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Ireland

A battered austerity regime returns to power in Dublin

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On Friday 6th May Enda Kenny was appointed Taoiseach and the government of the 32nd Irish Dail established. Kenny and his Fine Gael party had been roundly trounced in the polls and his Labour party coalition partners decimated. Now, after 70 days of horse-trading, he had been returned to power. The austerity programme of Irish capital, enforced on behalf of the Troika, although slightly dented, remains in place.

The broad outlines of the Irish process will be familiar across Europe. Grinding austerity has stoked popular anger, eroded political structures and led to a greater instability. However, the absence of a working class party means that austerity continues, though at a great cost to the stability of capitalist rule.

One former casualty of the workers' anger was Fianna Fail. Their programme of populist nationalism had made them the party of government for most of modern Irish history but they were decimated for bankrupting the country. One consequence of the absence of a convincing opposition is that Fianna Fail has returned in this election. It was the turn of the traditional alternate government of a right-wing Fine Gael supported by the Labour party, to be smashed up and Labour ground into the earth.

There was an obvious way to resolve the crisis. The two opposition parties of the Irish civil war, Fine Gael and Fianna Fail, could form a national government. Both were keen to avoid this as it would confirm a widespread sentiment that there was only one party of capital and point up the need for a working class party.

It is also worth noting that the election was fought on the claim of sustained Irish recovery. If this were true then the capitalists would be fighting for a place in government to bask in the new era of prosperity. The fact that most parties fought to avoid office tells us everything about their own belief in an ongoing recovery.

Confidence and supply

In the event the two parties agreed a "confidence and supply" arrangement that would allow a minority Fine Gael government to operate while allowing Fianna Fail to reserve for itself the safer seats on the opposition benches. Another set of protracted negotiations produced a programme for government and the signing up of a gaggle of independents to provide the number of votes that allow the daily operation of the government.

When the dust settled and the new government was elected Michael Noonan, architect of the last five years of austerity, emerged yet again as the minister for finance. He remarked complacently that the various deals and manoeuvres had no budgetary significance. That is that Irish capital, despite a few bruises, is proceeding with the next round of austerity.

No-one has as yet drawn attention to the "right2change" union leaders and leftists who pushed an electoral alliance as the mechanism that would defeat austerity.

Semi-colonial state

A battered austerity regime returns to power in Dublin

The details of the various agreements illuminate the nature of Irish society. The confidence and supply arrangement between the major capitalist parties began with a declaration that the new government would remain within the fiscal space allowed by the Troika. The other major agreement was that both will stand with the Lansdowne Road agreement that enforces continued austerity, with job speedup and wages cuts in the public sector.

Irish capitalism will continue to act as agents for imperialism with their chief aim the continued impoverishment of the working class. Hardly surprising that public support for the new government, on its first day in office, hovered around 20%!

The full programme for government involved a suspension of contentious water charges and a rejigging of unpopular taxes. It was spiced with a range of bribes in terms of resources for constituencies aimed at winning the votes of independent TDs, beefed up with government appointments for those who signed up.

The reality of Ireland's semi-colonial status is evident. Ireland, with 1% of the European population, took responsibility for 42% of the banking debt. The finance minister declares that the government would not dream of asking Europe to honour promises to reduce the debt. All economic plans are within the fiscal space allowed by the Troika.

Internally civic society is bound together by a dependent nationalism, leavened by endless corruption. Basic services such as health and housing lag far behind advanced capitalist economies and are now in ruins following years of austerity.

Political patronage

Everyone knows that basic services are not guaranteed and that political patronage may be required to gain access to them. Known criminals are elected and re-elected in the hope that the "cute hoor" can steal some resources for their constituents.

TD's selling their vote to achieve advantage for their region is considered commonplace. One TD got improvements to a regional airport. Another asked for a cardiac hospital (he got his way, with the figleaf of a review of medical need). The former health minister remarked in despair that these deals made impossible a national health service. He is undoubtedly right, but given that the health service is the most expensive and inefficient in Europe and is in a state of collapse, the free-for-all for resources is to be expected.

So capitalism continues in a more unstable form. The government is a patchwork of conflicting interests, held aloft by the abstention of the main opposition party. On the opposition benches Fianna Fail and Sinn Fein jostle to present themselves as defenders of the people while presenting identical policies. The socialist groups are pushed to the sidelines. They were unable to join in the jostling for government and were restricted to the fantasy task of keeping Fianna Fail honest on the issue of water charges.

Water

Fianna Fail, who originally began the water privatisation process, were aided in their recovery by calling for a suspension of charges and the abolition of the water company. Part of their agreement with Fine Gael is to kick the issue down the road, with a 9 month suspension of charges.

The issue will continue to cause problems for government. Popular opposition is based partly on exasperation with endless austerity, growing more acute as workers are told the economy is in recovery. Alongside this exasperation was endless bribery, corruption and outright theft in the setup of Irish water and the use of public money to install water meters – a corruption that is everywhere and that goes on with impunity.

There is no easy way out. Europe insists that Ireland must privatise water, but is unlikely to enforce the regulations, relying on financial pressure. A decision to reverse water privatisation would add significantly to government costs. The total cost fits exactly into the fiscal space under government control. However continuing with water on the state books would weaken Ireland's credit rating and absorb monies needed to mitigate other elements of austerity and maintain social peace. In the discussion ahead the capitalists will not be slow to ask which aspects of housing, health and education should be sacrificed. An opposition unwilling to step outside the Troika budget will have little in the way of an answer. Sinn Fein have squared the circle of opposing water privatisation while staying within the troika programme by pleading exceptionalism – water is so important to life that it must remain a public resource. What then of the right to Housing? health? Education? Decent wages?

The narrow space of Troika rule

Water privatisation is a single part of a much wider process of selloff and the demolition of public resources. A big ideological element of the offensive is the argument that there is no alternative - and in fact there is not within current Irish society and the financial constraints of the Troika.

The capitalist class are foursquare behind water privatisation. They fear working class mobilization and hope to defuse anger with a fudge that preserves the privatisation process. Fianna Fail and Sinn Fein want to pose as an opposition, but have signed up very firmly to responsible budgets inside the terms set by Europe.

And a perfect storm is coming. The books were cooked in a ploy to win Fine Gael election victory and will have to be adjusted downwards.

Economic indicators show a fallback in the Global and European economies. Yet the trumpeting of Irish economic recovery has led workers to believe that wages cuts negotiated by the union leaders will be reversed. They are especially concerned about "pulling the ladder up" - setting lower rates of pay for new entrants to the workforce. Bitter industrial disputes are building up in transport, education and retail, with more disputes to come.

A major crisis is emerging in health. The service has been cut to the bone. Every year major expenditures have to be added to the health budget simply to prevent total collapse. Some services, such as mental health, have effectively been withdrawn. A recruitment crisis is growing as staff choose migration rather than accept the wages and conditions on offer.

Teaching unions in the secondary sector are seeking to step outside the extra hours imposed on them by the Haddington Road agreement. The issue is explosive, because the agreement contains an emergency finance act that allows government to withhold pay and pensions from non-compliant workers. The clause is a massive scabbing mechanism supported by the Congress of trade unions and would expose the role of the leading bureaucrats is suppressing workers resistance.

Housing

Yet looming over all these issues is the housing catastrophe. Workers are caught between NAMA, the agency in control of property bought with the workers money to save speculators, and the ruling class, comprising many landlords and property speculators.

The role of NAMA is to garner foreign exchange by selling off property at knockdown prices to New York's vulture capitalists. The recovery has seen working class disposable income shrink while the rich use their gains to fuel a housing boom that puts both housing and rental properties out of their reach. Single people are forced onto the streets. Every day sees another family pushed into emergency accommodation in a single-room bedsit.

Last year 75 social housing units were built in the Irish state. The ruling class of landlords and speculators are petrified by the scale of the threat but can see no solution from inside the cage of their own class interests. Proposals include making houses smaller, more tax breaks for speculators and tearing up housing regulations. Former labour minister Alan Kelly claims that a comprehensive solution would breach the constitutional right to private property.

The first initiative of the new government is to announce a major housing development in Dublin. Yet it is no different from past projects. Public land is to be handed over to private developers for open-ended development. The developers will make hand over fist and the scheme will contain hotels and retail developments. Only 10% of houses will be reserved for social housing. The big new idea is to scrap all democratic accountability and fast-track the development so that only developers and state officials are involved.

In case we had forgotten the endemic government corruption, a report into Garda malpractice reverses an earlier report. The Garda commissioner did nothing wrong and neither did the minister. The Garda did nothing wrong but there were problems with systems and resources. The whistleblower did nothing wrong but may have overstated the problem. However the sleepy-gas backfired when it emerged that the new commissioner and the Garda generally had fun a campaign of slander and vilification against Garda McCabe, who made the complaints.

Crisis of perspective

Yet a crisis of perspective paralyzes the socialist groups. They have sunk everything into winning a few Dail seats only to find that they are largely irrelevant inside the chamber. They are not prepared to sell their votes to the capitalists or to sanctify Sinn Fein as the nucleus of a new left party, yet the only role open to them is to operate as the "right2change" group – Sinn Fein in dray, back by the left union bureuacray and the socialist groups providing cover. Their own pretence at unity has proved a hollow sham. In the multiple crises facing Irish workers electoralism and reformism are wearing thin.

Outside the Dail real struggles are broadening and intensifying. In education, health, transport and retail stores workers are moving into confrontation with the bosses. Housing is a timebomb ready to explode. The militants who struggle in the workplaces and the communities must be convinced of the need for a unified working class movement, of the need for a working class party.