subservient attitude of the Irish Government, business class and media towards the imperialist powers of today, the United States and the European Union. Irish business interests are now integrated in imperialist interests to a greater extent than ever before.

Partition dealt a blow to economic development by cutting off the relatively industrialised north-east, with its shipyards and large factories, from the new semi-independent state. The border counties suffered particularly badly, and the three Ulster counties in the Free State were amputated from their economic hinterland. The new state faced penury from birth: the British exchequer provided it with no resources, and the Provisional Government of 1922 negotiated a loan from the bankers in order to function. The cost of repressing republicanism in the Civil War was financed at commercial rates by the banks. An inefficient and badly structured agriculture was the main economic feature of the early decades of the Free State. Larger farmers moved away from tillage to pasture, and most animals reared were exported live.

Cumann na nGaedheal (the precursor of Fine Gael) did not make any effort to change the economic domination of the state by British capital and followed extremely conservative policies, which did not regard creating employment, much less good working conditions, as a function of government. One Minister for Finance, Ernest Blythe, had no compunction in taking a shilling off the old-age pensioners to balance the budget. Its one positive achievement was the setting up of the ESB.

After 1932 Fianna Fáil adopted a more active economic role for the state, adopting protectionist policies—closer, ironically, to the policies of Arthur Griffith, an enthusiastic signatory of the 1921 agreement. Though emigration and unemployment remained high and poverty was widespread, these policies alleviated some of the effects of the Great Depression. Soon most of the business-oriented national bourgeoisie allied themselves with Fianna Fáil, influencing it greatly and also financing it. Year by year Fianna Fáil became less and less a republican party and more a party of business.

De Valera's Governments had no qualms about setting up state and state-sponsored enterprises, such as Aer Lingus, CIE, and Bord na Móna, where private enterprise had little or nothing to offer. But it remained, as an Indian observer noted wryly, nationalist but not anti-imperialist, readily adapting itself to existing economic and social structures, with little concern for the people's living and working conditions. Elements within Fianna Fáil regarded trade unions as "anti-national" in their pursuit of workers' rights and better conditions.

Women, who had won substantial rights with the setting up of the Irish state, found themselves relegated to the status of second-class citizens, their primary role seen as being in the home. A marriage bar was introduced to prevent married women continuing to work in the civil service and in teaching, leading to similar bans and practices in other areas of employment. Rights were often vested in the husband, and access to family planning was completely dominated by the restricted policies of the Catholic Church, leading to many unwanted pregnancies and health problems. Poorer families faced the economic and psychological stresses of unwanted pregnancies and the subsequent emigration of children. Social welfare benefits were lower both for single and married women. Entitlements were assessed for married women in relation to their husbands, and children's allowances were legally theirs.

This attitude did not change significantly until the pressure of feminist groups, women's organisations, trade unions and progressive parties and individuals, combined with capitalism's need for new purchasing power to buy consumer goods and housing, led to equality laws being introduced in the 1970s, with some additions to rights being gained right up to the present. However, women in Ireland are still paid on average 15 per cent less than men, are still predominantly in part-time, lower-paid jobs, are under-represented in upper management, and still do more household work and child care than in other European countries.

The Economic War (1933–38) was an attack by Britain on the Irish state following Fianna Fáil's adoption of one left-republican policy, a refusal to pay land annuities imposed in the 1890s to reimburse the British exchequer for the Land Acts. Penal tariffs were imposed on Irish products, causing much hardship, particularly in the farming community. Soon after the Economic War came to an end the Second World War broke out, cutting Ireland off from much international trade and requiring emergency measures to feed the population.

After the war, Ireland slumped into a post-war depression and increasing poverty. A further world recession in the mid-1950s caused desolating unemployment and emigration. More than 800,000 people emigrated, most of them lost permanently to the country, and protests against unemployment were met with Garda baton charges.

Eventually the state abandoned protection and instead did all it could to hand over the future development of Irish industry to foreign companies. Transnational corporations were pandered to in order to entice them to invest in Ireland, with minimal constraints on carrying their profits out of the country. The state also took measures to join the European Common Market, the predecessor of the European Union. An important step towards this was the creation of a common trading area between the Republic and Britain and thereby the abandoning of any pretence to economic independence. At that time 90 per cent of Irish exports still went to Britain, after decades of supposed independent statehood.

In the 1960s, employment and living standards improved and emigration declined to some extent, but this period came to an end with the oil crisis of 1973. After this crisis, and another in 1979, economic growth collapsed. There was woeful economic mismanagement by the Jack Lynch and Garret FitzGerald Governments, the former guided by the proto-PD minister Martin O'Donoghue. Ireland broke away from parity with the English pound in 1979 but only to join the "exchange rate mechanism" in preparation for a common European currency. Under pressure from activist groups, such as the Housing Action Committees, the provision of housing improved significantly in the late 1960s and early 70s, with housing still being a core function of local government. Membership of the Common Market, however, enshrined an acceptance of the dogma of free trade and privatisation.

During his period as Taoiseach, Charles Haughey cultivated a small circle of greedy gamblers, financiers, and speculators, whose life-style was utterly removed from the world of unemployment and emigration. Unemployment reached 18 per cent at the height of this period, during which Haughey famously went on television to warn citizens that "we are living beyond our means."

The economic bubble

The era referred to by the glib and overused term "Celtic Tiger" began with the arrival of a large number of high-technology industries, attracted by high profits, low corporate tax, and easy access to EU markets. The Progressive Democrats—the numerically junior but ideologically dominant partner in the various Governments of the period—promoted a dogma of low corporate tax and freely exported profits in exchange for jobs at all costs. As incomes grew, so too did the enrichment of developers, estate agents, and their financiers. These people were celebrated as heroes by politicians and cheered on by the corporate media through the promotion of a cult of wealth and property accumulation. Much of the wealth created, however, was on paper, as epitomised by the crazy boiling over of the property market.

Throughout this era, accepted wisdom was indistinguishable from the neo-conservative ideology dominant in the United States. While Ireland became on paper one of the wealthiest countries in the world, the gap between the super-rich and everybody else grew wider. Critical voices were ignored, and commentators who tried to point out the contradictions in the economy were treated as cranks. Indeed the ruling class had no shame in beating a nationalist drum to muffle whispers of dissent.

This process was also reflected in referendums on the various treaties moving towards a European superstate. The Republic acceded to the euro currency system in 1999. The consequences of this were not apparent to most people at the time, but it meant that Irish economic policy had henceforth to fall in line with decisions of the European Central Bank, regardless of national interest.

From capitalism to imperialism

In describing the failure of successive Governments to fulfil the aims and vision of the Proclamation of the Irish Republic and the Democratic Programme of the first Dáil Éireann, and in following the rise and fall of the "Celtic Tiger," it is necessary to go a little deeper and to examine historically the development of capitalism.

Capitalism is an economic and social system in which the dominant mode of production is characterised by the extraction of surplus value from the creators of wealth—the workers—by a parasitic ruling class, whose ownership of the means of production is enshrined in a legal framework and political system that defend the interests of that class above all others.

Capitalism, from its early origins in the sixteenth century onwards, is based on inequality, brutality, and expropriation of the land and resources from the majority of the world's people. Labour produces more value than it receives, and the surplus is accumulated by the owners of capital. It is this capital that is used to generate further production and so produce more surplus value.

The other side of this coin is that there must be buyers for the products produced. As long as markets expand into new areas or new technology, economies develop; but as soon as a limit on those forces is reached, stagnation occurs, capitalists have unused capital (either in fixed capital or in money), and the economy slows down. Capitalists must then fight each other to reduce the number of capitalists in the market, either by buying them out or being big enough to allow a temporary fall in prices, below the cost of production, to freeze competitors out of the market. Smaller businesses are destroyed, as were smaller farmers, thus concentrating profits and money in fewer and fewer hands.

This cyclical over-accumulation, followed by stagnation, led to inter-capitalist rivalries and a jockeying for the control of money and capital flows.

Increasingly, credit arrangements and currency alignments became part of controlling the flow of money. After the gold standard of the early part of the twentieth century was found to be too restrictive, currency dealings came to be dominated by paper money values, linked mainly to the US dollar. When this in turn was abandoned in the early 1970s in favour of floating exchange rates, the gates were opened for the creation of a global casino economy, where exchange rates were set on the whim of international currency dealers.

It was in the interests of the capitalist class globally to see the establishment of central banks, to deal with the interchanges of private banks. They took on the role of lender of last resort, meaning that if a bank or credit institution failed they would step in and guarantee the funds to investors and savers.

Increased state involvement in regulating the money supply and in the devaluation and regulation of currencies on behalf of the capitalist class also developed from the end of the eighteenth century. National interests were protected by trade agreements and by tariffs imposing barriers to trade. The state also undertakes infrastructural work, such as transport and power, as capitalists baulk at the level of investment required to provide these essentials.

Karl Marx, in his study of capitalism, explained the tendency for individual capital units to become bigger and in so doing to oust the smaller capitalists, to stop the distribution of surplus value among smaller capitalists by price-fixing and by limiting the supply of material to them. This causes an imbalance in the distribution of surplus capital, which tends to realign profits more evenly, allowing the reproduction cycle to continue. Lenin further developed this theory, explaining the development of the state as an instrument of this class, and the need for imperialism to maintain it.

Banks grew ever more powerful in the late nineteenth and early twentieth centuries, and finance capital expanded, removed from its primary function of re-entering the production process. The First World War was a result of the different capitalist powers battling to secure markets, cheap raw materials, and cheap labour. The subsequent destruction eliminated most of the excess capital, though at great cost. The United States emerged as the strongest world power, its infrastructure not damaged by the war—on the contrary, its supply of armaments and food led to new production and wealth.

The vast natural resources of the United States and its massively expanded industrial production led eventually to its long dominance in world politics. Despite its growth after the First World War, however, capitalist industrial and financial monopolies continued to distort the distribution of surplus capital, leading to the Wall Street Crash of 1929 and the first major American stagnation of the twentieth century, the Great Depression of the 1930s. Capitalism was in crisis. A loss of confidence in credit wiped millions of dollars off the value of shares around the world, with a huge contraction in business activity and employment.

Britain, weakened by the First World War but wishing to remain a leading power, returned to the full gold standard in 1925, abandoned during the war. The United States would allow this only in return for Britain opening its colonial markets. This caused a rise in interest rates, increasing the cost of exports and making credit dearer. In Britain a subsequent contraction of industry and growing unemployment prompted wage cuts; the General Strike of 1926 ensued. Class antagonisms intensify with economic crisis, and the power of the state on the side of the ruling class in the course of that crisis left no doubt about its allegiance.

Germany suffered massive losses and punitive reparations to the victorious powers after the First World War. Its large and well-organised working class posed a threat to capitalist dominance. German capitalism, in crisis, switched off its democratic face and adopted fascism. The German form of fascism, Nazism, was particularly vicious, leading to the death of millions of people before the complete downfall of Germany following the defeat of fascism in 1945.

The crucial role played by the Soviet Union in defeating Nazism, and the part played by communists all over Europe in the resistance movement, greatly enhanced the strength of the working class and its organisations throughout Europe. Capitalism required new policies if it was to deal with post-war unemployment and poverty so as to pre-empt the spread of socialism throughout Europe.

The United States gave economic aid to Europe, through the Marshall Plan, for rebuilding infrastructure and getting economies working again. This arrangement benefited the economic power of the United States by facilitating a greater penetration of European markets. Most importantly, it secured the continued dominance of capitalism in western Europe.

A new financial world order was required for administering and controlling the movement of finance and regulating trade in the capitalist world. In 1944, at the Bretton Woods Conference, the pre-eminence of the United States among the capitalist powers was confirmed. The US dollar became the only major world currency convertible to gold, with all other currencies backed by dollar reserves. The International Monetary Fund, the International Bank for Reconstruction and Development (commonly called the World Bank) and the General Agreement on Tariffs and Trade were established to control the movement of money and regulate economic activity. These organisations were used ruthlessly by the United States and its allies to extract the wealth of developing countries.

Keynesianism and the New Deal

Writing in the 1930s, when the world was faced with an impending global depression following the Wall Street Crash, the English economist John Maynard Keynes suggested that capitalist output needed to be stimulated during an economic recession, as the classic economic "law" of the automatic adjustment of supply and demand was not working. He proposed that government policies should be used to increase demand, thus increasing economic activity and reducing unemployment and deflation. It was a strategy that envisaged an increased role for the state in mitigating the worst excesses of capitalism's booms and slumps.

These policies were partly implemented in the United States by President Franklin Roosevelt in his "New Deal" economic policy to cope with the Great Depression from 1933 to 1939. State funds were invested in infrastructure projects—transport, electricity generation, public building, schools, and hospitals—as well as incentives to stimulate private capital projects.

In Britain, Keynesian policies were adopted from 1942, and after the war the rise of social-democratic parties in Europe saw their widespread adoption there also. This pre-empted revolutionary impulses within the working class. The war had interrupted this process, and up to the early 1970s Keynesian economics was influential in the organising of economic and fiscal policy in most countries in Europe. Governments intervened in the economy in the interests of the capitalist class, tempered with social concessions to organised labour, largely under the influence of strong socialist and communist parties.

In the United States, growth was boosted by the effects of Keynesian-inspired large public investments, military spending during the "Cold War," and subsidies to private corporations, allied to an increase in spending power from the release of savings accumulated during the war and assisted by the greater participation of women in the work force. Increased car ownership and a plethora of consumer goods sold through intense advertising maintained this momentum up to the 1960s. By the early 1970s, however, surplus capital again emerged, and growth slowed. Monopoly capital still operated with superprofits, and its excess surplus capital was available as finance for operating on international markets.

The post-war growth in consumerism in the capitalist world was supported culturally through the relentless promotion of individualism and of the idea that freedom is derived from consumption. Success was supposed to be within the grasp of everyone. Consumerist values were hammered home through the mass media and advertising. A culture in which greed is a virtue was emerging.

This life-style was promoted abroad as the model to which other countries should aspire and was negatively contrasted with the Soviet Union, whose economy was based on the building of infrastructure, collective values, and providing for all citizens, not merely a privileged few.

The energy crisis

Until the early 1970s the oil-producing countries of the Middle East and South America received relatively low prices, prompting the formation of the Organisation of Petroleum-Exporting Countries to ensure higher prices.

In 1971 the United States abandoned the link between the dollar and gold, and the dollar became a floating currency. All currencies were now subject to greater fluctuation. This coincided with a growing tendency to allow the money supply to grow and to extend credit. The break with gold in effect devalued the American dollar, lowering the price received for oil, which was settled in dollars.

In 1973 the OPEC countries increased the price of oil substantially, stirred into action by American support for Israel. OPEC's actions pushed up the price of oil until it was four times its previous level. This substantially weakened the American economy, because of its increasing reliance on imported energy.

The 1970s and 80s saw a gradual weakening in the power of the American dollar, resulting in the closure of many businesses and a widening gap in living standards between the rich and the poor. The United States became a debtor rather than a creditor country, and in Europe and Japan confidence in the omnipotence of American economic might was dented.

Because of the increased prices earned by oil sales, dollar reserves were accumulating in Middle East countries, creating a huge surplus of "petro-dollars" seeking investment. The United States became a destination for much of this investment, and the presence of petro-dollars sloshing around the international currency markets added to the volatility of currency values.

Monetarism and the New Right

With the instability generated by successive oil crises, the increased confidence of the labour movement in achieving better wages and conditions throughout the advanced capitalist countries, and a simultaneous growth in unemployment and inflation, Keynesian solutions to the problems of capitalism became discredited. With Keynesianism compromised by its failure to curb the power of organised labour and its tendency to expand the role of the state in the economy, a new economic dogma was required to reassert the dominance of the capitalist elite. This was furnished by the emergence of the "New Right" in the United States, its economic ideas spearheaded by Milton Friedman and his monetarist school of economics.

In essence, this outlook was characterised by a harking back to the original economic theories of the classical economists: that "free trade" would benefit all, and that supply and demand would regulate economies to the best effect. With a reduced role for the state, reduced expenditure on social welfare and public services, and a determined effort to weaken trade unions, this policy provided a strategy for the reassertion of capitalist interests in the West. In theory, this re-assertion of market values would also result in a trickling down of wealth from the wealthier strata in society to the poorer.

The reality proved to be the exact opposite. Wealth cannot "trickle down," as it is a fundamental feature of capitalism that wealth will be concentrated in fewer and fewer hands and not distributed to all classes.

The embracing of New Right ideology throughout the West in the 1980s was paralleled by an ever more powerful and self-confident military-industrial complex. Military-oriented research priorities in universities and the arms industry drove the arms race to new levels, its primary aim being to outstrip the Soviet Union. As a consequence, enormous pressure was placed on the resources of the socialist countries to maintain a defensive parity with an increasingly aggressive and ideologically assertive capitalist world.

As envisaged by the ideologues of the New Right, the Reagan era in the United States was characterised by an outright attack on the limited gains of the working class, including wages, conditions, and pensions, through a weakening of trade unions and a so-called "rolling back of the state." Britain, now under the Thatcher government, followed suit, and neo-liberalism was firmly established. Manufacturing jobs were transferred to low-wage countries. Growth in public expenditure was reversed, while state enterprises, especially the most profitable, were privatised. Large areas of health and housing provision were farmed out to private industry, which also dispensed with unionised labour. Capitalists took over the newly privatised services, which generated huge profits by this bonus from the state. High interest rates brought in foreign capital, and domestic capital was redirected to financial companies to make fast profits, while investment in the real economy declined.

There was large-scale left-political and trade union opposition in Europe and in many developing countries as working people suffered from the onslaught. Of particular note was the miners' strike in Britain in 1984–85.

Transnational exploitation

During this period the International Monetary Fund ruthlessly imposed draconian policies as conditions for loans from the World Bank in Latin America, Asia, and Africa, insisting on opening countries up to competition, destroying native industries, and insisting that nationalised and public services be privatised. Transnational corporations exploited lower wages and elbowed into Third World markets. Wherever they set up they were consistently anti-union. Trade unionists in these countries were routinely intimidated and sometimes murdered by agents of the big corporations.

A relentless exploitation of natural resources meant that large-scale mining, fishing and logging was intensified by the transnationals. The economies of these countries had to change from growing food and producing goods for the home market to producing cash crops and products for export. Pharmaceutical companies began to exploit the biological resources of the rain-forests for medical applications, and genetically modified seeds and plants were patented.

Globally, the United States employed the IMF to administer what Naomi Klein has called the "shock doctrine" to countries to make them conform to impossible repayment terms for loans, forcing them to privatise or demolish their public services and destroying peasant agriculture and small-scale national industry. Britain, using its former colonies, consolidated its own transnationals, as did Germany, France, and Belgium.

Transnational companies increasingly moved their production to the lower-cost countries of Asia and the newly impoverished former socialist countries. The United Nations—now completely dominated by the United States—advocated foreign direct investment as a world goal for conducting trade between countries.

At the same time there was developing in the United States a strong anti-war movement, opposed to the war against Viet Nam and to Israeli expansion in Palestinian territories, together with a massive civil rights movement and student unrest, all of which challenged the power of the ruling class. National independence and socialist movements were blossoming in Africa.

These movements had to be defeated at all costs. An elected socialist government in Chile was overthrown by the CIA, leading to the torture and death of tens of thousands of people. A fascist regime was established, its economic policy set by the country's new economic adviser, Milton Friedman. All over Latin America and Africa the CIA operated terrorist training camps for instructing renegades in torture methods and organising death squads to fight resistance movements and progressive governments.

The financial meltdown

Despite its global dominance, the United States depended more and more on foreign capital. However, its dominant position and the reliance on the dollar as a means of international exchange meant that it could still borrow freely from countries with an accumulation of unused capital. At the same time capital became available from the rapidly developing economies, which were now the world's largest suppliers of capital in the globalised economy. China also entered the world market as an exporter of consumer goods and a buyer of raw materials for construction and industry, with an accumulation of capital so great that by the 1990s it had become the main creditor of the United States.

The United States, increasingly dependent on borrowing, uses up about 85 per cent of the total of global capital lending funds to finance its budget deficit. These funds were used to pay for the US government debt and for a massive expansion of personal debt. As a result, the US external borrowing deficit soared, and consumer, state and corporate credit expanded from 151 per cent of gross domestic product to 373 per cent by 2007. As money was sucked increasingly into the financial services and property markets, less was available for investment in industry, new technology, and training.

When available money in a country becomes divorced from its real value—land and natural resources, agriculture, industry and manufacturing, infrastructure, and schools and hospitals—the system is inevitably damaged and cannot be sustained without a general restructuring and the consequent devastating effect on the people. Vast industrial plants throughout the United States were rusting, and whole cities were ruined. As a result, American industry became inefficient and was surpassed by countries investing in new industry. This led to a loss of competitiveness, and deficits in the balance of trade. The deficit went from $2 billion in 1971 to $815 billion in 2007. The economy became more and more dependent on consumerism.

In the United States and Britain, 30 per cent of the national product was derived from returns in the financial services market. New money was printed in the period 1970–79, bearing no relation to productive capital. This increase brought in more foreign capital, and credit institutions multiplied to exploit these funds. Regulations governing the ratio of debts to deposits held by banks were abolished.

Eventually, all debt has to be paid back, and it was becoming apparent by the 1980s that the system was unbalanced and liable to implode. New instruments for extending credit and creating funds were needed. Legislation was introduced in the United States and in Britain allowing banks to sell their debts, including pension funds, to unsuspecting third parties, usually foreign capitalists and governments. A sophisticated assortment of bond houses, banks, stock-exchange traders, investment companies, insurance brokers and high-debt managers on an unimaginable scale emerged. The era of the "hedge-fund manager" had arrived.

Free of any significant regulation or internal scrutiny, hedge-fund managers inflated speculative bubbles through over-investment in particular markets, as happened in the telecommunications and "dot com" bubbles of the 1990s. They became so powerful that they engineered the meltdown of stock exchanges in south-east Asia, Iceland, and Japan. Japan had a major crisis, with complete stagnation, and could not restart its economy for more than two years. Iceland has had two attacks, the last of which virtually destroyed its economy. While the Asian bail-out agreements were formally negotiated with the IMF, advisers on the deal were the same American banks that were the cause of the problem, and which later themselves went bust.

A new type of debt was created, whereby companies borrowed money many times above their shareholdings in order to make huge profits on the future price variations in loans. Loans were multiplied by as much as thirty times their initial value, while the loans themselves were often merely portfolios of unsound investments. Often based on an assumption of continually increasing domestic and commercial property values, the "leveraged funds" could create huge profits in low-risk conditions, when property prices were rising. But when there is a loss of confidence and everybody tries to sell at once, the outcome is catastrophic. As quicker money was to be made in trading in fast-return capital, investing in production became completely unprofitable, and so real production in the developed countries fell further.

This availability of funds sent the United States on a debt spiral that has had repercussions all over the world. Interest rates were reduced to maintain momentum in the property markets and to buoy up household spending. Investment companies and banks began to sell bundles of debt made up of mortgages and loans of different levels of risk. Once in possession of their money, with the original lender no longer responsible for repayment of the debt, they no longer cared about the quality of those whom they were originally lending to: selling the debt on became the primary aim. To disguise how the debt was really made up they lumped low-risk or "prime" mortgages with very high-risk or "sub-prime" mortgages and sold them to investors who would be willing to take greater or lesser risk. They lent to anyone they could find, regardless of ability to pay and regardless of the consequences for those people when they could not keep up the payments. They felt that house prices would continue to rise and so their debt could be realised. Further debt was raised by householders on the strength of their mortgages.

The same companies then set up insurance companies to protect their loans against failure. They used historical insurance risk tables to quote a risk of 1 or 2 per cent of mortgage-holders defaulting, the previous norm, disguising the fact that the default rate had gone from 5 to 15 per cent and was still rising.

In London, hedge-fund managers, banks (both public and private), insurance brokers and stock traders were all in on the act. House prices soared. Bank and hedge-fund managers were giving themselves unimaginable millions in salaries and bonuses. Lawyers, accountants and insurance company managers were all receiving their cut, so nobody blew the whistle.

The people running the Federal Reserve System (the central bank in the United States), the Treasury in Britain and the Financial Regulator in Ireland were bankers, from the same financial elite. They not only positively encouraged unsecured mortgages, leveraged debt and derivatives but were utterly incapable of, and uninterested in, challenging their peers in the world of finance.

Unsuspecting foreign governments, national and municipal, together with foreign banks, insurance companies, and pension-fund managers, bought these derivatives on a massive scale. Sub-prime mortgage borrowing went from one in every thirteen mortgages to one in every four by 2001. As this fictitious money moved around the world, the Federal Reserve System had to raise interest rates from 1 per cent to more than 5 per cent because of rising international oil and food prices. Mortgages could not be repaid, and the housing bubble burst. Confidence was lost in investments, and shares in financial companies and banks plummeted. Lack of confidence spread into industrial companies, unsure of the creditworthiness of anyone.

In the United States the Federal Reserve System and the Department of the Treasury had to step in to guarantee loans and to nationalise the banks and mortgage brokers to prevent the collapse of the whole financial system. Such measures were taken not only in the United States but globally.

When this fraud perpetrated on the world was uncovered, we had the financial meltdown that everyone is only too familiar with. Trillions of dollars have been wiped off the value of finance capital, and the collapse has destroyed industrial and manufacturing capital, public finances, pension funds and savings all over the world. Whole countries are even more impoverished than they were already, and capital is concentrated in even fewer hands.

It is acknowledged by all that this is the biggest crisis since the Great Depression of the 1930s. Banks won't lend to each other, businesses can't borrow, and the capitalist states have transferred and are continuing to transfer massive funds from working people to the capitalist class. The European Central Bank has guaranteed whatever it takes. So-called entrepreneurs—who justified depriving the rest of the world of its share of the world's wealth on the grounds that they have something special and that they take all the risk—run to the state to bail them out.

This realignment is a deliberate policy to readjust the power balance between the owners of capital and the rest of the world. In the United States the wealthiest 1 per cent tripled their share of the national income from the 1970s to the early 2000s. In 2007 the richest 1 per cent held 20 per cent of the country's wealth; the richest 10 per cent now hold 50 per cent. The consequence of this disparity in wealth means that there is large-scale social disintegration. Crime is widespread and entrenched and leads to the criminalising of the poorest sections of the population. The United States has less than 5 per cent of the world's population but 25 per cent of the world's prisoners. All capitalist societies have increasing social division and unmanageable crime and drugs problems.

The fact that this speculation went into total meltdown is only proof that governments have handed over control to fewer and fewer owners of capital, who, being unregulated, do what capitalists always do—operate in their own interests—and in the process destroy the resources of the planet. Increasingly, private wealth is greater than sovereign wealth, and states operate in its owners' interests only.

Military might is used to settle matters of sovereignty and to gain rights to valuable natural resources, particularly oil. Military bases encircle the world. The Korean War, the two Gulf Wars, the war in Yugoslavia and the fracturing of states in Africa were all for the purpose of obtaining markets and resources and have nothing to do with national or human rights. Resource wars are continuing in Iraq and Afghanistan. As new economies develop further and populations seek better living conditions, even larger wars become more likely. The developed countries have become so used to having free access to the rest of the world's resources that they are not going to walk away from them without a fight.

Formerly, multilateral trade agreements were negotiated between blocks of governments through the World Bank. When agreements were with regions, the conflicting interests of the different countries involved placed at least some restraint on the selling out of one particular country to the detriment of all the others in the region. Now, bilateral agreements are being forced on countries piecemeal, as it is easier to bully a weaker country when it is on its own.

The former socialist countries have been entirely taken over by these organisations and as much as 80 per cent of their wealth transferred to a small elite gangster class. Russia's economy, following the ending of socialism there, has been characterised by the introduction of a particularly anarchic and volatile brand of capitalism, with organised crime taking the lead in dismantling the country's resources.

The monopolisation of capital on a global scale means that the twenty biggest transnational companies control the main industrial sectors around the world. They exert enormous power by threats of pulling out of countries if they don't get tax concessions, low wages, and the right to extract maximum profits. "Vertical integration" of companies within a sector is developing at such a rate that it is hard to keep track of who owns who in pharmaceuticals, the mass media, telecommunications, computer technologies, mining and chemicals, or textiles. Agriculture has become a bio-business, combining food production with fuels. Diversity and the total number of industries in manufacturing and agriculture are being reduced in all countries. Two companies control more than 50 per cent of the world's roasted and instant coffee market, while four large corporations control 81 per cent of the world's beef market.

Urgent controls on climate change are being delayed by the United States while it pays lip service to reform. It continues to refuse to sign international agreements while parading climate conferences. Its long development of technology for profit gives it an arrogant though futile belief that somehow technology will solve the problem before it is too late. Transnational corporations are continuing deforestation logging and continuing to organise industry by means of a wasteful use of scarce resources. They create pollution of the water table and soil by chemicals and bacteria. Genetic engineering for the sake of profit takes away the livelihood of national farmers and restricts their use of nature's products. Instead of reforming industry to protect the climate, the United States is now proposing to buy credits from rain-forest countries to fulfil its carbon emission obligations. The World Bank, far from promoting clean economies, encourages the dumping of toxic waste on poorer countries.

The present crisis is being dealt with at the international level by the twenty biggest powers, which say that a new regulatory system must be established so that this economic catastrophe doesn't happen again. The IMF is re-emerging with a new face, with new regulatory powers, and countries are forced to borrow again.

Contradictions within imperialism

There are huge contradictions, however, between capitalist blocs. The United States has been the leading power since the First World War. Its currency was a powerful tool in setting trade and financial policy internationally and securing credit at home; it led the way in production and technological advance; and its armed forces intervened in dozens of countries to secure its interests. Its only serious challenge was the Soviet Union, and the many rights that workers in Western countries enjoyed until the 1990s were underwritten by its presence. Now, by over-extension of debt and military excursions, and by the loss of production domestically through its transnational corporations, the United States is enormously weakened.

New countries and blocs are emerging to challenge its power. China's massive industrialisation—at the expense of the rights of its own people—challenges the United States, particularly since the latter borrowed a large portion of its debt from it. The European Union also wants a piece of the world cake; and, as a great deal of capital still resides within the national borders of each country, particularly Germany, it is not going to allow the United States to decide the new regulatory system to its detriment. Germany and France blame the United States and Britain for the present debacle, as it was in London and New York that it all began.

The countries of south and south-east Asia, particularly India, are emerging also as challengers industrially. Unfortunately, in the process India is going the neo-liberal way and increasingly bows to American pressure.

On the progressive side, Latin America is developing as a major challenge to the destructive transnational capitalist economics that ruined it for centuries. Looking to Cuba, it sees that an alternative system is possible, and it is enfranchising its own people against the minority who have ruled there for so long.

The International Monetary Fund and the World Bank have so abused developing countries in the past forty years that some of these countries have been refusing to deal with them any longer. Latin America has led the way in saying No.

The end of the Irish bubble

While we are experiencing the impact of the global general crisis of capitalism, in Ireland there are features that are a legacy of the "Celtic Tiger" years.

Over the past fifteen years Ireland experienced unprecedented growth in employment and wages and in improvements in the standard of living of most people. Development and improvements in infrastructure also took place; but many valuable resources were wasted through overcharging and appalling waste.

The "Celtic Tiger" was trumpeted around the world. It was presented as a case study of how people's lives could be transformed by taking the state out of economic activity and allowing market forces a free hand. However, the standard indicators for assessing poverty did not change very much; indeed the gap between the wealthy and the poor grew.

The Government, opening the economy to global market forces, bragged of the benefits of an "open economy." Irish banks borrowed billions on global markets to finance the activities of property developers and speculators, not just here in Ireland but also around the world. This was an opportunity to give mortgages five, six or even seven times the salary of the buyer (including bonus and overtime payments) and to fund speculative activity.

"Light-touch" financial regulation was presented as the best way for the market to work its magic on the economy and create wealth for all. Privatisation was seen as an absolute necessity, which resulted in the wholesale selling off of state companies and services, including Telecom Éireann, Aer Lingus, Team Aer Lingus, and Comhlucht Siúicre Éireann. The two state banks, Industrial Credit Corporation and Agricultural Credit Corporation, as well as the Trustee Savings Bank, were privatised.

The banks—flush with borrowed capital—encouraged an explosion of consumer debt, with people being offered unsolicited increases in their credit limits. Letterboxes were stuffed with junk mail offering this or that "must-have" item. Telemarketing offered opportunities to those willing to blindly follow the life-style promoted by television programmes and the Sunday newspapers. Other gullible individuals remortgaged their homes to buy apartments in Spain or eastern Europe. The tendency to borrow was coupled with a growing consumerist culture. Inevitably, a destructive individualism burgeoned.

Another notable feature of this period was an explosion in personal debt, coupled with a downgrading of the importance of the quality of public services, notably health care. People with 100 per cent mortgages ended up bidding against each other to secure a home. At the height of the boom, developers were increasing their prices almost weekly. Nearly two-thirds of all housing units (houses and apartments) were being bought by investors, receiving easy credit from the banks. This fuelled the spiralling increases in house prices, pushing young couples and individuals deeper and deeper into debt to simply get a roof over their heads.

The expansion of economic activity allowed for a significant growth in the numbers working, creating a welcome opportunity for the return of thousands of people forced to emigrate in the 1980s. Tens of thousands of migrant workers also found the opportunity to obtain work here and in many instances to send home much-needed remittances to their families; yet many suffered horrendous exploitation. Others who arrived on contracts worked in appalling conditions and experienced abuse, such as the GAMA workers. The exploitation of migrant workers was widespread and was particularly rife in the construction industry.

Ireland has experienced a massive growth in urban sprawl as developers and speculators shaped planning decisions, at the expense of local communities, in a drive to maximise profit. The quality of life has been badly affected by long-distance commuting by working people to get to and from work. Many small and medium-sized towns have been badly affected by the explosion in apartment and house building, with their already underdeveloped or outdated drainage and sewerage infrastructure buckling under the pressure of poorly planned development.

At the height of the bubble the number of annual housing starts was greater than 90,000, and profits in the construction industry grew by 66 per cent while wages grew by only 22 per cent from 2003 to 2007. Health and safety were heavily compromised, with the number of deaths and serious injuries reaching record levels. Union organisation in certain branches of the construction industry was compromised by bad practices, such as lump-sum payments by employers to cover the union dues for workers in certain unions. The collection of union dues appeared to be more important than organising workers. Another feature of the construction boom was the growth in the number of "self-employed" building workers, many of whom are now bearing the burden of unemployment, devoid of even rudimentary entitlements, because of the non-payment of social insurance contributions.

The provision of public housing lagged badly behind the growth in demand. A house ceased to be a home and came to be viewed instead as an investment. People bought into the illusion of an unending upward movement in the economy and of unsustainable life-styles peddled by the mass media and encouraged by a charlatan political establishment. This ideological manipulation is an essential element of contemporary capitalism.

Massive sums are paid to private landlords in rent subsidy. No extra tax was introduced in the April 2009 supplementary budget for second and additional homes, as it would injure this class. Landlords have provided shoddy rented accommodation for decades. Tenants never had any security of tenure, and attempts to rectify this situation with the Residential Tenancies Act (2004) and the Private Residential Tenancies Board were hijacked by the landlords and property speculators until only minimal rights remained. In other European countries rented housing belongs to a variety of bodies, such as municipal authorities, insurance companies, pension funds, and trade union trusts. There are municipal controls on rents, and residents' committees with management rights. EU free-market policies are trying to dismantle this system, but the people are fighting this in every country.

County and city councils are paying tens of thousands each month in interest on loans to the banks for houses purchased by them that were subsequently not taken up by affordable housing scheme applicants, as they were too dear. The councils bought these houses from developers at the height of the housing bubble, at the highest prices, in 2007. No doubt they were trying to save as many of their developer friends as possible. Today more than fifty thousand housing units are lying empty, yet thousands wait on local authority housing lists. The growth in unemployment will lead inevitably to a growing number of house repossessions, as overstretched borrowers default.

This excessive development, driven by speculators and eagerly financed by the reckless lending practices of ludicrously unregulated banks, is one of the uniquely Irish factors in the present crisis.

Housing and land policy in Ireland is one of the most inequitable in the world. Planning laws, housing policy and taxation are all geared to enriching the propertied class. Social and class distinction is so embedded in housing that it affects the whole structure of society.

Tax exemptions and incentives, grants, planning, administration and a host of services are provided at the taxpayers' expense, providing a glut of unsuitable, sub-standard housing without any community facilities. Section 23 of the Finance Act (1983) encouraged speculators to buy multiple properties, and, instead of first-time buyers being given priority, "buy-to-let" investors became the prime beneficiaries. This class will now doubly benefit from state bail-outs: they have been protected by the banks, as their loans have been guaranteed, and they can claim back tax on losses, not only on deals in Ireland but in Britain, Dubai, the United States, Spain, eastern Europe, and many other countries.

The outright attack on public services follows the neo-liberal programme of ending state support for social services. A large proportion of what is constantly attacked as excessive public expenditure is in fact subsidies to private capital.

Social rights won by workers have been dismantled. We have experienced the opening up of the health service to private hospitals and clinics. The social insurance scheme for PAYE workers covered hospital, dental and optical costs, but gradually charges were introduced for hospital stays, while optical and dental cover has been reduced to a tiny fraction of the charges, so that the cost of being ill now means that many people are not seeking medical help. Waiting lists are so long that people are dying before being seen, despite widespread protests and media coverage. More than half the population have turned to private medical insurance, only to find that much of their costs are not covered, and the charges keep going up.

Holders of medical cards are further marginalised, with reductions in allowable services across the board, while doctors have lost the right to prescribe the most appropriate drugs: instead this is decided by administrators in the HSE. The list of covered drugs is being reduced by the month.

The Patient Treatment Fund is wasting public funds in treating a small number of patients and has been exposed as a method of transferring public money to private health operators. Few people are aware that laboratory testing has been handed over wholesale to private laboratories. There are tax exemptions for the operators of private nursing homes. The state subsidises private insurance operators.

No-one knows how much of the enormous spending by the HSE is not going to the public but instead into the pockets of capitalist operators in private hospitals, nursing homes, and care services, because information about the money being spent on entirely public services and money paid to private operators is not separated.

The claim that public medicine costs more is a political-ideological assertion that is not borne out by the facts. However, the purchase of drugs and medicines by the state is greatly compromised by the very effective cartels of the pharmaceutical manufacturers, which succeed in extracting exorbitant prices for their products whenever the state is the purchaser.

Public transport, refuse collection, the provision of water and the production of electricity have all been opened up to private competition. One of the worst examples was the forcing of the ESB by the Energy Regulator to increase its prices in order to attract private competitors into the market. The European Union even took a case against Dublin City Council because the emergency ambulance service of Dublin Fire Brigade was not offered to private operators.

The question of the *ownership* of service providers has been replaced with the right-wing idea that the *regulation* of providers is the issue. Democracy has been reduced to highly paid consultants crisscrossing the country, producing wall-to-wall mountains of reports.

While the quality of public services failed to keep pace with the growth in the economy, the mushrooming of "quangos" certainly did, a new layer of bureaucracy to shield Government ministers from the people, populated by political hacks and financial supporters of the establishment parties. Difficult social and economic problems thus become mere administrative questions.

Over the last fifteen years we have experienced a growth in "public-private partnerships," costing hundreds of millions from the public purse, with huge profits for friends of the Government in various parts of the private sector. The growth in the number of toll roads and the huge profits accruing to their private investors is a case in point. Yet in the regeneration of Dublin's inner-city flats complexes, plans agreed after years of negotiations fell through when the developer walked away.

It was also during this period, under a neo-liberal ideology, that Governments restructured tax policy in favour of the wealthy. The tax base was dismantled, with the emphasis moved from direct to regressive indirect taxes, such as VAT and stamp duty on houses, where the tax paid is not a reflection of ability to pay. These policies narrowed the tax revenue from wealth while at the same time we witness decreases in capital gains, capital acquisition and corporation taxes, with VAT and stamp duty being the favoured forms of tax revenue. This was a par-

ticular application of neo-liberal thinking to Irish conditions.

Working people have been carrying a heavy burden for many decades. Even the European Commission stated that "the share of national wealth going to workers has been declining at a higher rate in Ireland since the early 1990s than in the EU generally." (European Commission, *Statistical Annex of European Economy,* autumn 2007.) When the credit boom collapsed there was a massive hole in the public finances that the ruling class is attempting to make workers, the sick, the old and young people pay.

The members of the bloated political class have one, two or even three pensions while still serving in the Dáil. Higher civil servants, judges and the top brass in the Garda Síochána have all been living high on the backs of workers. Medical consultants, advisers and other professionals have been paid salaries that are among the highest in Europe.

A report by Bank of Ireland in 2008 revealed that

- 1 per cent of the population hold a third of the wealth, with assets of €100 billion in 2006 (excluding the value of housing).
- Including house property, the richest 1 per cent hold 20 per cent of the wealth, the richest 2 per cent hold 30 per cent, and the richest 5 per cent hold 40 per cent.
- There were 33,000 millionaires in 2006, of whom 3,000 had between €5 and €30 million and 330 had more than €30 million.
- Over the "Celtic Tiger" years, from 1995 to 2007, the personal wealth of the richest 1 per cent of the population grew by €75 billion.

- In 2006 alone, Irish people invested €8 billion in overseas property; in 2007 the figure was €11 billion.
- €41 billion was invested in commercial property in the period 2001–06; much of that money was invested in commercial property outside Ireland.

The Revenue Commissioners' figures state that there are only 7,857 taxpayers with an income of more than €275,000 and indeed only about 25,000 with an income of more than €150,000. Going on tax returns, our wealthy elite is mostly made up of couples who each earn between €75,000 and €137,000. According to Bank of Ireland, about 40,000 people in Ireland share personal assets of €100 billion; yet there are fewer than 8,000 households with a declared taxable income of more than €275,000.

On the one hand we have figures that suggest that the elite were increasing their wealth by an average of at least €10 billion a year in the last few years; on the other hand the Revenue Commissioners assess the total income of the highest earners at only €4.7 billion. These figures make it clear that a relatively small group of people made vast fortunes from the "Celtic Tiger." One can only conclude that the very rich have been able to keep the bulk of their wealth outside the Irish tax system.

The tribunals have shown that in the 1980s and 90s the rich secured their wealth by illegal tax evasion. Hundreds of millions were siphoned off and stashed overseas. Over the last decade the Department of Finance and the Fianna Fáil coalition Governments allowed wholesale legal "tax avoidance." They allowed their rich backers the means to escape paying tax—the elite that have creamed off €75 billion.

Blind faith in the free market replaced coherent sustainable policy. "Light-touch" regulation resulted in the banks accumulating a foreign debt equivalent to 60 per cent of GDP by mid-2008, much of it for speculative property investment. This inflated property prices throughout the economy.

The Government's response

The nationalisation of Anglo-Irish Bank had nothing to do with rescuing working people's savings: instead the priority was bailing out the big investors in the bank. Those investors were getting a huge return from the massive speculative investments, financed by the bank, being made by some of the biggest property developers, the so-called "Golden Circle," many of whom provided Fianna Fáil with financial support.

Anglo-Irish Bank was not a "High Street" bank but an elitist parasitic avenue for providing funds for property developers. This cosy cabal was linked to the main developers and builders, who in turn were linked to the inner circle of Fianna Fáil. One of the notable features of Irish capitalism is that, because of the relatively small population, the interconnections between corporate, political and media interests are close and intimate.

We got a glimpse of who the Anglo-Irish depositors and lenders were by courtesy of the Minister for Finance, Brian Lenihan, on the 20th of January 2009. It is estimated that the bank—now nationalised—had 300,000 retail depositors, only 72,000 of whom are Irish. Corporate depositors amount to 12,000, and again only 3,500 of these are Irish. So those who benefited most are the big corporate interests, both Irish and non-Irish. These profiteers not only speculated on the Irish property market but engaged in similar speculative practices around the world, from New York to Shanghai.

The Government's rescue of Anglo-Irish Bank and its guarantee to six other banks and financial institutions was to cover not just the debts incurred here in Ireland but those incurred in speculative property investments globally. No other government has been so generous in its enthusiasm to bail out its elite. Irish workers are now being asked to guarantee these speculative debts. Public money is being used to bail out the property speculators, the big depositors in the bank, by Fianna Fáil, which of course politically represents them.

Two of the directors of Anglo-Irish Bank between them borrowed more than €170 million, with the bank's auditors, its board of directors, the Banking Regulator and the Revenue Commissioners all seemingly unaware of such a major hole in the borrowing side of the ledger. The top brass of this bank clearly saw the bank as a personal piggy-bank for dipping into when they needed money. When senior bankers, faced with intense criticism, "retired," they walked away with golden handshakes and pensions worth millions.

The €7 billion that the Government has given to Allied Irish Banks and Bank of Ireland (with much more promised from the National Pension Fund) will not save these two banks. Increasing amounts of public money will have to be pumped into these and other failing financial institutions in an attempt to keep them afloat. Valuable capital will disappear into this black hole, with nothing to show for it.

Because we have relinquished control over fiscal policy, it is the European Central Bank that determines interest rates and the value of the currency. The policies of the European Central Bank are determined by the needs and interests of the big corporate powers at the heart of the European Union, in particular Germany. The only policy options remaining open to the Government to meet the growing budget deficit are to control public spending by cutting both the numbers employed in the public sector and the wages, terms and conditions of those remaining public-sector workers, savage cuts in social welfare payments, and increases in personal taxes.

It has been widely touted that, in addition to the swingeing pension and income levies already imposed, the Government intends to engage in a "downward benchmarking," representing a 10 per cent cut in public-sector workers' pay and all welfare benefits. Meanwhile, private-sector employers continue to push down wages and to arbitrarily change the terms and conditions of workers. The strategy is (1) to undermine existing wage levels, (2) to radically reverse terms and conditions in both the public and the private sector, (3) to undermine and if possible to divide and break the trade union movement, using public-sector against private-sector workers, (4) to reduce and reverse the advances made in relation to the provision of public services, and (5) to manipulate public opinion into accepting that an assault on state benefits is necessary. Workers are now facing a double challenge: to confront both the Government's assault on their living standards and the employers demanding cuts in their pay and conditions.

The other major plank in the Government's strategy of saving the banks and bailing out the rich is the National Asset Management Agency. This has been given the responsibility for negotiating the best price for the bad debts resulting from speculative investments around the globe by the Irish ruling class, which appear now to be almost worthless. Irish banks accumulated foreign debts to the value of 60 per cent of GDP by mid-2008, most of it for speculative property investment. The Irish ruling class borrowed billions and invested it in a whole range of now greatly devalued properties in Britain, the United States, Bulgaria, Turkey, Iraq, India, China, and all points west.

The notion that this agency, made up of pillars of the establishment, is going to "play hardball" with the property developers is laughable. In fact the job of this misnamed body is to manage not assets but the huge liabilities that the state has agreed to take responsibility for on behalf of the Irish people—debts that Irish workers had no hand, act or part in incurring but yet will have to pay for, as will future generations, amounting to possibly €80 or €90 billion. In fact the Irish state will hold assets of very dubious value. If these were really assets the banks would not be so fast in handing them over to the state.

The establishment of the National Asset Management Agency will result in a significant increase in the national debt. Before the budget the credit rating agency Standard and Poor's downgraded Ireland's sovereign debt rating. The consequences of this are that the state will have to pay increased interest for the money it needs to borrow from international financial institutions. At present the Government is borrowing an average of €45 million per day.

Now that the state has decided to buy these liabilities from the six banks that have availed of the guarantee liabilities scheme, the dance has begun, with the contending interests battling it out in an imaginary struggle. In fact the present owners of these liabilities—the banks, the speculators and developers, and the Government—are the same people. They share the same ideology, they share the same class interests, they have attended the same private schools and colleges, they are members of the same golf clubs and corporate hospitality facilities. They are, in fact, the Irish ruling class. The Government will go through a charade of "negotiations" on the value of these toxic "assets" that they are willing to take off the banks' books; in reality, as shown by experience, the state will always buy dear and sell again cheaply.

This approach by the Government will simply not work. It will be forced to put more and more money into failing banks, and most probably these will end up in some form of nationalisation. This kind of nationalisation, however, is for the purpose of saving the ruling class, for protecting the interests of capital, not for controlling capital, and will expose Irish workers, their children and grandchildren to massive debts.

The Government's strategy has the fingerprints of external influences all over it. Whatever it does ultimately has to be approved by the European Commission and the European Central Bank.

Can the transnationals provide jobs?

> Ireland's proportion of employment in foreign-owned affiliates, as a percentage of total international trade related employment, is the highest in the world.
>
> —*World Investment Report,* 2007.

In 1958, through the Fianna Fáil Government's "Programme for Economic Expansion," Ireland became open to foreign investment, with minimal control over operations and profits. More than 90 per cent of Irish exports are by transnational companies. Now, with membership of the European Union, our ability to develop independent policies to control our resources is at the mercy of the large powers of Europe.

Successive Governments ensured foreign investment by offering a low rate of corporation tax and allowing the repatriation of profits without conditions. However, the European Union and other countries are reducing corporation tax and are moving to indirect taxes, and there is additional pressure to harmonise tax rates. This is being kept under wraps until after the rerun of the Lisbon Treaty.

With the attraction of the low-wage economies that have opened up in Asia and eastern Europe, Ireland can no longer compete on the wages front. US policy is moving towards stimulating home industry, with tax policy geared to encouraging its transnational corporations to return home.

High on the list of the reasons why transnationals invest in foreign countries, in addition to low taxes and low wages, is the use of the country as a base for access to the local and adjacent markets. The US government has confirmed that Ireland was used as a platform for getting into the EU market, and this is borne out by the fact that almost all the exports from here were to the European Union. However, emerging markets in Asia, particularly India and China, mean there are far greater pickings there than in debt-ridden Europe.

All these conditions have led to many of these companies pulling out, including Dell, Waterford Glass, and SR Technics, leaving an unemployed work force heading for half a million in 2009. The Government still insists on pursuing this policy of courting foreign investment above all, calling on workers to be "competitive" so as to save the companies still here. Given the cost of living here, however, it is simply not possible to compete on wages with the emerging low-cost countries.

The real cost of transnationals to a country is the removal of its resources, the structuring of society to suit their ends, the removal of profits, and the elimination of national industry. Added to this is the cost to the taxpayer of maintaining them. State agencies such as the IDA gave huge subsidies of taxpayers' money in tax-free grants and buildings (€90 million in 2009, compared with half that amount allocated to home industries), and several state agencies and support systems have been set up specifically to serve these companies. The third-level education system has been restructured to provide funds for research and development, skills, training and subsidies to private companies from budget allocations for education. Capital expenditure of €309 million has been allocated for 2009 for the "Strategy for Science, Technology and Innovation," €127 million for research and development, and €179 million to Science Foundation Ireland.

The tax credit for companies carrying out research and development has been raised from 20 to 25 per cent, and the Revenue Commissioners are going to pay corporation tax back to companies for R&D when they have been unable to offset the credits against current liability for corporation tax. (For this purpose, expenditure on R&D can include even expenditure on buildings.) Add to this the cost of running the IDA, its staff and foreign offices, and the total cost would go a long way towards developing our natural resources for the benefit of the people.

It is only a matter of time before the bulk of the remaining transnational corporations leave the country; and increasing globalisation means that Ireland will eventually be forgotten as they depart for emerging markets with even bigger killings. The argument about whether transnationals are good for Ireland or not is being settled, not by us but by decisions taken in boardrooms thousands of miles away.

Another factor that will increasingly come into play is the attempt by the Obama government to close certain loopholes in the US tax system, forcing American transnationals to pay more taxes there. This has the potential, if followed through, to remove a major inducement for them to invest in Ireland and declare their profits here.

This crisis is a wake-up call for the development of an alternative industry that is not dependent on foreign capital.

The European Union: a hindrance, not a help

As the global crisis continues to deepen, with new contradictions opening up, one solution is tried after another. The Irish establishment and the mass media are scrambling to explain what the European Union is doing to help us, as if we were part of some great "union of equals."

Because of its uneven economic and social development, the European Union is plagued by enormous centrifugal forces that threaten to disrupt it, if not break it apart. Policies pursued by the United States and other major capitalist economies, of deregulation and wholesale privatisation, when applied to EU member-states are wreaking havoc throughout Europe.

What the crisis has brought to the fore within the European Union is the fact of the central and dominant role of Germany, with France its junior sidekick. Germany, like France, has adamantly refused to expand financial support for the eastern European states; limited aid has been mainly exhausted by assistance to Latvia and Hungary. Spain has suffered from the implosion of its construction industry, which triggered a banking crisis. It is predicted that its unemployment rate of 19 per cent will reach a similar figure to Ireland's by 2010. Italy is mired in stagnation, huge debt, and a corrupt political system.

Germany uses its economic might and relative economic health to impose its will on the European Union and the European Central Bank. No member-state will be allowed to make any decisions that might cause difficulties for Germany.

The German economy, however, is now experiencing a sharp contraction. Industrial production in January 2009 had fallen 19 per cent against the previous year, and exports by 20 per cent. New manufacturing orders were down 35 per cent in the same month, with export orders shrinking by 40 per cent. On this basis, Commerzbank in 2009 predicted a decline in annual GDP of between 6 and 7 per cent, compared with the official estimate of $2\frac{1}{4}$ per cent. A debate has begun over further economic stimulus, for which $1\frac{1}{2}$ per cent of GDP is now earmarked.

Neo-liberalism is woven into the fabric of all the EU treaties that have been foisted on the member-states of the original EEC and subsequently the European Union over the last two decades. This is to prevent any alternative economic and social policies being pursued by the member-states, and to remove the democratic right of people to decide their own economic and social policies and priorities. Most importantly, they seek to remove political, economic and social issues from influence by national class struggles.

This is most starkly seen in the role of the European Central Bank. This institution is not democratically accountable: it is run by and for the banks and finance corporations, and its central mandate is price stability. This fiscal freedom is to ensure that fiscal policies are free from mass political pressure and instead are open to the power and lobbying of finance capital. The purpose and role of this institution is to subvert political struggle at the regional and the national level. Given the uneven development and unequal balance between member-states, the European Central Bank invariably takes its lead from the economically and politically dominant countries. And yet what the present financial crisis has exposed most clearly is the consequence of giving a free hand to bankers.

A similar approach is taken to countries in the global south, reflected in the negotiations on the "economic partnership agreements" between the European Union and those countries wishing to trade with it. This strategy—of undermining national democracy and exploiting the weaknesses within countries that are less developed, so as to create a culture of dependence and domination—has also been attempted at negotiations of the World Trade Organisation. The strategy is to break down the capacity of nations, and particularly national working-class formations, to resist the power of transnational capital.

Over recent years workers throughout the European Union have witnessed their rights and social gains coming under growing pressure from the consequences of the EU treaties on the establishment of the internal single market. The European Court of Justice has used the provisions of the treaties to make judgements that have had a profound effect on the rights of workers throughout Europe. This court is not based on human rights but instead makes its decisions primarily in the interests of the market. This was shown notably in the Laval case, which arose after a Latvian company posted construction workers to Sweden but refused to pay the agreed registered pay rates for the industry. The European Court of Justice ruled that, whereas workers had a right to strike, this is limited by the European Union's principles of freedom of movement and freedom of establishment. It issued a ruling against the Swedish unions that had taken action to defend their registered agreements.

This judgement showed how clauses in the Lisbon Treaty, such as Protocol 6—which states that the European Union must "include a system for ensuring that competition is not distorted"—are a danger to trade unionists.

In the European Union it is only the EU Commission that can propose laws; the EU Parliament has only limited powers to make suggestions and proposals. Given its present structures, with decisions made by "weighted majority," power is heavily biased in favour of the bigger states and against the smaller ones. The Lisbon Treaty shifts this weighting even further.

The big states, particularly Germany and France acting together, decide fundamental policy. While there has been an increased provision for supervision by national parliaments over the directives coming from the European Union, the fact remains that national parliaments and governments in their present form represent the interests of each country's ruling class. Workers' rights are thus doubly circumscribed. The bar has been raised very high in the struggle to secure and advance workers' rights, as these rights will be benchmarked against the needs and interests of the market at both the national and the EU level.

The Lisbon Treaty enshrines in law the primacy of the rights of business, in particular big corporations, over the rights of citizens and workers. It makes it even more difficult for working people at the national level to effect change in their own interests.

It is a fallacy to claim that if a country surrenders its sovereignty to the European Union it will increase its sovereignty in practice. A nation that is deprived of, or gives up, its sovereignty ceases to be an independent subject of international politics. The reality of the European Union today is that it is impossible for a single country or people to make or change a single European law.

Sovereignty is a fundamental democratic principle. To defend the sovereignty of one's nation is the responsibility of democratic forces. There cannot be a free people in a subject nation; this was the guiding principle of those who gave their lives to establish an independent Irish state.

The central question is, Who or what class truly represents the interests of the nation? Only the working class can truly defend the sovereignty and independence of a country, as all other classes will betray the people for their own selfish class interests. As James Connolly put it, "only the Irish working class remain as the incorruptible inheritors of the fight for freedom in Ireland." Genuine internationalism can be built only when working people are in control of their own countries.

Trade unions and the crisis

With the growth in the economy, the trade union movement in Ireland did not experience any significant relative growth, remaining heavily based on the public sector. In the 1980s "social partnership" was presented as the best strategy for preventing the fate that befell the British trade union movement under the Conservative government headed by Margaret Thatcher. The belief was that if it could find a "working relationship" with the Government it would not experience the same degree of legal control as in Thatcher's Britain. The ICTU leadership voluntarily agreed to behave in a way that mirrored the effect of the anti-union laws in Britain but without the legal compulsion. Some leading members actively acquiesced in the drafting of the Industrial Relations Act (1990), in particular part II, which curtailed workers' rights and made it much more difficult for trade unions to defend or advance them.

Some leading union officials began to see themselves as administrators, and their salaries became commensurate with what they saw as their equivalents outside the movement. In particular they benchmarked themselves with the upper echelons of the civil service, rather than with what their members were earning.

This ideology has led the movement to accept tax cuts in compensation for small direct pay increases at a time when it should have been campaigning and mobilising for a progressive tax system and widening the tax base to make those earning more money pay a bigger share. Now we have workers being loaded with taxes and levies when they can least afford it. The leadership abandoned the strategy of tax reform that mobilised tens of thousands of workers, leading them to down tools and walk off their jobs in the late 1970s and early 80s, when they demanded a fairer tax system. This was at a time when hundreds of millions had been stashed offshore by Irish business people to avoid paying tax. In accepting tax cuts instead of tax reform, the ICTU accepted the underlying ideology of neo-liberal economics.

Until recently, mass unemployment and mass immigration provided employers and Government with the means to discipline workers, to keep wages down and conditions at a minimal level. The growth in the economy and the corresponding growth in employment meant that there was a tightening of the labour market, which allowed workers in different industries to extract higher wages and better conditions, as the labour shortage gave them more leverage. Well-organised unions in the private sector, in particular in the craft and finance unions, secured amounts over and above the agreed pay arrangements secured under "social partnership."

Social partnership has engendered an ideological contamination, whereby trade union leaders saw themselves as partners in an unofficial coalition Government, leading to the co-opting of some senior union officials into the circles of power. This was seen clearly in the apparently widespread corruption in FÁS, which seems to have gone unnoticed by the trade union representatives sitting on its board. Current and retired union leaders have been appointed to many state bodies and quangos, with their accountability to the movement appearing to be non-existent. This has created a layer of "fixers" within the trade union movement, closely connected to the Government and its institutions.

The response of the Government and employers to the present crisis has been to rush to the defence of their own class interests and to launch a sustained attack on workers' wages and conditions. There are growing attempts to divide the public and private sectors and to set worker against worker, while employers and the Government reduce and undermine rights and conditions.

Both the employers and the Government have a clear strategy for solving the crisis, at the expense of workers, while the ICTU has presented a vague set of proposals, clearly locked in to a position that can see progress only in terms of "social partnership." The ICTU leadership are hoping to get something from the Government to make the cuts, increased taxes and levies more palatable to their members. Certain senior union leaders hope that the people's anger will dissipate and they can get back to "business as usual," drifting in and out of Government Buildings. The present crisis, however, is so deep and so severe that there is no scope for this option.

A large section of the labour movement no longer has a clear idea of its role or of what it can do or should be doing. It has no distinct view of itself and no belief in the possibility of an alternative society. Two decades of "social partnership" have left the movement confused and disoriented, giving the distinct impression to many workers and union members of a movement not knowing which side it is on.

"Sitting around the table" for two decades gave many senior union officials the mistaken belief that they wielded real influence. What this crisis has exposed is how shallow "social partnership" actually was. When the powerful economic interests are in crisis, the first priority of the Government is to protect those interests, at all costs. The rights of workers, their pay and conditions, the rights of the unemployed and pensioners will all be sacrificed to the achievement of that goal.

What is certain is that Irish workers are going to pay a very heavy price for cleaning up the mess, and it will take generations to pay back the debt. This is a debt that is not of our making and a debt we should refuse to pay.

What the present crisis has exposed is the false belief that workers and their organisations have any real or meaningful influence. "Social partnership" was not a genuine partnership but a mechanism for sowing illusions about how and in whose interests our society is run and in whose interests the Government works. Now the carefully constructed mask of a neutral Government and its supposedly benign role in economic and political decision-making, honestly mediating between contending interests, has slipped.

One of the reasons why workers join a trade union is to have their basic rights upheld in the work-place and defended against arbitrary decisions and victimisation by the employer. But the experience of generations led the collective trade union movement to the belief that it needs to go beyond the mere defence of workers' rights on the shop floor and that it must develop a more comprehensive approach to the needs of working people, requiring it to take a much broader view of the nature of our society and to engage in political education leading to action.

Experience has also shown that, without constant struggle, sustaining and defending advances is harder than the actual winning of those advances.

Winners and losers

One of the principal arguments used by the Government and the employers' organisations is the high cost of doing business in Ireland, and in particular high labour costs.

The argument about wages being too high and the need to bring them down to make the economy more competitive is nothing new. Firstly, in a competitive economy there will always be someone who can undercut other companies' costs, especially in wages. National and regional economies will continuously compete against each other in an ever-downward cycle, the race to the bottom.

Secondly, this approach to economic development presupposes that there will always be losers. If Ireland's low corporation taxes and low wages were a "winner" for some years, jobs are now moving elsewhere to take advantage of lower taxes and lower wages in other countries. A form of economic co-operation that would eliminate "losers" is the rational alternative.

Economic activity produces a certain amount of wealth, even during a recession, and the real question concerns how that wealth is to be distributed. Those who argue that workers' wages, as well as social welfare benefits, old-age pensions, and children's allowances, must be cut are really claiming a bigger share of the wealth for the owners of capital and industry and the various well-paid groups that run the economy for them. This raises the question, What is the point of economic growth if people's standards of living must always be depressed to facilitate it?

The Government has squandered the wealth generated by working people. After a decade of the "Celtic Tiger" the gap between rich and poor is now greater than ever. We have a labour movement that has swallowed the lies and the false promises peddled by the Government, and appears to be prepared to accept more of the same.

Among the features of the past ninety years of independence, and of the forced establishment of two separate economic and political units in our country to meet the needs of British imperialism, has been the fact that workers in both areas have had to endure low wages and mass emigration, with economic development and trade skewed to meet the needs of the British Empire. Both the Irish establishment and the Unionist leadership in the North have sold their jurisdictions as a source of cheap labour, giving grants for foreign capital if it will invest here.

The policies being pursued by the Irish Government (the Northern Ireland Assembly and Executive have no real fiscal powers) is to ensure that those who now have political and economic power will retain that power if and when this crisis ends. This will apply equally to Britain and the rest of the capitalist world; it reflects the class nature of power in capitalist society. In Ireland, policies in the main will be geared to securing and defending the interests of the ruling class—a parasitic group that has no interest in long-term, sustainable economic development but instead is driven by the short-term desire for profits and securing its dependent relationship with the European Union and the United States.

If we are to end the scourge of emigration, growing poverty and the destruction of communities by mass unemployment, drugs and criminality we need to take a more fundamental and long-term approach to economic and social development.

The Irish state when it was founded was broke, because of the actions of British imperialism. Capital, north and south, was still firmly in its hands and under its control; that shaped how both economies developed. Today, the ownership and control of capital has again become an urgent question. The Government is prepared to borrow billions and to squander billions to bail out the banks and finance houses. It will slash and burn, privatise public services and cut state benefits to ensure that the ruling class remains in control.

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A communist view of the way forward

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What can Ireland do now, with so little control over its own economic development? While control is in the hands of the same class it will be severely limited, but the necessity for change is urgent now that the false prosperity has come to an end.

A modern alternative economy is possible. Even the blinkered Government and its agencies, such as the IDA and Forfás, recognise that the writing is on the wall. Despite their desperate attempts and their bluster about new projects, statements by Government ministers about developing an Irish-owned economy are now surfacing.

"Protection" has become a dirty word, and the "free movement of labour" is seen as the ultimate right and freedom. Communists believe in internationalism, both politically and economically. Our view of international trade, however, is of trade with the entire world in conditions of co-operation and mutual benefit; it is capitalism that pits one economy against another.

Competition compels companies to produce goods for profit and not for use by people, leading to the present overproduction of useless commodities and the relentless remaking of goods with a few minor changes in design and that last for shorter periods. Advertising and marketing mean that people are getting lower-quality goods, because of the need for capitalists to oust each other, not to mention the creation of new desires for useless commodities.

The "free movement of labour" is anything but free: it is the method whereby workers are pitted against each other, so that the lowest wages possible can be paid. What this "freedom" actually means is that whole families are split and communities wrecked, so that the most able can go to another country and earn money, often in conditions of extreme exploitation, while local workers are unemployed, especially when there is a crisis in the economy.

This movement of populations contributes to uneven development and the exploitation of less developed countries, and it weakens workers, smaller farmers and peasants in all countries. In such circumstances, policies of economic protection are the only method available to a national parliament answerable to the people with which to protect the population within its legal framework. Each country, in the face of ruthless trading, must do what it can to protect itself and its people. The free movement of capital means that companies that provide a good product and local employment may go out of business not because they are losing money but because more money is to be made elsewhere.

Ireland, as a small country, cannot exist alone, but it also cannot hope to compete in an open market. As in many other countries, the realisation is dawning that for now, protection is what is needed. The bankrupt polices of the last forty years are not going to work. We need to develop our own areas of strength and security. We have a very good temperate climate, natural resources such as gas and fisheries, and an educated population; what we need is to have control of our resources again. These need to be taken back and developed.

A better Ireland is possible

The same quantity and quality of resources made available to foreign investors should be made available to indigenous enterprises. The internationalisation of many industries, particularly food-processing, has led to the shutting down of many smaller plants, often with dire consequences for the small towns and villages they are sited in. Local communities have found themselves powerless to prevent this.

We need an indigenous economic development strategy that concentrates on overcoming this asset-stripping of local and regional economies. Ireland needs a balance between foreign and indigenous investment. We need to encourage both small-scale and large-scale indigenous companies, with an R&D anchor. Although large-scale industries can drive the economy and will often develop and finance infrastructure, we need to recognise that the bulk of employment in Ireland stems from small and medium-sized businesses and to support those niche industries that have been created.

Any government trying to manage the economy is influenced by the amount of resources available to it. All our governments define development as economic growth and use GDP—the total value of traded goods and services produced in the country—as the measuring tool. This method of measurement is limited, as it says nothing about whether growth is sustainable, whether it looks after today without thinking of future generations, or how national income is distributed between regions, between social classes, or between men and women. It pays no heed to activities that harm the environment. Finally, it includes the value of profits made in Ireland but transferred abroad. Any development strategy has to have not alone an ambition of economic growth but, just as importantly, measures for achieving social equality.

And underlying all of this is the fact that firms, in competing to increase their market share and their profits, have been constantly striving to raise their productivity while holding down or cutting their costs. Common sense would suggest that such improvements in efficiency would be of long-term benefit to everybody; but under the capitalist economic system—particularly the privatised, unplanned and lightly regulated "free market" version of the system that existed in the nineteenth and early twentieth centuries and was then re-established and became globalised in the late twentieth century—this seemingly beneficial process had some startlingly unwelcome results. Among these is the increasing gap, even in the good times, between rich and poor; another is the inevitability of catastrophic economic crises.

Among the costs that capitalist firms must always strive to keep down or to reduce, the primary cost is wages; and if production is increased while the wages of the workers—who are also the majority of the final consumers—are held down, how can the rising volume of goods be sold and thus allow the global capitalist economy to keep on expanding by means of the "consumer boom"?

In the recent period this problem was temporarily solved by encouraging consumers to plunge themselves into an increasing amount of debt; and the banks and the mortgage firms were more than willing to supply the credit, deriving not only a handsome profit from the interest but also the means by which the arcane and highly lucrative financial instruments of the "shadow banking system" were constructed. But in the end, most of the consumers had only their wages with which to pay the interest on their debts—wages that were being held down. Thus it was that, eventually, the enormous bubble had to burst.

Indigenous industries in an alternative economic strategy

Manufacturing in Ireland has steadily changed as a result of the neo-liberal polices adopted since the 1960s. This is because the Government has represented the interests of the owning class in Ireland, joined with the neo-liberal policies of international capital. In the so-called developed countries—the United States, Japan, and the former colonial powers of Europe—manufacturing is in decline, and service industries have become the economic growth area. This is because they get other countries to provide their food and their raw materials and to do their dirty work for them.

Financial services are the administrative functions of advanced capitalism: banks and insurance companies, stock exchanges, accountancy services, software development, marketing, and management controls, such as recruitment and personnel management. Even the routine office tasks associated with these companies are sub-contracted to low-wage countries. Call centres, payroll administration, data-processing and on-line computer repair services are now largely carried out by workers in low-wage countries. The majority of such jobs are low-paid, with no job security. State agencies such as Forfás and the IDA disguise our service industry as "high-end services in software, financial services, shared services and customer-support activities," but in reality they are mostly low-paid, repetitive jobs.

Sales by foreign-owned companies amounted to almost €103 billion in 2007, with a ratio of manufacturing to services of roughly 3 to 1. Sales by Irish-owned companies were almost €30 billion, with a ratio of manufacturing to services of $2\frac{1}{2}$ to 1. Of course "Irish-owned" only means companies legally registered in Ireland and so includes transnational companies with a nominal head office here.

The composition of sales by Irish-owned industry changed dramatically between 1990 and 2007. The share of sales accounted for by manufacturing dropped from 95 to 73 per cent, while the share accounted for by international services increased from $4\frac{1}{2}$ to 27 per cent.

Employment in services increased by 21 per cent from 2000, compared with an average 6 per cent increase in the seven largest capitalist countries. Textiles, electrical machinery, printing and wood manufacturing are in decline, while bio-pharmaceuticals, chemical and medical devices are increasing; but these latter are all the products of transnational companies that are here only as long as it suits their profitability. Similarly, computer software, insurance and financial services are almost all owned by transnational companies.

A recent forecast by the Economic and Social Research Institute says that by 2025 services will account for more than 70 per cent of Irish exports and for nearly 80 per cent of GDP. And this forecast was before 2009's grim pull-out of transnationals.

By far the largest Irish-owned manufacturing industry, providing the largest purchasing of Irish raw materials and most employment, is food and drink, with 39 per cent of the sales of Irish-owned manufacturing. Ireland is one of Europe's major agricultural producers, and An Bord Bia reports that agri-food and drinks account for 8 per cent of the country's gross value added—slightly less than 10 per cent of its merchandise exports—and employs 300,000 people. Agriculture and related business is more important to Ireland than to any other EU member-state. In 2006 Ireland's gross agricultural output was valued at €5 billion.

The Government is now of necessity waking up to this fact and beginning to direct policy in this direction, but still within the same economic straitjacket of exporting, which is the inherent weakness of the present approach. It is a start, however. Combined with a radical change in agricultural policy it could provide the beginning of a move towards Irish control of resources and a source of new employment. We depend a great deal on imports, and an analysis of what could be produced at home instead would help to pinpoint new areas for development.

The Irish Congress of Trade Unions has examined how Ireland might look at the experience of other countries—including Denmark, Switzerland, Finland, Germany, Italy, and Sweden—whose manufacturing output is competitive in its precision and quality rather than price. In particular it has been argued that certain industries that are vital to those countries' manufacturing have equal potential for Ireland: construction components, electronics and engineering sub-supply, food ingredients, medical devices, and prepared consumer goods.

A modern alternative economy is possible. We must not swallow the lie of the transnational corporations that any independent economy is going to be backward and poor. Links with progressive movements in Latin America, including Cuba, can show the way, and we can be part of that movement.

The alternative to developing independent Irish industry is to continue to condemn many of our workers to low wages in the transnational companies that remain, with no job security, no union rights, and no worthwhile life, working long hours and commuting for more. Many others are doomed to unemployment, pursuing endless training courses for shifting jobs and chasing false hopes of success.

A state bank

Asserting more democratic control over capital, therefore, becomes a central political question. The Communist Party of Ireland has already proposed the establishment of a national state bank to control the maximum amount of capital that could be secured in the country and to use this for economic, social and community development.

The lack of public control of capital has been a major structural weakness and has restricted the potential for establishing a sustainable economic strategy that would permit the development and expansion of state companies as well as small indigenous companies to their maximum potential.

We condemn the so-called "rescue packages" dictated by the banks to the Government. Handing public money to the banks on the colossal scale demanded is socialising the debts of the ruling class. We are in a position where capitalism is demanding the socialisation of risk while insisting on the continued private ownership of profit in better times. The bail-outs will force up taxes, cut purchasing power, and rob us of the ability to make the public-sector investments required to get the real economy moving again.

We need a state bank for social and economic development. Instead of rogue banks being propped up with public money, a state bank could serve all the Government's financial needs, secure our pension funds, give low-interest loans to public agencies, such as for housing, and provide loans for local government. A state bank would be a secure place to which people could move the mortgage on their family home and also their savings and pensions, taking them out of the casino economy of the stock market. Credit unions and trade unions would also know that their funds were safe.

There are state banks in other European countries, as well as a highly successful co-operative bank in Britain. Instead of money from the Pension Reserve Fund being handed to the private banks it should go into such a state bank. There should be a legally enforced obligation to support investment where it can be proved that it is critical for job protection or creation, for example in Waterford Glass, SR Technics, and Bus Átha Cliath.

The strongest regulatory and democratic control must be placed on such a state bank, going far beyond token trade union nominations, as in the Central Bank. There would be a role for staff representatives on the board, and there is an argument for increasing the supervisory powers of the Central Bank and the Oireachtas Public Affairs Committee. The economic activities of the democratically run credit unions should also be expanded in such a way that they could compete with banks and mortgage companies.

A National Development Corporation

All existing agencies responsible for industrial development should be brought under one body, a National Development Corporation, to make maximum use of the experience and talents of all our people, north and south. This has the potential to make cross-border development a cornerstone of the reintegration and building of a sustainable national economy, giving real meaning and substance to national unity and helping to shape what a unified state might look like.

A National Development Corporation could begin to identify areas for growth in employment, relying first and foremost on the development of industries that use our natural resources in a planned and sustainable way. This could be linked to university research, north and south, with state-owned cutting-edge research to develop the next generation of industries in bio-technology and green energy, their development rooted in Irish conditions and out of the reach of corporate interests and the profit motivation, which controls most research at present.

As the control of capital is an essential part of an alternative economic and social strategy, so also is the public ownership and control of all natural resources, such as the oil and gas in our territorial waters as well as all land-based mineral resources.

The National Development Corporation would develop industries that are aware of and responsive to the growing global environmental crisis created by the policies and actions of monopoly capitalism.

The thrust over the last decade has been to allow the economy to be turned into a banking and service economy, with an over-reliance on transnational corporations. All the inherent weaknesses in this strategy are now clearly exposed. Cuba has shown that the proper use of resources and the planned development of society across the board—including health, education, and culture, its cutting edge the bio-technology industry—points a way forward and shows that small nations can have development outside the sphere of global capitalism. Alternative social, economic and cultural values are attainable and sustainable.

Real economic change requires major structural political change. Our alternative demands include:

- a national state bank;

- a national all-Ireland development corporation;
- the public ownership of all natural resources, including oil and gas (constitutionally secured, as in Norway);
- the repatriation of all powers and the control of fishing resources to an all-Ireland democratic body;
- a development plan for the use and sustainability of marine resources;
- the development of a plan for a more diversified agriculture;
- universal health insurance;
- the complete separation of public and private health services and the elimination of all private medical facilities from public hospital grounds;
- a universal national pension;
- the ending of all subsidies to private schools;
- a progressive and just taxation system, including a wealth tax;
- the state budget put to the people for discussion and debate before its adoption;
- a profound and thorough democratisation of all national and local state institutions.

The thinking that created the mess, and the political parties whose policies brought our country to the point where all the hard-won advances made by working people will be sacrificed to keep a bankrupt system going, must be challenged. Those ideas, and the political parties espousing them, are not part of the solution but part of the problem. The solutions now being implemented will only concentrate wealth in fewer and fewer hands. The middle class, who believed that society was being run in their interests, are suddenly realising that their living standard and cosy life-style will be sacrificed to ensure that the banks and the ruling class survive and remain on top.

Better use of our educated work force

We now have an educated work force, heavily science-oriented at the university level. These workers, instead of working for transnational corporations, could be employed in state laboratories, providing technical services for hospitals, instead of those services being handed over by stealth to foreign companies of doubtful credentials.

New drugs could be developed and offered at reasonable prices to developing countries. If our work force is as knowledgeable as the Government says, then instead of pumping money into transnationals we could buy management expertise and use our educated scientists to develop new drugs. Cuba, while suffering under an economic blockade, can still develop new drugs and treatments that are now used internationally.

Developing countries could use educational courses in engineering and agriculture suited to their environment, resources, and culture. Dealing directly with these countries at the state level, Ireland could again be trusted as a non-colonial country. Instead of transnational corporations moving in to assist with so-called development, ethical Irish companies could be contracted, at lower cost.

The Government failed during the boom years to fund education to the level possible, adopting instead a piecemeal policy and succumbing to pressure in some areas for political reasons while also colluding with private business interests. The introduction of "public-private partnerships" for school building is the most obvious example, as well as the recently revealed waste of public money in renting prefabs instead of building additional buildings or new schools. Of the 1,885 school prefabs being rented, 397 have been rented for five years or more. In 2008 alone the bill for this was €48 million—money down the drain. The general state of our schools means that a great number of our children are being educated in sub-standard classrooms.

Revenue is being lost by the tax exemption for owners of private creches and the grants and subsidies given for building them. Instead, county and city councils should be running publicly owned creches and charging reasonable fees, based on ability to pay.

Agriculture and fishing

The world's fishing stocks are dangerously depleted. Ireland is in a position to provide a safe, protected breeding-ground, with sustainable fishing by an Irish fishing industry for our own needs and selling only what would not damage future fishing stocks.

Because of EU policies, farming in Ireland is seriously weakened. We have large areas of land underdeveloped because capitalist industries bring in more profits. We need land reform, with the development of farming plans to make sure that land is used to the full. As the fuel for transporting goods around the world is a limited resource, using local produce should be the way forward (and not only in Ireland but in every country). Cash crops have been the ruin of local agriculture in developing countries.

The drift to towns was not inevitable, as usually claimed, but a development of capitalism. Rural communities and their towns could have developed in an entirely different way if making profit was not the ruling force. Climate has been put forward as the reason that vegetable-growing in Ireland cannot be a success, but many countries have developed systems that have overcome weather conditions by new methods. Large covered areas planted with vegetables and fruit could provide nearly all our needs, and indeed the successful north Co. Dublin mixed farming was an example of what could be done, even if it was unplanned. This was destroyed by cheap imports and the demand for building land. In England farmers are growing fruit and vegetables formerly susceptible to frost and wind; others are successfully growing high-quality grapes, something that would have been impossible in the past.

The quality of fruit and vegetables has deteriorated so much that they have no taste and rapidly become rotten without ever ripening properly, because capitalist ownership demands faster yields from high-production varieties, rather than maintaining quality. Instead of grants to transnational companies, grants should be given to farmers for developing high-quality mixed farming. This would mean that farms could complement each other in particular districts, providing employment and the sustaining of local communities, not as in the past but with planning and high-technology methods.

A study in England has found that smaller farmers were failing not because they were inefficient but because of the ruthless policy of supermarkets in price-cutting. Using the latest cost-saving machinery may benefit only one individual large farmer; instead we should use technological methods that combine quality with employment at a given time. An individual beef farm of thousands of acres may be of maximum benefit to that farm, but it does nothing for the community around it. If tropical countries produced primarily for themselves, their economies would develop more evenly, and we would benefit from any genuine surplus, with quality food for export, rather than tasteless crops that are being stored for long periods and irradiated.

Sustaining agricultural populations is usually presented as backward; but as food insecurity increases, countries are beginning to see the value of the natural resources they possess. In the place of relentless investment in companies for consumer goods, the value of food will come to be seen in its proper light. Rural societies need not be poor or backward, as with proper infrastructure and planning, using appropriate advances in technology, they can have as rich a life as any town-dwellers.

Energy

Ireland's energy is supplied from two main sources, natural gas and electricity-generating stations, operating mainly on oil and gas, with hydro-electric power, coal and wind farms making up the rest. Fossil-powered stations (coal and turf) are being phased out to reduce carbon emissions. Because of our dependence on oil, electricity prices are at the mercy of international markets.

As with other state and state-sponsored companies, ownership of the ESB is being handed over to private companies by stealth, in accordance with the second EU Electricity Directive, which requires state companies to be split up with a view to "liberalising" them—in other words, selling them into private ownership.

Ireland has a long tradition of opposition to nuclear power, but because of the neo-liberal agenda of handing over power generation and distribution to private companies, there is a lobby of business interests and tame academics who were given considerable air time over the last ten years to advocate nuclear power as the solution to our growing demand for energy.

Ireland has some of the biggest reserves of oil and gas in Europe. According to the Government, there is €540 billion worth of gas and oil under Irish waters (Petroleum Affairs Division, Department of Communications, Energy and Natural Resources, 2008). This is enough to write off the national debt ten times over. And yet our oil and gas is 100 per cent owned by foreign oil companies. The state receives no royalties; the oil companies will pay only 25 per cent corporation tax (in Norway it is up to 78 per cent); and these corporations can write off 100 per cent of their costs against tax (including costs incurred outside Ireland). They can also write off all unsuccessful wells.

The state should take back control of our natural gas supply from foreign ownership and pay for the expertise to exploit this resource, instead of throwing money at foreign companies, both directly and through taxation policy. Money can be found for failing capitalists and foreign companies and therefore should be demanded for the long-term development of our natural resources. The development of our natural gas and of wave energy would supply jobs and contribute to a reduction in global warming. Wind farms are increasing in number, but they still supply only a tiny fraction of the energy required. Marine power has hardly been explored, even though we live on an island with the power of the Atlantic Ocean on one side and the Irish Sea on the other. These alternatives are now being explored in other maritime countries. New, more efficient solar panels are being developed in China, which are expected to revolutionise the production of energy.

Any development of energy policy must be free of established transnational ownership, as their only interest is in exploiting resources for profit for their shareholders and not for the benefit of the population of any country. We must have energy security and develop sustainable energy resources that have the long-term good of humanity as their object.

Housing

Now is a good time to completely overhaul housing policy in favour of everyone having a right to a decent and affordable home. Large savings can be made in public spending by a general reform of land and housing policy. What is needed is a revaluation of urban and rural land and a revision of the planning laws. County and city councils should take over development land around cities and towns that is unfinished or unoccupied instead of propping up the developers' loans. Legislation is needed to prevent the usual resort to the biased "right to private property" granted in the Constitution.

A state bank, in co-ordination with county and city councils, the National Pension Fund, credit unions, trade union trusts and some insurance companies could provide alternative rented property with secure tenure and rights for tenants in the medium term. Suburban housing that has been built with no regard for community life could have some units earmarked for use as local meeting places, small shops, and recreation facilities, as well as post offices and credit unions. This would provide community cohesion as well as jobs.

The availability of surplus construction workers is an opportunity for public housing to be renovated. The building programme for public housing must be revised, and the plans for social integration that were abandoned can now be re-introduced. This is an opportunity to end the anomaly of having surplus housing at the same time as a waiting list of fifty thousand people and nearly a thousand homeless. All "public-private partnerships" and private management companies are a waste of public money, and the Government should be obliged to pull out of this reckless spending of scarce funds.

A short-term solution would be for councils to buy (at the cost of construction plus a reasonable costing of the land) suitable houses that developers cannot sell. The state should take compulsory possession of the properties of those developers who cannot pay back their loans to the banks. Houses already bought by councils for the affordable housing scheme should be immediately let out to housing-list tenants if buyers cannot be found.

Linking North and South

In the attempt to devise an alternative economic strategy, consideration must be given to complementary developments that favour an all-Ireland approach.

For a number of years during the phoney boom and the promotion of the "Celtic Tiger" as the model of economic development, the standard mantra in relation to the North's economy was that the public sector is too large. Now, amid global crisis, the same commentators are consoling themselves with the assertion that the North will be less affected by world events because of its larger public sector. Never worrying about self-contradiction, such commentators seem capable, like the White Queen in *Through the Looking-Glass,* of believing "as many as six impossible things before breakfast."

This kind of "analysis" reflects how, in the political, economic and social spheres, the people of the North of Ireland are marginalised in three ways. The potential to change or influence the economic and social policies of the British government remains just that—potential; they cannot change or influence the policies imposed by Brussels; and they cannot influence the policies of the Irish Government. Greater and more profound democracy is the only means whereby the potential challenge to this triple marginalising can be maximised.

None of the neo-liberal economic models or the mentality behind them can offer anything to the people of the North, where the scale of social deprivation outstrips other comparable regions that are subsidised by the British government. If we are to look at potential areas for development, therefore, the models would have to be on an all-Ireland scale. This alternative economic strategy would be based on economic control and political accountability. Among the features of such a strategy would be

- the need to dramatically increase investment in research and development;
- exploring all-Ireland networks to facilitate the development of manufacturing industry;
- greater planning and integration to obtain optimum gains from the scale of exports from the Republic and from industrial enterprises in the North;
- public procurement, whereby any investment package must be tailored to the maximum advantage of the greatest number of people, in recognition of the integral connection between economic dynamism and economic justice;
- a genuinely integrated all-Ireland transport system, with appropriate rail and road corridors, not only to facilitate economic progress but to ensure the provision of full and accessible services in such areas as health;
- investment in the environment and environmentally responsible projects—not only from long-term economic self-interest but because of the unifying political importance of demonstrating a common ownership of the Earth's resources for the purpose of common wealth in place of the despoliation produced by private development.

In the struggles of today we present the future

> The market will dry up some day for the industry of lies; it is drying up already. If you really delve into the truth, you will realise that the political conception of imperialism, as well as the neo-liberal economic order and globalisation process imposed on the world, is orphaned and defenceless when it comes to ideas and ethics. It is in this field that the main struggle of our times will be decided. And the final result of the battle, with no possible alternative, will be on the side of truth, and thus on the side of humanity.
>
> —Fidel Castro.

Neo-liberal policies have failed the people of the world. But capitalism will not self-destruct—in fact if not stopped it will go on until it ruins the whole planet. Civil movements and NGOs will not have the power to stop it, however strongly they feel. For years local civil unrest has been anticipated and well prepared for by the police forces of the main powers. That kind of opposition may modify capitalism and temper its worst elements; but it will take a politically organised people's movement within countries, uniting on specific issues of common cause in challenging political power, and linking globally to working people in other countries, to radically change society. It will require a politically organised coalition, led by the labour movement, to restructure society in the interests of all working people, to take control of national resources and to restructure industry and agriculture.

What is needed is the political will to do so. It requires a fundamental shift in priorities, a thorough democratisation of political, economic and cultural life in our country. Most importantly, it requires a profound democratisation of the role of the state, moving it away from being an instrument for imposing policies and protecting the interests of the powerful minority to being an instrument for ensuring that the will of the majority—of working people—is primary.

The demands of the left and democratic forces must be transformative, opening up the political ground on which we struggle, which will allow further advance. Economic demands that have no significant political aspect can, in the short term, be conceded by the ruling elite in their belief that they will win them back later on, as current Government policies show very clearly.

A start can be made with areas of common ground to all working people, such as a programme to secure employment and working conditions, a proper public health service, the protection of pensions, and the development of a proper public transport system.

We still have national parliaments that, nominally at least, have state power and are answerable to the people: they organise society and administer social funds, and have an army. They can be pressured so as to regain control of power and be forced to administer the state in favour of all the people.

The proposals put forward here are radical and progressive and could win support among trade unionists, the labour and republican movements, and people of good will who seek social change. All the anger around us as a consequence of fierce attacks on the working class will do nothing unless it is converted into industrial, social and community action. This action, however, has to be expressed politically. There is a challenge, therefore, for those on the left to build alliances that are lasting and sustainable and that pave the way for breaking the dead hand of conservative Government coalitions.

In discussing an attempt to rerun an American "New Deal," John Bellamy Foster and Fred Magdoff, in *The Great Financial Crisis* (Monthly Review Press, 2008), wrote:

> Nevertheless, if such a movement for radical reforms were actually tried and yet failed (we think inevitably) to remove the injustices and irrationality of the system, there would be a need to go back to square one. Rather the population would be fully justified in such a case in pushing forward and concluding that the entire political-economic structure should be replaced, brick by brick, with another that would meet their genuine needs and be under democratic control: a system of social use rather than private gain. Already peoples throughout the world have reached the conclusion that the only rational answer is to replace the current rotten system with a more humane order geared to collective needs. For centuries the friends and enemies of social progress have called this alternative of a people-directed economy and society "socialism." We can think of no better name.

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Progressive change is home-grown —not a gift from Brussels

LATER this year we will be asked to vote for the Lisbon Treaty, or the revised EU Constitution. This treaty as a document is incomprehensible unless read in conjunction with the Treaty of Rome (1956) and the Treaty of Maastricht as amended by the Treaties of Amsterdam and Nice. Very few advocates of Lisbon will have read these dense tomes. However, they will be advocating a Yes vote on the grounds of all the wonderful things that have happened to us since we joined the "Common Market" back in 1973.

There is a general view that all progressive change has come from the European Union. However, the facts seem to tell us that progressive change has not in fact come from Brussels but is largely home-grown.

On the question of social issues, divorce was legalised after two referendums. The Irish people alone made this decision.

The availability of contraception came from various radical groups of Irish people who broke the law unless common sense prevailed (some publicans even risked losing their licence by installing condom machines); and even the limited abortion rights, mostly related to the right to information and travel, came about when reluctant governments were forced to act on the famous X case.

On the issue of workers' rights, how many times have we heard workers refer to their "EEC days" when referring to the fourth week of annual leave? I have no idea how this expression got into common use. However, if we examine the subject we note that workers had three weeks of ann… as a result of Iri… lation introduced in 1973. An additional two days were added as a result of the first "national understanding" between unions, employers and Government in an agreement of 1979–80. A further two days were added in the Second National Understanding, 1980–81; and most unions added the twentieth day over a number of years when free collective bargaining prevailed from 1981 to 87.

As for public holidays, we can thank communist influence in the Irish trade union movement for May Day and the Church for St Patrick's Day, Easter Monday, June Monday (formerly Whitsun), Christmas, and St Stephen's Day. We have had the August holiday for as long as anyone can remember; and the October holiday came about when the late Michael O'Leary (no relation to Ryanair) was Minister for Labour in the 1970s and gave this holiday as a substitute for May Day when he bowed to employers' pressure not to grant the "Red" holiday on 1 May.

The only public holiday unaccounted for (or bank holiday, as they tend to be called in Ireland) is 1 January. I have heard some people say that this came about as a result of some European decision. However, I have no positive proof in this regard.

While we all know that women still get paid less than men, we will be told by the pro-Lisbonos, Sure didn't equal pay for women come from Europe! Well, yes, it did—but not because of some act of philanthropy on the part of Brussels. The idea of equal pay for equal work was introduced by the French Left government of Léon Blum in the 1930s. It stayed on the statute books in France throughout the Nazi occupation and con-

Women workers obtained equal pay as a result of struggle, not as a gift from "Europe"

…met men who explained all this mystery to him; and he learned …ssia in … its government existed under the form of a democracy. …d got … first; and … there were two …s political … *Jungle* (1906).

…votes.–

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