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Home And Away

Twenty years ago the Irish State appeared on the verge of bankruptcy. Escape seemed impossible. And then there was the Celtic Tiger—conjured out of thin air by the magic of money under the system of globalist capitalism.

The conjurer, of course, was Charles Haughey.

Haughey put on a great show in a Europe which had still not submitted to British pressure for deregulation. The Europe of Kohl and Mitterand was a very different thing from the Europe of Merkel and Sarkozy and Berlusconi. Merkel was a Christian Democrat in the Communist GDR [German Democratic Republic]. When released into the Federal Republic she had no bearings in it and the two forms of substantial capitalism—the corporatist European and the *laissez-fair* Ameranglian, had no tangible meaning for her. The British complaint that the socially-engaged capitalism of Europe was virtually socialist got through to her and she did her best to dismantle and de-regulate a society which was wedded to the old forms. (The British Minister for Free Capitalism In Europe at one point was Kim Howells who, not long before, had been in the business of overthrowing capitalism as a revolutionary socialist aligned with Arthur Scargill, the miners' leader.)

Sarkozy is a fashion statement. Berlusconi is a skilful trickster, operating amidst the ruins of Italian Christian Democracy with only the exhausted remnants of a failed Socialist Party as Opposition, in a society which in the past has shown it can run its affairs rather well without much in the way of Government.

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Supplementary Budget

Facing The Emergency

The *Irish Political Review* does not agree with all aspects of the supplementary budget. And, on some of the aspects that it does agree with, it thinks that Lenihan did not go far enough. But nevertheless, it is of the opinion that that the broad thrust of the budget was correct.

As a nation we have been living beyond our means. This is reflected in the deterioration in the public finances and the deficit in the balance of payments. The cost of servicing the National Debt has more than doubled from 5% of tax revenues to 11%. Tax revenues have reduced from €47 billion in 2007 to a predicted €34 billion in 2009 as a result of the collapse in the property market.

This could not be ignored by any responsible government, whether of Republican or Socialist hue. The solution is very clear: we must consume less and produce more. A small open economy cannot stimulate production by increasing consumption. Such a policy would exacerbate the crisis by increasing imports.

For better or worse the Irish economy has floated its boat on the unpredictable seas of the world economy. When conditions are favourable Ireland benefits disproportionately, but when the seas are rough the light, nimble craft will ship water.

The Fianna Fail-led Government has done the only sensible thing that can be done. It has steadied the ship of state and placed it in a position to take advantage of any upturn in the world economy. That is the most that can be done.

WHO PAYS?

But who is going to bear the burden of the necessary drop in consumption? The answer is all of us, but in particular high income earners. Accordingly, the Government has decided to double the rates of the Income Levy and to reduce the entry points for each rate. The new rates will be 2%, 4% and 6%. The new entry points

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Labour Comment, edited by **Pat Maloney:**
SIPTU Demands "Social Dividend"
From Banks Bail Out
Jack O'Connor
 General President, SIPTU

When Europe still had a purpose, it was convinced by Haughey, when he was President of the EU, that Ireland had moved out of Britain's shadow and now counted for something in international affairs in its own right. And Ireland was rewarded for the appearance of substance conferred on it by Haughey with massive subsidies—8 billions, small time now, but vast in those olden times of the 1990s.

And then Haughey performed the great money trick on the Docks. He had been one of the new native business class that began to emerge in the 1950s and to erode the Ascendancy stratum of inherited wealth—accumulated under Penal Law monopoly—that had survived in critical areas until then. (That can be the only rational basis for the obsessive hatred of him by the *Irish Times*.)

The very modern ideal of having a Government and a Legislature which is disconnected from vested interests in the economy and in society did not exist then. If it had, the Celtic Tiger would probably not have been born. The outer world was then very effectively represented in the Dail, and the possibilities of the current economic situation could be seen and could be seized.

The English Constitutional ideologue, Bagehot, said that grand display was a necessary function of state. In very olden times—before the 1980s—the Church provided impressive displays for the State. But, since those times, the major impressive display in secularised Ireland was that put on by Haughey.

But Government must also be representative of powers in the economy and must be able to direct them. And never before or since have powers in the economy been so well directed by government as in Haughey's time.

Garret FitzGerald made a living by writing on the economy in the *Irish Times* for many years, but his economic acumen as applied to business would have left him penniless, but for the extraordinary kindness of his creditors. He fared no better as Taoiseach.

Haughey used the powers of government, and his connections with the new class (his coterie, if you prefer) of wealthy businessmen, of which he was an original member, to perform the money miracle.

He made Ireland part of the financial heartland of globalist capitalism. Money

in vast quantities began to pour in through the Financial Services Centre on the Docks in the 1990s, as it has done for centuries into England through the City of London—and at the expense of the City of London.

And, under Haughey's influence, corporatist arrangements of the Christian Democratic kind began to function in Ireland. And it is beside the point to discuss whether Haughey was either a Christian or a Democrat, or a sceptic and an oligarch. He set up the Partnership system, and it worked better than might have been expected.

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Some years ago the Northern Bank in Belfast was robbed of about £26 millions. It was authoritatively stated that the Provos did it. Bertie Ahern said it as Taoiseach. John Bowman, as Chairman of *Questions & Answers*, poured scorn on the possibility that they might not have done it. The white van in which the money was taken from the Bank was caught on camera, and was followed on a series of cameras—the North is covered with them—until it disappeared somehow.

A bank clerk was prosecuted but, in the absence of evidence, the case failed. (Such things still happen in the North.)

Only one identifiable bit of the stolen money was ever found. The fact that it was found in a Social Club of the Royal Ulster Constabulary was immediately understood by all right-thinking people to be proof positive that the RUC had NOT done the robbery.

Some weeks ago a Corkman was tried on a charge of receiving some of the stolen money, knowing it to be the proceeds of the Bank Robbery. Judging by newspaper reports (which were grossly inadequate), no evidence was presented that the man had received any of the money taken in the robbery. He was convicted. (Those things are better managed down South.)

The man in question ran a money-lending, or mortgage, business in the form of cash transactions. He did not do this secretly. His disagreement with the banking system was on public record. In the days of the Celtic Tiger, property transactions mushroomed. Large numbers of people who had emigrated to England immigrated back. Properties had to be bought and sold and money had to be changed. And then people who did well out of the Financial Services Centre boom began buying second houses in Europe. And productive enterprises which had been small scale in 1990 expanded and acquired international ramifications.

Very soon half a million became the price of a normal house.

A money-lender doing cash transactions would need to have millions in hand. We were told in sensational newspaper reports at the time of the arrest that this man had millions in wheelie-bins. And we were supposed to conclude that he was up to no

good.

Some Northern Bank notes were found amidst all the other notes. There was no evidence that they had come from the robbery. It seemed good enough that they had come from the robbed bank, which was 300 miles away.

Suddenly we were out of the world of the Celtic Tiger, where millions of all sorts rolled around everywhere, and we were back in the small-time era of Lemass, when possibly a Northern Bank note was never seen in Cork. (In the UK a number of Belfast Banks were allowed to print their own money, while Dublin could only have Bank of England money. This continued after independence, when the Bank of England printed notes with Irish pictures for the Irish. "Irish" money was sterling, and was always treated as such in the North. This was, of course, financially advantageous to Britain. The establishment of Irish money on its own footing began with Haughey.)

The running of a mortgage business on a cash basis independently of the banks must have seemed suspiciously eccentric a couple of years ago to people who could hardly lift a finger without the help of a bank. It does not seem so foolish now.

The man in question was convicted on the strength of a confession which he retracted, saying he signed it under duress. It appears from some reports that he was subjected to sleep deprivation—one of the Five Forbidden Techniques for which Barack Obama has apologised.

His son was also charged, and pleaded guilty. Because he pleaded guilty no evidence was presented against him, and he was not brought to the witness box to give evidence against his father.

A persistent theme of the Garda questioning was said to be the involvement of Phil Flynn: Implicate Flynn and we will go easy on you. If you fail to implicate him, you will suffer the same fate as the McBreartys in Donegal.

Back in the 1960s Flynn was a kind of revolutionary socialist. In the seventies or eighties he became an effective reformist, the leader of the IMPACT Union, and a member of Sinn Féin. In his capacity as a reformist socialist and Trade Union leader he approached Haughey with a proposal for what became the National Agreement system and Haughey took it up and made it work.

It seems that, along with being a Union leader with an input into the formation of state policy, Flynn became a businessman in his own right, with extensive European connections and a prominent position in a major Scottish bank.

This would be something very extraordinary in a system of developed capitalism. But Ireland is still essentially in the phase of development that used to be called "*national bourgeois*". This was one of the things we disagreed with Flynn

Commonwealth

Nick Folley's letter on rejoining the Commonwealth (IPR 24/4, April 2009) was very interesting and apposite. One could jibe at the use of 'rejoining'. The Free State was not given any alternative to joining the (then) white men only club.

It would be interesting to have a closer look at the signatories to the demand for Ireland to be in the Commonwealth. Two of them are Party leaders. David Ford MLA (Member of the Legislative Assembly) is leader of the Alliance Party of NI. Dawn Purvis MLA is leader of the PUP (Progressive Unionist Party).

This is important because the letter, as published in the *Irish Times* (23.03.09) came from an interesting address, the History Department of UCC (University College, Cork). The above two mentioned persons have a number of addresses that could have been used. The Party Headquarters address, their constituency offices, their offices in 'Stormont' the seat of the NI Assembly. Their home addresses could have been used.

The Ulster Unionist David Burnside MLA has a similar plethora of addresses. He also has a number of 'home addresses'. Something similar applies to Senator Eoghan Harris. Lord Rana is an hotelier. He's got dozens of addresses. He is a rampant Union-buster. Mr. Burnside (a former employee of British Air) has 'form' in using dirty tricks' against Richard Branson's Virgin airline. The academic signatories are, surely, in the position to use a number of entirely legitimate addresses? **Seán McGouran**

about way back then. We made theoretical allowance for national bourgeois development. He rejected it. But he was the one who participated in the national bourgeois development. And, unlike many others, he did some good in the process.

*

A lot of learned nonsense is spouted about Ireland and the Credit Crunch. There is a tendency to take a moralising attitude to the role of developers in bringing it about.

Ireland grew fat on the crumbs from the Globalist table in the good times. The question was how the money gained was going to be invested. In the national budget, the bulk of it went to paying off the National Debt, which became one of the lowest in Europe. And, even after present measures have been taken into account, the National Debt will be lower than Britain's in years to come.

It might have been preferable if some of the surplus had been put into productive enterprises, but it was difficult for Ireland to stand out against the general EU policy of leaving things to the market. While an independent country has a certain leeway, there is a limit to what a small economy like that of Ireland can do within the capitalist system. And Britain had succeeded in making its *laissez faire* form of capitalism dominant in European institutions. The developers did what came naturally: and some of the things they built will stand the test of time. The improvements in infrastructure will be of lasting benefit.

The experts write as though there is a perfect solution to the crisis. The fact is that there is not. Keynes understood early on that an economic system was too complex to be guided on the basis of theoretical prescriptions: the thing was to

try out ideas which had a chance of bringing about the desired effect. This the Irish Government is doing with some ability and a great deal of energy. And it can certainly be said that the solutions come up with in Ireland are far superior to those being introduced in Britain and the US: at the same time it has to be said that the bank crisis is not so severe in Ireland. At least there are assets in existence which the Irish Government is able to buy from the banks. *Anglo* financial innovations produced financial instruments with no corresponding physical assets or, where there are, several competing claims to the same assets: and these instruments were financed by the banking sector with no adequate collateral. That said, both in America and Britain Government is throwing huge sums of money into a bottomless pit. The American bail-out scheme has the State taking 100% of the risk and taking 0% of the profit.

The Irish scheme is to set up a National Assets Management Agency which will compulsorily purchase toxic assets from banks, also taking over the collateral. A mechanism for determining the price to be paid is still to be established, but the banks will not be paid the full value of the loans they made that are being taken from them. If that leaves the banks short of funds with which to provide loans and working capital to enterprise, the Government proposes to give them such funds by purchasing shares in the banks. There will be losses for the shareholders of these institutions.

The Assets Agency will enforce the repayment terms of the loans it has taken over and gradually seek to realise the value of the assets it has bought. If, in a decade's time, it emerges that the Government has paid the banks too much for these loans, a further levy will be taken from them.

This new proposal is additional to the Bank Guarantee Scheme already operating, and will probably supersede it in effect.

The Banks initially financed the loans they made by borrowings, much of it from abroad. It has been suggested that the Banks should renege on those borrowings. It is hard to see how Ireland could maintain the strong position it has established for itself in international financial circles by doing this. While providing financial services is unlikely to be the engine of growth in the future that it has in the past, Ireland will not benefit by destroying its credit-worthiness internationally.

The question arises what will be the new engine of growth, now that financial services will play a much diminished role.

In the present financial crisis, the vigorous financial actions taken by Fianna Fail are reminiscent of the way it acted in the protectionist era of the 1930s. Then the Irish economy was protected and enabled to grow by the use of tariffs. Now it is to be protected by direct intervention in the banking system. The State has realised that the Banks are incapable of addressing the general problem: that they are in denial about the scale of the problem. While formal protectionism is off the agenda, *de facto* protectionism has become prevalent in major European countries. States have directly aided industries, not by means of tariffs but using other measures.

The Irish State is currently financially extended with its rescue of the banking system. However, there is a lot of capital at home and abroad which is seeking a safe home. The Government can issue targeted Bonds for the public to take up, with redemption dates in the future. The first bond could be for the purchase of Eircom, a failed privatisation. Using money subscribed for an 'Eircom Bond', the State should buy back the telecommunications industry and develop its potential. There are many similar investments which could be made.

At the moment Teagasc is the only voice calling for the development of the agricultural sector. In fact, as Charles Haughey realised early on, agriculture should be a mainstay of the Irish economy. There is an untapped demand for organic food, raw and processed: and it is ridiculous that Ireland should be importing food at all. What the present crisis has revealed is that the idea of leaving such matters to the whim of the market, or to the will of external political agencies is untenable. There are still national economies and the need for strong national governments.

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Peter Robinson and Martin McGuinness—First Minister and Deputy First Minister of Northern Ireland—have protested to Sir Anthony O'Reilly about the disparaging

attitude of the *Belfast Telegraph* towards the efforts of their Government to solve the global economic crisis. If Northern Ireland is a state—and the academic historians seem to have agreed to pretend that it is—then its Government should certainly be criticised for failing to act decisively in the world crisis. If it is not a state——

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The Irish Foreign Minister, Michael Martin, has published a book about a period of history which has not yet become history in the sense of being over and done with. The title is *Freedom To Choose: Cork And Party Politics In Ireland 1918-1932*. The thing about that period is that Ireland did not have Freedom To Choose. It acted under compulsion from the greatest Empire the world had ever seen. It chose to part company with that Empire in December 1918 but the Empire would not let it. At the end of that period, 1932, Mr. Martin's party came to office and took the risk of repudiating the enforced subordination to the Empire of 1922, and got away with it because the power of the Empire had decayed during the intervening years.

If Mr. Martin had written a truthful account of the choices made by Ireland in defiance of Imperial compulsion he would risk an international incident. Britain does not take kindly to having the truth told about what it has done in the world. It is for it to choose what should be remembered and for others to forget what it did to them. That is the recipe for harmonious relations. It would have been irresponsible for an Irish Foreign Minister today to publish a truthful account of what Britain did to Ireland when Ireland chose to part company with it in 1918. Mr. Martin has not acted irresponsibly in that respect.

One thing the book does is make clear that the comprehensive misrepresentation of Irish history of that era by the Oxford University Press was not something done behind the back of Fianna Fail and without its consent. The centrepiece of that misrepresentation was Peter Hart on Republicanism in Cork in 1918-22. The chicanery of Hart's method has been demonstrated conclusively. Hart was acclaimed by the History Department of Cork University at first. A mass meeting for the purpose of adulation was held, at which an attempt to enter a note of dissent was howled down. But Cork University has not recently been defending Hart's academic method, such as interviewing the dead and omitting crucial paragraphs in British documents when reprinting them. But neither has it been subjecting them to criticism. What its notion of "*academic freedom*" demands is battenning down the hatches and riding out the storm so that it will still have Hart there, with his systematically falsified history, when the fuss dies down. And they trust it will die down. They know the Irish cannot sustain

that kind of effort for long. Or was it the British who knew that? Or is there a difference in Cork University these days?

There was no need for the Foreign Minister to quote Hart. But he does so, again and again. This can only mean that the new Fianna Fail dynasty in Cork, being constructed by Mr. Martin, will have Hart's falsified history as part of a new authorised version.

Mr. Martin comments on how "*national issues*" were kept dominant by Sinn Fein in the 1920 Local Government elections, in place of municipal issues. But the great municipal issue was whether Local Government bodies would hold allegiance and pay dues to the Dail or Dublin Castle. The British interest hoped that the PR system would muddy the clear result of the 1918 General Election. It didn't.

The "*Treaty*" sort of slips in unnoticed, and we are straight into "*Civil War*". Mr. Martin says that leaders on both sides indicated that they did not want it. Why then did they have it? The obvious answer is because Whitehall kept up the pressure for it. Mr. Martin does not show that that is the wrong answer.

The Labour Party made a big showing in the 1922 Elections. Treatyites and Anti-Treatyites had made a Pact to field an agreed list of candidates so that the balance in the Dail would be maintained, and it was approved by the Dail. But Whitehall condemned it as undemocratic, saying that the people must be free to choose between conflicting parties—even though the British Coalition had won the 1918 Election with an agreed Tory/Liberal list. Collins was summoned to London and ordered to break the Pact. He came home and did so on the eve of the Election. The Labour Party, which had not contested the 1918 or 1921 Elections, contested this one. In the confused situation it did rather well. When the Dail elected in June 1922 eventually met in September, the Treatyites had started the Civil War under a Whitehall ultimatum, threatening action by the British Army if it did not do so.

The Labour Party had been taunted by some Treatyites with having submitted to De Valera's "*Labour Must Wait*" slogan in 1918. It would wait no longer. It contested the 1922 Election and three months later found itself the official Opposition in a Dail in the midst of a "*Civil War*" which neither it nor the Dail had had any say in starting and facing the most right-wing Government there has ever been in independent Ireland.

Mr. Martin wonders that Labour climaxed in 1922 and then went into recession. The reason of course is that it did not wait long enough. Reformist Labour needs a secure framework of state to function within. It jumped the gun in 1922 and paid for it.

Mr. Martin's party was formed out of

the losing side in the "Civil War". If the Treaty established an independent, democratic state in Ireland—and that is the consensus of our new history—then De Valera was a terrorist fighting democracy in 1922-3. Mr. Martin prefers to evade the issue. But it cannot be evaded. Evasion is concession.

Fianna Fail was formed out of Anti-Treaty Sinn Fein a couple of years after its military defeat. It said it would not swear an Oath of Loyalty to the Crown. The electorate in the mid-1920s began to revert to the Republican ideal, from which it had been frightened by British threats in 1922. The Treaty Party (called Fine Gael nowadays), victorious in war, might have managed the shaping of the Free State into a stable democracy by removing the Oath as a precondition of sitting in the Dail. It chose not to do so, even though the British Government in 1926 was a shadow of what it had been in 1922. It used the Oath as a device for excluding its defeated enemy of the Civil War from the Dail. It became a practical possibility that the party that won the election would be kept out of the Dail. In that situation Kevin O'Higgins was shot. In the ensuing emergency Fianna Fail entered the Dail. Did its break its undertaking not to take the Oath to the Crown? Mr. Martin leaves his reader to understand that it did.

De Valera described in detail the procedure he went through on entering the Dail. On the way in there was a room with a book in it. And the clerk indicated that he should sign the book. There was a Bible in the vicinity of the book. He took the Bible and put it away in a corner. Then he signed the book. And, if that was what happened, he did not swear an Oath. Swearing is not signing. It is what one does holding a Bible and saying, "I swear" etc.

Perhaps the new post-everything Fianna Fail represented by Mr. Martin regards all of that sort of thing as superstitious nonsense anyway. But is it altogether prudent for a Government Minister to gloss over perjury?

Mr. Martin suggests a Treatyite/Anti-Treatyite continuum of development:

"Collins's 'stepping stone' idea is of vital importance with regard to the development of politics in the 1920s and 1930s and in particular to the development of Fianna Fail which later incorporated the idea into its own political programme" (p510).

The "stepping stone" argument, by which many were drawn to the Treaty side, meant accepting what was conceded by Britain in the Treaty and using it to take what was withheld as the opportunity arose. But that is what was *not* done in the 1920s.

It was extremely ill-advised of the Foreign Minister to publish a book about

that period. It was bound to be either a confrontation with Britain or an incoherent evasion of confrontation. And there could never have been any real doubt which it would be.

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In mid-April the Irish delegate to the UN attended a UN Conference on Racism, held in Switzerland. On the instructions of the Foreign Minister he walked out during the speech of the Iranian President when Israel was mentioned. All the members of the EU walked out. Only the delegates of 150 states remained and applauded the Iranian President. The small minority of a couple of dozen that absented itself is the International Community. The vast majority that stayed is something else.

Incidentally, the 'International Community' appears to be white.

On the evening of the walk-out the British delegate was asked to explain why Zionism was not racist. He couldn't.

*

The Iranian President said that Europe had absolved itself from guilt for what it did to the Jews by helping the Zionists to destroy the Palestinian people. If the EU could have refuted the accusation, we assume it would have done so instead of burying its head in the sand.

Facing The Emergency

continued

will be €15,028, €75,036 and €174,980 per annum.

The great advantage of the levies from the Government's point of view is that the tax payer cannot use Tax Credits to reduce the amount raised. However, it is very disappointing that low income earners should be subject to any levy. One of the great achievements of Irish Governments in the last 20 years has been to take such workers out of the tax net. This has enabled welfare rates to increase without causing poverty traps.

Health Levy rates will also double to 4% and 5% and the entry point for the higher rate will be reduced to €1,443 per week which is €75,036 per annum (It was formerly 100k).

The PRSI [Pay Related Social Insurance] ceiling will also be raised to €1,443 per week or €75,036 per annum (it was 50k). But why not eliminate the ceiling altogether and use the increased revenue to give relief to the lower paid?

Finally, Lenihan has promised to change the Pension Levy to benefit the lower paid. This welcome change will cost €100 million.

ABOLITION OF RELIEFS

Many of the property based tax reliefs which benefited the wealthy were abolished in 2006, Lenihan intends to continue this process by reducing those tax expenditures that can have an impact this year.

There will be a reduction in the level of tax relief investors can claim on the interest for mortgages and loans on residential rental properties to 75% of the interest with immediate effect. Joan Burton of Labour thinks the relief should be abolished entirely. However, there is an argument that, since investments were made on the basis of 100% interest relief, it would be unfair to eliminate the tax immediately. However, if this arguable proposition is accepted, the relief should at least be phased out (e.g. 50% next year, 25% the year after followed by abolition in the third year).

The current special 20% rate applied to the trading profits from residential development land will be abolished and there will be restrictions on the treatment of trading losses. The profits will be charged at the relevant marginal rates of income tax or at the 25% rate of corporation tax. This is to be welcomed.

Another welcome change is the termination of the property-related accelerated capital allowance schemes in the Health Sector. This scheme covers private hospitals, registered nursing homes, convalescent homes and associated residential units as well as mental health centres. Schemes for palliative care units and childcare facilities will remain in place. Could this be the beginning of the end of Mary Harney's co-location schemes?

The Government has decided that from the 1st of May, Mortgage Interest Relief for principal private residences should only be available for the first seven tax years of the mortgage. This move is justified given the significant recent reduction in interest rates and in house prices. The relief will now be targeted on those who bought their homes when prices were at their peak.

However, Lenihan wants mortgage interest relief to support those who now wish to move, improve or buy for the first time. But why should these people be supported, given falling house prices? Lenihan's thinking is a little unclear on this because later in his speech he says:

"As house prices fall the provision of mortgage interest relief will be kept under review with a view to eventual abolition".

In our view such relief should be abolished. The tax system should not support housing bubbles.

CAPITAL TAXES AND SAVINGS

The rates of Capital Gains Tax and Capital Acquisitions Tax will increase to 25% with immediate effect. In the light of declining asset values, the CAT thresholds

are to be reduced by 20%. This is welcome.

The DIRT rate (interest on deposits collected by the banks) on ordinary deposit accounts will increase to 25% and to 28% on certain other savings products.

The existing 2% levy on non-life insurance premiums will increase to 3% and Lenihan is introducing a new levy of 1% on life assurance policies.

SOCIAL WELFARE

The Government resisted pressure to cut social welfare rates. However the Christmas bonus week will not be paid (representing a 2% annual cut). This must be seen in the context of a projected reduction in the Consumer Price index of 4% (although some of the reduction relates to the drop in interest rates and house prices, which will be of no great benefit to people on welfare).

Lenihan has indicated that the rent allowance will be reduced reflecting a decrease in rents in the market. There is a suspicion that State rent allowances have been keeping rents at an artificially high level. Now that the housing market has collapsed the State should consider increasing its stock of public housing, rather than relying on private landlords to supply accommodation for welfare recipients. There may be an opportunity to do this following the creation of the National Asset Management Agency.

Lenihan has given notice that in a future budget Child Benefit will either be taxed or means tested. In our view it should be taxed.

The Minister announced changes to the Early Childcare Supplement. This scheme was introduced to help people with the cost of childcare at the height of the boom. It cost the State €480 million last year.

The Programme is now being replaced by a free Early Childcare & Education year for pre-school children at an estimated cost of €170 million. The Minister believes that Pre-primary Education significantly enhances the subsequent educational achievement of students and in turn increases the return for State investment in education generally. The free pre-school year will start next January. The existing rate of Early Childcare Supplement will be halved with effect from 1st May next and abolished at the end of 2009.

The Early Childcare Supplement involved the State just handing money over to parents, whereas now the State will arrange for the provision of childcare (albeit through the private sector). Conservatives have objected that the State should be neutral as between mothers staying at home to mind their children and working mothers buying childcare services. However, the State is in a better position to negotiate cheap childcare rather than a collection of isolated individuals.

The Government is rightly proud of its record on protecting the most vulnerable.

However, Lenihan halved the Job Seeker Allowance for under 20s to €100 a week. The UK rate is £68, which is about €73, so the new payment is still higher than the UK rate: a reflection of how far we have come.

EXCISE DUTIES

The Irish State has to endure attempts at fraudulent "welfare shopping" from the North as well as a loss of tax revenue because of cross border shopping. Our politicians are perfectly entitled to criticise the patriotism of such shoppers. The first duty of our politicians is to protect the interests of the State they serve.

Lenihan put 25 cent on a packet of cigarettes but felt unable to impose any increase on drink.

VOLUNTARY REDUNDANCY SCHEME

The Minister introduced a redundancy scheme in those areas of the public service where permanent reductions need to be brought about. Staff aged 50 or over will be eligible for this scheme. The scheme is best explained by an example.

Most public sector workers are entitled to pensions at age 65 equalling 1/80th of their final salary multiplied by the number of years service, plus a lump sum of 3/80th multiplied by the number of years service.

At 65 someone with 40 years service would be entitled to an annual income of half (i.e. 40/80th) of final salary plus a lump sum of 1.5 times salary (i.e. 120/80) of final salary plus a lump sum of 1.5 times salary (i.e. 120/80). However if the same person wished to retire at 55 it doesn't follow that the person would be entitled to 30/80ths plus a 90/80th lump sum for his 30 years service. This is because the number of years that the person is being paid the pension will be greater. Actuaries would discount the pension entitlement by about 5% a year. So the person retiring at 55 would have his annual pension entitlement reduced by 50% (10 x 5%). However, under the new scheme there will be no actuarial reduction. But only ten per cent of the relevant lump sum will be payable immediately with the balance paid later at the normal retirement age of 65 without actuarial reduction and subject to current tax law provisions.

This scheme is quite generous. A few years ago when we had full employment there is no doubt that it would have been availed of. However, it will be interesting what the take up rate will be given the current economic environment.

CAPITAL EXPENDITURE

The Minister plans to keep capital expenditure at about 4% of GNP for the next five years. As much of the National Development Plan as possible should be retained. However we accept the Minister's point that priority should be given to labour

intensive projects. It has been pointed out that many of the skills for the Metro North project will need to be imported. There is a view that an over-ground solution would be of greater benefit to the domestic economy. However with the decline in activity in the rest of the economy, it is important that the State presses ahead with investment in infrastructure.

The State has also set aside €100 million to help Irish export-orientated companies. There are a lot of such companies that have long-term viability but have been brought to the edge of bankruptcy by the devaluation of sterling and the credit crunch. They need long-term low-interest State loans to survive the current crisis.

REFORM OF THE BOURGEOIS STATE

Last month the *Irish Political Review* remarked that the State had become "bourgeois" in the last 10 years because of the application of market criteria to senior public servants' pay. As a consequence it had subordinated itself to bourgeois interests. Lenihan's proposals are a modest step in reversing this trend and returning to Republican values.

Among the measures he announced for politicians were:

- 10% reduction in all expenses other than mileage rates where a 25% reduction has already taken place.
- Deputies will no longer receive long service payments or increments (about €3k after 10 years service in the Dail).
- former Ministers will no longer be paid Ministerial pensions while they are still members of the Oireachtas (in the case of Bertie Ahern this amounted to €164,000 per annum).
- Oireachtas members who are on paid leave of absence as teachers may no longer claim the difference between their teachers' salary and the cost of employing a replacement.
- The allowances paid to Oireachtas Committee Chairs will be halved (i.e. from €20k to €10k and the payments to Whips and Vice-Chairs (formerly €10k) are to be abolished
- The Oireachtas Commission has put forward its own proposals for a reduction in the number of Committees.

Lenihan made the point that members of this Government had already reduced their salaries by 10% last October. Ministers of State made a similar reduction. The public service Pension Levy was applied to members of the Government and Ministers of State. As a result, Ministers have seen a reduction of one fifth in their incomes.

Lenihan intends to set up a pay review body for senior levels in the public sector (presumably including politicians). He gave an indication of the criteria that this review body would apply:

"I believe pay at leadership levels in the public sector should be more in

line with pay in other countries rather than with top level private sector pay in this country which had become over-inflated in recent years and is now falling in any event."

All of this is welcome.

CREEPING NATIONALISATION?

The *Irish Political Review* remains sceptical of the Bad Bank solution. We are in sympathy with Jack O'Connor's view that the proposal "socialises losses". However we reserve judgement until we see how the plan is implemented.

The State through the *National Treasury Management Agency* will set up a new body called the *National Asset Management Agency* which will buy land and development loans from the banks. The book value of the loans—which are assets in the hands of the banks—amounts to between €80 and €90 billion. The crucial question is how much the Government will buy these assets from the bank for. 100% of these loans are not collectable but the uncertainty over precisely how much is actually collectable is undermining the economy by damaging the Banks' ability to continue providing credit to businesses and householders.

Taking these assets off the banks' books makes sense from a general economic point of view because the State is in a better position to absorb the risk. The discount on the book value of the assets should therefore take account of the risk that the State has undertaken as well as the net realisable value of these assets.

The State will pay for these assets by issuing Government Bonds to the banks. This will enable the banks to borrow from the European Central Bank using Irish Government Bonds as security.

The transfer of the assets to the State at a discount will not mean that the borrowers will be entitled to a discount. They will still be liable for 100% of the loans. Of course, in some cases, the borrower will not have the capacity to repay the loans. But, unlike with the toxic assets of the American and British banks, the loans will in general be worth much more than a zero net realisable value. In the event of a default, the developer's land will revert to the State. In the case of land in the 26 Counties, the State will be in a position to take account of the newly-acquired assets in its national development strategy. Could State-owned land in rural Ireland give a renewed impetus to the de-centralisation policy?!

If the State does not obtain a value equal to what it paid for from the bank it reserves the right to impose a levy on the bank at some future date.

All of this is reasonable and appears to be a far better scheme than the British Government's €600 billion insurance scheme to bail out her banks. However, the Government should not allow

ideological considerations to get in the way of ensuring that the State's interests are protected. In particular, Peter Bacon—a key Government advisor—seems to have an ideological aversion to nationalisation. This person has suggested that if the Banks obtain too low a price from the State they will require another injection of capital from the State because their assets will have diminished.

There are two points that should be made about this. Firstly, nobody is suggesting that the State should buy the assets at below their realisable value after adjusting for risk. If the banks have not provided for bad debts, they have been overstating their accounts.

Secondly, and much more important, the issue of the value of loans to be transferred to the State and the solvency of the banks are two *separate* issues. They should not be merged together. If, as a result of the due diligence by the State, it emerges that the value of the assets is far less than the Banks had provided for, that is not an effect of this scheme. All that has happened is the true financial position of the bank has emerged. The shareholders should not be compensated by the State because the value of the loans was less than had been previously thought. The shareholders should take the hit.

If it emerges that a bank's financial position is worse than had been previously thought and as a result of the deterioration of the capital ratio the bank becomes insolvent, the State should not balk at full nationalisation with no compensation for shareholders.

Recently, an American economist said that one shouldn't let an economic crisis go to waste. That is the attitude of the *Irish Political Review*. The lesson of recent times is that the banking model is deeply flawed. Banks in this and other countries have been using the savings generated in the productive economy to create asset bubbles, which have undermined the productive part of the economy even before the bubbles burst. And now such irresponsible policies are wreaking havoc. The idea that we can return to "business as usual" if the current crisis is resolved is simply not acceptable.

POLITICAL REACTION

In the post-budget debate between Brian Lenihan and Richard Bruton, Lenihan was much more convincing. Fine Gael has a mish-mash of mainly right-wing policies sprinkled with some left-wing populism. On the one hand it wants 15,000 redundancies in the public sector, a reduction in the minimum wage and an emphasis on cut-backs rather than increased taxation as well as a programme of privatisation. On the other hand its solution to the banking crisis is to create a "good bank" which would involve transferring the good assets of the banks to a new

financial institution leaving the dodgy assets in legacy bank owned by original shareholders.

This looks like expropriation of the banks' shareholders. When Lenihan accused Bruton of advocating a "*nuclear winter*" for investors in this country the Fine Gael finance spokesman had no reply.

During the Celtic Tiger years the Labour Party had been busy distancing itself from its working class base in order to make inroads into the middle class vote. For some time it has been attempting to sever links with the Trade Union movement. And precisely when there has never been more of a need for strong working class representation it has been left high and dry.

In her budget debate with Dan Boyle of the Green Party, Joan Burton spent a lot of time discussing the plight of a taxpayer on €60,000. Boyle had to point out to her that someone on €60,000 is not an average tax payer. The average industrial wage is €36,000.

MEDIA REACTION

Shakespeare (or Francis Bacon) in *Coriolanus* tells us that in the Roman Republic the political leaders had to wear the gown of humility before the people.

After a budget the equivalent for the Finance Minister in this Republic is an appearance on the Pat Kenny radio show. But it is not the "people" but some examples of the lumpen petty bourgeoisie that phone in to air their middle class frustration which Pat Kenny was happy to pander to. The first caller was a teacher whose investment in an apartment in Croatia hadn't worked out. She was on over €60k a year but there was absolutely no sense of social awareness never mind responsibility. Absolutely no appreciation that someone like her in a secure job was far better off than most other people in the society. She deeply resented paying any increase in tax in this country, which has one of the lowest tax rates in the OECD.

The second caller was the wife of a civil servant whose salary was also €60k plus. This income was supplemented by her part time job and yet she considers herself among the "new poor".

The views of these women were recorded approvingly by the print media.

If the Finance Minister could tax middle class whinging we would never have any deficits!

CONCLUSION

The *Irish Political Review* has thought for many years that there is no viable alternative to a Fianna Fail-led Government. Despite recent opinion polls, we see no reason to change our opinion. Opinion polls are practically meaningless outside the context of a General Election.

At present—despite the ramblings of some representatives of the discredited

Standard and Poor ratings agency—there is no necessity for a General Election. The Government has not encountered any serious resistance to its policies and is not likely to given the state of the political opposition.

Fianna Fail remains the responsible party in the State. If the Green Party holds its nerve it will benefit from the experience of Government.

A World Full Of Blind Spots

There was a letter in the *Irish Times* on 31st March on behalf of the *European Council on Foreign Relations* signed by a select group of 55 ex-Commissioners, Ambassadors, Prime Ministers and various other personages helpfully listed from A—W. Like so many statements and declarations from such people nowadays about the EU they tend to raise many more questions than they answer.

They assert that:

"Since 1945, Europe has enjoyed peace and prosperity as never before. The central reason was the creation of Europe's internal market which has locked the economies of different member states together in a legal community that enjoys the free movement of people, capital, goods and services."

The internal market was initiated in the mid 1980s and is yet to be completed, so how in the world was it a factor since 1945? It is generally accepted that the Balkans are in Europe and we have had a most vicious war there with an estimated 100,000 killed and 2 million people displaced. This happened after the internal market was initiated and the war was the working out of the oft-repeated desire of the driving force behind the internal market, Margaret Thatcher, to destroy the Federal Republic of Yugoslavia [FRY]. The EU carried out her wishes by breaking up the FRY and causing that war. Some peace and prosperity! Some blind spot by these people.

They comment on the Eurozone:

"The unfolding financial crisis has convincingly demonstrated the strengths of Europe's second big project, the creation of a common currency. Without it, some members of the euro zone might have found themselves in far greater difficulty. However, the euro project is revealed as incomplete; it has a central bank but it does not have a central treasury and the supervision of the banking system is left to national authorities. A lack of solidarity inside the euro zone, or even with new members of Europe's unified market could become a hazard for the euro zone."

Ireland's Comparatively Healthy Debt/GDP Ratio

The following letter was submitted to the *Financial Times* on 8th April, in response to its coverage on the previous day's Irish Budget, but the paper did not see fit to publish it. There has been quite a bit of *Schadenfreude* in Britain at Irish difficulties, which have been exaggerated. For instance, the *Sunday Times* magazine of 29th March featured a kitten on its cover with the caption: "*How The Celtic Tiger Lost Its Roar. Ireland's economy turned the world green with envy. Now the country's having kittens*"

As I stated on BBC2 Newsnight (April 7), in my capacity as Chief Economist of our largest union SIPTU, the Irish trade union movement is severely critical of both the lack of sufficient progressivity in the taxation measures of Tuesday's Budget, resulting in an undue burden on low to middle incomes, and its paucity of job creation and upskilling measures. The broad parameters are, however, about right. Despite the incessant screaming from more rightwing commentators, who demanded that the Government should have imposed even more stringent expenditure cuts in order to reduce this year's borrowing still further to 9.5 per cent of GDP, it has more sensibly opted for a level of 10.75 per cent.

Your own Irish Budget report (April 8) once again referred back to Standard and Poor's frivolous downgrading of Ireland's sovereign debt credit rating. Why? Ireland starts out from a far healthier debt/GDP ratio than many another EU member state. The European Commission's January estimates for 2008 ratios put the average for the EU as a whole at 61 per cent, the UK ratio at 50 per cent and the Euro area average at 69 per cent. In contrast, Tuesday's Budget statement puts Ireland's 2008 gross debt ratio at 43 per cent of GDP. But when the assets of the National Treasury Management Agency and the National Pension Reserve Fund are further taken into account, the net debt/GDP ratio comes in at a very much lower level of 22 per cent.

It is, of course, true that Ireland's gross debt ratio is forecast to peak at 79 per cent in 2012, before falling back to 77 per cent in 2013. But the net debt ratio will be still kept close to 55 per cent. As I also pointed out on Newsnight, your own Lex column forecasts (April 7) that the UK's public debt/GDP ratio will rise to over 81 per cent by 2013-14, with no equivalent asset holdings that might bring about a lower net outcome similar to that of Ireland. When it comes to the relative health of public finances, just who's standard and who's poor?

Manus O'Riordan
Member, ETUC Economic and Employment Committee
SIPTU, Dublin, IRELAND

The most glaring fact about the 'incomplete' Eurozone is that a major Member State is not a member, has no notion of joining, its deregulation philosophy caused the current recession and it is using its own currency to play havoc with other Member State economies. But, the UK and its negative effect on EU solidarity again becomes invisible to these luminaries. Will they ever see the UK's role in the EU for what it really is—a Trojan horse?

They tell us, that "*Europe is in a critical position. Its member-states are too integrated to be able to develop purely national responses, but too divided to decide on a common way forward.*" That is only partly true. And if they could cast the scales from their eyes they would see that that does not apply to the UK.

But the most significant item from these EU Foreign Relations gurus is that there is no actual mention of foreign relations! Could they please start on this issue by writing another 55 signatory letter explaining why they refuse to recognise the democratically elected Government of Palestine and provide special treatment

for the racist and warmongering state of Israel? Or is that another blind spot of theirs that that they think everyone else is blind to as well?

Jack Lane

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Shorts

from
the Long Fellow

THE INEVITABILITY OF SOCIALISM

It used to be the case that socialists believed that the triumph of Socialism was inevitable. Communists, in particular, believed that Marx and Engels had revealed the laws of motion of the Capitalist system and that those laws showed that the system would develop towards its destruction.

Marx and Engels may not have been right, but they have not been proved to be wrong!

About twenty years ago multi-national executives were imbued with the idea of competition. Large organisations were broken up and the individual component parts were encouraged to compete with one another. A subsidiary in a multi-national had "external suppliers" or suppliers not owned by the group and "internal suppliers" or suppliers belonging to the group. In the interests of competition it was perfectly acceptable for a subsidiary to buy from an external supplier in preference to the "internal" alternative.

But all that changed about ten years ago. The new line was that multi-national corporations must "leverage their size". The Head Office decided that the individual components of the organisation must be integrated. Subsidiaries were not allowed to compete against each other and under no circumstances were they allowed to buy from external suppliers if there was an internal alternative. Subsidiaries were not allowed to have their own computer sources and in many cases purchasing decisions were taken away from subsidiaries. Centralised purchasing enabled the multi-national to maximise its buying power.

It wasn't much fun being a Managing Director of a subsidiary anymore. Before, that person's independence was valued, but now he found himself being slapped around the place by Head Office for not being a "team player". Marx would have approved or, at least, would not have been surprised at the new line. He would have seen it as evidence of greater socialisation or integration of production even if ownership remained in private hands.

And the socialisation or integration was not confined within the multinational corporation. Developments in software facilitated "supply chain management" and "enterprise resource planning". Even external suppliers and customers became "business partners". Shared computer resources between independently-owned companies enabled more efficient

purchasing, production and marketing decisions.

But one area of Capitalism remained independent. That was the financial sector. Although integration occurred within that sector it became relatively independent of the real economy. Indeed the tendency was for it to de-couple from the rest of the economy. And for the last year it has been disappearing up its own arse, which would not be a problem if it were not affecting the rest of the economy. The greater integration of the real economy and consequent increase in the productive resources has made it essential that the financial sector should be subordinated to the real economy.

THE FINANCIAL CRISIS

Marx and Engels may not have been right, but they have not been proved to be wrong!

The current financial crisis may not pre-empt the dawn of socialism, but it does signal the end of the financial system as we know it.

In Volume 3 of *Das Kapital* Engels puzzled over two related elements of the current crisis: Finance Capital and Land. While value was created by Labour in Agriculture and Manufacturing, no value was created in the financial sector or by the ownership of land. And yet bankers are able to charge a rate of interest and even virgin land has a price. Engels concluded that the profits of the financial sector and rents originated from the productive sector of the economy. They were distributed from the Agricultural and Industrial Bourgeoisie to Finance Capitalists and the Land owning Classes. But the rate of interest, the price of land and rents was not determined by the law of value or the average rate of profit. It was an arbitrary and unstable element within the system.

Franklin D. Roosevelt concluded that in order for capitalism to function this unstable element needed to be tightly regulated. But that lesson was unlearned in the 1980s and led to the collapse of the Savings and Loans institutions in the USA. It has now been unlearned again with catastrophic and global consequences.

THE IRISH CRISIS

The *Long Fellow* has no interest in whether Sean FitzPatrick is corrupt or not. Morality should have no place in affairs of State. The law should take its course. Konrad Adenauer knew that if the Federal Republic of Germany was to consolidate itself after the War it would need continuity in personnel. The interests of the State took precedence over all other considerations. But that is not how Vincent Browne sees it. He thinks a new nationalised bank must be set up even though we already have one (*Anglo-Irish*) and may have more. He has a puritan desire for the banking

system to be born again so that it will not be tainted by original sin.

For the last number of years billions of Euros have been swirling around the Global system. What could be more natural for Irish bankers to access this money? And at the time it was thought that nothing could be "as safe as houses". Michael Soden is generally considered to have been blameless in all of this. He was the Chief Executive of Bank of Ireland but was forced to resign as a result of a personal indiscretion in 2004, a decent period before the banks began to look over the precipice. He was asked on Eamon Dunphy's radio show if he would have done anything differently to his peers had he remained on as Chief Executive. Soden replied honestly that he did not trust himself enough to give himself the benefit of the doubt.

It is quite ridiculous to explain the banking crisis by an outbreak of immorality among Irish Senior Executives. Nor can the crisis be explained by "crony capitalism" (as has been suggested about Ireland by the *Financial Times* amongst others). In fact the crisis was caused by the very opposite of crony capitalism. Unrestricted competition forced Irish bankers to lend recklessly in order to retain market share. Reckless lending was stimulated—as much if not more—by the entrance into the Irish market of *Royal Bank of Scotland* (2008 loss of £28 billion) and *Halifax Bank of Scotland* (2008 loss of £10 billion) as the activities of Seanie FitzPatrick.

The *Long Fellow* thinks that nationalisation is only part of the answer. In order to guarantee stability in the system the laws of competition must be suspended.

ECONOMISTS' INTERVENTION

20 economists wrote into *The Irish Times* (18.4.09) to express their reservations about the National Asset Management Agency (NAMA). The intervention was useful for the following reason. They think that NAMA should under no circumstances buy the €80 to €90 billion assets from the banks at greater than their market value. The economists—which include some right-wing ideologues such as Constantin Gurdgiev—are afraid that the Government might be tempted to do this to avoid nationalisation. As the *Irish Political Review* has pointed out in its editorial, the issues of the purchase price of these assets and nationalisation should be kept separate.

The *Long Fellow* thinks that eventual nationalisation is in the best interests of the taxpayer. However, the 20 economists think that nationalisation is a means of rescuing the banks so as to enable them to be privatised again. They think that in a few years the banks will make money again and can be sold by the State at a profit. This reminds the *Long Fellow* of the definition of a madman: someone who

tries the same thing twice and expects a different outcome. Why do the economists think that when the banks are privatised again they will behave any differently? Do the economists really believe that the failure of the banks was just down to the decisions of senior management and was not systemic?!!!

GOVERNMENT PERFORMANCE

The *Long Fellow* thinks that the Government has performed quite competently during the Financial crisis. The only serious mistake was to announce the 2009 budget before the true depth of the crisis became known.

At the end of last year the banking system was about to implode. The Government introduced the Bank Guarantee System and staved off the sudden flight of capital which was imminent. This guarantee was not given free to the banks. The banks had to pay a premium to participate in this insurance scheme. *Anglo-Irish* has been nationalised and the two largest banks are in the process of being re-capitalised and may eventually be nationalised.

Eamon Ryan of the Green Party has expressed doubts that the Department of Finance has the expertise to run a nationalised bank. But there is no obligation for the State to be involved in the day to day running of the banks. And, despite the moralistic bleating of sections of the media, there is no necessity to create a nationalised bank from scratch. The structure is already in place. All that is required of the State in the short term is that it provide supervisory oversight and decide on general policy. The Central Bank already does this. The problem was that in recent times the Irish Banks could safely ignore the Central Bank's warnings on the property bubble. Under State ownership this will no longer be possible.

But, as it happens, the State has decided that it has particular expertise in the most problematic area of the Irish banking system: loans to developers.

NAMA

"...somewhere back in the vast obscurity beyond the city, where the dark fields of the Republic rolled on under the night" (*The Great Gatsby* by F. Scott Fitzgerald).

The *Long Fellow* does not know any more than F. Scott Fitzgerald where the land that the Irish Banks financed is. But a large portion of it must be in Ireland and could be developed for the benefit of this country. The world economic crisis has severely affected the private sector in this country. It is likely that the State will have to take a greater role in the economy.

The *Long Fellow* does not know what proportion of the €80 to €90 billion is realisable, or how much the State is prepared to pay for these assets. But he is

encouraged by two things.

Firstly, he read that some developers are considering legal action to prevent the transfer of the assets from the banks to the *National Asset Management Agency*. This must mean that they would prefer to deal with their buddies in the Banks than the new State body.

Secondly, he understands that the valuation of the loans and also the land that the loans were used to finance will be done by a foreign firm. Ireland is a small country and there are a lot of desperate men here trying to salvage billions of euros. The *Long Fellow* knows a Director of one of the largest Estate Agents in the country who has no interest in subjecting himself to the pressure involved in valuing these loans.

STABILISATION FUND

After all the billions that have been channelled to the banks it is good to see businesses in the real economy receive some help. The €100 million stabilisation fund is not enough but it is a start. There is no point in handing over money to businesses that are not viable. It should be restricted to companies that are export-orientated. The funds given to these companies should be in the form of loans rather than grants to protect the interests of the taxpayer. And the State should use its leverage over the banks to augment this fund.

THE BUDGET DEFICIT

While there has been much talk of the State's budget deficit for 2009 which at 10.75% is the highest in the Euro Zone (but lower than the UK's) other statistics give a more benign picture of Ireland's ability to pay its way. Our national debt (the accumulation of budget deficits) remains at only 43%, well below the EU average of 61% of GDP.

The Irish economy has shown a remarkable ability to adjust to the crisis. While our exports are anticipated to drop by 5.9% in 2009 compared to drops in Germany, France and the UK of 16.5%, 11.4% and 9.8%, our imports have dropped even further. Our current balance with the rest of the world is likely to return to a surplus in 2009 according to the OECD. This compares to current deficits of 10% and 14% in Spain and Greece.

What seems to be happening is that the increase in the public debt is being compensated for by an increase in private savings. While there are many young people with high mortgages, about 50% of households don't have a mortgage at all. The Government should follow the advice of ICTU and issue a recovery bond to access these private savings.

A NEW NATION?

A curious and unremarked aspect of

Brian Lenihan's fine Budget speech was a reference at the end to our "*short history as a nation*". This must be a slip of the tongue. De Valera's formula was that Ireland was an Ancient Nation but a new State. About 20 years ago Brendan Clifford wrote that a rupture had occurred in the nation's development in 1810 during the Veto Controversy which enabled Republicanism to be fused with Catholic Nationalism. But that is something which Fianna Fail need not concern itself with unduly. The job of the largest party of the State is to provide ideological coherence and an affirmation of Republican values.

By coincidence Fintan O'Toole in the coffee table magazine which *The Irish Times* produced on its 150th anniversary also referred to the newness of the country. He said that the "*country did not really exist*" in 1859. It is a great pity that O'Toole did not say when it did come into existence. Perhaps in the fantasy world of that newspaper it began with the Freemason-inspired *Irish Times* Trust document of 1974!

THE BRITISH COMMONWEALTH

But the newspaper's fantasy world received a nasty jolt with the complete failure of its campaign to return us to the British Commonwealth. The campaign started with a letter in the newspaper signed by the usual suspects such as Eoghan Harris, Bruce Arnold and Ruth Dudley-Edwards etc. The impression was given that the Department of History in UCC had something to do with the letter but that Department quickly disowned any connection with the document.

The newspaper must have been shocked at the overwhelming antipathy to the idea in its letters pages. What killed the idea stone dead was the suggestion that instead of the Irish joining the Commonwealth the British should consider being a proper member of the EU.

The problem that the revisionists have is that while there is a significant minority of Irish people who are prepared to tolerate the denigration of aspects of our history and culture, practically no one outside an ideological clique has any affinity with British culture.

The newspaper had to prepare a tactical retreat. Its comedian Newton Emerson suggested that the Commonwealth wouldn't have us anyway. So that's alright then! Everyone is happy. We don't want to join and they don't want to let us in. But it couldn't just leave it at that. On 17th April it carried an eccentric article by a Julian Ellison who blames political separation on the British Conservatives, who opposed the Home Rule Bill and thereby undermined the Irish Parliamentary Party. This led to the decline of the British Liberal party and the rise of the divisive British Labour Party and Sinn Fein.

It can be quite pathetic to read history

from the perspective of those who wish that the past was something different to what it actually was. Has it ever occurred to these people that the vast majority of people in this country are quite happy with the way life turned out and don't consider history as being a mistake?

But if the revisionists are pathetic, they are nothing compared to *The Irish Times*. *The Irish Times* has been trying to revive the spirit of Redmondism in the Irish people, but in order to do this it must induce in itself a condition of amnesia. When Redmondism was a living political tendency the newspaper opposed it. It could not bring itself to support the Irish Parliamentary Party in the 1918 Election, even when there was no Southern Unionist alternative to Sinn Fein.

Julian Ellisson and *The Irish Times's* new-found liberalism is a piece of trickery. And *The Irish Times* let its mask slip when it revealed that Ellison believes:

"... that accepting a Protestant voice back into Ireland's political and social culture should be the next phase of the peace process."

Geraldine Kennedy is right when she says in the commemoration magazine that the *raison d'être* of *The Irish Times* has not changed in 150 years. But its ideology is moribund.

The values of the Republic will prevail.

Discussion Article: Readers are invited to comment on this analysis

Beware Falling Objects

Ralph Nader during the recent US elections had a slogan, summing up as he saw it, the present policy of the US Government: what he saw was as he put it, a "nanny state" pursuing a pro-capitalist policy of nationalising losses and privatising profits. Spot on and not just in relation to America: it is a worldwide phenomenon, including in Ireland.

At the time of writing, Anglo Irish Bank has just been nationalised and the bail-out plan, which would have involved an investment of €1.5bn by the state in Anglo, abandoned. Emergency legislation will be drummed through the Dail in a day, an assessor will now be appointed to advise Government on the real worth of the shares of the bank, with a view to establishing fair value from the point of view of compensating shareholders in the nationalisation context. Prior to the Government move, the shares were trading at 27 cent but as the Minister for Finance pointed out that is simply the market's price—and that may be more or indeed less than true fair value. There is

every likelihood that the market was over-optimistic in its valuation (even at that rock-bottom price), that it was pricing the share on a going concern and recapitalisation basis (with the new capital taking predominantly the form of redeemable fixed dividend preference shares and the ordinary shares undisturbed). Anglo has apparently recently been suffering a silent run on its deposits and the securities on its loan book seem largely to amount to claims against increasingly worthless development land banks given the collapse of the property bubble.

The word 'greedy' has been used incessantly by commentators about Anglo, as has 'reckless'. This is at best to misrepresent its actions. Anglo was not at all greedy. It and its borrowers were behaving absolutely normally and entirely rationally—as were other banks and their corporate customers—in a context of Government for years ignoring its regulatory and oversight duties in the name of "a light hand on the tiller". Just about the most sensible comment, indirectly, on it all was from Mary O'Rourke TD during a Dail Committee meeting to examine the recent pig meat crisis:

"And, as for those who charge 'recklessness', well not so long ago they were silent about any prudential concerns they might have had in the face of fine dividends and a fat capital gain on the share price. That is what they bought into."

But the Anglo story is not simply about local difficulties and native Government negligence in one relatively small bank. The entire Irish banking system is in deep trouble—for much the same reasons. Further, international investors have entirely lost belief in the 'Irish story', the pitch to them that this was a strong, vibrant economy, a place to confidently buy into. Well, not any more—and probably not for a long time again.

Nor does the line that Ireland is simply being hit by a global phenomenon that has its origins in the American sub-prime disaster wash. Yes, that is part of the story but only part. In many countries there are, as in Ireland, domestic dimensions to the more general collapse. And in Ireland the domestic dimension was not only the negligence of Government in respect of regulation and supervision but the very encouragement of bankers' and developers' actions in the name of what in the end proved to be utter hubris. This was done knowingly and it was invented as a policy by the former Minister for Finance and current EU commissioner, Charlie McCreevy.

To be fair, Government and McCreevy were nothing nothing if not consistent—for they behaved in precisely the same manner in respect of their own responsibilities as regards the public finances. They blatantly used the windfall of growth

to buy the electorate and bribe it into a sense, utterly unsustainable, of permanent well-being. Bertie Ahern oversaw all of this as did Brian Cowen, both as Minister for Finance in succession to McCreevy and as successor to Bertie (who by the way now, in the wake of Tony Gregory's posthumous and clearly calculated testimony in a *Hot Press* interview, appears as a spiteful creature, a jealous creep and deeply vindictive with a very long and unforgiving memory).

But to return to living politics: Ireland is now in a slump that at best will descend into a depression of a few years with little prospect of rescue unless Obama's 'big spend' works, which it may not. It is of little consequence and no consolation that Britain is in the very same boat—possibly even in worse condition, although that is not clear because there is every evidence that the Irish establishment including the media, are engaged in a significant conspiracy of censorship, and not just as regards Britain. Only the big and uncensorable bad news is being let out. Nonetheless everyone knows what is happening, despite the non- and under-reporting. People can see it in our cities, suburbs, towns and villages—cruising the shopping malls is gone, replaced by queuing at the Social Welfare office.

As to the charge of a conspiracy to suppress, no doubt people like Colm Keena will point to the likes of colour-piece coverage of the Commercial Court. But what is a daily colour piece tucked away in the financial pages, other than a potential for a journalism award, when it is not matched on the front page or in the news pages? This is elephant in the room stuff. On Friday evening the airwaves were full of the litany: more closures and layoffs, more jobs gone, the lives of more individuals, families and communities blighted. No censorship—but only because the scale of it could not be ignored or hidden. All of this contrasts with the veritable cataract of news of crisis in the British media—or the German or American or wherever.

Of course the charge is that anything other than the elephant in the room approach is 'talking down' the economy, indeed downright unpatriotic. (The Christmas 'shop for Ireland' campaign was in this regard surreally representative of this mindset.) There is another variation on this theme, evident on RTE radio in John Gormley's plea for all-party support in the Dail for the Government in these times of crisis. But why? Only a short while ago Gormley from the Opposition benches would in similar circumstances have been baying for Ministerial blood and scalps and—an immediate General Election with a view of replacing the Government. Some days earlier his Green colleague Senator Dan Boyle came up with not a bad idea, a hard pruning of the number of junior ministers. Gormley

refused to take the plea to Cabinet, yet Martin Mansergh and two of his Fianna Fail junior minister colleagues indicated willingness to take up the idea. Gormley's Green colleague, prim little Trevor Sargent, ensconced as a junior in Agriculture, was notable by his deafening silence on the question. Ah well.

Why should everyone—political parties, trade unions and the other elements of civil society—buy into joining hands with the Government in collective prayers to the Lord for salvation? That is not life, politics or social reality. There is little to suggest that Government has learned much, is remotely contrite—or that the banks have learned anything at all, other than that they have a soft touch in this outfit. That though, may be slightly unfair on the Government at this stage: the lesson may be beginning to sink in. This is one conclusion that could be drawn from the abandonment of the Anglo bail-out (which should never have happened, the bank should have been left sink) and the adoption of nationalisation in the way it was and when it was. The reality was that Anglo had called a snap egm to approve the bail out and announce a new Chief Executive, an insider and head of its UK operation (as big a bloodbath as is the Irish operation through the bank's engagement in the buy-to-rent sector in the UK), with still no annual report or audited accounts for last year to be seen (indeed having been delayed). If this signalled anything it was 'thanks for your money and now it's back to normal'. If this is a fir read of events then nationalisation—as a precursor to liquidation—is surely the correct approach.

There is though the question of bank and other business regulation for the future. Here we return to Mary O'Rourke and a proposal to her nephew, the present Minister for Finance. Brian Og [Lenihan], well suited to his pole position as putative leader of the mohairs of FF, would be well advised to ask his auntie for a lesson in historic Fianna Fail values (those of the old days) and mulling over his notes afterwards.

Which brings us finally to our Trade Unions and working class (do we have such?).

Congress as much as the Opposition parties have an issue to deal with. It is to avoid any embrace of Government in the name of 'national unity' or any other similar such plea, or indeed 'participative' or 'partnership' blandishments and to negotiate hard, extractive terms for workers, their families and the society they inhabit in the face of what is about to be demanded of them: wage cuts, large-scale redundancies in the civil and public services and in the wider public sector, retrenchment in public service provision and much more (in areas such as pensions and so on).

Feargus O Raghallaigh

The following letter, submitted by Feargus O Raghallaigh to the *Irish Times* on 18th December, was not published:

Might I be allowed to correct one small but relevant point of detail in Michael Casey's excellent article 'Double-edged sword for bank bosses' (18 December).

Mr Casey states that "New Zealand doesn't have one New Zealand-owned bank." Yes it does, have one and fast-growing, Kiwibank. Established in 2002 Kiwibank was created to be precisely what it is: it markets to its public under the slogans "it's ours" and an "epic story of resistance" {to the dominance of New Zealand banking system by Australian-owned banks}.

Kiwibank is wholly owned by the state-

owned New Zealand Post Office and operates a branch network through more than 300 PostShops (the post office branch network) as well as a national network of ATMs and electronic and phone-based banking services. It is profitable and growing, has more than 600,000 members (out of a population of more than 4 million residents) and provides a full range of services, personal, business, international and home-loans. As someone in a small way familiar with New Zealand I can vouch for Kiwibank's popularity and availability of service through the highly service oriented PostShop network and telecommunications networks.

By the way, the bank is fully guaranteed by the government and is chaired by a former prime minister, the Irish Kiwi Jim Bolger and has a staff of just 800 (where are all the fat cats, executives and bonus-fleecers?).

Irish Political Review* carried an obituary of Sheila in March 2009. Here is another which first appeared in the *Anglo-Celt

Sheila Kelly 1932-2009

Originally from Naas, Co Kildare, Sheila Kelly, moved to Bailieborough, with her husband, Jim, in the mid 70s, where they ran The West End Bar.

Sheila had married Jim in 1956 and had settled into a happy marriage and partnership, following him to Kells, Co Meath, Tiberius in Israel and Damascus in Syria, as Jim advanced his army career.

In 1970, in what is historically referred to as the arms crisis, Jim Kelly, an army Captain, was accused of conspiring with others to import arms into Ireland for use in Northern Ireland. Two celebrated cases followed in the High Court where all of the accused were subsequently acquitted. Jim's defence that the importation was government sanctioned prior to its changing its mind, did not endear him to the politically powerful, as the government argued that they knew nothing about it. His reputation in tatters, he and his family were left in penury to survive political out-casting.

Throughout this time, Sheila, stood squarely behind him. In 1971, plucked from the shelter-belt of a middle class officer's wife, she was compelled to confront adversity. With six children, under the age of fourteen years, and no income (or prospect of income), she and Jim foraged to provide for their family. Initially even Jim's small army pension was denied. Sheila lobbied incessantly on the matter, and with child's buggy in tow, she picketed the Dail to highlight the raw political deal meted out to her husband.

Eventually, Dick Walsh, a journalist with the *Irish Times*, canvassed Minister Paddy Hillery to intervene and have the government's veto on his army pension lifted.

In a different life Sheila might have done many things. She was of that era when a career was not an option for women and where marriage ensured an end to a

civil service job. As her children grew and left home, Sheila actively participated in Bailieborough life. She ran the pub with Jim and grew to know the many members of the local community, and they would both fondly recount tales of the Fays, the Mitchells and the escapades of Josie Duignan, among others.

In the early 1980s, Sheila and Jim sold the pub and moved to Barrack Street, where she became involved in the local community, including the set-up of the Enterprise Centre. Sheila also served on the local Chamber of Commerce and spent some time as secretary to the local Fianna Fail cumann. During this time she completed a diploma in personal development and gave workshops to teenagers who had fallen outside mainstream education. She was also awarded Cavan Person of the Year.

Sheila took an active interest in publishing. She worked with Jim to publish and distribute his books, and co-edited the *Cavan Leader* during 1990s. She also wrote and researched many articles, including one on Henry James for a Dublin publication.

Moving to Cavan strengthened the family bond with nearby relatives. Sheila and Jim were especially close to Jim's cousin, Donald McCabe and his late wife Kitty, of Tunnyduff. Also, Jim's sister, Theresa Connolly of Farnham Street, Cavan, who in her youth picketed the Four Courts, was Sheila's great friend. Other Cavan relatives include Brendan Kelly (Virginia), Vera Kelly (Bailieboro) and Lil Carolan (Bailieboro), as well as Jim's siblings further afield and her own Kane family, particularly her sister Eithne and her brothers in law, Father Martin Kelly (Portaferry) and Father Oliver Kelly (Manorhamilton), who concelebrated the Requiem mass.

Sheila is survived by her six children, Suzanne—Tax Barrister (Dublin & Athlone), Jacqueline—Solicitor (Dublin), Sylvia—Teacher (England), Peter—Greeting Card Manufacturer (Bailieborough), Justin—Fund Manager, Harvard (Massachusetts), and Sheila—Business Executive (Dublin)

Pat Murphy Tributes

Pat Murphy died on 1st April. His family, friends and comrades gathered to give him a good send-off on Saturday, 4th April. Pat had been ill with cancer for some years, but did not tell anyone until it became unavoidable late in 2008. His friends knew he had heart problems and attributed his growing weakness to that. This was on top of an orthopaedic problem resulting from TB contracted in early childhood. His philosophy was that he would never be crippled in his mind, though crippled in body and he followed it through, right to his lucid end. Below are some extracts from the Funeral Service, which was arranged in consultation with Pat and held in Glasnevin Crematorium. Manus O'Riordan did Pat proud as Master of Ceremonies

Entrance processional music: "Return to Fingal" played on uilleann pipes by Noel Pocock

Manus O'Riordan sings "Roll Away The Stone" ("Homage to Jim Larkin")

Tony Rogers speaks on behalf of Pat's family

Mick Murray speaks of Pat's early political activities

Tony Monks speaks on behalf of the Larkin Unemployed Centre (see below)

Malachi Lawless speaks on behalf of the Irish Political Review Group (see below)

Annette O'Riordan sings "Pulling Hard Against The Stream"

Tom Crean and Jimmy Kelly sing "The Parting Glass"

Des Geraghty (flute) plays his composition "Caoineadh Mo Mhuintire" ("Lament for my People")

Manus O'Riordan sings "The Foggy Dew" (Easter Rising)

Announcement that on May Day, Friday, May 1, Pat's family will be holding a month's mind Mass in his memory in Gardiner Street Church

All stand for a minute's silence and private prayer or reflection

Committal music: Noel Pocock (pipes) plays the Jacobite air "Marbhna Luimnighe" ("Limerick's Lamentation")

PAT MURPHY 1937-2009

—AN APPRECIATION

Pat Murphy's formative years were blighted by illness, which left him with permanent physical disabilities and an almost complete lack of formal education. Despite these handicaps, Pat carved out a niche for himself in Irish left wing politics and has a record of achievement as a Trade Unionist and grass roots political activist which is in many ways unparalleled.

When I asked him, shortly before he died, why he got involved in Politics, he said it was initially just sheer rage at the treatment he and others had received in Cappagh Hospital as children and later on finding that Socialism provides a ready made intellectual context for the expression of that anger and a means to channel it. He was hugely impressed by the post-war British Labour Government and described those involved as one of two exceptional generations, the other one being the Irish generation which fought the War of Independence.

Pat went to England at the age of 22 in the late 1950s, at which time his politics

were left republican, based on family history and admiration of those who fought the War of Independence, and he has speculated that if he wasn't so physically disabled he might have been involved in the IRA's 50s campaign. When Pat left Dublin for England his father, a Civic Guard in Dublin, advised him to "*stay away from politics!*"

Initially based in Oxford with relatives, he soon found that emigrant culture did not appeal to him and he moved to London, where he attended the Working Men's College, which he described as "*a little university for the workers*" and took English literature classes run by an English Communist, who he said "*kind of took me in hand*". He got his GCE O levels and a civil service job with the land registry. It was in the College in 1959 that he met Brendan Clifford and this meeting began a lifelong engagement with the politics associated with the British and Irish Communist Organisation and latterly the Irish Political Review Group. Pat said he decided to go politically with Clifford rather than his English communist teacher because "*Clifford would react to your mind, which was what I needed*". He worked his way around his disability and not only became intellectually inspiring, but got himself around to meetings and up on to platforms.

The Irish Communist Group was formed in 1964 and included Liam Dalton and Noel Jenkinson. A Trotskyist section was formed by Gery Lawless and Eamon

McCann. The others, including Pat, Brendan and Angela Clifford, Mick Murray and Denis Dennehy became the Irish Communist Organisation—later the British & Irish Communist Organisation. It took the Chinese side in the Sino-Soviet split and was regarded as "*Stalinist*". This was because it regarded as a fundamental error the Trotskyist and Revisionist view that Stalin had destroyed Leninist democracy. The ICO maintained that there was never a Leninist democracy and that the state that Stalin ran was the one deliberately conceived of and constructed by Lenin.

Anti-revisionists and Maoists began to gravitate towards the ICO. It was decided to build a new Communist Party in Ireland, and Pat, Mick and Denis went back to Dublin with this purpose in 1966. The ICO involved itself in the Housing Action Committees in Dublin and Cork, where it formed an alliance with other Communists, left-Republicans and Socialists and found that you no longer risked being thrown into the Liffey or the Lee for being a public Communist. A lot of younger, mostly working-class, people were radicalised by these activities.

One of Pat's favourite anecdotes from those days was when he and Mick Murray were invited to Albania in 1969, as representatives of the Irish anti-revisionists, where he fell foul of his hosts at an official function by only proposing a toast to the Irish and the Albanian Peoples and omitted to toast Enver Hoxha. This,



Pat Murphy (centre) with his guides in Communist Albania

he speculated, resulted in the Irish delegation not receiving a follow up invitation to China, which was extended to the other groups present. He had no regrets about this, because, as he said about toasting Hoxha, "*I just couldn't do it*".

By 1969 the ICO was involved in Belfast where members such as Len Callender, Tommy Dwyer, Jack Lane and others manned the barricades in West Belfast against the B-Specials and others. In the course of this activity the ICO, with the initial idea coming from Pat and developed by Brendan Clifford, came to the conclusion that the idea that there was a single nation in Ireland was a delusion which undermined other policies. Understanding that the Protestants in the North were a real and really different nationality, for whatever reason, was essential to the solving of sectarianism. Pat said he went with the two nations theory on the basis that "*the Irish national revolution had never tried to engage the Ulster Protestant community and an attempt had to be made to do so*". Pat recalled the first public outing for the two nations position at a meeting in the Mansion House in Dublin, attended by Conor Cruise O'Brien, Eamon McCann and others. Pat asked O'Brien; did he agree that the Ulster Protestants had the right to integrate with the UK, bearing in mind that in Lenin's definition of self determination, separation, federation, or integration were all legitimate options? O'Brien waffled but didn't give a definitive answer. Pat repeated the question twice more until finally O'Brien simply said "yes".

In Britain the ICO got involved in Trade Union politics—especially demands for Workers' Control. This brought about the undermining of Leninism a bit in the group and along the way the undermining of Pat's work of building a CP. In 1974 Pat split with the BICO and this split lasted for a good few years while Pat involved himself more and more in Trade Union and related matters. Denis and Mick also left the BICO at this time.

From the early 70s Pat was an Irish Transport and General Worker's Union shop steward in a Dublin factory producing telecommunications equipment, mainly for the car industry. In the early 1980's, following a bitter 14 week unofficial strike, the membership overwhelmingly voted to seek a transfer to another Union. However there was a hurdle to be overcome. The rules of the Irish Congress of Trades Unions at the time stipulated that such a transfer could only take place provided 100% of the members agreed to transfer. This allowed the transfer to be blocked. Pat initiated a legal challenge which proved ultimately successful and the ICTU's rules were subsequently amended in 1982 to allow union members

to transfer where 80% or more voted in favour. Pat never regretted taking this action, but he did regret that he had had to, as he always regarded the ITGWU as being part of the National Movement and disliked the influence which British-based unions brought to bear on left politics here and especially, later on, their opposition to Social Partnership.

Pat then began a long campaign, with input from Mick Murray, to achieve a worker shareholding in the Company, where he saw the possibilities of trading new working methods, of self-organised work groups, for a stake in the company. Pat based his vision of workers' democracy on a study of the Mondragon Co-operative in the Basque country, where self-organized work groups were the basis for one of the largest and most successful industrial co-operatives in the world. The attempt to introduce worker shareholding and a level of shop floor democracy in the company ultimately failed, mainly because Pat was way ahead of his time in putting these proposals forward. Both the worker shareholding concept and the work organization methods he proposed have come into vogue in the intervening years.

Pat's increasing concern at the level of mass unemployment and emigration prevalent at the time led to him being one of the founders, in 1986, of the Larkin Centre for the Unemployed, in Dublin's North Strand. Looking back at those times, even in the context of the current recession, it is hard to credit the scale and depth of the unemployment crises then prevalent. It was not uncommon in inner city local authority housing complexes to have levels of unemployment of 75% or more, with second and third generation unemployment emerging as the problem

became more intractable. This laid the seeds for the heroin problem which became the scourge of the area and others like it.

Having initially been involved in the setting up and the management of the Centre, Pat took voluntary redundancy and began work full time with the Centre shortly afterwards. Pat was very much swimming against the tide at this time by focusing on job creation as a solution to mass unemployment. Much of the conventional wisdom in circulation was that unemployment was there to stay; that Ireland was the standard-bearer of the post-industrial society, where the only realistic approach to the problem was a welfarist one. Economists, social commentators and even some community activists were pushing the line that full employment was an unattainable, utopian ideal and the real issue was how society was to be organised to accommodate the fact that large numbers of people would never have paid work again. Indeed I remember one respected Trades Union commentator at the time proclaiming that the unemployed were the vanguard of the new leisure society which was emerging in the capitalist world. Pat saw through this humbug for the counsel of despair it was and was regarded as a maverick for his troubles. However, in his own inimitable way he did not waste his time in engaging in sterile debates on the subject, instead he set about tackling the problem head-on—by creating jobs. The focus of Pat's work with the Larkin Centre was initially in trying to develop co-operatives, which he believed had the potential to deliver jobs and progress his long-held goal of workers' control. Having been involved in the founding of a number of co-operatives, some of which are still



Pat Murphy (right) with Dennis Dennehy

trading today, Pat came to believe that self employment held more potential for job creation among those people who were coming through the doors of the Larkin Centre. This insight resulted in the creation of the Larkin Centre's Enterprise Unit, through which Pat helped many hundreds of people to create their own jobs during the 1990s and early 2000s. Pat developed systems of mentoring, training, business plan development, and links to grant-making bodies, which effectively made the Larkin a one stop shop for the unemployed who felt they had the possibility to create their own jobs.

Pat was a source of never-ending commitment and enthusiasm for the work of the Centre and acted as Secretary of the Management Committee until recently. His commitment was so great that at one stage, when the Centre could not afford to pay his extremely modest wage, he continued to work for nothing.

Pat was a vocal supporter of Social Partnership. At the local level he saw what could be achieved through working with the state agencies, such as FAS and the Department of Social Welfare, to support the people he was working with. At the national level he engaged with Social Partnership through the Irish National Organisation of the Unemployed (INOUE), where he represented the Larkin Centre on the INOUE's National Executive Committee for over ten years, from his cooption in 1996. Pat brought a unique perspective to the organization, being one of the few people who could bring a focus on job creation measures to its agenda and through that to the Community and Voluntary Sector Pillar of Social Partnership, after the admission of the sector to Social Partnership in 1999. Pat saw left opposition to Social Partnership as being little more than wrecking tactics and would give short shrift in debate with oppositionists, liking them to the British left of the 1970s, whose only legacy to the British working class had been Margaret Thatcher. Pat could more than hold his own in debates and it was a brave, or indeed foolish, individual who would take him on, for he could be cutting and remorselessly logical in destroying an opposing position. Yet what most defined him was that he was a leader, a man of action who, once he decided what needed to be done, went out and did it, an approach best exemplified by his time with the Larkin Centre. He had a particular contempt for those who spent their time criticising from ivory towers and he respected those who did things in the world, such as Charlie Haughey.

Pat held that Fianna Fail (and particularly Charlie Haughey) is due a large measure of respect for its contribution to the creation of Social Partnership and the prosperity which followed and he saw the culture of the tribunals—attacking

Fianna Fail politicians—as a deliberate, never ending attack on the State itself, orchestrated by, among others, the *Irish Times*.

Pat stood foursquare as an Irish Communist behind the State created by Éamon De Valera and Sean Lemass and continued by Haughey latterly. However on the national question he saw Fianna Fail as having been disorientated by the Arms Crisis of 1969-70. To Pat, if a united Ireland was to mean Ireland being united again with Britain, then our republic has reached an unacceptable level of disorientation indeed—led by Fianna Fail! In his latter years he railed against those who denigrated every achievement of the independent Irish state and took great pride in showing off the social housing unit which the State had provided him with in Blackrock. The 12th July last year found Pat, despite his obviously failing health, again doing what needed to be done. This time he was defending the separatist Irish State against the official humbug of a joint commemoration of the Irish Army and the British Legion at the Battle of the Somme Commemoration. As Pat himself said on the day—only a Fianna Fail Government could have gotten away with pretending we are now all one with what the British Legion stands for.

Pat's life and politics were shaped by the poor quality of care which he received as a child suffering with a debilitating illness and it ended with him extolling the quality of state housing provision and the care he received in the Hospices in Raheny and latterly Blackrock during his final days. He lived his life through his politics, being a man for whom self interest never seemed to be on the agenda. He said just a few days before he died "I got a kick out of politics, a kick out of life, although at times, when I thought about the physical state I was in, I wondered why that was so". He was remarkably content at the end of his days, and genuinely surprised at how people had rallied around him. This was typical of the intensely private and modest man he was, who perhaps only at the end realized the profound impact he had had on all who knew him.

Tony Monks

MURPHY'S WARS

Welcome to old friends, comrades, and former wives. Also two friends of Pat's, Dermot McKenna, and John White, Chief Executive, Fatima Mansions Renewal Project and Seamus Murphy, a friend of the Larkin Unemployment centre since the mid 1980's.

Pat Murphy recognised only three political parties in Ireland, Fianna Fail; The Trade Unions, and the *Irish Times*. He could work easily with the first two but he reserved all his agitational genius for the third. . . the organ of West Britain in Ireland.

Only last July[2008], on his stick because he said, of gout, Pat was protesting against the role of the National Army as full participants in the British Legions celebration of their Battle of the Somme at Islandbridge, Kilmainham in Dublin. He insisted on spoiling the party and humbug that suddenly now we are all one.

The only piece of video I have of Pat is also from last year when he also insisted on making his point at John Martin's book launch of "*The Irish Times, Past and Present*". He wanted to put on record his view of the extent of that paper's conspiracy against Fianna Fail and by implication, the Irish Government. It is intended to devote a page of the Athol Books website to memories / pix / stories about Pat for sharing between friends and family. Details will be in a forthcoming *Irish Political Review* magazine.

Pat said he was of the "*hard left*": the soft variety existing in the Labour Party and the media. He saw the Irish Left as lost, disorientated. Moscow had gone. Che Guevara was now a fashion accessory. Even Rome had fallen, yet again. The only clockwork colossus left standing and still chattering were Fintan O Toole and *The Irish Times*-led media, focussed loosely on London as its place to plug into for inspiration, God help us all. Pat saw this as meaning Wars unending all over the world, with good Irish boys and girls as cannon fodder in the crossfire of Ameranglia. He wasn't going to have it

Politics, such as they are behind the public relations, he saw as a conspiracy. He himself was and still is on this day, a formidable combination of conspirator, political agitator, and hard-headed pragmatist: a holy trinity of political activism at war with the continued rampant anglicisation of Ireland, ironically facilitated enthusiastically now by Fianna Fail.

As such Pat always insisted on having his back well covered in what are in the first instance, cultural wars. That cover came from the pages of *The Irish Political Review* monthly magazine; the quarterly *Church and State* magazine, dealing with Irish culture, and last but not least, an occasional magazine coming out of Belfast, inspired and edited by Joe Keenan, *The Heresiarch* dealing with numberless heresies and heretics of all hues and persuasions.

Like us all, Pat was full of seeming contradictions. He was a very private man. His nephew, Tony Rodgers, tells me his family knew only hazily of his political involvements. Equally, we his long-time comrades, were in the dark about the politics of the Ardee branch of his family background. We were amazed to hear from him only recently that his own father was a member of the Garda Síochána and that he had impressed upon Pat when he first went to England for work back in the

1950's: "stay away from them owl politics or ye'll come to no good"

The mind boggles—I mean . . . what if Pat had followed his dad's advice: . he could have been a contender, followed his dad even and been a Chief Super... maybe even an Asst. Commissioner Murphy. No, Pat was his own man, always. He kept the faith. Even to being contrary.

I told him about the pensioners' recent "revolt" over the universal medical cards reform threat as a good sign of politics breaking out at last. He wasn't impressed. They had no case. *Blasphemers* he even called them, protesting in a church: should have been batoned out of it by the garda; they never had it so good, and he should know as one of them himself. He wasn't having any of it. More media hysteria.

Anyway, the private barriers came down a bit in the past few months. He was overwhelmed by the love, care and attention he received from everybody. The boot was on the other foot and he loved it. For once in his life he was the centre of attention and in control of it all despite the stark reality. On the positive side he was in no pain and, as his date with destiny came nearer, it only seemed to sharpen his mind. There was definitely an aura of heightened sensitivity about him. Little things suddenly became big things. The detail of how to cook a potato in its jacket so as to maximise its eating value was a matter of much instruction to his daily carer over the period, Conor Lynch. Conor claims he is now a jacket potato connoisseur. Actually, culinary matters loomed large in the past few months as Pat fought to keep his strength up. The time, care and empathy of Mick Murray, his friend, and a true connoisseur, and the same thoughtfulness of Annette and Manus O Riordan made Pat's face light up with delight over and over again, whether it was bottles of beer or Chinese long-life exercise secrets they brought to him.

Apart from the privacy thing, Pat was also very sociable. He roamed all over high Germany and Northern Italy five years ago, with Angela and Brendan Clifford in the back of their famous little red Mini Metro, famous because of how much luggage they always managed to fit in the back. Pat humorously recalled the look of shock on the face of their German host when he, smilingly emerged from the darkness of the backseat mountain of luggage. "*Mein Gott...!, those British cars are an engineering miracle*", his startled expression seemed to say.

A select band of comrades and Pat regularly went on trips around Ireland to places of interest to select select bands of comrades but Pat's most regular trips were in his beloved own car with his sisters Maura and Joan. Many's a match in Croke park I asked him to go along with me but no, he always had Sunday set aside for Maura and Joan. After that it was holidays

every year with all the sisters, including Nancy, again with Pat doing the driving.

One thing about Pat and his politics was how remarkably good-humoured he remained in the face of inevitable setbacks. He was disciplined, organized, responsible, never self-indulgent. Not for him sitting around moaning or making excuses for not moving on. Neither was he in the grip of an insufferable ego. He didn't indulge personal whims. He was never brash. He knew who he was. Public issues were the focus not private expression.. he was a grand man to work with, magnetic, very attractive to women. Alas, none were lucky enough to catch him.

Despite the obvious end to the last few months I think they were very positive times for Pat. They certainly weren't negative or a downer for those of us around him. One person in particular made a big difference to making it all so positive. Maria Tyrell, Pat's colleague from the Larkin Unemployment Centre. Her intervention at a crucial stage last November meant all the necessary pieces fell into place to make things work out as well as they did. That and the help of Tony Rodgers, his nephew and Pat's sister Nancy helped Pat to feel he was in control of his destiny and that his wishes would be carried out. He was unburdened with fears or worry, and of course he was in no pain until the very last week or so. The Raheny Hospice and The Blackrock Hospice rallied to Pat and he to them. I know its often said how much we owe such Institutions, but it's not until it gets up close and personal does this hit home. You could say after seeing them in action, *Oh Death, where is thy sting...?*

And so this parting with Pat is such sweet sorrow. His body may have wasted away on him but his spirit never did. We both love him and miss him at the same time. You leave us Pat, on the wings of song: Manus O Riordan with the greatest song from the 1916 era. "*The Foggy Dew*". Noel Pocock's Uileann Pipes. Annette O Riordan's fine voice, far better than Manus'—in range only, of course. *The Parting Glass*, sung by Jimmy Kelly, brother of Luke. Not forgetting the fine flute playing of Des Geraghty, another of Pat's friends from his ITGWU days.

Ye have all done well by Pat and he in turn has done well by father in his chosen field of endeavour, politics, in the wider sense. The Larkin Centre and all who work in it and out of it remains Pat's testament. It lives on, more relevant than ever.

As the song says, "Look around you, because you only miss them when they're gone"—friends, comrades, family, partners, even ex wives.

We will miss you, Pat Murphy, who managed to radiate an inner grandeur, a poise beyond a time for tears. He insisted on doing things his way and in his own

way now he is free. His agitation is over . . . or is it?

I mean, look at his picture there now, black and white, taken twenty years ago, a wicked look in his eye, if ye were meaning to small talk him. He was a wily old fox back then and no less now, lying there in his coffin, draped in the National Flag and he a red rip roaring Communist most of his adult life. I can think of one of his Dublin comrades who is still flummoxed that it's the tricolour and not the red flag—or at least the Starry Plough. But Pat was always one for solid ground from which to fight politically. Communism fell in 1989. Everything afterwards has been in a state of flux. After all that commotion, we in a way came back to Pat's solid ground. He sort of became our Taoiseach. As ye know with Taoisigh, loyalty is a big thing these days. Look at the Lenihan family in Fianna Fail. The Cowans in Offaly, the Coughlans in Donegal. Almost every County has its family tradition, its family loyalties. The Springs in Kerry, the Andrews family in Dunlaoghaire.

Of course a flag is only a symbol, if a powerful one. It can unite traditions, even different family traditions. There are many different ways of doing the right thing, serving the state. Just as Pat's dad wore the Garda uniform of the state, the country's interest can be well defended by those out of uniform also. It is not all about self-serving. You do what you have to, where you find yourself useful to defend the interests of the state under the flag of the nation. That was how Pat saw it in the last few years with *The Irish Political Review Group*.

Adieu Pat, you go to where the sun shines brightly, in the morning rain, back to nature. Only last week, you still had notions of getting back into that car of yours and heading out the road from Ardee with Nancy, Maura and Joan, maybe with a Dermot O'Brien tape playing the *Turfman From Ardee* and the window rolled down of a Summer's day. Don't worry, Tony Rodgers will definitely find a buyer for it now that ye won't be taking that particular trip for a while, but Nancy will still be going dancing with her friends, celebrating the music and all those times and teams of happy places.

Malachi Lawless

MURPHY (North Strand and Russell Avenue, Drumcondra) April 1, 2009, (peacefully), at Blackrock Hospice, Patrick, (late of The Larkin Unemployed Centre), survived by his three sisters Maura, Joan (Dublin) and Nancy (Ardee), nephews David, Andrew, Tony and Paul, niece Siobhán, cousins, relatives and a large circle of friends and comrades. Removal from Stafford's Funeral Home, North Strand, on Saturday afternoon at 1.30 o'clock, to Glasnevin Crematorium, for 2 o'clock service.

(2 April 2009, Irish Independent)

Corporate Crime Measures

Special Criminal Court May Be Used For Gang Trials was the front page lead story in the *Irish Times* of 17th April. It was reporting Justice Minister Dermot Ahern's extraordinary proposals for curbing criminality in gangs. One of these was that people accused of crimes and their legal teams be excluded from preliminary court hearings, so that they could not assess the police case: This is fact, not satire. This innovation in the justice system occasioned *Tom Sheridan* to submit the following letter to the *Irish Times*. It was not published.

I don't believe it—Front page of the *Irish Times* 17th April 2009.

Minister for Justice Dermot Ahern is planning tough new measures for Ireland's corporate gangland, including trials at the non-jury Special Criminal Court for those charged with a new offence of membership of a commercial or corporate gang.

Evidence gathered via new covert bugging operations along with the sworn testimony of senior Garda officers would form the cornerstone of prosecutions at the Special Criminal Court, which has rarely been used for Irish commercial and corporate trials.

The new covert bugging legislation will be published today and will allow gardaí to use concealed electronic digital monitoring systems, audio and visual devices to secretly record public and private company board members suspected of any arrestable offence.

The new bugging powers under the Criminal Justice Surveillance Bill will extend, not only to gardaí, but also to members of the Defence Forces, Revenue officials, the Financial Regulator, the Central Bank, and Oireachtas Oversight Committees.

Accountants, bankers, insurance agents, auctioneers, solicitors, stockbrokers, investments and pensions managers, capital assets managers, taxation advisors, planning officials, local government officials and representatives, and property speculators may be targeted initially. Virtually all members of the capital administrative, regulatory, and management classes may have to be targeted over the next 30 years.

It is estimated that currently there are approximately 70,000 citizens involved in the ownership and control of over 90% of the capital current presented as taxable in the state. None of them earn under €40,000 per annum. "I think we can really annoy these people for some time to come without seeing extraordinary electoral voting pattern shifts" the minister said shiftily.

Mr Ahern yesterday briefed Taoiseach Brian Cowen on his wide-ranging proposals and also met Attorney General Paul Gallagher earlier this week to brief him on what is planned.

The new corporate gangland measures

are the result of talks Mr Ahern and his senior officials have held with Garda Commissioner Fachtna Murphy and other senior officers since the attempted murder of the Irish economy.

Sources close to Mr Ahern said he believed a number of public and private corporate board members were now "putting it up to the State" in a manner not seen since Fianna Fail republicans last burnt the country down, claimed the insurance, robbed the banks and subsequently took power.

The measures relating to the use of the Special Criminal Court for corporate entity crime—and other proposals relating to cosy cross directorships and political party cronyism, including appointments to the 400+ state corporate bodies—will be modelled on legislation used to target those whose actions may effectively result in colourful subversions of the state's integrity (which is always secondary to maintaining the power obsession).

It is proposed that the extended detention without charge of suspects be streamlined and that penalties for those political cronies found over-gorging themselves at the pig-trough of Irish political party patronage be increased from "being taken care of in all circumstances" to the American style "life imprisonment".

The proposed measures are aimed at strengthening the hand of gardaí facing what sources described as "the new challenge" posed by Irish business nepotism, classism, *faux* meritocracy, and political cronyism, following the attempted murder of the Irish economy.

The economy was shot and anyone who says anything bad about those involved are told by Irish media punditry that they are being emotional and should be ashamed of themselves. No one will be charged with the shooting as the corporate laws put in place by the Irish parliament do not deal with what happened.

Under the proposed new legislation, a new offence of membership of a suspected corporate crime gang and attempted bankrupting of the nation's sovereignty will be created. The offence will be a scheduled one, meaning those charged will automatically appear before the Special Criminal Court unless the DPP directs otherwise. Some commentary

suggests this could be a sobering experience, however it is aligned with the labour party's idea of fairness in distributing the pain of the next thirty years across the various economic classes in society.

It is already not an offence to "participate in" a suspected corporate crime gang. No measure was ever introduced as it is presented as being too complex to prosecute. In his most genuine comment, the minister suggested "we all contributed to this problem... a good dose of amnesia is not a bad thing... the events in Limerick may assist in this regard... we must look to the future now cause that's where it's at".

Under the new offence, the Special Criminal Court will be able to draw inferences from an accused's unexplained wealth, his association with other corporate suspects and his refusal to answer Garda questions, as well as the covert surveillance evidence and Garda testimony.

Another new offence of directing a corporate gang is also planned. "Post-release" conditions for those convicted of corporate gang involvement are also being formulated. They include exclusion from certain areas and a ban on associating with named corporate criminals.

Existing legislation that allows suspects for corporate crime not to be detained at all without charge is to be streamlined.

Mr Ahern wants suspects and their legal representatives to be excluded from court hearings when gardaí apply for extensions to periods of detention. He believes lawyers and suspects are using the hearings to assess the strength of the Garda's case and are gaining an advantage.

It is intended that the planned corporate measures will be included in the Corporate Criminal Justice Amendment Bill 2009. It is currently being drafted with a view to fast-track enactment before the Dáil's summer break.

Meanwhile, under the surveillance Bill, Garda, the garda ombudsman office, military intelligence, the Financial Regulator and Central Bank agents can forcibly enter a corporate premises in secret and, with court approval, plant bugging devices for three months.

For the first time, the recorded material can then be presented in court as evidence.

Does
It
Up

Stack
?

Many years ago in the UK *Telegraph*, there was a report of a merger between General Electric Company and another smaller company. It was reported that the smaller company's Balance Sheet was much worse in fact that the Balance Sheet signed off by the smaller company's Auditors. The *Telegraph* succinctly said "*to the ordinary man two plus two equals four but to a Chartered Accountant two plus two might be five or it might be three depending on the opinion of the Board of Directors*". Just in case, the reader did not get the joke, the *Telegraph* concluded its article with a remark that the partner and senior audit clerk in the Chartered Accountants who had certified the smaller company's Balance Sheet were now retired. "*The Partner is running a herd of pedigree Friesian cattle in 2000 acres in Scotland and the senior clerk has a 400 acre farm.*"

In Ireland in the past month Auditors to AIB, even though they signed off AIB's Balance Sheet as at 31st March 2009, are now prepared to say on behalf of AIB's Directors that €3.5 Billion is not enough and that the State, i.e. the taxpayers should put in a billion or two more.

Well—why not? The taxpayers complain and groan but they pay up time after time.

Remember when AIB pulled this stunt previously? When they bought a pig-in-a-poke in Insurance Corporation of Ireland they sought the advice of a PR firm who advised the directors of AIB to wait until a Friday evening and then declare a panic situation to the Government—the Banking system would collapse if the news got out—rescue was needed immediately i.e. before the civil servants came back to work on Monday.

The Government was successfully panicked and came up with the massive funding as requested. Without any verification. All palsy-walsy-honour-between-gentlemen—etc. Ah, but who paid? We did of course. A levy of 2% was put on to every insurance premium in Ireland. The cost of the Insurance Corporation debacle has long since been paid for by our two percents. But did it stop? Did it *what*?

The 2% is still ongoing. It has now become a tax and in his 2009 Budget, Minister of Finance, Brian Lenihan, TD has increased it to 3%.

So we can thank AIB and the Minister and Taoiseach Cowen for all that!

But why should the Banks be saved? Are they in danger? Each of Bank of Ireland and AIB announced they were quite sound fiscally.

Why don't we take them at their words? Why is the idea of putting assets into a "Bad Bank" being put out to us by the politicians and their media groupies?

Banks have failed in Ireland before, by the dozen. AIB itself rose from the ashes of a failed bank.

The business community is said to be finding it impossible to borrow money to run their business. No doubt this is true. But if a Bank fails, will the business community be able to borrow more? They will do so from other sources.

The fact of the matter is, the reason "*Bank of Ireland and AIB cannot be allowed to fail*" is that they are owed huge debts by developers and by certain powerful politicians and if a bank failed, a liquidator would be obliged to collect **immediately** all the debts due. Court cases would follow and developers and politicians would not or could not pay—would be declared bankrupt—for example how does a politician pay back a loan of €42.5 million on a TD's salary or even on a Taoiseach's salary? How a TD could be given such a loan in the first place is worthy of Dail Inquiry! Did the bank lend €42.5 million to a powerful politician so as to be paid €3.5 billion by the politicians out of our pocket?

However, if the National Assets Management Agency (NAMA) is set up, which the Government proposes to do, it is proposed that it will take over the "*bad loans*" and the "*impossible-to-pay-back loans*" from Bank of Ireland and AIB at a price—a much reduced price of course—it is taking over liabilities, not assets (Orwell would approve) and NAMA gets the liabilities and the banks get the cash. You're probably ahead of me here—yes the cash comes out of the tax-payers and the social-welfare recipients/pensioners pockets. Like from the Pension Funds or the National Treasury Management Agency. And the politicians are reserving to themselves and their nominees, the right to decide, **which loans** are to be taken over.

Result: nice and quietly and friendly-like NAMA will recede into the background of political life, there to molly-coddle or totally forgive all those politically friendly sinners who had the misfortune to borrow beyond their means and were helped to do so by incredibly friendly bankers in the clubs across the whole of Ireland.

There is nothing new in all this. It has all happened before. Here is what the English poet Dryden wrote three hundred years ago:

"So still it proves in factious times
With public zeal to cancel private crimes.
How safe is treason, and how sacred ill,
When none can sin against the people's
will?
Where crowds can wink, and no offence
be known,
Since in another's guilt they find their
own".

WHEN WILL YOU, THE PEOPLE,
SHOUT —STOP?

Michael Stack

Still Birth

1
Once more the blood seeps through the
bandages.
Half conscious he listens to the surgeon:
'Tut, the tribal religious curmudgeons!
Calls SAS to stem the haemorrhages.

Doesn't take much to upset the balance.
Twenty shots of this, twenty shots of
that.
Pull up the bedclothes and lie there flat.
Dr Whitehall and death a mere dalli-
ance.

The patient was raised as a recluse,
though he had siblings in Scotland and
Wales,
the hyperactive in the Crum not bailed,
and paramilitary police footloose

Whitehall had bought him a house
called Stormont.
The blood of the oppressed gushed from
its font.

2
Onwards to the marbled halls of
Stormont.
Gone, he who stole the name of the O'Neill,
existing only on an old film reel.
Minor blue-bloods no longer at the hunt.

A truce after the battle is called peace.
Dr Whitehall has designs on this earth.
Afghanistan, Iraq, expands his girth.
Eating like that will see him grow obese.

A good war puts him in his element.
The Doc's a warrior, it's in his genes.
But the war is over, or so it seems.
Sing of the old days as a sentiment.

The bomb and gun gave birth to politics.
Once more in child but does the infant
kick.

Wilson John Haire.
12th March, 2009

Lord Bew On 1916 Insurrectionists And Democrats

"*Binn béal ina thost!*" This Irish language proverb can be translated as "*It is {sometimes} sweet for a mouth to stay silent!*", and it refers to a person pontificating on a subject concerning which they are displaying a considerable degree of ignorance. To which the hearer might assent: "*B'fhiú dó!*"—pronounced "Bew doh!" and meaning that "*It {the mouth} should indeed shut up!*"

In the London *Observer* on Easter Sunday, April 12th, its "*Ireland Editor*" Henry McDonald sycophantically reported as follows on the "*thoughts*" of the Unionist peer, Lord Bew:

"On the anniversary of the Easter Rising, a historian warns that a Hollywood version of the story could be used as justification by the men of violence... One of Ireland's foremost historians has warned that a Hollywood take on the 1916 Easter Rising might be exploited by dissident republicans in their campaign against the peace process. 'Easter Sixteen' stars Guy Pearce as Pádraig Pearse, a teacher, poet, and nationalist who was one of the key figures in the uprising. Paul Bew, a professor of Irish politics and a leading historian, has expressed concern that unless the complexities of the Rising are explained, the simple message that a dedicated minority can use violence will encourage present-day dissidents."

The August 2008 issue of *Irish Political Review* exposed the following multi-faceted howler of an "*untruth*" from that same "foremost historian" in his book *Ireland: The Politics of Enmity*, published by Oxford University Press in 2007:

"In office, Haughey stopped the Irish army attending the British Legion Remembrance Sunday services in St. Patrick's Cathedral, thus creating a context whereby the Irish army was present at the Glen of Imaal to honour the Nazi dead of the 2nd World War ..."

"*B'fhiú do bhéal Bew fanúint ina thost!*" would indeed be the most charitable comment to make. In other words, Bew should shut up spouting such ignorance. Far better to conclude unreservedly that Lord Bew is an ignoramus on such matters, and has merely been content to run with a "ball" thrown his way by others, than contemplate the horrors of the only other conclusion possible, that he himself could have been in any way consciously party to the concoction of this lie of "history" as she is now spun. And what of his latest

"historical" pronouncement? Just read the following from Bew, as quoted by McDonald:

"He said the danger was that such a film about the Rising would simply portray the events of Easter 1916 as a struggle between the Irish and the British. In fact, added Bew, Pearse's targets were also the constitutional pro-Home Rule Nationalist Party, which at the time had the overwhelming support in nationalist, Catholic Ireland... A very important part of Easter 1916 and its aftermath is the displacement of the democratic [sic] elected Irish leadership by the insurrectionists. It's about internal Irish politics too. The story of the Rising is the decision by an unelected group of politically motivated to destroy the democratic, leadership of Irish nationalism."

But it was those whom Lord Bew sneeringly derides as "*insurrectionists*" who so rapidly became the democratically elected Irish leadership. For it was in fact at the ballot box itself that Redmondism was so comprehensively defeated. The Sinn Féin Manifesto for the December 1918 General Election had explicitly sought the electorate's endorsement of the 1916 Rising. This was enthusiastically given by the universal suffrage of the majority, and was once again reiterated in the formal pronouncements of the very first sitting of Dáil Éireann on 21st January 1919.

If that electoral outcome remains a mystery for Lord Bew, it came as no surprise to his fellow Unionists of the day. It had been forecast by the *Irish Times* as early as February 1917, as soon as Count Plunkett, father of executed 1916 leader Joseph Mary Plunkett, had trounced the Home Rulers in the North Roscommon by-election. Unionist alarm was expressed in the *Irish Times* report that, for twelve days, Sinn Féin's Father Michael O'Flanagan had been "*up and down the constituency, going like a whirlwind and talking in impatient language to people in every village and street, corner and cross-roads*", as he proclaimed that it "*would be better and easier for young men in Ireland to carry their fathers on their backs to the polls to vote for Plunkett rather than have to serve as conscripts in the trenches in Flanders*". A horrified *Irish Times* foresaw that, as a consequence of O'Flanagan's initiative and leadership, Irish democracy was poised to sweep the polls, and that the

Redmondite Parliamentary Party "would be swept out of three quarters of their seats in Ireland by the same forces that carried Count Plunkett to victory in North Roscommon, believed to be so peaceful and so free from Sinn Féin and the rebellion taint."

This *Irish Times* assessment—as much an opinion piece as a report—was published on February 8, 1917, under the heading of "*How Count Plunkett Won North Roscommon—The Inner Story Of The Contest (By One Who Was Through It)*". It observed that those who had benefited most from land reform were precisely those who were now wholeheartedly set on the path of Republican separatism:

"The significance of the contest is to be found in the light which it throws on the mind of rural Ireland at this moment. Here is a constituency where three-fourths of the electorate are peasant proprietors under the various Land Purchase Acts. They were never getting better prices for their produce, and they were never better off... Yet 3,023 of these men record their voice for the candidate recommended to them because he was the father of one of the leaders executed in Easter Week."

In less than ten months since the 1916 Rising, the *Irish Times* had correctly foreseen the dynamics, if not yet the full scale, of the triumph of Irish Republicanism over Redmondism which had been presaged by the North Roscommon by-election victory of February 1917. And less than two years later again, in the December 1918 General Election, the "*insurrectionists*" so derided by his Lordship would comprehensively put Redmondism to flight at the ballot box. As one speaker had so eloquently expressed it, when singing the praises of insurrection on 11th February 1898:

"This year Irishmen will be celebrating the centenary of the insurrection of 1798 ... It means, that with the great bulk of the Irish people at this moment, the question even of an armed insurrection against the system of Government, which you insist on maintaining, is a mere question of expediency, and the chances of success. It does seem to me that amid all the nonsense that has been talked in recent times about a 'reunion of hearts' that some voice should be heard telling Englishmen to their face the candid truth in this matter."

That speaker had risen to firmly voice his opposition to a British House of Commons "*Address in Answer to Her Majesty's Most Gracious Speech*". His name? John Redmond MP.

Manus O'Riordan

Obama And Ataturk

Barack Obama has recently been visiting the Turks to butter them up. Turkey is the closest thing to a real nation in the world today, and has been since the time of Ataturk. The US has recently found the Turks to be exercising their independent state of mind in ways not conducive to Ameranglian plans for the region. And recently the prospect of Turkey offering itself as a beacon to the Moslem world again has started to rear its ugly head.

Turkey has been saying 'no' when it wants to, even to America—as in the case of the last Iraq War and the recent dispute with the US Navy when it tried to enter the Straits with ships greater than the agreed capacity during the Georgian/Russian conflict. This has become something of a concern in the US where the continuity of foreign policy so desired in England between Conservative and Liberal Governments in the first decade of the last century has been seamlessly achieved in America during the recent change in administration.

Dr. Ariel Cohen, a member of the Council of Foreign Relations and the International Centre for Strategic Studies in London, revealed the US concerns over Turkey's independent foreign policy, which prompted Obama's visit to Ankara.

"Until the Justice and Development Party's (AKP) rise to power in 2002, Turkey was considered a reliable US partner. During the Cold War, Turkey's modernizing secular elites championed unpopular causes: the Korean War, support of US operations during the 1991 Gulf War, and Operation Northern Watch in Iraqi Kurdistan (1991-2003). Turkey also played a vital role in peacekeeping missions in Bosnia, Kosovo, Somalia, and Afghanistan... Today, the AKP appears to be moving Turkey away from its pro-Western and pro-American orientation to a more Islamist one. This drift has left many in Washington uncertain over the country's direction..."

Regarding foreign policy, there are important signs that Turkey is drifting away from the West. In 2006, Turkey became the first NATO member to host the leader of Hamas, Khaled Mashaal. Turkey also enthusiastically hosted Iranian president Mahmoud Ahmadinejad and Sudanese President Omar al-Bashir, whose government has been accused of genocide. Turkey's geography explains its association with Iran but not with Hamas or Sudan; only Islamist solidarity and anti-Western sentiment can explain these ties. Although Turkey has been trying to facilitate an Arab-Israeli rapprochement, it is losing its impartiality and, therefore, credibility... at the recent Davos World Economic

Forum, Turkish Prime Minister Erdogan called Israel's operation in Gaza 'inhumane.' The prime minister has verbally attacked the elderly, Nobel-prize-winning, dovish Israeli President Shimon Peres as a killer of children, thus positioning himself as a Hamas protector. He then stormed out of the Davos panel, only to receive a hero's welcome at home.

Turkey supports the development of a peaceful nuclear power program by Iran but wants transparency and dialog on the subject. However, Erdogan's judgment has been called into question after he stated last year that 'those who ask Iran not to produce nuclear weapons should themselves give up their nuclear weapons first.'

There have also been worrisome developments in Turkey's Black Sea and Caucasus policies. During the Russian-Georgia war, the Turkish prime minister proposed the 'Caucasus Stability and Cooperation Platform.' The platform proposed a condominium of Russia and Turkey, together with the three South Caucasus countries, but it initially omitted the US and EU, as well as Iran. Moreover, the United States and the European Union were not consulted on these proposals beforehand. Turkey also temporarily blocked the transit of US warships delivering humanitarian aid to Georgia. And it prioritized rapprochement with the Russian ally Armenia over the ties with the secular, pro-Western Azerbaijan.

These developments underscore Turkey's cozying up to Russia as Moscow is providing nearly two-thirds of its gas supplies... Turkey is critical to Europe's efforts to reduce its dependence on Russian energy, including the proposed Nabucco gas pipeline that would bring Central Asian gas to Europe via Turkey, bypassing Russia. However, Turkey demanded to fill Nabucco with Iranian gas while it is currently stalling on signing an intergovernmental agreement on Nabucco. Thus, Turkey is throwing the 'bypass Russia' gas transit strategy in limbo. If Turkey's terms do not improve soon, Azerbaijan may be forced to embrace Gazprom. If that occurs, Ankara's actions will threaten to derail a decade of Western progress on East-West energy and transportation..." (From *Obama in Ankara: Turkey's Dangerous Drift*, on the Neo-Liberal Heritage Foundation's website at www.heritage.org/research/Europe/wm2383.cfm)

In the nineteenth century Britain had a version of buttering up the Turks—so that they would help block the Russian desire for a warm water port at Constantinople. But the buttering up reduced the Ottoman Empire to an economic dependency of the

West in the long term. And it made the Turkish State ripe for the picking when the vultures fell upon it in November 1914.

Around 1740 the Ottoman Sultan gave French citizens in Constantinople extraordinary privileges in the Empire and these were gradually applied to other Westerners—largely at the insistence of Britain. By the Nineteenth Century these had become the Capitulations, protected by the Western Powers through their financial control over the Ottoman Exchequer, which the Banks had obtained by lending the Sultans money at extortionate rates to act as a buffer state against the Russians.

The extraordinary privileges enjoyed by Westerners included absolute jurisdiction of consular tribunals over their nationals, immunity from visits to their domiciles from the Ottoman authorities except in cases of murder or armed revolt, freedom from arrest or imprisonment by the Ottoman State, complete freedom of trade and immunity from search by port authorities and the right to run their own postal services.

When the Young Turks sought to remove the Capitulations it was taken almost to be an act of war by Britain and it is mentioned in many works of the time as a cause of the Great War on the Turkish Government in England and France.

Of course, Ireland did her bit in the attempt to bring the Turk to heel, at Gallipoli, in Mesopotamia and Gaza, and in the process the Middle East was achieved—by which, I mean the Middle East was made what it is today. But that is not an achievement we hear very much about with regard to *Our War*.

If we want to know what *Our War* was really about we could do worse than reading about it from the time. In an editorial entitled, *The World War*, on 4th November 1914, the day before Ireland declared war on Turkey with the British Empire, *The Irish News* reminded its readers of the British change in policy that had brought about a new situation, with regard to the Turks:

"The world has altered since the distant days when Lord Beaconsfield and Salisbury ruled England, and when the 'refrain' that moved millions to enthusiasm was—

We don't want to fight: but, by Jingo, if we do,
We've got the ships, we've got the men,
We've got the money too—
And the Russians shall not have Constantinople!

That was in 1879. In all human probability, the Russians will have Constantinople before the end of 1915. Germany has lured the Turks to their doom as a European 'power.' Gladstone's 'bag and baggage' policy will at last be put into practical operation—nearly forty years

after its promulgation by the great old Liberal."

After spending the best part of a century enlisting the Turks as a bulwark against the Russians, and making them pay for the privilege, Britain said to the Czar, in the manner of Cinderella's fairy god-mother: "*You shall have Constantinople!*" Edward Grey had overturned the main plank of British Foreign Policy of the nineteenth century (known in music hall parlance as "*By Jingo, The Russians shall not have Constantinople*") to engage the Czar's Steamroller to flatten Germany on its eastern flank, after securing the French in 1904 on the Kaiser's west.

On 7th November 1914, *The Irish Independent's* editorial concentrated its attention on the financial implications of this momentous decision:

"For many Turkey has been financed mainly by France and Great Britain... During the wars with Italy over the Balkan Allies Turkey paid the interest on her foreign debt, the total of which is £134,000,000. Financially she is in a very weak condition, and she has probably to fall back on Germany for monetary resources to conduct the war. In these circumstances interest payments on the debt money may be suspended. This default cannot cause more than a temporary inconvenience, because when the Allies have disposed of this anomalous Empire all financial difficulties can be settled."

The Irish Independent was noted for its concern about the financing of Irish Home Rule and agitated against the Home Rule Party largely on the issue of it getting a raw deal out of devolution from the Imperial Parliament. But it could not conceive of anything beyond that horizon, like Ataturk.

Ireland's position in the world in comparison to Turkey's is summed up through three treaties. The Anglo-Irish Treaty of 1921, the 1923 Treaty of Lausanne and the forgotten Treaty of Sevres. This latter Treaty was imposed on a defeated nation at the point of a gun in 1920. But it was resisted by that nation and overturned to such an extent that the Empire imposing it went into decline itself as a result of the collapse of its will to enforce it.

The Lausanne Treaty, unlike the Anglo-Irish Treaty, was negotiated with long and hard deliberation spread over an eight-month period (the Turkish delegation withdrew for a three-month interruption in the middle of the proceedings when it was not happy with what was happening). Turkey refused to have terms imposed upon her that would dilute her sovereignty, even though Britain fought tooth and nail to maximize her Imperial influence over the region. The Turkish delegation also refused to be railroaded into a take it or leave it deal imposed by an arbitrary deadline. When Curzon said his train was

standing at the station and it was "*now or never*" the treaty remained unsigned by the Turks. Curzon, after delaying his train in the expectation they would submit, left empty handed on his train. The British returned a few months later and the Treaty was signed on July 24th 1923.

The Turks rewrote the script between 1919 and 1923 and rejuvenated themselves under the direction of an exceptional character called Mustapha Kemal—whom *The Catholic Bulletin* took to be the hero of the world in 1922. Ataturk went on to humble the British Empire at Chanak and outmanoeuvred it at the conference table afterwards in Lausanne. And ever since the Turks have looked after their sovereignty and national interest with the utmost skill and determination against all-comers.

This seems to prove that successful wars of independence can do great things for nations in terms of their confidence and substance in the world (whilst those that are ended by subjection to imposed treaties can have debilitating effects in the long term).

The Ottoman Empire was invaded by Russian forces in 1914 and in the war of annihilation that was fought in Eastern Anatolia, involving Russian and Armenian and Moslem Turk and Kurd, up to a third of the population perished (some people from the greatest nation in the world established through genocide now wish to characterize this event as a 'genocide' but it would be more accurately described as the culmination of Gladstone's 'bag and baggage' policy in which the old tolerant multi-ethnic Ottoman State was destroyed and replaced with mono-ethnic units).

But Ataturk established a relationship with the Bolsheviks, through the young Joseph Stalin, which served the Turkish nationalists well in their independence war. The Turks isolated the Imperialist Powers with armies on their territory and dealt with them one by one until only Britain remained. And Britain blinked first at Chanak.

Ataturk consolidated the new Turkey, changed its official language, its form of dress, its music and law codes. After the Sultan and Caliphate became a prisoner of the West he instituted a thorough Westernization in order to preserve Turkey's independence from Europe. He turned the Islamic state into a secular one of Islamic people.

Ameranglia, or sections of it, would like to depict the AKP as an instance of rising dangerous Islamic Fundamentalism and a threat to Ataturk's State in Turkey, for purposes of working on this and keeping Turkey compliant. But the AKP appear to be more of a response to Ameranglian expansionism in the region, and a development out of Ataturk's State, than an alien intrusion.

The Turks were the first to see that

SIPTU concluded

However it is not for us to concern ourselves about their electoral prospects. We will see in a short few weeks if this talks process has any potential and if it doesn't we will have no alternative but to embark on a prolonged industrial campaign.

**Jack O'Connor,
General President, SIPTU**

See www.rte.ie/news/2009/0419/thisweek.html for Jack O'Connor's April 19th RTE Radio interview on these issues, under the heading of "*Demise of the Celtic Tiger: Jack O'Connor, SIPTU, says he is opposed to any opting out of the Social Partnership*".

British power was not all that it seemed in 1919 and they put it to the test. So it is not unreasonable to suggest that they saw that the New World Order and 'American Century' was to be the shortest one of all, back in 2002. After utilizing Bolshevik anti-imperialism in 1920-2 the Turks concluded a treaty with their enemy—the world super-power. They then sat tight and waited for its decline. When the US replaced Britain the Turks utilised the American fear of communism to their benefit, banking on the West to outlive the Soviet system. And when the Cold War ended and a realignment took place Turkey gravitated back toward Russia and the Islamic world.

What would the Turks now want of the EU? It is a beaten docket and could only be an instrument for their destabilization. Which is probably why Obama is raising the issue once more.

The Turk never conquered the Black man and enslaved him—so it is doubtful if he feels the guilt the European does in his dealings with the Black man in the White House. The British used to characterise the Turk as a spoiled product of the Harem (which is, in fact, a Byzantine institution that the Sultans retained). If the Turk has a memory of the Black man in experience then it is as a eunuch. And this will probably not help Obama in his dealings with Ankara.

When Lord Curzon, the triumphal Imperialist Foreign Secretary, appeared at Lausanne to put the Turks in their place in the negotiating table, he donned exotic apparel to give himself the appearance of an Indian prince. The Turks expected an English gentleman to appear in tweeds or military uniform. But they sniggered when they saw what they took to be an Englishman dressed as a eunuch. And eunuch, Curzon indeed turned out to be.

Pat Walsh

Pat Walsh's book on *Ireland's Great War On Turkey, 1914-24*, is published in May

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more than a book-keeping exercise aimed primarily at rectifying bank balance sheets regardless of the social cost.

It also means looking imaginatively at the lessons offered by the experiences of other countries, such as Sweden.

One of our key priorities in these talks is that of addressing the reality of the pension's deficit in this country. Almost 50 per cent of workers do not have any occupational pension provision at all and more than half of those who do are hopelessly inadequately provided for. It is now clear that the defined benefit pension system is unsustainable and there is an urgent need to create a new universal pay-related pension paradigm. We envisage a PRSI-based, mandatory mechanism. We recognise that this can only be developed incrementally over time. However, we insist on an interim arrangement to address the crisis faced by union members such as Denis Dennehy who have paid for their pensions throughout their lives and who will receive little or nothing in the end.

We have offered various suggestions as to how the issue could be addressed. A limited fund could be established which would provide benefits for pensioners as they become due for whatever interim number of years it would be required pending the evolution of the new national system. The amount of money involved each year would not be excessive. We have also raised the possibility of affording the trustees of existing defined benefit schemes the opportunity to transfer all, or part of their funds, to the National Treasury Management Agency in the event of the employing company becoming insolvent, in return for payment of a guaranteed agreed proportion of the accrued entitlements of pensioners as they fall due. It would probably involve the NTMA offering a return over and above that which is currently in place for treasury bonds which are sold on international markets, but it would not be excessive and it would be more than justified in the context of the other social costs offset. The NTMA could use the money, instead of borrowing abroad, to fund the NAMA proposition or whatever method is employed in the rescue. Equally, given that it is recognised by all that the banks will require further recapitalisation, even after they transfer their impaired loan books to the taxpayer, the dividend from future bank profits (as well as the proceeds from the eventual possible disposal of equity shareholding), could be utilised to develop the base of a National Pay-Related Pension Scheme.

Regardless as to how it is achieved, the project will inevitably mean increased taxes to service the national debt. It will

have other implications as well, such as the consequences for the critically important Public Capital Programme if we are to build the economic and social infrastructure to facilitate the continuously improving productivity which will be essential to regenerate our economy even in the context of a recovery in global capitalism. In this regard, we note the Construction Industry Federation (CIF) has advanced ideas around the potential utilisation of a proportion of pension fund assets leveraged through guaranteed levels of return. I am not able to comment on this concept as the CIF have not discussed it with us, although the trade unions organise tens of thousands of workers in that industry. However, on the face of it, I see it as an idea that is worthy of serious consideration and I believe the trade unions would welcome an opportunity to be acquainted with it and to support it or some variation of it, if it offered the possibility of simultaneously providing a number of **Social Dividends** in the area of pension provision, employment generation, development of social and economic infrastructure and reducing the State's exposure to foreign indebtedness.

I return to the basic question as to why, despite all that has happened, we are continuing to participate in these talks with the Government and IBEC. True—the economic crisis has not been caused by working people, but the reality is that they will be first to feel the consequences of it and it is incumbent upon us to try to steer a course through it which offers the hope of a better life and which minimises the implications for working people and their families in the interim. That course must recognise the reality that the majority of our people habitually vote for the centre-right parties and that consequently the policies followed by Government will reflect that outlook and value system. The challenge confronting us is to mobilise the capacity to leverage a **Social Dividend** from these dismal circumstances. In practical terms, that is why we conducted a national ballot for a mandate to wage an ongoing industrial campaign across the country if it becomes necessary (and incidentally, we in SIPTU at least obtained an overwhelming mandate from our members), but equally it also means being innovative and pragmatic and finding ways through which we can adapt the policies pursued by the Government and the employers so that they also serve socially-desirable ends.

All that being said, we are acutely conscious that prolonging these talks unnecessarily serves only the interests of the other participants, and they must be brought to a conclusion shortly. The trade union movement cannot lend itself to any national agreement that promotes ever crueller and more ruthless cutbacks whose

main effect is to impose an ever greater part of the burden of servicing massive public debts on those least able to bear the burden. It is as unsustainable as it is immoral to make those who had the least part in creating the crisis pay for it. In that regard, I do not expect that the trade union negotiators will recommend any proposition which fails to address the plight of members such as Denis Dennehy, who have paid for occupational pensions throughout their working lives and must now retire with little or nothing, and I want to make it absolutely, unequivocally clear that the officers and other participants representing SIPTU, will not recommend any such proposition.

The Irish Congress of Trade Unions has insisted that any agreed strategy with the Government and employers must be based on the concept of a Social Solidarity Pact which prioritises keeping the maximum number of people in employment and addressing key social priorities. This is the strategy that has been traditionally pursued in the Nordic countries and which has consistently proven itself to be economically as well as morally superior to the unfettered free-marketeerist, short-term policies our Governments have been addicted to for more than ten years.

Whether the bank rescue is achieved through the NAMA approach which will entail further recapitalisation and probably bringing the banks under public control, or through direct nationalisation, it offers the possibility of developing a co-ordinated strategy that creates an investment vehicle capable of managing this new national debt and laying the foundations for a universal occupational pension scheme. This is most definitely socially, morally and economically desirable. In providing a guaranteed income for everyone in retirement based on their contribution to society while economically active, we would also be strengthening the engine of economic growth and helping it withstand the vagaries of the market while simultaneously serving the key imperative of keeping the maximum number of people at work through this crisis.

Indeed, the Government might be well served by adopting the **Social Dividend** approach. They have alienated the support of tens of thousands of trade union members over the last number of months. People are fair. They do not expect miracles, but they do expect their interests as stakeholders and citizens to be uppermost in public policy formation, whether times are good or bad. It is noteworthy that the Swedish Government which successfully tackled an awesome economic crisis focussed on the **Social Dividend**, went on to be re-elected.

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of 2003 was reneged upon.

Apart from the direct implications for the banks themselves, pumping in this level of imported borrowed money has had an enormously distorting effect on our entire economy from every conceivable perspective. Consequently we are now faced as a society with the biggest negative adjustment since the foundation of the State. This is the stark reality and to this extent we agree with the analysis offered by the Government and the employers' organisations. However, after that we part company in a very dramatic way, because we approach the crisis, as is the case in respect of virtually everything else, from a diametrically opposite perspective. The issue turns on the prioritisation of interests. Which comes first—the interests of shareholders or those of the stakeholders (i.e. the citizens of Ireland)? We opt for the latter and insist on a **Social Dividend** in return for co-operation in this time of crisis.

Nemesis has now arrived—for the PAYE taxpayer at least—in the form of the National Asset Management Agency (NAMA). It represents nothing less than the socialisation of the enormous risks generated by developers, banks and speculators in their reckless pursuit of profit. The adherents of this approach contend that it can become ultimately self-financing on the basis that the impaired assets acquired might eventually be sold on in a more benign economic environment for the equivalent of what it cost to acquire them. This is highly unlikely because if the price offered is anything less than generous, it will defeat the purpose. The argument also fails to take into account the cost of interest payments on the enormous level of public borrowing required for the initiative. (Incidentally, it highlights in stark relief, all the earlier public agonising about whether the State would be able to maintain borrowing to fund the deficit—it seems overnight there's no problem about acquiring what may extend to an additional €60 billion or more.) In any event, it still amounts to the socialisation of the debt because it transfers the problem from the banks' shareholders onto the taxpayer.

We in SIPTU could never support this concept for all the obvious reasons. We have repeatedly advanced the demand that the major banks be nationalised. This would still mean the taxpayer becoming liable for the debt but it would considerably reduce the burden of further recapitalisation; and it would mean acquiring the performing assets, thus facilitating the possibility of creating the "good bank" that could provide the liquidity essential

for the regeneration of our economy.

Other critically important issues arise, such as putting structures in place to ensure it does not happen again. Nationalisation is the only way we can do this because it is the only way we can ensure proper oversight of institutions that have proven themselves anything but honest or responsible in the past. Without effective oversight we have no way of knowing exactly how the taxpayers' funds are being spent. We may be reduced to using a bucket to bail out the equivalent of a financial Titanic but we can ill afford to have holes in it.

Unfortunately, while we in SIPTU are vehemently opposed to this socialisation of recklessly accumulated debt, it is now clear the Government will not be dissuaded from proceeding with it. Their approach is determined by the same outlook which elected for speculation over sustainable development back at the end of 1990s. It is an outlook which is not necessarily inherently corrupt in itself. It simply sees no alternative economic strategy other than dancing to the tune dictated by high finance. The question which realistically presents for us, and it will continue to be the case for as long as the vast majority of our people vote for the centre-right parties, is whether or not we can extract some kind of **Social Dividend** from the implementation of an otherwise objectionable policy.

The issue therefore turns on whether the inheritance of the banks debacle can be converted from a potentially crushing burden on our society into something that can become a vehicle for socially creative and economically sustainable investment?

Funds invested in the rescue project, whether through the NTMA and NAMA [National Treasury Management Agency and National Asset Management Agency] or otherwise, could address one of our greatest social evils and one aggravated by the property boom—homelessness.

Whatever State entity emerges will become the largest single property owner in Ireland. In a country where ten per cent of our housing lies idle because of unrealistic asking prices and where there are well over 55,000 families on the local authority housing lists, there is an obvious and urgent need to ensure that this housing stock is utilised to eliminate homelessness and not left to rot. At least there would be something to show for past folly. It would be unforgivable if the end result of the housing boom was the demolition of houses and apartment blocks that fell derelict because no one could be found to occupy them at artificially inflated prices, while millions of Euro of public money is allocated to rent subsidies.

The debacle also presents the possibility of dealing with another unfolding social crisis relating to the situation faced by workers who have accrued pension entitle-

ments in funded occupational schemes to which they have contributed throughout their working lives and who will now receive little or nothing because these funds have become insolvent due to the collapse of the equity markets globally. Let me read the text of a letter I received on 29th March from Denis Dennehy, a member in SR Technic, which is in the process of closing down at Dublin airport.

"I have worked for Aer Lingus/Team/FLS/SR Technics since 1964. Despite having worked for this company for almost 45 years and on 1st April '09 I will have a full 40 years' contributions to the pension scheme and would be eligible to retire in July when I will be 61 years old.

"I have been told by two of the trustees of the pension scheme that they intend winding up this scheme in April and as I will not be 61 until July I will not be getting a pension and this despite being told we in line maintenance are not being made redundant until August. I emailed the CFO Mr Murray (also a trustee) and HR Manager Mr Niall O'Ceallaigh and their replies are below which don't seem very promising.

I think it is outrageous that after 45 years service and a full 40 year contribution to the pension scheme it looks like I will be denied a pension because I will be a matter of weeks short of my 61st birthday when they close the pension down and I will still be working for them after my 61st birthday. Is there anything you can help in this matter as it is very distressing for me and my family."

Sadly on the 8th of April, the trustees announced the winding up of the scheme and Denis, a mere 10 weeks short of entitlement to qualify for pension, will receive nothing, even though he contributed for 40 years. Denis of course is not unique. There are others, including workers in Waterford Glass, and there will be more in the fullness of time.

So here we have the appalling vista of Trade Union members and citizens of our country deprived of the meagre retirement income they have spent all their lives paying for, while they and their families, as PAYE taxpayers, simultaneously assume the burden for billions of Euros of debts which were recklessly accumulated by those at the top of the banking system as a result of the policies pursued by Government. But the dismal circumstances currently prevailing offer the opportunity to address this critical problem. However it would involve a radical change of outlook and mindset on the part of Government, entailing a citizen/stakeholder rather than an exclusively shareholder-based response. It means stopping thinking of NAMA as anything

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LABOUR

Comment

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Under the heading of "Social Dividend Essential If There Is To Be Any New Agreement With Government", SIPTU General President Jack O'Connor delivered the following Limerick Soviet Commemoration address on April 18th, at the Hunt Museum in Limerick.

SIPTU Demands "Social Dividend" From Banks Bail Out

I want to thank the organisers for affording me an opportunity to participate in this commemoration of the Limerick Soviet. Your event is taking place against the background of the collapse of the Anglo American model of capitalism globally which is compounded by a domestic crisis which is entirely attributable to the way in which it was slavishly mimicked by policy makers in this country. My predecessor as an officer of our union, Bill O'Brien, was severely criticised for the way in which he dealt with the issues presenting around the Limerick Soviet. I had hoped the invitation would afford me the opportunity to make some amends. However, I have to say I'm offering a reformist perspective on contemporary issues.

Anyone in doubt about the severity of the crisis we are facing knows the answer in the wake of last week's Budget. We, that is, PAYE workers, are finally having to pick up the tab for over a decade of light-touch regulation when speculators were given a blank cheque and pride of place was given to casino capitalism over the productive sectors of the economy that generated real, export-led growth in the first phase of the Celtic Tiger.

The question many are asking is why we are still engaged in the national talks process with the Government and IBEC. In many respects, it is a case of picking through the wreckage, identifying the aspects of the crisis which are attributable to domestic policy mistakes—because this is the biggest global crash since 1929—and advocating a response that offers a new deal with a **Social Dividend** that promotes the interests of ordinary people over those of the 'get rich quick' brigade.

Light-touch financial regulation has been rightly credited with much of the responsibility for what has unfolded, both globally and nationally. However, it is important to understand that domestic policy went much, much further. In the late 1990s, Government here actually elected to prioritise speculation over

sustainable economic development. We can trace the decisive shift very precisely to the eircom privatisation, when a publicly owned state enterprise and a leader in the field of communications technology, essential to the next phase of economic development, was sold back to the Irish taxpayers, who already owned it and who had invested so heavily in its modernisation only to see it fall victim to a series of leveraged takeovers by corporate vultures.

Ordinary people who bought into the concept of a shareholder democracy discovered that some people's shares were a lot more equal than theirs and watched helplessly as the real value of their investment plummeted. What has been left after it was sold four times over, is a husk of a telecommunications infrastructure that will require years of new investment by the taxpayer to make it fit for purpose if we are to regain our position within the world economy.

The eircom debacle was followed by the more slowly unfolding but equally serious damage done to power generation in this country. Zealously following the

unfettered free-market prescription, electricity prices were increased with the objective of attracting competitors into the market against the ESB in order to bring prices down. In the process Ireland moved from having one of the cheapest energy markets in Europe to the second dearest and where the margin between generating capacity and demand became perilously slim during the boom years.

Parallel with this, financial institutions such as the ACC and ICC which were designed to promote investment in productive enterprises were privatised, and the Trustee Savings Bank was demutualised. Later, Aer Lingus was privatised despite the obvious risks for a small, open, export-oriented economy such as ours on the periphery of Europe.

This drive by successive centre-right Governments to liquidate real assets and sacrifice long-term sustainable growth in order to slash income tax rates for those most able to pay them helped fuel property speculation that created paper wealth of undreamt of proportions. The resultant flow of indirect taxes from VAT and stamp duty hid the dismantling of the tax base that was taking place—until the bubble burst.

During the period between 2003 and 2008, the foreign debt accumulated by our banks increased from 10 per cent of GDP to 60 per cent. This meant in effect the importation of more than twice the equivalent of the Public Capital Programme, on average, for each of the five intervening years. If the debt was put to productive use, it would be enormously beneficial in the fullness of time. However, as we all know now, the lion's share of it was for property speculation—funding developers and burdening ordinary families with 100 per cent mortgages so that they could go out and bid against each other to make the developers and bankers even richer still. No wonder the affordable housing commitment in the Sustaining Progress Agreement

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