

IRISH POLITICAL REVIEW

January 2011

Vol.26, No.1 ISSN 0790-7672

and *Northern Star* incorporating *Workers' Weekly* Vol.25 No.1 ISSN 954-5891

Economic Mindgames

To Default or Not to Default? that is the question facing the Irish democracy at present. Should Ireland become the first Euro-zone country to renege on its debts? The bank debt in question has largely been incurred by private institutions of the capitalist system, which made plenty money for themselves when times were good—which adds a piquancy to the choice ahead.

As Irish Congress of Trade Unions General Secretary David Begg has pointed out, the Banks have been reckless. The net foreign debt of the Irish banking sector was 10% of Gross Domestic Product in 2003. By 2008 it had risen to 60%. And he adds: "*They lied about their exposure*" (Irish Times, 13.12.10).

When the world financial crisis sapped investor confidence, and cut off the supply of funds to banks across the world, the Irish banks threatened to become insolvent as private institutions. If market forces had been left to themselves, the banks would have gone under. Ireland would have lost its banking system and thus a major element of its sovereignty. The problems were created in the private sector, but the society as a whole would have suffered if a remedy had not been found.

Brian Lenihan was right to step in and offer a guarantee to all creditors, a guarantee that was partially renewed in November. That guarantee bought relative security for a couple of years. In a volatile situation, as exists in the financial world today, there are no lasting solutions—even for big and powerful economies, as Barack Obama has found out. A small, open economy like the Irish can only survive by dealing creatively with the crisis of the moment. Finance Minister Lenihan has shown considerable talent in doing this.

While the Bank Guarantee worked for a while, as the world crisis continued to cause instability, international investors lost confidence in the collateral that the Irish banks were offering for their loans. That is to say, the banks were not able to go on borrowing funds. Again Ireland was threatened with the loss of its banking system. And again the Government acted with flair, to establish the National Assets Management Agency, to

continued on page 2

Irish Budget 2011

In normal circumstances this would be considered an awful budget. But the circumstances are not normal. Our current budget deficit has ballooned to 11.6% of GDP (Gross Domestic Product) excluding bank debt (over 30% when the once-off bank recapitalisation is taken into account). Our State debt to GDP is set to increase to just over 100% in the coming years. A few years ago our State debt was one of the lowest, but now it is one of the highest, although still behind Greece, Italy and Belgium.

While our debt to GDP ratio is far less than was the case in the 1980s the international environment was more benign then. Also, the State debt was not accompanied by large private debt and in the 1980s inflation mitigated the burden of debt.

Therefore the 2011 budget required a step-change rather than an incremental change in order to bring the finances back in order. It has been described as the most severe budget ever. Certainly, if severity is measured in terms of prior year, the budget was savage. But are prior year comparisons valid? Up to a point they are.

continued on page 7

Democracy

The political system that is called democracy is less than a century old, but the official view of states that have it is that states that do not have it should be destroyed. That is the meaning of the awarding of the Nobel Prize to a prisoner in China, and the threats made by the European Union against countries that did not attend the Prize ceremony.

The word "*democracy*" is used as a demagogic slogan, with the implication that a functional democratic State is an

easy thing to establish—the easiest thing in the world. If that is so, how could it have been that Democracy hardly existed at all until 1918, and that despite all the propaganda of the League of Nations and the United Nations it is still not the actual political system of most states? Evil dictators prevent it, we are told. But elections have been held in most states, and if democracy is simple, how could it be that people who wanted to be evil dictators have been so successful.

We are now told that Russia is a dictatorship, after having been a democracy during

the 1990s. How did this happen? Were the Russian people deprived of the vote? Did they not elect Putin to be President, and then elect Medvedev to replace him? Is it that the mass of the people are too incompetent or stupid to sustain democracy—which is the rule of the people? It is hard to see what else could be meant when it is said that the elected Government of Russia is a dictatorship.

Russia was a democracy during the Yeltsin era. Yeltsin ruled by Presidential decree and sent his tanks to shell the Parliament. But Russia under Yeltsin was

continued on page 10

CONTENTS

	<i>Page</i>
Economic Mindgames. Editorial	1
Irish Budget 2011. John Martin	1
Democracy. Editorial	1
Individualisation Of Tax. Report of David Quinn remarks	3
It's Inter-Governmental, Stupid. Jack Lane	6
The Northern Ireland Water Crisis. Conor Lynch	9
Shorts from <i>the Long Fellow</i> (David McWilliams; Sinn Fein & The Guarantee; Joe Higgins On The Banks; <i>Guardian</i> On Iceland; IT On Iceland; Ryan Line)	12
RTÉ Attitudes. Letters Exchange, Desmond Fennell & Cathal Goan	13
No Sign Of Global Warming This Year. Dr. Alan Rogers (Report)	14
Richard Holbrooke. Wilson John Haire (Poem)	14
Es Ahora. Julianne Herlihy (Bernie Madoff; Ireland & Wealth; Political Corruption; Writers & Prizes)	15
Of Morality & Corruption. Brendan Clifford	16
Jack Jones Vindicated. Manus O'Riordan (Part 5)	18
The Greaves Journal. Anthony Coughlan	21
Harris—as he was. Eoghan Harris article from 1965 (translated from Irish by Oscar Gregan)	22
Ireland And Israel From De Valera To Lemass. Philip O'Connor (Part 2 of <i>De Valera On Zionism & Palestine</i>)	23
Naval Warfare. Pat Walsh (Part 6)	27
Index, 2010.	28
A Labour Policy. Report	29
It Matters Not If Adams Was A Member Of The IRA. Donal Kennedy (Report)	29
Does It Stack Up? Michael Stack (Governance; Abortion And Adoption)	30

Labour Comment, edited by **Pat Maloney**:

[Another PD Budget](#)

(back page)

take the largest loans from the banks. As has been explained in this magazine, it is not just non-performing loans that have been stripped from the banks. The collateral offered by the borrowers has been taken too, and also loans to the same borrower that are not in trouble. The whole thing has been very complicated, as customers may have had loans from various banks in Ireland and elsewhere. In effect, where a customer has been unable to maintain scheduled payments in respect of one large loan, the whole of his portfolio with any participating banks has been taken on by NAMA. It has thus been made more difficult for them to avoid their liabilities. It is a creative solution and one that will probably pay off in the long run.

Along with establishing NAMA the State has been obliged to put money into the banks, and become a major shareholder.

Then, when that failed to settle international markets, Lenihan took steps enabling him to close two of the most troubled institutions, Anglo-Irish Bank and Irish Nationwide (not related to British Nationwide, which has remained a mutual institution). He has also taken other wide-

ranging powers, such as downsizing the two largest banks, and imposing large losses on subordinated (as opposed to senior) Bondholders. Immediately the *Irish Times* criticised him for not taking such steps a couple of years ago, instead of offering the Bank Guarantee. This kind of mechanistic thinking is widespread amongst those who have no understanding of how government works. The fact is that, at any given point, the situation must be handled according to the circumstances of the time. An action, which may be right in one situation, could be damaging in another. Two years ago the situation was entirely different.

Begg says the Government made a "crucial mistake" by guaranteeing that debt to bank investors (Bond-holders) and equating "banking debt with sovereign debt". Presumably he feels that market forces should have been allowed to take their course and is not concerned about the knock-on effects.

The demand that the *Bond-holders should be burned* is currently coming both from the left and the right of the political spectrum. While the motives of the Left

are transparent, if misguided, the same can not be said for those who advocate such a move, while continuing to espouse the capitalist/globalist system.

Sovereign debt is public debt, money borrowed by the State for investment and sometimes to make up shortfalls in tax revenues. But it is hard to see how Ireland could have done otherwise than equate Bank Debt with Sovereign debt. In any case, it is utopian to believe that investor confidence in Sovereign Debt would have been unaffected by a Default on bank debt. If the banks had been allowed to smash up, not only would Ireland have been without a banking system of its own, it would also have found it far more expensive to borrow Sovereign Debt.

What are the implications of not having a Banking system? It means that Ireland becomes dependent on foreign banks to look after its financial affairs. These banks would have headquarters in the City of London, New York etc. They certainly would not conduct their operations for the benefit of their Irish customers or to build up the Irish economy. In the days when Irish financial affairs were managed from London, Irish savings were channelled to the City of London and built up the British economy. A pre-condition for Irish prosperity was the move by Charles Haughey to put an end to this state of affairs.

There is a further consideration. An Irish Bank Default, quite apart from damaging Ireland, would have serious effects right across the European Union.

The implications of allowing the Irish Banks to go under would be far-reaching. A default would bring about a domino effect which would spread right across Europe. A decision to walk away from the indebtedness problem would not just be felt in Ireland alone. The exposure of European Banks to Irish debt is (in dollars):

France	50.1 billion
Germany	138.6 "
Italy	15.3 "
Portugal	19.4 "
Spain	14.0 "
UK	148.5 "

The source for these figures is the Bank for International Settlements and they appeared in the *Financial Times* of 2nd December.

These banks are not just exposed to Irish debt. The banks of every country are mutually exposed to large quantities of debt. An Irish default on bank debt would start an avalanche which would eventually engulf even the strongest European economy.

In the immediate post-Default period, Ireland would find it very difficult to borrow the money it needs to maintain its social services at the present generous level, a level more generous than that of most other European countries. Fianna Fail may have given the developers tax breaks worth millions, but he gave the working class billions.

While the Default shock therapy treatment might or might not kill the patient, the political and economic system would be savagely damaged with no alternative system in prospect. There could be no gradual change to a different way of doing things. In prospect would be a time of severe economic hardship. A Default is a leap into the unknown: anything could happen. Most societies only choose to take such a course when there is no other practical alternative.

In 1919 the German Spartacists led by Karl Liebknecht and Rosa Luxembourge tried to pull down the institutions of the German State. The disorder did not produce their ideal, on the contrary.

It is one thing to leap into the unknown as a coherent society, organised around a far-sighted and competent political leadership. It is quite another to make that jump with political parties at the helm that are routinely competent at best, and which display little of the broader vision of their founders.

It might be added that those who advocate Default also tend to have contempt for De Valera's vision of a frugal, self-sufficient society, content with simple pleasures. They want the fruits of globalism but do not want to pay the asking price. The way that Eamon de Valera did not make it onto the short list of Greatest Irishmen earlier this year does not suggest that there is a democratic readiness to give up the consumerist way and rediscover the traditional cultural heritage in word, music and dance. The two main Opposition Parties suggest that there is another way of dealing with the crisis—or rather two, but incompatible, other ways.

Given that an Irish Default on bank debt would have such a dire effect, what are we to make of the fact that it is advocated in quarters where one would expect probity and conservatism? A Default has been pushed by the *Financial Times*, and promoted by the *Irish Times*.

And it is not just advocated: it is sold with spurious arguments that do not bear even a cursory examination.

Wolfgang Münchau, Associate Editor of the *Financial Times*, contributed a very

Individualisation Of Tax

"...one-income married families can pay thousands more in tax than two-income married families on the same earnings.

Now things are to get even worse for one-income married couples because the four-year plan, unveiled last week... will penalise them even further...

On page 102 of the plan we are told that by 2014 single people earning €55,000 per annum will pay an additional €1,860 in taxes but one-income married couples also on €55,000 pa will pay another €450 on top of that, bringing their added burden to €2,310...

...100% of State policy is aimed at the 20% of women who want to work full-time, all the time, and the other 80% of woman are ignored...

What of the children? ...if their parents are in work, then the children will have to be looked after by other people... in a growing number of cases they will be put in day-care. Is this good for them?...

...social policy in this area is increasingly coercive and anti-housewife..."

(David Quinn, *Irish Catholic*, 2.12.10)

prominent Opinion Piece in the *Irish Times* of 2nd December. The provocative title was *Will It Work? No. What Can Ireland Do? Remove The Bank Guarantee And Default*. And the message was given a big coloured banner headline on the front page of the *Irish Times*, as well as featuring inside. The point of the wordy headline was to make an impression on those who would give just a cursory glance at the article. These are the methods of *agitprop* and they sit curiously in what claims to be a serious journal.

The *Irish Times* has consistently undermined the Government's attempts to stabilise the economic situation. Under the guise of a spurious 'balance', it publishes sharply-written negative articles while, somehow, the rebutting pieces never make the same impact. The negative articles are picked up by the world media and the rebuttals are not.

And it is not just internationally that this tactic undermines what is essentially a sound economy. Irish investors, too, are persuaded to take their money abroad. Some are even fearful of keeping their money in Euros—as though Sterling or the Dollar offered a safer alternative!!

The situation that the Bank Guarantee was established to prevent is being gradually brought about by chipping away at investor confidence and stoking up fears of collapse. The more Default is talked about, the more money leaves the country, or fails to come in.

But what of Münchau's certainty that the IMF/EU Bail-out will not work? What quality of argument does he deploy? The tone of the piece is *ex cathedra*: opinions are simply laid down from the *Financial Times* papal chair. But a closer look shows that what there is in the way of supporting argument is weak, to say the least. Mr. Münchau's core argument is that the rate of interest Ireland will pay on

the EU/IMF bail-out facility is greater than the likely rate of growth of the Irish economy. By availing of the bailout, Ireland's debts will become larger in proportion to the economy, while the ability to repay diminishes. *Ergo*: without a Default, Ireland faces a downward economic spiral. Here is his essential point:

"The markets... are correct. At an interest rate of 5.8%, the loan from the European Financial Stability Facility will at best plug a temporary funding gap. It will not improve—and quite possibly worsen—Ireland's underlying solvency position. The interest rate is very likely to be higher than Ireland's nominal annual growth during the period of the loan. And that means the real value of the debt will increase..."

But this argument relies on comparing two things that are different in kind. One is the rate of interest on a loan facility. The other is the growth in the size of the economy. The juxtaposition of the two percentages may make an unwary reader believe that Ireland is diminishing its GDP by around 3.8% per annum by availing of the loan facility—the amount of the repayment, less the amount of growth—which of course it is not doing.

How come none of the professional economists have pointed to this conceptual flaw in Mr. Münchau's argumentation?

Moreover, under the rescue scheme, Ireland *may* borrow up to €85 billion over seven years, at a maximum rate of 5.8%. It is not borrowing the whole amount in the first year. So it is not faced with paying 5.8% of €85 billion up front, 4.9 billion, as an unwary reader may conclude.

Also, €17 billion out of the €85 billion is coming from Ireland's own resources. So in fact the part of the bail-out fund which is in the form of an external funding facility amounts to €67.5 billion.

The firepower given by the IMF/EU facility will bolster the State Guarantee and enable our banks to obtain cheaper

funding on the international markets.

Some of the loan facility may be used to plug a hole in the current account of the State, faced as it is with lower taxation revenues. Münchau dismisses as worthless a loan facility that enables Ireland to plug a spending gap. But is it so worthless? Without the loan, Ireland might have had to default. With the loan, it can conduct an orderly retrenchment of its public spending and bring about a reform of the banking system. And the EU/IMF funding facility, by keeping the show on the road, gives the opportunity to avail of any better international situation that may come down the road. And if the international situation does not improve—then Ireland's problems will be a drop in the ocean! Globalist Capitalism will have reached the end of the road, and all bets will be off.

The loan facility means Ireland can meet its funding needs now. That is the present all-important problem. The problem of repayment of the loan is quite different. And it is not insurmountable, as Münchau attempts to convey. He suggests that repaying the loan would decrease the size of the Irish economy, because the interest rate payable on the loan is so high. But there is no iron law which says that the Irish economy has to grow every year, or that it cannot get smaller.

In fact the annual Irish Gross Domestic Product—the total value of all things produced in an economy for a year—grew by 6% in 2007, the last of several years of growth so strong that it has been the marvel of Europe. The GDP got smaller by 3% in 2008 and by 7% in 2009. That decline stabilised in 2010, being perhaps 1%. The expectation is that 2011 will see 2% growth.

Let us look at the facts not in percentage terms, but in real figures. The GDP in 2009 was around €160 billion. The figure for 2010 will not be that different. The current account deficit, the shortfall in annual revenues coming into the Government will be around €18.5 billion. And the EU/IMF loan facility enables the Government to borrow below what the market was charging for this amount. If all of this money is borrowed at this rate, the interest would come to €1.1 billion. But if the nominal rate of growth does come to 2%, we are looking at an increase in the size of the economy of €3.2 billion. So the repayment on this amount is certainly repayable. And Ireland would have money left over!

It might be noted that monies which have been made available to the Banks from the European Central Bank up to the present have carried an interest rate of just

1%!

Let us also note that Ireland is coming from a very positive underlying situation: in 2008-10 Ireland had the third highest Gross Domestic Product of the EU. It was the biggest exporting country in the EU, taken as a percentage of GDP. In 2008 its debt to GDP ratio was the fifth lowest in Europe. And its National Debt still compares favourably with that of other European countries.

There is plenty of scope for taking on additional debt to meet present difficulties without bankrupting the country.

As befits a *Financial Times* propagandist, Münchau ignores the real economy. But Ireland's economy is doing quite well at present. Farmers have had an excellent year and there is good world demand for their produce. On top of that, firms from around the world are continuing to move their headquarters to Dublin for accounting purposes in order to avail of the favourable Corporate Tax. So far, Corporation Tax yields for 2010 have come in above expectations. Manufacturing output in the foreign-owned multi-national sector in this country is up 15%. Output in the indigenous manufacturing sector is up 6%.

Mr. Münchau does a sleight of hand with regard to this matter of growth of the economy. He is suggesting that loan repayments must come out of growth in the economy or risk a long-term downward economic spiral. But why is that? The GDP measures the extent size of commercial activity in a society: it says nothing about the wealth of the country as a whole. What is the size and weight of the whole economy that has accumulated down the decades? That is not talked of.

Plenty of money and resources remain in the country. If it came to crunch-time, existing loans could be repaid by a modest levy on all the wealth in the country. Ireland is anything but poor: it is one of the wealthiest countries in the European Union.

Using economic hocus-pocus, the *Financial Times* is simply attempting to demoralise the national will of the country to take care of its own affairs. It acted in the same vein in November when it voted Brian Lenihan the worst Finance Minister in Europe. It considered Germany's Wolfgang Schäuble the best. How do you judge *best* and *worst* as between such different societies? It must be taken that the criteria applied relate to the Anglo mania for further globalisation. The nearer Germany moves to Boston, the happier the paper will be. And the black mark against Lenihan is because he has been pursuing Irish interests in a single-minded

manner. Schäuble is best from the British viewpoint because he has been a globalising Finance Minister, implementing the break up of the national social structure of the German economy decided on, under British influence, by Chancellor Merkel and her predecessors.

*

By complete contrast to the *Financial Times*, John Fitzgerald, a Professor at the ESRI (Economic & Social Research Institute), has made a complete analysis of the EU/IMF bailouts:

"This focus on the interest rate on actual borrowing from the EU/IMF fund has distracted from the value of the facility to Ireland. As with any overdraft, in the case of the EU/IMF facility, Ireland will pay interest when it draws down funds.

"However, the availability of the facility, even if no money is drawn down, has considerable value to the country.

"Since the crisis began, the National Treasury Management Agency (NTMA) has held for the government around €20 billion in cash (over €24 billion last September). Given that the state was already paying between 4 per cent and 5 per cent for borrowing earlier in the year, and will now pay 5.8 per cent, this cash is costing the state more than €1 billion a year in interest.

"This cash was needed to tide things over if the state had problems borrowing. However, with the EU/IMF overdraft now available, which can be drawn down whenever required, it will be possible for the state to use much of this cash in 2011 to fund its day-to-day expenses, avoiding the necessity of additional borrowing.

"For example, if half of the cash is used up next year, avoiding borrowing of the same amount, the interest savings will be around €600 million" (*Sunday Business Post*, 12th December).

It will be recalled that Finance Minister Lenihan punished the markets in November, when interest rates shot up, by refusing to borrow money. He said the state had enough in hand. Bucking the market has a cost, and that is holding cash in hand. The trickier the situation, the more of a cash cushion has to be held. Now the Government has a guarantee in its pocket, an assurance that it will not have to pay more than 5.8% to borrow money in the years ahead. So it can run down its insurance money.

But there is another advantage to having that bail-out money there as a last resort facility. Governments have long-term commitments and they like to borrow long-term. However, the international financial situation has got so difficult that investors have got nervous. Borrowing money for long periods of time has got very expensive. However, investors are not so chary about lending money for

short periods. As Fitzgerald explains, because that bail-out fund is there, the Government need not worry about the long-term capital markets—it can use short-term money:

"Under normal circumstances, the bulk of the borrowing by the state is undertaken with bonds repayable seven to ten years in advance.

"The NTMA manages the situation to ensure that, unlike the Irish banks last September, the state does not have to repay everything in a short period.

"This need to manage repayments has limited the ability of the state to borrow money short term.

"However, because the overdraft facility is there for the next three years, the NTMA can now undertake some short-term borrowing with the certainty that it can be refinanced, if necessary, by drawing down the overdraft.

"The advantage of such short-term borrowing is that, over the next three years, it may well prove possible for Ireland to find lenders willing to lend for short periods at much lower interest rates than would be charged for the overdraft.

"When Ireland last borrowed such money in the summer, it was paying an interest rate of 2 per cent..."

Two per cent! What does Mr. Münchau say to that!? He doesn't of course. He is playing his own game.

Far from Ireland being pulled down by 5.8% punitive interest rates from the EU and IMF, the situation is that it is liberated to borrow money in the cheapest market. The bailout money acts as a kind of collateral making it possible to borrow more cheaply elsewhere.

Mr. Fitzgerald also makes some remarks about the growth rate of the Irish economy. He rejects the "external commentators" who predict 1% growth or less in coming years. He suggests there will be "significant growth" in 2011. As he points out, the reduction in spending power as a result of Budget cut-backs has less of an effect in the economy as might be expected: because Ireland imports a lot of what it consumes, reduced consumer spending power affects the countries which export to Ireland more than Irish manufacturing itself. As he says: "While this does not make the budget cuts any easier to endure, it will limit their consequences for the domestic economy".

(As a slight aside here it might be added that having large numbers employed in the public service is a benefit, not a drain on the country. Goods and services produced by the public sector help to keep money in the country because they are paid out of taxation. If the tax take were lower, a high proportion of the money saved would be spent on imported goods, foreign holidays and the like, taking money

out of the country. As labour follows capital, money spent abroad diminishes employment and development in Ireland. The main thing required of those in public service is that they should be bound by a good ethic of service to the country: numbers should not be an issue.)

The making of various arrangements to assist Euro-zone countries to resist the onslaught of speculators shows that there are at least some forces in Europe that understand that solidarity is needed at this time.

All of this paints a very different economic picture than that being pushed by the *Financial Times*, with its junior partner in Ireland.

John Fitzgerald points out that one of the dangers ahead "lies outside our hands": it being "the instability in the European financial system". But of course Ireland is a part of that financial system. It can be seen that it is for anything but the good of Ireland that the *Financial Times* advocates a Default.

Big game is being hunted here and Ireland is but the tethered goat.

There is a strategic heave in progress against the Euro. The Dollar, with Sterling at its heels, does not want a third—and potentially sounder—currency establish itself. Gold has gone as an objective way of holding reserves of money and there is no alternative system in place. The Dollar and Sterling act as surrogates, but both America and Britain use inflation as an instrument of monetary policy. At present the world subsidises America—and Britain too—by having to hold their monetary reserves in currency and financial instruments that are constantly diminishing in value. The world must subsidise America and Britain as things stand. Not surprisingly, it is on the look-out for an alternative. And if the Euro goes bust, there is no other candidate.

And, if the Euro fails to establish itself with reserve currency status, the prospect of a third power-bloc goes with it. It must be said that, while Europe has been painfully subservient to America and Britain in international affairs, its very existence as a coherent unit presents the possibility of it re-discovering its political self.

America supported the formation of the European Union as a counter to the Warsaw Bloc and Communist political economy. Now that the danger from an alternative way of arranging public affairs has passed, the existence of a united Europe is of no particular benefit—on the contrary. Dealing with countries on an individual basis presents far greater benefit to pursuing American economic and power objectives.

It is a curious fact that the financial crisis, made in America, is being turned to

good account to further American and British strategic interests as against Europe. And these geo-political objectives are being advanced by the voracious feeding of myriads of piranha fish, all speculating on the Euro becoming a weak currency.

Germany is making a monumental mistake in failing to see the real nature of the game that is being played out.

It is experiencing some *Schadenfreude* as it sees prodigal spendthrifts being brought low. It believes that profligate European countries are being punished by the just men of the market. It thinks that it can play out the financial game as if it were gin rummy, using intelligence and a modicum of luck. The crisis is a good opportunity to impose fiscal good manners on the lesser brethren. So it is holding back on the money assistance it makes available to those under market pressure, complaining of the few extra billions in cost to itself.

But Chancellor Merkel is not playing gin rummy: it is fight-to-the-death poker that is being played. And to win in that kind of game you need Darwinian instincts—it's all or nothing. If Merkel loses this game, it will not just be a few billions that she loses: there will be a European banking crisis which engulfs large and small. It is poker and as long as she continues to hazard small stakes, she will lose. She is just feeding the blood-lust of the piranha fish. The only way to win in high-stakes poker is to be menacing and bet everything you have. Not only must she gamble with money, she needs to cut off the life-blood of financial lending to the speculators. She needs to re-establish Europe as an unfriendly place for the financial manipulators. Half-measures will not do it. The biggest and most savage will win.

All this gives us some perspective on our friendly shark, Mr. Münchau, who kindly advises Ireland to throw the European finance system into chaos, but still stay in the Euro! He ends his piece saying:

"in such a scenario [of default]... Should Ireland stay in the Euro zone? I would say yes it should... The smart choice is to default in the euro zone. It is going to happen, sooner or later."

There is a German folk-tale about Baron Münchhausen, who goes around the country telling tall tales. Perhaps the *Financial Times* associate Editor is related to him. To think that there would still be a stable Euro-zone after an Irish default is to stretch credibility. And if Ireland set off a European banking crisis, would the zone wish to retain Ireland as a member? An Irish default would surely bring Ireland under the wing of its "good friend" (to use British Chancellor George Osborne's term of endearment), Mr. Sterling. ●

It's Inter-Governmental, Stupid!

The Government and their EU colleagues are very pleased with themselves in getting a permanent fund set up at their 16-17 December meeting to deal with sovereign debt issues that may arise after 2013. Everyone knows that a bailout mechanism is contrary to the Lisbon Treaty. But the EU simply said that this has nothing to do with the EU institutions and therefore Lisbon is irrelevant.

"If there is a transfer of competences to the union then there may be a requirement for a referendum. In this case there isn't going to be a transfer. Remember, we're going to have an inter-Governmental arrangement here", Mr. Roche said. (Irish Times, 15 Dec. 10). And it was spelt out more clearly by Arthur Beesley:

"For one thing, an inter-governmental arrangement would operate outside the ambit of the EU bodies. As such it would not increase the powers of the institutions themselves. For another, the avoidance of any new liabilities for the EU and its member states is specified to ensure that aid is offered only by way of loans. This is required because the EU's infamous 'no-bailout' clause remains intact in the treaty, breached in principle in the interventions that led to the Greek rescue but not by the letter" (Irish Times, 14 Dec.).

So, it's Inter-Governmental, stupid. Nothing to do with the EU, Lisbon or anything else.

The permanent mechanism is vital for the future stability of the Euro zone, therefore for the future of the Euro, therefore for the future of the EU—but it has nothing to do with any of the EU institutions! This is a weird scenario and too clever by half. If the EU institutions are unaffected, it begs the questions as to what exactly the EU now is.

Though everyone knows a bailout is legally contrary to the Treaty, it's a case of needs must and the Treaty has to be pushed aside. While a political solution always will and always should, override purely legal issues—after all, creators of the law are *ipso facto* above the law—there are consequences to their flouting of their own laws. Or rather, there are consequences to flouting their own law and pretending that the law remains unflouted.

This is the situation we now have re Lisbon. Do as we say but not as we do.

This follows in line with the long years of chicanery that was involved in getting the Treaty passed. Let's not forget it started

off as a Constitution of mind-boggling legalisms; when defeated in a number of countries, some decorative elements were removed and it became a Treaty; when defeated again, protocols and guarantees were attached and a combination of dire threats, wild promises and demagoguery did the trick.

It was a Pyrrhic victory. The EU elite put all its political capital and credibility into Lisbon, but now it never wants another referendum on it. Because they know Lisbon simply stinks. And now the Treaty has been declared irrelevant when serious decisions have to be taken. The people who took it seriously at face value have been taken for a ride and they know it.

But that is not the most serious aspect of it. If Lisbon and all the EU institutions are to be by-passed when serious decisions have to be taken, it begs the question, what is the EU? If it is at heart, when the proverbial chips are down, an Inter-Governmental body, it is not the EU. An Inter-Governmental arrangement is not a union—it is not so by definition.

There are Inter-Governmental bodies galore in the world and many of them are regional ones. They are as significant and useful as their leading members want them to be. Such bodies are very natural and have their uses. And if that is what Europe is then let's make that clear. And let's call it the League of European Nations or some such. Otherwise if it continues to operate calling itself a *union* it is a fraud depending on illusions and delusions among its citizens. That is a recipe for trouble.

In the debates leading up to the Treaty of Rome there was intense debate on what kind of organisations and institutions would best suit the new project that the founders had in mind—an integrated Europe. They had seen the failures of Inter-Governmental bodies such as the League of Nations. They concluded that such bodies were worse than useless for what they had in mind. They knew also that they could not easily create a supranational body as the nation states would not allow it. But they saw that a supranational body was essential to what they aimed for and they devised the Commission as the key to bridge the gap between what existed and what could exist. But the founders did not have worthy successors. After the entry of the UK, and particularly under Thatcher, there was a sustained attack

on the Commission as it was quite rightly seen as the key institution. Pat Cox and his Liberals did the business for the UK, and effectively removed that key and Europe has been a headless chicken ever since.

If the EU institutions are bypassed on this purely economic matter, then it will inevitably be bypassed on others. There are more important issues. War and Peace, for example. If the EU leadership decides on a war policy, which is certainly not unimaginable, and if it proves very unpopular then why not follow this precedent and say, in effect, 'It's an Inter-Governmental matter, stupid.'

Or, on a mundane level, if the Corporation Tax rate is declared an Inter-Governmental matter then the Lisbon guarantees can be bypassed. Or the Guarantees on Irish neutrality, etc., etc. A Pandora's Box has been opened up by our leaders but for them "*Sufficient unto the day is the evil thereof*".

Realising the EU needed a central focus the idea of a Constitution was drawn up by Valéry Giscard d'Estaing ten years ago. The Lisbon Treaty was sold as the lynchpin of the EU. And it is an appropriate metaphor for any Constitutional document or agreement. But if a lynchpin is removed the wheel falls off the cart, the horse usually bolts and people can easily get hurt.

THE SOUND OF PENNIES DROPPING

One positive side effect of the current situation is that even the simple-minded Europhiles in Ireland might begin to develop critical faculties about the EU. John Bruton appears to be one of them. John was one of those hand-picked by Valéry d'Estaing ten years ago to draw up the Constitution that became the Lisbon Treaty. His famous *dictum* at the time was that the EU was ordained by God and that seemed to be the full extent of his forensic analysis of what constituted the EU.

Now, he sees things a little differently.

God must have taken his eye off the ball. He reckons that the permanent bailout agreement is flawed because of the condition that it will only be activated "*if indispensable to the stability of the euro area as a whole*". He says quite rightly that:

"This is quite a high bar to cross.

Suppose there is a financial crisis affecting the majority of countries in the euro zone, but one large country has insulated itself against this by building up large savings and preventing its banks from lending more than a very conservative amount. Would the position of that country be legally sufficient to prevent the bailout fund being used, because the crisis was not affecting the euro area 'as a whole'?" (Irish Times, 22 Dec.2010).

It would help John's argument if he specified the hypothetical country but he seems to suffer from a 'don't mention the war' syndrome.

And he goes on: *"This wording may mean that countries will prefer to seek help from the IMF, because the IMF will look at the situation of individual countries and will not be required to satisfy itself that the euro area as a whole is at risk."*

This seems to be a shock to John, but the EU is already working hand in glove with the IMF, as in the Irish bailout. Did he not see from the start that IMF involvement in the affairs of the EU was an admission that the EU could not deal with its own problems? It was effectively an invitation to the IMF—i.e. the dollar—to put manners on the EU and the Euro. and it is logical that the dollar will seek to expand its power and influence at the expense of the Euro given this opportunity. Everyone is for competition these days, are they not, and this applies to currencies as well as everything else.

John gives us his explanation for the crisis in the EU:

"My own view is that the European Council, which is a body consisting of 27 part-timers that has concentrated ever more power in its hands, is not an organisation whose present working methods make it capable of the sort of rigorous, sustained and self-critical thought that is needed to restore economic growth at this critical moment in history. Its part-time character explains why the European Council is always running after problems, rather than getting ahead of them.

"Twenty-seven heads of Government, all of whom are already fully employed managing their own countries, can only turn to EU affairs in their spare time, which may consist of sitting on a flight on the way to the meeting in Brussels. The European Council does have a small secretariat and a full-time chairman, but that is not enough to make up for the fact that the people who make the actual decisions are all part-time Europeans. Arguably, the European Commission is available to help, but its role is sidelined by its institutional rivalry with the council" (ibid).

This is a naive view of the Council and EU structures, and it is seriously frightening that a person like Bruton who has been immersed in EU affairs for decades has such notions. The Council is, as it always was, the Member States looking after the interests of their states. It always will be so and John cannot hope to make a European silk purse out of the sows' ears of Member States' interests. Even if they had the biggest Secretariat imaginable and all the time in the world to discuss matters that

would not change.

On the other hand, the Commission was the exclusively European element in the EU project but for John it is now only *"arguably....available to help"*. In other words, it is dispensable for him. He seems to think that the rivalry with the Council is its problem. But its very *raison d'être* was rivalry with the Council. That rivalry was essential to the creation of a real union. The Commission was given the right to initiate legislation for Europe. That meant an inbuilt creative rivalry between the two. The tension between the two was the key productive dynamic in creating a European polity. The Commission has lost out in that rivalry and it is the fact that there is now NO real rivalry between the two that means that the dynamic for an integrated EU has evaporated. No other dynamic is in sight—apart from some almighty financial disaster among EU states.

Ireland, in the form of Pat Cox, punched way above its weight in the elimination of the Commission's authority and morale. It was the greatest self-inflicted wound that Ireland has ever given itself—and the other smaller Member States. The Council gained in authority automatically as the Commission declined. Bruton along with the whole host of our Europhiles seem oblivious to this development.

John wails that *"Europeans are looking for leadership. They want a sense that someone is in charge"*. It is the Commission that should be in charge and the only body that could have given leadership in this situation but it has been destroyed. And like Humpty Dumpty all the king's horses and all the king's men cannot put it together again.

Jack Lane

Irish Budget

continued

Prior year comparisons measure the adjustments that tax payers and social welfare recipients will have to make. However, in the extraordinary circumstances we find ourselves in, it is also useful to take a longer view. In the 1980s the standard rate of tax was 35% and the top rate was 65%. Governments had a policy in the early 1980s of allowing inflation to erode the value of tax allowances, pushing more and more people in to the higher tax bands.

Even after this budget the two tax rates remain the same: 20% and 41%. However the Tax Credits and Tax Bands were reduced. In this era of low or negative inflation the Government does not have

the option of allowing such allowances to be eroded by default. In this budget Brian Lenihan reduced both the Tax Bands and Tax Credits by 10%.

So there was a reduction in the employee, single personal and one person family Tax Credits from 1,830 euros to 1,650. The married person's Tax Credit was reduced from 3,660 to 3,300. The Tax Bands were reduced from 36,400 to 32,800 for a single person; 45,400 to 41,800 for a married couple with one income; and from 72,800 to 65,600 for a married couple with two incomes.

Reductions in Tax Credits affect all taxpayers, but taxpayers on low incomes are disproportionately affected. However, a large proportion of taxpayers were paying no income tax. 45% of income earners in this country paid no income tax in 2010. It is doubtful that this is sustainable.

The Minister also said that the 8 per cent of the population who earn over 75,000 will pay 60% of all income tax. The 80% of the population, who earn under 50,000, pay 17% of taxes. This means that the 12% who earn between 50 and 75 thousand pay 23% of all income tax. By any standards this is a progressive tax system. However, it appears that the Government decided that there were limits to the burden that the top earners could carry.

The Government replaced the Income and Health Levies with a universal Social Charge. This has a progressive feature. On income from zero to 4,004 per annum the rate will be zero. Anyone earning more than 4,004 will have all of their income up until 10,036 taxed at 2% under this universal charge. A charge of 4% will apply to income from 10,037 to 16,016. All income above 16,016 will be charged at a rate of 7% under this regime. The striking thing about this charge is that the higher rate kicks in at a low level of income.

Some low income earners will be disadvantaged by this. For example, the old Health Levy exempted people on an income of 26,000 or less. On the other hand, the PRSI ceiling has been eliminated. So income above 75,000 will be charged a 4% rate.

High income earners will therefore have a marginal tax rate of 52% (when tax and levies are taken into account). It is widely believed that as marginal tax rates exceed 50% the law of diminishing returns comes into play.

In the past high income earners were able to avoid tax by availing of various tax reliefs. These have been gradually eroded and this year this trend continued.

SECTION 23 RELIEF

From 1st January 2011 Section 23 relief will be restricted to the property itself (it was eligible to be used against all rental income).

Relief will not be available after a 10-year holding period. If the property is sold within the 10-year period, the relief is not available to the new owner and the seller is subject to a clawback of tax relief already claimed.

There will be a termination of all unclaimed and unused Capital Allowances, arising after or carried forward from 2014 as well as unused Section 23 Relief carried forward from 2014.

Some would argue that the relief should have been terminated immediately. However, houses were built on the understanding that the Relief could be availed of for a period of 10 years. It is likely that, even the phasing out of the Relief, in this budget will be subject to legal challenge.

RELIEF FOR PRIVATE PENSIONS

Another set of Reliefs which have benefitted the better-off are those available for private pensions. The following restrictions will apply:

- private pension contributions will no longer be eligible for relief from Pay Related Social Insurance and the Health Levy (now the Universal Social Charge).
- PRSI exemption for employer contributions to pension schemes will be cut by 50%.
- It has been signalled that in the next 3 years the Relief for private pension contributions will be available only at the standard rate of 20% (currently it is available at the 41%).
- Reduction in the annual earnings limit on which pension tax relief is applicable from 150,000 to 115,000.
- Maximum allowable pension fund on retirement for tax purposes to be reduced from 5.4 million to 2.3 million.
- A new 200,000 limit will be imposed on tax free retirement lump sums.
- The imputed distribution from Approved Retirement Funds will be increased from 3% to 5%. This 5% distribution will be taxable. This will prevent hoarding of wealth in Pension Funds.

STATE PENSIONS AND SOCIAL WELFARE

Public service pensions above 12,000 will be reduced by on average 4%. Again, this will be done in a progressive fashion. The reductions will be 0% on income below 12,000; 6% on income between 12,000 and 24,000; 9% from 24,000 to 60,000; and 12% on sums higher than that.

One of the few categories of people who remained unscathed was the over 65s

on State Contributory and Non-Contributory Pension. In these cases their pensions remain unchanged.

However those under 65 were not so lucky. Widows/widowers, those on Invalidity Pension (contributory and non contributory) and carers had a cut of 8 euros a week.

The over--25 Jobseekers Allowance was also reduced by 8 euros a week to 188 per week.

There were also significant reductions in Child Benefit. The first and second child had reductions in 10 euros per month. The third child had a reduction of 20 euros per month(!), while subsequent children had reductions of 10 euros per month. Michael Noonan was very funny on this subject. He wondered aloud whether the Minister had been beaten up by a third child when he was a kid. However, the situation after the adjustments does not appear anomalous. The first and second child will receive 140 a month. The third child will receive 167 and subsequent children will receive 177 euros per month.

The Minister decided not to introduce means-testing or taxation of these benefits on administrative grounds and because this was a benefit paid to the mother and should not be assessed on the basis of her partner's income.

MISCELLANEOUS MEASURES

There were a number of other measures affecting the better off. The Deposit Interest Rate Tax will increase by two percentage points to 27%. On longer term deposit accounts the rate will rise from 28% to 30%.

The thresholds or allowances for Gift and Inheritance taxes will be reduced by 20%.

There was a simplification on the Stamp Duty on property (1% for property up to a value of 1 million; 2% on amounts above that value). The Reliefs to new property and first-time buyers will be abolished.

There were also reductions in the salary of the Taoiseach and Minister. The 10% reduction in the salaries of new entrants to the public service will also apply to the judiciary.

POLITICAL REACTION

The reduction in the minimum wage by 1 euro an hour received quite a lot attention. The *Prime Time* budget special on RTE made a meal of this issue by comparing the increase in taxes of a high income earner with the reduction in the salary of a person on the minimum wage. But, of course, the comparison is misleading. It assumes that employers paying people on the minimum wage will reduce the salary of those people just because the law has been changed.

This was the first budget that the new Fine Gael finance spokesman Michael Noonan faced Brian Lenihan. In my opinion Lenihan has had the better of Richard Bruton (Noonan's predecessor) in the post-budget set pieces of recent years, but Noonan came across as being much more self-assured than Lenihan on *Prime Time*. There was very little substantial difference between the two, but Noonan had the ability to go beyond the usual anti-Government rhetoric of the Opposition parties.

Some of his suggestions in the Dáil were interesting. He thinks, for example, that the standard rate of VAT should be raised from its existing rate (21%) more quickly than the Government intends to do. The Government prefers to wait until the VAT rates in the UK go up so as to avoid cross-Border shopping. Noonan, on the other hand, thinks that the 21% rate applies mostly to imported products, whereas the 13.5% applies to indigenous services. This 13.5% should be reduced to stimulate activity in this sector. My own view is that consumption taxes are regressive because they affect low-income earners more than high income earners and therefore the 21% rate should not be increased.

Noonan also suspects that the Government is planning to privatise Bord Gais, but Noonan himself has been explicit in advocating the sale of State utilities. He thinks the receipts from such sales could be used to stimulate the economy. In my view it has never been more important for the State to retain control of our infrastructure. Has Fine Gael not learned from the disastrous privatisation of Eircom?

Fine Gael appears to have regained some confidence and have accordingly moved to the right. It will be more aggressive than Fianna Fail in implementing job cuts in the public service, which begs the question as to what role Labour will play in the next Government.

Labour has nowhere to go except into the familiar embrace of Fine Gael. It has excluded coalition with Sinn Fein (in the unlikely event that the numbers add up) and with Fianna Fail. In recent months some of the puff has gone out of the Gilmore gale. The party has been floundering in response to a resurgent Sinn Fein. Its trump card has been that it opposed the State's Bank Guarantee. Recently, Joan Burton managed to puncture some of the confidence of Sinn Fein's rising star Pearse Doherty by reminding him that Sinn Fein supported the Guarantee. However, Labour's position seems to be a moral rather than a political stance since, unlike Sinn Fein, it is not advocating torching senior bond holders.

CONCLUSION

The 2011 budget was a credible attempt to restore order to the public finances. Some of the social gains of recent years

have been eroded but it was more an orderly retreat than a scorched earth policy.

The outgoing Government has left some controversial measures—such as a property tax on principal private residences—for the incoming Government to tackle. Labour is even more opposed to this latter policy than its prospective partner.

It will be interesting to see how the contradictions between Fine Gael and Labour are resolved during the forthcoming General Election and afterwards.

While it is disappointing that people on welfare should be disadvantaged, the economy as a whole contracted in 2008 and 2009. As a consequence the disposable income of the low-paid was approaching those on welfare. That is not sustainable.

Irish rates of welfare remain quite generous for the long-term unemployed, but for those who are newly unemployed the rates are quite poor compared to Continental Europe. Irish welfare is based on providing a safety net rather than Social Insurance (benefits proportional to contributions made).

This has created enormous problems of adjustment for those who have lost their jobs and have mortgages to pay on homes purchased during the bubble years.

The State has been able to restrain the banks from repossessing family homes, but how long this can be sustained is a moot point.

Our system of redundancy payments is relatively generous and mitigates this problem, but this does not cover people who have changed jobs. Indeed, the present writer knows people who are afraid to move from struggling companies because of fear of losing their redundancy entitlements.

Although there was some improvement in public services during the Celtic Tiger era much of the benefit of the windfall in the public finances went towards increasing people's disposable income by:

- reduced taxes for those in the private sector;
- increased pay in the public sector;
- and increased monetary benefits for those on welfare.

It is a great pity that more resources were not directed towards improving the quality of public services rather than increasing disposable income. There would have been a better quality of life. We would not have avoided the asset bubbles, which were mostly caused by the growth of credit, but the extent of the problem and the damaging social consequences might have been less.

John Martin

The Northern Ireland Water Crisis

What Was Really Going On

Over Christmas and the New Year the people in the North of Ireland experienced an almost never-ending catastrophe of floods and water shortages. Temperatures reached an unprecedented low of -18 degrees. Then the temperature soared to +9. The result was separating and burst pipes, in homes businesses and in the mains supplies under the streets.

There is natural public dissatisfaction with the service provided by the water company and there are bound to be great changes in administration, but will there now be public support for water privatisation, or will the water authorities be brought back under full public control?

Direct Rule from Westminster has left Northern Ireland with a legacy of under-investment in water supply. On top of that, an ideologically-driven New Labour agenda worked towards the privatisation of the service. As a first step, the old Water Board was disbanded and a company was set up, owned by the public, but outside hands-on control by politicians.

The Directors of the Company have acted in accordance with New Labour thinking. They have a direct personal interest in seeing the 'business' they work for privatised. Delivering a good service whilst under public ownership is not conducive to a privatisation agenda. So the system was run into the ground. Workers were laid off. Maintenance was not carried out. People were to be shown the hard way that a state owned company could not be trusted and that therefore the system should be put into private hands.

When Mrs. Thatcher, and later Tony Blair, were privatising everything in sight, Northern Ireland was left alone—because of the war. But, since the Good Friday Agreement, the privatisers have been arguing their case with all possible force. These include capitalists on the make, and the take, a few politicians and the people with most to gain immediately—the bosses of the state companies.

Laurence MacKenzie, the head of NI Water leads the pack. Already he gets 250,000 pounds a year and was looking forward to multiplying that by at least five times if the company went private. The other Directors could look forward to similar rewards. Water charges would be brought in. The public would pay through the nose. But it would be the same useless people running things. Doubtless some improvement would be seen as private

money came along—but no improvement that could not have occurred anyway.

MacKenzie went off on holiday as soon as the crisis erupted. His companions were nowhere to be seen. MacKenzie did not appear until 30th December and indeed had not planned to return at all until 10th January, and then just to announce that he would not be resigning. Well why should he? Everything was going to plan. Well, not quite.

The Minister with responsibility for water (and sometimes it seems for just about everything else!) is Conor Murphy, Sinn Fein MLA from South Armagh. He is well aware of the trickery going on around privatisation and has stated that he will not allow it, or water charging, to happen. He has been using his time in office to counter the money grabbers. He had already sacked people in the layer of administration above the Water Board and they were next on the list. His object is to bring water administration back under proper public control.

The only Ministers to appear during the crisis were Sinn Fein's Conor Murphy and Martin McGuinness. Water charges are a device facilitating the privatisation agenda. The idea is to get people used to paying a separate water bill. Administratively, the most cost-effective system of charging for water is through Domestic Rates. The water charges simply appear as a distinct item on the rates, a form of taxation which is not regressive. McGuinness said that, if all those well-off people who were demanding water charges felt like making a voluntary contribution, their money would be accepted! But there would be no water charging as the poorer majority would not be punished. First Minister, Peter Robinson, did not appear until New Year's Eve and then only to make a brief and meaningless statement. Finance Minister, Sammy Wilson, made a brief statement to attack Murphy's nationalisation position.

In Lurgan there occurred probably the worst incident—houses were flooded with raw sewage. The Water Company's PR man made some smart-ass statement implying that people were shitting too much once their water came back on. Otherwise he has been very good at his job—dissembling day after day on behalf of his masters. The Board's PR team have

been feeding their line to a compliant media. For about a week every BBC Northern Ireland news bulletin reminded its viewers at least twice that NI Water is state-owned, in much the same way that it always mentions that Chinese coal mines are state owned when it reports a Chinese mining tragedy.

It is particularly unfortunate that this crisis over water supply has come to a head at a time of cut-backs in public spending, as there is no doubt that there is a need for a lot of new investment in the water supply network. There is bound to be dispute within the Executive about the way to go. Some Unionist voices are advocating privatisation. The question is whether Sinn Fein can gather social support to re-make water provision structures and return water supply to be a *service*, rather than a business run for private profit. It's an open question as to how all this will work out. But something approaching real politics might happen.

Conor Lynch

Democracy

continued

a democracy. The United States said so. And, when the USA speaks on such matters, it is reckless to disagree.

Bill Clinton, during the Yeltsin era, defined democracy as liberty and free markets. Or maybe he defined liberty as democracy and free markets. One or the other. The essential element was free markets. Russia was certainly a free market under Yeltsin. A free market is a market that is open to US capital.

The average standard of living in Russia plummeted in Yeltsin's free market and life expectancy shortened. But the people enjoyed freedom—or at least they had freedom, and if they lacked the aesthetic sensibility to enjoy it while starving, that was their hard luck. Freedom is the supreme good, and must be enforced regardless of consequences.

Freedom ended when Khodorkovsky was arrested.

Free markets were established by Yeltsin giving state assets to a small group of people close to him, making them billionaires overnight. These were the economic Oligarchs, who lived a life of Riley amidst the general misery. These Oligarchs were not really capitalists. Leaving aside the question of whether capitalism is good or bad, they had not acquired the wealth that they possessed in

the way that capitalists do in market economies. It was gifted to them by President Yeltsin, who could see no other way of establishing private property.

Through no economic effort of their own they suddenly came into possession of vast wealth. They were welcomed by the West into the club of big capitalists, but they had not got to the top through effort in a general market system. They were at the top with nothing underneath them.

Some of them knew how lucky they were and behaved prudently. Abramovich bought Chelsea Football Club with his unearned income, which was a relatively harmless activity. Another, who was a strong believer in economic determinism from his Communist Party days, set up a kind of Fifth International in London, a Capitalist International to assist with the inevitable realisation of classical capitalism in Russia. That too was a relatively harmless activity—though a waste of the Russian resources gifted to him by Yeltsin.

Khodorkovsky was a different case. He was given vast oil and gas fields in Russia and he tried to boost himself into the stratosphere of global wealth by effectively transferring them into American ownership. That was when the tide turned.

Putin had negotiated a smooth transfer of Presidential power with Yeltsin by means of a guarantee that Yeltsin would not be prosecuted for corruption. As far as one can tell, Putin was willing to operate the Yeltsin system—if it can be called a system—but modify it gradually into something more like a national economy. It was Khodorkovsky's reckless deal with the USA that precipitated the sudden change of course.

Khodorkovsky was arrested, tried, convicted and imprisoned. Lost in capitalist Utopian ideology, he had not believed it could happen. It happened. And now, shortly before his sentence is up, it has happened again. The Western media has made a great fuss, but there is little sign in Russia of popular support for the civil rights of Oligarchs.

Russia is no longer a free market—a market at the disposal of Western capital—therefore it is no longer a democracy, even though the Government continues to be elected.

It is said that Khodorkovsky's trials were political, not legal. Certainly they were political. A state, in an economically desperate situation, that will not act when its major assets are about to be given away to an immensely wealthy predator state, will perish. And what was law in Russia

ten years ago? The legal system of the Soviet era had been abolished, and a new legal system could not be conjured into being to replace it. Even if Yeltsin had not ruled by decrees, and wrecked Parliament, a new system of law for a new system of economy—and not a system that existed, but that was to be constructed—could not have been established in so short a time in such circumstances.

It was a prime case of the safety of the people being the supreme law. And the people acted as if they thought Putin had saved them.

Towards the end of the Yeltsin period a number of thoughtful books were published in Russia by people who were supportive of reform into capitalist democracy but saw that it was not actually happening. They worked out what the West had known all along—that what we call 'democracy' functions if there are a small number of political parties, well-organised in the society, which have stable existence from one election to another, and between whose policies there is very little difference.

In Russia in the 1990s there were scores of parties. New parties popped up every month. And the parties that contested one election fell apart between elections and were remade. The electors were faced with a superabundance of choice, and therefore had no effective choice.

This was explained by Edmund Burke over two centuries ago with regard to representative government. Burke did not think that representative government could be maintained on the basis of a democratic franchise. The franchise was broadened under popular pressure until it was extended to a majority of the adult population in 1918.

(There are those who dispute the authenticity of the 1918 Election in Ireland, and excuse Britain for over-ruling it, on the ground that it was excessively democratic. Professor Garvin is one of them. They argue that Sinn Fein would not have won on the much more restricted 1910 franchise, and see that as being relevant.)

Democracy is the system which presents the adult population with a very small number of parties, between which there are no fundamental differences, to choose from to form a Government.

Another condition is that these parties must engage in vigorous verbal antagonism with each other, condemn each other as a danger to the State, if not as an enemy of humanity, and seem to mean it, and yet not mean it. If what is said at elections is taken literally, one must conclude that what is required to decide the issue is not

voting but a civil war. A democratic election is a kind of role playing of civil war. It is a form of extreme artifice which is not easily concocted where it does not evolve from actual civil war and stalemate.

This must be seen by anybody who stands back from our system, reflects on it, and takes even a cursory look at the vast tract of the world where nothing like it exists.

Another factor is that most democratic states have been Imperialist States. And many of the advocates of democratisation in Britain around 1900 said openly that it was on the basis of imperialism that they thought democracy was possible. It is too often forgotten that the self-righteous core states of the EU were Imperialist States within living memory—and participated in Hitler's New Order to an extent that they do not now care to remember.

In the light of this we must assume that the Nobel Committee etc. do not actually believe in the democratisation of China—do not believe that our recently-established system could be introduced there to the benefit of the general population, and that the only obstacle to it is the evil, power-hungry men who control the apparatus of tyranny.

It is evident that the tyranny is not experienced as tyranny by the vast majority of Chinese. (That, of course, is because they have 'false consciousness'. A generation ago the explanation by Socialists of the continuation of Capitalism was the false consciousness it generated in the populace. Now the explanation of why Capitalism is not universal also involves false consciousness. This is as it should be. Where would Capitalism be today if the Socialists of a generation ago had not become Capitalist Utopians?)

The rational object of the campaign for the democratisation of China can only be the break-up of China. A generation ago, when China embarked on its New Economic Policy, it was expected to become a vast new and passive market for Western capital. But something entirely different has happened. Chinese State Capitalism is threatening to become the greatest economic power in the world, it is subverting Western control over African raw materials, and its military power is such that war against it can no longer be contemplated, as it was not so very long ago. So the only thing is internal disruption through democratisation.

The Soviet Union was broken by the proxy war with the West in Afghanistan (in which the West cultivated the Islamic terrorism that it is now making war on);

pressure through the satellite States in Eastern Europe; and the erosion of the ideology on which the State was based. These means are not available against China.

Russia before Bolshevism was a new Westernising State without a secure traditional culture. China lived for thousands of years in Confucianism, an immensely flexible and stabilising culture, and it seems to be metamorphosing back into it with little difficulty.

Napoleon advised that the sleeping giant should be let lie. But Britain, intent on ruling the world, could let nothing lie. It broke China open by means of the Opium Wars, beginning in 1841. The commercial and colonial disintegration of China by Imperial Powers led by Britain went on for more than a century. When China reassembled itself, it was by means of revolutionary power capable of repelling the occupying Powers. It could not have been otherwise. Christian Imperialism, intent on its universal mission, could not be reasoned into withdrawal. China, having let the world be for thousands of years, became a danger to the world through have been able to fight off the world in order to exist.

China has fought us off, and we have recently had to give up our military project against it. The United Nations treated the Kuyomintang remnant on Formosa/Taiwan as the legitimate Government of China until the 1970s, and Formosa was the military base from which the US intended to restore legitimate Government in Peking. That project was given up, and the Peking Government was recognised as legitimate by the UN only after Peking had developed a defensive military capacity to exterminate us if we interfered with it again. So on these conditions, there has been peace between us. But, if China weakened, that peace would not last. For the time being, however, we can only try to weaken it by encouraging it what we call democracy.

Liu Xiaobo deserves a Prize from us, no doubt. But a *Peace Prize*!!

The *Irish Times* carried an article by the Secretary of Amnesty International on December 10th: *China's Dictators Can Browbeat Internal Opponents But They Will Not Win In The End*". Fighting talk for a *Peace* event!

Amnesty lost its innocence in these matters when, at the end of the Cold War, it came on board for the first Gulf War with a Report that fed into the war propaganda.

On 10th December the *Irish Times* published an editorial "*roll of dishonour*"

—a list of the states that "*kowtowed*" to China by declining the invitation to the Oslo propaganda event. Ireland was not on it. Afghanistan headed it. At the time of the First Opium War, nationalist Ireland was just getting going. The Young Ireland paper, *The Nation*, was launching. It sympathised with the Chinese, but was disgusted by their military weakness. That was also the time of The First Afghan War. *The Nation* celebrated what the Afghans did to the invading British Army.

Daniel O'Connell was a Liberal in general politics. His Liberal friends were in Government. The War Minister who launched the invasion of China, to open it to opium sales from British India, was the great Liberal ideologue, Macaulay. O'Connell supported the Opium War. It was only in the Irish cause that he was against shedding a drop of blood. The Irish Establishment today rightly identifies itself as O'Connellite.

The sleeping giant was kicked awake in 1841, and then was kicked again, and again, and again until he got up and started kicking back. A hundred years later it was still not too late to shackle him. Japan, as peaceful as China but with a more vigorous internal structure, was forced into the world market by American warships in the 1850s. With the example of China before it, it knew it had a choice between becoming an imperialist predator or imperialist prey. It chose to be predator, formed its clans into capitalist enterprises, and acquired imperial possessions, mainly in China, in order to supply itself with raw materials. And it entered into an alliance with the British Empire, and became its protector in Asia. But America, having forced Japan into the world market, then began to treat it as a rival who must be destroyed. Britain, in hock to the US after the Great War, was compelled to end its Treaty with Japan. And then the US gave an ultimatum to Japan to withdraw from China, which it could not have done without undermining its economy. So there was war.

By that time Japan had cultivated a second Chinese State. Today the US would very much like to break up China, but then all it could see was Japan as a rival to its dominance in the Pacific. It is a powerful but blundering Imperialism, always having to overcome this year the consequences of what it did last year.

Japan was fortunate after 1945 in that Imperialist antagonisms were suspended by the shock of the Communist victory in China. It was given privileged treatment as a Cold War ally, no longer needed an Empire as a source for raw materials, and happily returned to being just Japanese—something which Christian Imperialism, with its Millenarian streak, seems to be incapable of doing.

Shorts

from the *Long Fellow*

DAVID McWILLIAMS

Is David McWilliams an idiot or a charlatan? That is the question that arises from his article of 22nd December 2010 in the *Irish Independent*. In the following paragraph he describes the "subsidy" to NAMA:

"On page 19 we see the breakdown of NAMA subsidy to the delinquent banks. The AIB total is €23bn, Anglo's is €36bn and INBS's is €9bn. To that you can add about another €8bn to AIB as yesterday's NAMA statement included an extra €16bn from AIB and BOI, but refused to give a breakdown."

But the figures he refers to are the nominal value of loans transferred to NAMA. They have nothing to do with a "subsidy" from NAMA. They don't even refer to how much NAMA will pay the bank for the loans. In no sense can these figures be called a subsidy. The 16 billion extra in customer loans (the banks' assets) to be transferred from AIB and Bank of Ireland to NAMA also represent the nominal value of those loans. NAMA has paid 47.5% of the nominal value of the loans already transferred. As indicated in this column last month, there is a widespread view which has recently been expressed by Michael Somers, the former head of the National Treasury Management Agency, that NAMA has underpaid for the loans and as a result has hollowed out the balance sheets of the participating banks.

How could McWilliams have made such a stupid mistake? The only explanation is that he has long ceased to be a serious and insightful economics commentator. He has decided to become an entertainer and doesn't want to let the facts get in the way of a good yarn.

McWILLIAMS ON THE GUARANTEE

Not only does McWilliams not allow the facts get in the way of his populist rants, he doesn't let his past pronouncements interfere with his current denunciations. And since media celebrities rarely criticise each other (unlike politicians) he is allowed to indulge himself.

McWilliams is well known for being opposed to the Bank Guarantee, but that was not his position in September 2008 when the policy was enacted. His *Sunday Business Post* colleague Pat Leahy attempted to airbrush McWilliams's views

one year later in the following paragraph:

"In that day's *Sunday Business Post* {28.9.08—LF}, McWilliams had argued forcefully for a bank guarantee, but only on deposits. Finance minister Lenihan had also spoken to McWilliams about the banks on a number of occasions in the previous weeks. He had also consulted the European Commissioner and former finance minister Charlie McCreevy" (*Sunday Business Post*, 27.9.09).

But McWilliams did not advocate that the guarantee be restricted to deposits. Here is what he actually recommended back in September 2008:

"The only option is to guarantee 100 per cent of all depositors/creditors in the Irish banking system. This guarantee does not extend to shareholders who will have to live with the losses they have suffered. However, it applies to everyone else" (*Sunday Business Post*, 28.9.08).

Nothing could be clearer. McWilliams was recommending that the Guarantee was to extend to all creditors, including bondholders. The only category to be excluded was shareholders. This was more extensive than the Guarantee that was actually implemented which excluded undated subordinated debt.

SINN FÉIN ON THE GUARANTEE

David McWilliams is not the only one who has changed his position on the Guarantee. These days Sinn Féin is fond of denouncing the Guarantee and advocating torching the senior Bond holders, but back in 2008 it had a very different position.

Here is an extract from a Sinn Féin press release of 17th October 2008:

"When the Credit Institutions Bill came before this house two weeks ago, the Sinn Féin party supported it. We did so because we believed that it was entirely necessary to stabilize the state's banking system and we believe that our read of that situation has been proven correct. Since its implementation we have neither lost a bank or been forced into bailing out a bank with hard cash".

To be sure, by 17th October 2008 the party had reservations about some of the terms and conditions so the press release goes on to say:

"However Sinn Féin stated that we had a number of reservations regarding the ambiguity over the guarantee's terms and conditions ...Sinn Féin wanted to see terms that included a windfall payment to the state, the introduction of a bank levy and an onus on banks to negotiate as much as possible with homeowners facing repossession".

But these reservations had nothing to do with the principle of the State underwriting the banks' liabilities, which is the key element of the Guarantee. Following

the passing of the Bill, which Sinn Féin supported, the Banks' debts became Sovereign Debt. For that party now to pretend otherwise is disingenuous.

JOE HIGGINS ON THE BANKS

Brian Lenihan sometimes defends the Government's policies on the banks by saying that the shareholders suffered losses. But if Joe Higgins of the Socialist Party had his way some of the banks' shareholders would have been compensated by the State (i.e. the taxpayer) for their losses. In a discussion on the Pat Kenny radio show (16.1.09) he said "small" shareholders should be compensated. In a recent thread on the politics.ie site a Socialist Party member said that only shareholders with a "proven need" would be compensated.

This is certainly a policy that deserves wider attention. Not even in the days of Margaret Thatcher has there been a greater encouragement to widespread share ownership!

THE GUARDIAN ON ICELAND

One of the great myths currently being perpetuated by the British media is that things in Ireland could not be worse; no alternative policy which the Government did not pursue could have been worse than the policies that it did pursue. If only we had not joined the Euro, we would not have suffered so much! In an attempt to support such a dubious proposition, some British newspapers point to the example of Iceland.

Often the articles in question have a headline which bears little relationship to the content of the article. So, for example an article in the *Guardian* (8.12.10) has a headline which reads: *Iceland Rises Again As Ireland Sinks*. But a close reading of the article indicates that the garden in Iceland is not quite as rosy as is suggested. The article says that, following seven successive quarters of contraction, the Icelandic economy is growing at a "faster pace than expected". What exactly does that mean?

A little later some hard information is given. It says that Iceland devalued its currency by 80%! This, of course, makes the cost of imports five times more expensive for the people of that country. Such a dramatic increase in the cost of living makes the figures on GDP "growth" pretty meaningless.

THE IRISH TIMES ON ICELAND

Not to be outdone, the British newspaper in Ireland, *The Irish Times*, has a similar *modus operandi*. Its article on Iceland (11.12.10) by Elaine Byrne reads: "A

lesson from Iceland: say you're mad as hell and are not going to take it any more".

The opening paragraph gushes:

"It's official—Iceland is emerging from recession, with growth up in the last quarter, and inflation and interest rates down. What lessons can we learn from our North Atlantic neighbours, and can Ireland follow Iceland out of the financial doldrums?"

Later on we learn that the growth in question is 1.2% in the most recent quarter. There are no hard figures given on the economic contraction before then. It is only in the last couple of paragraphs that we are given some inkling of the true extent of the Icelandic catastrophe:

"Ordinary Icelanders have mixed views about their future. When the property boom collapsed, two friends of mine, Brynhildur and Hinrik, lost their jobs in architecture and property conveyance. When I visited earlier this year, they were living in a tiny two-room basement of their house, having divided the rest of their home into rental apartments. Trapped in a cycle of negative equity, Hinrik has no option but to work as a fisherman in the Arctic Circle two-thirds of the year. 'A dramatic shift in the mentality of the people has occurred', says Brynhildur; 'we are reevaluating every priority in our lives;.

"Even more tax increases, spending cuts and salary cuts are promised for 2011. The Icelandic minister for finance cancelled a trip to Trinity College Dublin two weeks ago after the failure of attempts to legislate for a bailout for mortgage holders. In a country of only 320,000 inhabitants, up to 40,000 of them may now lose their homes.

"Things will get much worse in the next year before they get better. A taste of the future?"

Maybe it is not much of a consolation, but life in Ireland could be far, far worse!

THE RYAN LINE

Following his beautification on his death, the reputation of Coke Head Gerry Ryan returned to earth after the results of the autopsy. It is unlikely that Ryan's coke habit would ever have been officially acknowledged if there was not a financial interest involved: Life assurance companies don't pay out if drug abuse is involved.

Last May Fintan O'Toole described Ryan as a "genius" and opined that the famous "Lambo" incident, in which he had lied to the public, had transformed him from being a mere DJ into someone who had convinced us that the "puckish, prankish side of Irish life could have its own integrity". While Gay Byrne was the nation's "father confessor", Ryan "had metaphorically removed the grille in the confession box that separates the penitent from the priest" and "this brilliant chancer came to seem more real and more trust-

worthy than all those authorities and TDs because his listeners knew that he actually cared about them" (*The Irish Times*, 22.5.10).

But following the results of the autopsy, an uncharacteristic silence on Ryan has descended on the great moralist of Irish life.

Indeed an eerie silence on the subject has been the response of the late broadcaster's colleagues in RTE, which speaks volumes about the values of that institution.

When Fianna Fáil Minister Pat Carey commented on RTE's response, the station expressed a rather curt and arrogant "disappointment" about the Minister's comments. It is interesting to note that its head of corporate communication is none other than Kevin Dawson

Dawson is well known to readers of this magazine for being the Commissioning Editor of what was laughingly called "factual programmes". As such, he was a stout defender of the notorious *Coolacrease* documentary.

Dawson was also responsible for commissioning another notorious RTE documentary called *High Society*. This was about cocaine abuse in Irish society and was based on a book on the subject by Justine Delaney-Wilson. The blurb on the book indicated:

"Lawyers do it. Doctors do it. Accountants and airline pilots do it. Priests and nuns do it. Government ministers do it".

But apparently media personalities escaped the author's intrepid gaze!

It is interesting to note that Dawson claimed that RTE management did not know that Gerry Ryan was a junky, even though it was widely known among people with no connection to the media. RTE's ignorance contrasted with Dawson's knowledge of other people who took cocaine. In promoting the *High Society* documentary he claimed to know the identity of the Minister who abused cocaine and it was this allegation that received most attention.

Gill & Macmillan, the publishers of the book began to doubt the credibility of the author following interviews promoting the documentary. In one RTE interview she said that she had a digital recording of the Minister admitting regular cocaine use. The problem was that this was never mentioned to the publishers. All she claimed to them was that she had written notes of a meeting with the relevant Minister. That is a detail which could not be misunderstood or misinterpreted. Then, when the author was asked to produce the relevant recording she claimed to have destroyed it for reasons which remain obscure.

In so many ways Kevin Dawson is uniquely qualified to be RTE's Head of Corporate Communication.

Letters Exchanged Between Desmond Fennell and RTÉ

RTÉ Attitudes

Letter sent to Mr Cathal Goan,
Director General RTÉ,
3 December 2010

Dear Cathal

I write to you to put on record three features of the national broadcaster over the past year that have degraded it, and that have therefore displeased me greatly.

1. A marked departure from civil public discourse. Mainly this has taken the form of an increasing transformation of current affairs interviews—especially with members of the Government and Fianna Fáil persons—from exercises in elucidation of matters of public interest into disrespectful and bad-mannered interrogations as by a public prosecutor. In a pub such verbal behaviour would lead to the person in question being given either a wide berth or a smack on the gob; but backed by the power of the national broadcaster it has been engaged in with impunity. Directed at Taoiseach, minister or bishop, it undermines by example civil public discourse, the respect due to legitimate public office, and thus public order. In listening over the years to interviews on the British, Italian and German broadcasting systems, I have never heard the like. Pioneered by a couple of male broadcasters and one female, it has been spreading as by contagion to some younger males who want to prove their machismo and even to a female newsreader engaging in interview. Given this style-setting development it was not surprising that recently a guest, Pat Rabbitte TD, shouted insultingly for four minutes at another guest, Minister Pat Carey, without being stopped by the 'moderator', and that a few days later on 'The Frontline' a shouting member of the audience several times interrupted the talk of others with impunity.

2. In disregard of RTÉ's statutory obligation as state-sponsored broadcaster, the station has added itself to the constitutional Opposition parties in opposition to, and denigration of, the Government and the biggest Dáil party. This widely perceived political role has been performed by RTÉ broadcasters, generally, in their comments and statements and by producers in the selection of participants for discussions of public affairs. A sole representative of the Government/Fianna Fáil finds himself or herself facing one, or more often two or more, invited opponents, plus the nominal moderator. (This RTÉ partisanship has rendered RTÉ a *de facto* participant in a perverse situation. Breaching the norm of pluralist liberal democracy, the Republic's national mass media display no political pluralism but speak with one voice as in a Communist regime or a one-party dictatorship.)

3. RTÉ, in its coverage of the national economic situation, has concentrated, with the above-mentioned bias, on the banking and fiscal aspects, the 'invariably wrong' Government actions, the 13 per cent unemployed minority, the difficulties of impropvident mortgage holders, and hard-luck story-tellers sought out by producers and spoon-fed by presenters. The main messages thus conveyed are that the country is destroyed, the Government incompetent and heartless, and the well-

off RTÉ personnel deeply concerned about the poor and unfortunate victims. The main effects have been to 'spread doom and gloom', as the popular saying has it, and to sap both national morale and Ireland's reputation abroad. At the same time, RTÉ's coverage of our economic situation, has been failing to cover, discuss and celebrate, as encouragement, the hundreds of thousands of busily employed workers and managers who are increasingly producing and exporting goods and services worldwide and making the real Irish economy more than pay its way.

The fact that Dublin-4-to-Dalkey is RTÉ's home and mental environment shows in this neglect of the successful, employed and productive part of the Irish economy. D4toDalkey, while contributing next to nothing to national wealth production, self-isolated from mainstream Ireland, and obsessed with the Dublin power play, has made RTÉ its political agent, making it take from Ireland in difficulty only those elements which can help D4toDalkey demolish its long-time bogeyman: Fianna Fáil and all it stands for. How often, Cathal, does RTÉ TV's coverage of the Irish economic situation, show us Government Buildings and how often a factory, an engineering works, a creamery, cattle mart, or internet enterprise, where mere workers work?

Given that these three features have marked RTÉ's performance over the past year or so, I must take it that they have not displeased you as much as they have displeased me. I am merely putting on record, as I said, my own view of these matters. I understand that you have only a few months of your tenure still to go.

Personally, I wish you a happy retirement.
Yours sincerely, Dr. Desmond Fennell

**Reply from Mr Cathal Goan,
17 December 2010**

Dear Desmond

Thank you for your letter of 3 December. I am disappointed to learn of your dissatisfaction with some aspects of RTÉ over the past year. I have to confess to a degree of perplexity at some of your sweeping assertions which appear to be based on a highly selective analysis of RTÉ output. I am taking the opportunity of copying this letter to the Chairman of the RTÉ Board to whom you blind copied your original letter to me.

1. The national economy is in a crisis unparalleled since independence. I don't know of any source of effective commentary or analysis which does not attribute—at least in part—the causes of the crisis to policies adopted by Government in the last number of years and by its failure to exercise, albeit through its agencies, regulatory control of bankers, developers, speculators, etc. RTÉ's presenters have attempted to elicit answers to a variety of entirely legitimate questions in the public interest from a variety of sources, including Government ministers, in a respectful and persistent manner. On a very limited number of occasions, regrettably, interviews have become ill-tempered. It is in the nature of Irish public discourse that the blame game occupies much of the time available for constructive discussion. If RTÉ is culpable it is that we have failed to persuade politicians to recognise the pointlessness of this approach. Undeniably,

however, the Dáil Chamber, where the expression of our democratic right to elect our leaders is most manifest, leads by its own example in this regard. Many of the interviews you have heard in recent months have become quite heated, precisely because the adversarial approach of the Dáil Chamber is replicated in failures to address the causes of the crisis or to provide concrete proposals for recovery. The additional feature which you raise, the alleged failure of presenters to intervene and moderate comment which becomes heated is an odd one. The freedom of expression is prized at United Nations and European level. If one deputy in one programme rounds on a Government minister, the minister is provided with the opportunity to respond and—further—avails of it. You suggest a shouting member of the audience in *Frontline* was allowed to intervene with impunity. This is simply not the case. I am not sufficiently familiar with German broadcasting to comment on your comparison. I am familiar enough with the United Kingdom and observations about the conduct of interviews on the BBC airwaves to know that there is no agreement there either as to the preference for deference over enlightenment. I will resist any comment on Italy because the public and private media are in the control of the Italian prime minister.

2. RTÉ is in receipt on a regular basis of emails, phone calls and letters arguing that a) we are failing to hold to account those responsible for the crisis and b) that we are too hostile in our questioning of Government representatives. Whilst we cannot assume that just because the public perception of our performance is so divided into pro and anti government and pro and anti opposition we can be complacent that we are successfully fulfilling the function of the fourth estate. I can say that we strive to be even-handed and fair in our approach to all news and current affairs. It is worth noting that RTÉ is regulated by the Broadcasting Authority of Ireland in regard to the fulfilment of our statutory obligations in regard to impartiality, objectivity and fairness. Despite many complaints about coverage of the economic crisis over the last 12 months no complaint has been upheld that RTÉ News and Current Affairs has failed to live up to the required standard.

3. We are conscious of the overwhelmingly negative news which dominates at the moment. We constantly remind our programme makers that, where possible, positive news should be sought out and reported. But the simple truth is that at this point in the economic crisis the majority of news is bad news. We wish it were otherwise, but it would be unprofessional for us to emphasise the positive at the expense of the dominant negative news stories. Where there is something to celebrate, whether it be in *Morning Ireland*, at a festival or *Nationwide* reporting a community activity that reflects well on the country, RTÉ strives to be there. This has however to be balanced by the, regrettably, almost endless reporting of the spiralling economic crisis.

Finally, I would like to thank you for your kind personal sentiments but I should say that any suggestion of retirement is premature. I am simply moving on to another phase of my life.

Yours sincerely,
Cathal Goan, Director General

The following letter appeared in the *Irish Independent*, 28th December 2010

No sign of global warming this year

I find it absolutely sickening that the global warming alarmists (yes, there are still some around) are now claiming that the current cold weather is either due to man-made carbon dioxide emissions, or is masking an underlying rise in global temperatures. The Goddard Institute of Space Studies (GISS) temperature index, quoted in your article on December 23, apparently shows 2010 as being one of the warmest years ever.

In fact, most other global temperature indices, including the one published by the Danish Meteorological Institute, show global temperatures dropping like a stone over the past number of years, exactly in line with most people's experience.

The GISS index is produced by the discredited James Hansen, who predicted a number of years ago that we'd be under 20 feet of water by 2010. With solar scientists now saying that the Sun is entering a quiet period, we should be preparing for lots more cold weather, as was the norm only 50 years ago.

And yet with the climate change bill currently being rushed through the Dail, we are going to essentially strangle our economy to death to eliminate a non-existent problem.

The Greens and Fianna Fail have outdone themselves yet again. I hope they enjoy a long and extremely cold period in the political wilderness.

Dr. Alan Rogers

RICHARD HOLBROOKE

In his hands he held an unsigned contract while on his shoulder perched a Stealth Bomber.

At Dayton, Ohio, not a murmur as jigsaw Yugoslavia retracts. 1963 and the Foreign Service, an accomplice to murder in Vietnam with John Negroponte. (ad nauseam) And with 'Blowtorch' Bob Komer auspicious.

Wanted war in Afghanistan to stop. (put up your hands and march to the stockade)

He tangled the strings in a Karzai strop. President's hit-man, topped up stock-in-trade.

Built monuments to war but no Cheop. Imploded during a switchblade accolade.

Wilson John Haire
16th December, 2010

es ahora *

BERNIE MADOFF AND HIS LEGACY

When Madoff went to gaol in the USA for some 150 years, he insisted that he acted alone in defrauding his clients and that his own family, though also in Banking, had nothing to do with his crimes which were his and his alone. But gradually a picture was being built up wherein his clients went after his two sons and his wife Ruth and even baby grandsons. Madoff took money off some of the biggest names in the US—including the film Director Stephen Spielberg. The movie actor Michael Douglas has estimated that some 40% of his hard-earned cash has gone in Madoff's Ponzie schemes. Madoff himself said he couldn't handle all the requests from people who heard of his success and wanted to invest with him—he had to beat them back—the point is that he didn't target people but they him. Douglas, now suffering from grade 4 cancer, is the only one who has gone public with his loss but feels he has something else to worry about and is not seeking back his stolen monies at this stage.

What is interesting is that there is nothing new in Ponzie schemes themselves—they need a good chancer and lots of greedy people who are offered unseemly sums as a return on their original investment. High risk investment involves high risk loss—what is the problem? But these people were assured by Bernie that nothing would go awry and when all was lost—they now seek out their vengeance. Madoff's eldest son Mark was under such pressure that he hung himself while minding his baby son in their apartment in New York. He had sent his wife increasingly suicidal emails and texts while she was away. The story will not end there, as the former clients have issued legal proceedings and intend to go ahead, as their latest statement verified.

While the names of these clients are not yet released—it does not seem as if Spielberg and certainly Douglas are amongst them. But there is another name that is also well known, who was a huge investor with Madoff snr. and that is Holocaust survivor and author Elie Wiesel, who lost his life savings according to an item in the *Irish Daily Mail*, 23rd July 2010. And not only did Wiesel "lose his own savings but his *Elie Wiesel Foundation for Humanity also parted with some €12 million*". But here the story takes a turn for Wiesel himself took legal action to stop New York playwright Laura Margolis's new work *Imagining Madoff*, portraying him as having pleaded with Madoff to invest his money, even though it was intended to be sympathetic. The play has now been re-

written, removing the Wiesel character. "This has been a profoundly painful experience, and I'm still scared to talk about it", said dramatist Margolis. Wiesel said Madoff should be forced, 24 hours a day, "to look at pictures of his victims".

IRELAND AND WEALTH

In these days of belt-tightening, amid talk of being given hand-outs from the IMF, ECB etc and the media's continuing panics about our children and grandchildren being in financial captivity for generations—it would seem that there is little money in Ireland but one couldn't be more wrong. In the first week of December, myself and I flew to Paris for five days just to see the sights and perhaps a bit of opera. When we got to Cork Airport and started queuing for our flight—it seemed as if half of the traveller population of the city had decided to take their children out of school and come as well. The young men wore only tee-shirts with lots of tattoos of a holy nature (mostly Our Lady featured heavily and Celtic Crosses), and the young mothers wore Adidas track-suits. Once we were all aboard our Air Lingus flight, I was told by the young lady sitting next to me with a babe in arms that they were all off to Euro Disney, Paris. They went every year and had great fun. Had I been? I had to admit that I had not and she told me I was missing out—she said the children loved them and they all had a great time. Then all the children who were aged from their late teens to babes in arms were given pursuits appropriate to their ages and I thought it would be games hell. But they had picture books with crayons, puzzles and they were the best-behaved children we have ever travelled with. Every time an air-hostess came with beverages—they all had as much as they wanted, with crisps, and coco cola being the firm favourites. Some of the young men got up and I never saw such wads of cash being fished out of their pockets and all were paid up with no fuss. As a tiny can of water cost €2.50, we passed on all refreshments. When we got to Charles de Gaulle Airport, the ground staff seemed to know the travellers well and had faces of utter delight greeting them—one could hear them think—here comes the big spenders.

And when we returned on the Friday, they had so many bags of excess luggage from shopping that I realised why they were precious to the French. I was told they had a great time and the snow was just enough to make it more magical but they had trouble with some of the rides, which their travel agent had not told them about, and they would be taking this up with her as soon as they got to Cork as it was not the fault of Euro Disney. I inquired about this and was told some rides had ages imposed on them which meant that the eight year olds were not left on the more "fun" ones. I imagined this had to do with insurance. But they seemed to have

no other gripes and having landed in Cork Airport, they immediately sorted out 4x4 taxis and off they went with all their luggage and friendly waves.

What ever about the economy here, there is no question but that the Celtic Tiger left an enormous black economy—an almost parallel one really and these are the people who did not get caught in risky property speculations or bank-bonds because they have only need of council housing and/or their own traveller caravans. So they remain cash-rich as do the public sector politicians and others.

What was especially lovely to hear was the young teens talking about their presents for their nans/mothers/fathers/cousins who were not on this trip. They were going through their lists like Santa himself and there was something familiar about the clan system still being in existence that needs to be transferred back to the Irish situation if we are to have a chance of surviving as a nation. The hack-pack can talk all they want about single-parent families and new versions of nuclear ones, but it is clear from Asiatic societies and others that our old way of life was the one best suited to the needs of us all. This is what society needs to understand and the political party that grasps this will be the one who will see us through the coming years successfully.

POLITICAL CORRUPTION

When the Irish hack-pack howl in moral outrage against Fianna Fail and their acolytes, one could be forgiven for thinking that the latter invented political corruption and cronyism. But one looks at the UK and one is immediately set right. The HM Revenue and Customs boss, a Dave Hartnett, jetted off to Mumbai for three days before Christmas. He spoke for 40 minutes on the subject of "Tax dispute resolution—a global view" appearing before an audience of offshore tax advisers, Indian officials and businessmen at a Conference sponsored by a Mauritian tax advisory firm and the Isle of Man and Jersey Governments (plus the usual big accountancy firms). Hartnett did miss the official dinner but it was odd, thought *Private Eye*, No. 1277, 10th December-23rd December 2010 that no other Government thought fit to attend this private shindig.

Hartnett announced to the assembled tax dodgers, Britain's tax-friendliness for the biggest companies. "In my opinion winning tax disputes at all costs is no way forward in the modern world", declared the man who let Vodafone off billions of pounds. "We are committed to handling disputes in a non-confrontational way and collaborating with customers whenever possible". It's apparently all part of a "customer-centric strategy". Exporting such pearls will not have come cheap for the UK taxpayers. Hartnett stayed on the "Upper Crust" executive floor of the five star ITC Maratha Hotel and ate in the hotel's best restaurant with a colleague,

HMRC deputy director Melissa Tatton, who accompanied the boss so she too could speak for 40 minutes on international tax.

In that same issue of *Private Eye*, they had something to say about the Irish economy and its "meltdown" and another well-known Irish tax dodger. Bono, the man who initiated the campaign "Make poverty history", is now appearing in the nearest glossy magazine—say *Vanity Fair*—in a beautifully shot ad. for the luxury goods company, Louis Vuitton. It pictures him and his wife Ali disembarking from a small private jet on an unidentified African plain. Bono, whose band U2 moved its company business U2 Ltd to Holland four years ago to avoid paying tax in Ireland, is never one to let business get in the place of sentiment. At the bottom of the beautifully shot ad. is a disclaimer noting that "Profits from the bag (worn by his wife Ali) benefit" (by what percentage?) "Conservation Cotton Initiative Uganda". But—as Louis Vuitton bought out Ali and Bono's loss-making Fashion Company, Edun and the bag is logged under "Vuitton/Edun collaborative bag"—I would contend that the Hewsons are making money out of this venture—which is a joint venture with Vuitton after all.

WRITERS AND PRIZES

When Eileen Battersby of *The Irish Times*, 23rd December 2010 ranted hilariously about "Literary greatness now nothing more than a game of hype", I thought she was outing herself and her paper finally after years of this type of thing being standard fare in her literary columns and those of her Literary Editor, Caroline Walsh. But alas no—for the rather fiery Battersby, who as an American critic, is far too po-faced to ever doubt her rightness to define what is readable and what most certainly is not. In her article she targets somewhat obliquely what she terms un-named "British writers" who didn't agree with what she herself wrote about feted American author, Jonathan Franzen. Battersby writes:

"Several members of the British literary establishment selected 'Freedom' as among their books of the year. No doubt they enjoyed it: it is an easy read; intellectually undemanding and amusing, culminating in a well-drawn war of wits between old Walter and the owner of a bird-killing cat—but there are far funnier US novels and far superior ones... But lurking beneath the apparent British acceptance of 'Freedom' is the suspicion that the British may think, or prefer to think that this is as good as US fiction gets... It is not, far from it..."

And on and on she goes. She is such a tease, she never names these British eejits who can't get it. But one question—is there any other kind of a cat than one which does try to kill birds?

Julianne Herlihy. ©

Of Morality And Corruption

"The root cause of the crisis is to be found in the moral bankruptcy of Irish political culture. As a result we became accustomed to regarding the marketplace and the forces within it, plus the entire commercial sphere, as moral free zones"—that is the view of T.P. O'Mahony in a series in the *Evening Echo* (Cork) called *Renewing The Republic*.

And O'Mahony knows when the rot set in:

"Unquestionably... the moral ground on which our political culture was based shifted decisively the moment Charles Haughey succeeded Jack Lynch in December 1979. Where there was incompetence before, we now had incompetence plus corruption and we have lived with the legacy of low standards in high places since..."

O'Mahony says he is not talking about bedroom morality. When I first heard of Haughey it was in the form of gossip about his loose sexual morality. I heard it from Trotskyist Republicans and thought it strange that Marxists should be prying into these things. And I thought it must be a good thing to have a free liver in the public life of prudish middle class Dublin. For the rest, it seemed that he was resented because he was unusually hard-working and competent and little given to waffle, moral or otherwise.

But it has to be accepted that Haughey is hated in Cork because it is Jack Lynch's town. I even found that he was hated out in the country by people who were profiting from what he did for the cattle industry. Maybe that's what morality means now—irrational opinion.

It used to mean the customary opinion of a stable society. But that meant that it was different in different places. And that is not acceptable today. So it has been universalised; and it has been transcendentalised in order to make it universal. And, when morality is liberated from custom, I don't know that it can have much definite meaning. It must mean: whatever you fancy.

Back in the 1950s, living in the depths of rural Ireland and finding myself out of joint with things that were spreading into the country from the towns, I set about figuring out the world for myself. I used to get books posted to me from a bookshop in Cork City but, when I ordered *Beyond Good And Evil*, it refused to deal with me anymore. On the other hand, I was working

as a labourer in the local Creamery, and such things were discussed freely there. First and Last Things were taken with a pinch of salt. And, if in practical life things were done which could not be approved of as a general rule, but the doing of them relieved a particular situation, then they were done but not taken official account of. There was art, or artfulness, in that way of life. And the things that have been the subject of Tribunal investigations in recent years did not happen in it.

I only realised much later that one of my best friends as a boy was illegitimate. But that did not mean that illegitimacy was approved of. It was disapproved of, but nothing was made of it. Where is the morality of that?

Haughey introduced the much-ridiculed "Irish solution for an Irish problem". Was that moral, or what? (Did its immorality consist of not being an English solution? In the 1960s there were still restrictions on contraceptive culture in England. That changed in the 1970s. Irish backwardness, or immorality, consisted of not keeping pace with English changes.)

Two things stand out in Jack Lynch's period as Taoiseach: the prosecution on the basis of no evidence of Haughey, Captain Kelly, John Kelly, Neil Blaney and Albert Luykx for conspiracy to import arms illegally, and the administrative overruling of the Not Guilty verdict; and the abolition of Domestic Rates.

O'Mahony published a biography of Lynch in which the Arms Trials are not mentioned. And T. Ryle Dwyer, in the *Examiner* (a companion paper of the *Echo*) says that—

"the attempted gun running behind the Arms Crisis was grossly irresponsible. The whole thing was not, as we were told, just a scheme to help the nationalist community to defend themselves. It was a crazy conspiracy to end partition by provoking war if necessary" (Dec. 10).

Lynch had his case put at the Trials, where it became evident that he had no case. The situation, as brought out at the Trials and confirmed by secret documents released thirty years later, was that there had been an entirely legal attempt, within the chain of command under the Minister of Defence, at a covert import of arms. Why Lynch instituted a prosecution which could not be supported with evidence is a matter for speculation. That he did so is

indisputable. And that he did what he could to punish those who had been found Not Guilty is also certain. Was there no degradation of public morality in that?

(The reason for the attempt at covert importation was so that the State would have some weapons that the British Government did not know about. It was done on Lynch's authority as Taoiseach. It would not have been necessary if the state had any arms industry of its own.)

And the abolition of Domestic Rates in the 1977 election campaign: did that not feed into the property boom that led to the collapse?

But what have facts to do with history these days. History is the fable we agree upon, as Senator Harris said—or was it Napoleon?

(Ten or fifteen years ago O'Mahony had an encounter with Professor Keogh who ran the University down the road. He suggested Ireland should make use of the 'Famine' in the way Israel makes use of the Holocaust. Keogh jumped on him. Keogh, an *Irish Press* journalist at the time, had a nightmare about Fascism at the time when the Government allowed the British Embassy to be burned in order to let off steam over the Bloody Sunday murders—is that the right word? He subsequently made himself an academic; dedicated himself to a campaign against 'irredentism'; glorified Jack Lynch, who never ceased to be irredentist on the subject of Partition as far as I know; aligned himself with Zionism, the greatest irredentism there has ever been; and visited Israel, hosted by the Government, around the time of his dispute with O'Mahony and refused to comment on the Palestinian *Intifada* caused by irredentist Jewish colonisation.

It's a pity O'Mahony let himself be put off the 'Famine' issue by Keogh, and drawn into superficial and ephemeral moral chatter. Morality today is a propaganda fashion of the passing moment. It is not a custom. It is not a stable cultural element in a way of life. It is dreamed up from day to day, and has been cut adrift even from the business of reproducing the species. The system of Good and Evil, that commercial Ireland prevented me from getting a book about in the 1950s, has collapsed. The words continue to be used but what was Good yesterday may be Evil tomorrow. And the only constant Evil seems to be the system of actual morality that is persisting in the world as a way of life, despite our efforts to dissipate it. It is this Evil that now gives us our sense of Good. We are good, because at least we are not Muslim.

Tackling the 'Famine' brings one into

engagement with a very different order of things. The greatest Empire in the world availed of the potato blight to bring about a drastic reduction in the Catholic population of Ireland, but it doesn't want it to be remembered that way. The Irish 'Famine' was one of many 'Famines' that it brought about in the course of improving the world and giving it a sophisticated moral sense. But the fixing of this moral sense requires that raw memory of the event should be overcome.

It is better to remember that one million died as a consequence of the potato blight, despite the best efforts of the Empire to keep them alive, than to discover that perhaps four millions died with the approval of the Empire. It was good that the population was culled so drastically, but it would not have been good to remember it in those terms. So it was arranged that it should be remembered in other terms. (At the time Isaac Butt, a strong Imperialist at the outset, was so disillusioned by what he saw being done that he barely held himself back from bringing a charge of genocide against his class, and he became a defender of Fenians and a Home Ruler.)

The author of *Beyond Good And Evil*, writing in a situation in which the traditional morality of custom had been undermined and the propaganda morality of Imperial manipulation was taking its place, observed that the history of morality was immoral. He groped for an unparadoxical morality that was not immoral, but didn't find it. Urban Ireland thought in the 1950s it had found it, and would not let me read his book. What has urban Ireland made of itself since then?

O'Mahony, grasping at moral straws within the flux, suggests that class differentiation is what led us astray:

"One startling illustration of this has been highlighted by Fintan O'Toole... 'In the last three years of the boom... the richest 450 people in Ireland added 41 bn to their combined personal wealth. Yet somehow Irish people went on believing that they lived in a relatively classless society'. We may be uncomfortable with the notion of a society divided on 'class' lines, partly because many of us tend to think 'class' is a distinctly British thing, yet there is no denying that there is an Ireland of the 'haves' and an Ireland of the 'have-nots'. and it is the former who have exerted most influence on our political culture. It may well be that those who argue that, right from the inception of the new State in 1922, powerful vested interests used their financial and political clout to 'distort' the culture of politics to their advantage have an arguable case...

Unquestionably, though, the moral ground ... shifted decisively the moment Charles Haughey succeeded Jack Lynch..."

James Connolly would be shocked, he says. In the recent competition to find the greatest Irishman ever, Joe Duffy sponsored Connolly on ground that advocated upward social mobility, and I did not see that he was ridiculed. That was proof that Connolly now stands for nothing in the public mind. He can even be presented as a Yuppie.

As to class, the absence of it is what bedevils urban Ireland. Mere income difference is not class, particularly when the 'have-nots' have quite a bit. One problem is that the 'haves' don't quite know what they are and what to do with themselves. Cultural class is English, and the English are hanging onto it for dear life. Class as a mere current phenomenon, detached from the past, is threadbare in England, but the class culture of the past continues to be reconstructed lovingly year after year in television and literature, and there is a sufficient residue of the old class culture at the top for the upwardly mobile to get some satisfaction from entering it, so that they do not feel that all they are is stinking rich.

In Ireland there has long been a yearning on the part of the rich for the distinction of class. The socio-cultural vacuum at the top devalues the striving to get there, and creates a yearning for that world of decorative marvels connected with The Queen.

John Paul McCarthy, upwardly mobile from Cork City, exudes satisfaction in his *Sunday Independent* column, having reached at least the foothills of Paradise with some little position at Oxford University, where ancient posturings continue.

It must be admitted that the Republic has failed to make adequate provision for snobbery, and this inadequacy has generated in certain quarters a yearning for The Queen. It is not something I have any feel for. In Slieve Luacra there was no sense of anything missing. But it is evident our rich in their immaturity have need of The Queen. C.C. O'Brien spoke for them when he scouted the idea of Republican virtue.

In the country of The Queen, the hierarchy of class culture has been the bearer of morality—the framework of morality—indeed morality itself.

And it seems to me that one reason for the profound hatred of Haughey is that he behaved with the utter self-confidence that characterised members of the English ruling class, while being altogether un-English. That was bewildering.

Brendan Clifford

Jack Jones Vindicated

The only left-wing organisation to support the British Trade Union strategy being pursued from 1972 onwards by the then TGWU General Secretary Jack Jones (1913-2009) was the British & Irish Communist Organisation, through the theoretical journal of its London branch, *The Communist*. In Ireland the argument for a similar left-wing stand, embracing Jones's advocacy of industrial democracy as an essential component, was articulated by an ITGWU shop steward Pat Murphy (1937-2009), of the B&ICO's Dublin branch, and one of its founding members. I joined that branch in 1971, at the same time as I took up employment in Liberty Hall in March 1971 as Head of Research with the ITGWU (retiring as SIPTU Head of Research in May 2010). A would-be Irish version of Bert Ramelson, British Communist Party Industrial Organiser and an outright opponent of the Jones strategy, emerged in the shape of the Communist Party of Ireland's Noel Harris, Southern Irish Divisional Officer of ASTMS (which later became TASS, then AMICUS, merging with the TGWU in 2009 to form UNITE). I was very much influenced by both Jack Jones and Pat Murphy in the strategic arguments I tried to develop in both the ITGWU journal *Liberty* and the B&ICO theoretical journal *The Irish Communist* in addressing such key questions of union strategy.

In August 1973 the CPI published a pamphlet authored by Noel Harris and entitled *Challenge to Irish Trade Unionism—National Wage Agreements*. In an article entitled *Workers' Control—The Need for Communist Clarification*, published in the December 1973 issue of *The Irish Communist*, I argued:

"In this pamphlet we find the traditional economic half-truths of the 'left', only on a more intensified scale in certain directions since ASTMS is a Trade Union catering very much for the higher-paid. Whatever the economic arguments concerning National Agreements, and despite the fact that the acceleration in food price inflation reduced the real value of money wage increases secured under them, it must still be recognised that in relative terms, the position of the lower paid workers has improved compared with that of the higher-paid. The worker on £15 in December 1970 has received money wage increases totalling 54 percent over the 3 years of the Agreements compared with percentage money wage increases of 42 percent for the worker on

Part Five

£20 and 33 percent for the worker on £30. Noel Harris, however, dismisses arguments in this area by claiming that: *"It is false to suggest that the gains of the 14th Round for the lower paid have been brought by the sacrifices of the better-paid..."*

"Noel Harris argues that the better-paid worker should have done relatively better than he did under the National Agreements and that the total wages-bill should have been increased on this basis. Noel Harris shirks the fact that this would be at the expense of the lower-paid because a further expansion of the wage-bill at a faster rate than the growth in productivity would necessarily further undermine the real wage gains of the lower paid by an acceleration in the rate of inflation, if increased unemployment were not to result..."

"In the August 1973 issue of *Liberty* I argued the following economic realities which Noel Harris chooses to ignore: *'During the course of the National Wages Agreement there has not been any significant alteration in the income shares held by wages and profits... Consequently an attempt to redress the inflationary losses suffered by workers on the basis of a wages policy alone would be inadequate and ultimately have results other than desired. In previous 'Liberty' articles we have referred to the fact that if wage increases begin to continuously exceed the growth in productivity, they must either lead to a drop in investment, with its consequent unemployment, or, alternatively, an increased inflationary situation must be accepted to allow profit levels to be restored in order to generate the necessary investment funds. For this reason, it has been argued, the wage bargain struck by trade unions should have as a necessary component a growing element of control by workers over investment, with industrial democracy beginning to extend at the levels of both the individual firm and the economy as a whole.'*

"Noel Harris makes it perfectly obvious elsewhere in his pamphlet that there is no more determined a person than himself in resisting the whole perspective of such a resolution. He argues: *'Whether one likes it or not, employees are concerned primarily about their wages. They have no direct interest in capital, its growth, the use of profits or decisions on investment, which in our society are taken by other people. Whether one likes it or not the mass of wage and salary earners feel that capital is alien to them, belonging to others, and that investment requirements are no reason to restrain wage demands.'* Such is the 'Communist' leadership given to the trade union movement by Noel

Harris. At a time when the objective prerequisites are coming more and more to the fore for a qualitative development in the consciousness of trade unionists with regard to the hitherto unchallenged control of production by the bourgeoisie, Noel Harris does his utmost to prevent such a consciousness emerging by encouraging a fatalistic view that there is nothing that the trade unions with proper leadership could accomplish in terms of workers' control. Consequently Noel Harris advocates an acceptance of the system at it is in order to pursue an intensified policy of economism. On no account, it would seem, some workers be encouraged to transcend their traditional trade union consciousness."

"The economism of Noel Harris consists in pouring cold water on any attempt to take the first necessary steps towards developing a socialist consciousness among workers, namely, activating a concrete struggle in the direction of workers' control. Instead he upholds, as the be-all and end-all of trade union action, the intensification of a type of economic struggle which has begun to prove itself more and more self-defeating, particularly for the lower paid workers (although maybe not so much for the managerial staffs that Noel Harris's union caters for)."

I proceeded to highlight how Harris was essentially regurgitating Ramelson:

"In the October 1968 issue of *Marxism Today*, the CPGB Industrial Organiser: Bert Ramelson, wrote: *'In private industry worker directors would, in my view, be a red herring.'* This is a position that Bert Ramelson has reiterated five years later, on 30 June 1973, in the CPGB's *Comment*: *'We have had something of this sort (of class collaboration) in Western Germany, where in coal and steel 50 percent of the board are elected by the workers; I don't think it is accidental that it is Western Germany that we have seen less struggle during the past period than any other part of Europe... In the period we are moving into, this (question of work-directors) is going to become a major issue of struggle inside the labour movement. As I understand it, the T.U.C. might even come forward with the idea of supervisory boards and election of directors. I am not concerned at the moment at the method of election. I am against workers' directors, no matter how they are elected, or to whom against workers' directors, no matter how they are elected, or to whom they are responsible, being part of management of a private firm.'* It was along these lines that Bert Ramelson also attacked the document entitled *Labour's Programme for Britain* where it stated: *'And since collective bargaining does not seem to be adequate enough on its own we are considering the provision of some kind of direct representation for workers.'* In the *Morning Star* of 21 June 1973 Bert Ramelson's indignant response this is to

exclaim: 'Who says collective bargaining does not seem to be adequate enough?' And that just about sums up Bert Ramelson's position..."

"The British Trade Union Congress's Interim Report on Industrial Democracy, while emphasising the extension of the scope of collective bargaining as an essential element in extending industrial democracy, also pointed to the limitations of confining the struggle for industrial democracy within such a rigid framework: 'Major decisions on investment, location, closures, takeovers and mergers, and product specialisation of the organisation are generally taken at levels where collective bargaining does not take place, and indeed are subject matter not readily covered by collective bargaining. New forms of control are needed. This problem is particularly acute in the private sector ... A large number of decisions of vital importance to workpeople are made at national managerial levels, but are not susceptible to collective bargaining. Institutional involvement in these decisions fills a gap between worker participation and control at local level and the influence of the trade union movement as a whole which exists in the national level.' ... But Bert Ramelson would prefer the T.U.C. to adopt his philosophy of economism: 'The right to strike is the be all and end all of industrial trade union struggle'..."

This sustained CPGB attack, on both the Industrial Democracy and Social Contract campaigns of 1974-75 in Britain, was a campaign orchestrated by Bert Ramelson against the whole strategy being developed by Jack Jones. And the CPGB line also gathered support from much of the Tribune Left. Jones related some of these episodes as follows:

"And what about the trade union side of the Social Contract? I had said publicly that the Government was entitled to look for a response... I had been an advocate of productivity agreements from the beginning and saw in them opportunities for widening the area of collective bargaining as well as bringing about increased earnings. My advocacy of the idea over the years had led to differences with some union leaders, both on the right and on the left, who were inclined to dismiss such deals as 'phoney'. Wage restraint was the big issue of the Trades Union Congress, according to the newspapers. They made the most of any sign of division, and when the Amalgamated Union of Engineering Workers at a meeting on the Saturday before the Congress decided to vote against the Social Contract it became big headlines. As always the reports were highly personalised:

Jack Jones appealed to Scanlon to be more realistic, to think again', or

'On Wednesday, Scanlon dramatically capitulated, and the Social Contract was voted through Congress with virtual unanimity.'

"In fact it wasn't quite like that... The opponents of the Social Contract were led

by Ken Gill of TASS {also of the CPGB, and Noel Harris's boss—MO'R} ... The danger of losing the advantages we had already received, let alone prospects for further advance, if Labour lost the Election, concentrated the minds of a lot of people including Hugh Scanlon. He asked Ken Gill to withdraw his resolution. So strong was the desire for unity in the Congress that Gill agreed, against what he said was his better judgment. Next day he was condemned by the *Morning Star* {in other words, Ramelson—MO'R} ..." (pp284-5).

"At the September 1975 Trades Union Congress I moved the motion supporting the £6 policy and outlining the many measures the TUC hoped to achieve through cooperation with the Government. When we got the Labour Party Conference a month afterwards there appeared to be more acrimony than unity. Whatever my misgivings I was determined to back the Government, 'warts and all'. Not least because Harold Wilson, Barbara Castle and others had told me that there were members of the Government who were looking for a break-up, and were ready to move towards a coalition. The threats from the Right worried me, but I wasn't surprised. On the other hand I was shocked to learn from Barbara Castle that Ian Mikardo was going to make a savage attack on me and the General Council at the *Tribune* Rally in the middle of the Conference. I felt indignant that a man I regarded as a friend and colleague could plan so meticulously to attack the Government and the General Council, suggesting in effect that the latter had sold the workers down the river. This was no spontaneous attack, it was designed to get the maximum publicity. Mik was a member of the NEC of the Labour Party and represented them on the Economic Committee of the TUC. Why had he not made his attacks there? What troubled me most was the prospect of Mik's references to the TUC going through without challenge and the media getting the impression that the *Tribune* rally unanimously backed his statement... and I decided to protest at the point where Mik referred to the General Council. I stood at the back of the meeting, then moved forward swiftly to the platform when the moment came. All eyes were on me. When I reached the platform I shouted to the chairman: 'I object to these attacks on the trade unions and the TUC. We want unity, not splitting attacks like this!' {See http://news.bbc.co.uk/2/hi/uk_news/3390633.stm for a TV clip of that confrontation—MO'R} ... There were many, less spectacular incidents in the campaign for the £6 policy, but to the consternation of some people both on the Right and on the Left, it succeeded. We proved that the trade union movement could deliver, and not one instance of a breach of the policy from the trade union side was reported. Within the twelve months of operation which had been stipulated, inflation fell by more than half, from 25 percent to 12 percent.

"An egalitarian approach to the solution of economic problems had been attempted, but before the effects of the £6 policy could be assessed demands went up to maintain

the sacred principle of 'differentials'. In the man the cry came from academics, politicians, and some white-collar unions. The overwhelming majority of people in industry had accepted the £6 solution, but forces, in the main not directly connected with industry, were determined that favourable lessons should not be drawn from that" (pp298-300).

"Part of the Social Contract which was repeated in the Labour Party's manifesto of 1974 was a commitment to an Industrial Democracy Act 'to increase the control of industry by the people'. Closer contact with Europe through the EEC and the European trade union movement increased our interest in the subject. It meant a lot to me personally. From my youthful days I had been associated with the extension of collective bargaining. Now I saw the possibility of elected shop stewards taking their place in the boardrooms of private companies and publicly-owned industries... I wanted to avoid at all costs the sort of fiasco which occurred when Harold Wilson's Government of 1966-70 experimented with industrial democracy in the steel industry. When the idea was first considered I personally urged on Barbara Castle the need to ensure that worker directors should be elected and accountable to the shop stewards, and through them to the workforce. Their reaction was that my idea was 'syndicalist', if not 'anarchist', and could not be entertained. In fact, as it worked out, the procedure became meaningless and patronising. The men who were appointed had to give up any active connection with their union" (p310).

In 1976 I sought to draw some lessons for the Irish Trade Union movement by covering Jack Jones's struggle for Industrial Democracy in Britain in considerable detail in a series of articles published in *Liberty*, journal of the ITGWU, of which the following are some excerpts:

"One of the most heartening aspects of our Union's Annual Conference this year was the manner in which delegates were no longer content to formally adopt motions supporting industrial democracy before moving hurriedly on to the next business, but felt the need to make contributions concerning the practical problems of any meaningful developments in this field. Much of this interest has, of course, been heightened by the proximity of legislation providing for worker directors in semi-state enterprises. It is not, however, sufficient to have a merely responsive approach to such developments. Trade Unionists must articulate their own demands if in fact industrial democracy is to have any vitality... This has proved to be an issue which has not so far resulted in any unanimity in the British trade union movement. The interesting point to note is that the division of opinion has not been along traditional left-right lines in that movement. The major advocate of the worker director policy of the TUC has been **Jack Jones** of the Transport and General Workers' Union, and he has been opposed as much by Frank Chapple of the Electrical Trade Union on

the right as by Hugh Scanlon of the Amalgamated Engineering Union on the left. The division has rather been between those who feel that current economic problems demand a new dimension to trade unionism and those who, for whatever reason, regard traditional trade unionism as sacrosanct. Since it is highly unlikely that any meaningful developments in industrial democracy can take place without first coming to grips with debating these controversial issues in the Irish Congress of Trade Unions, it might be of interest to readers to take a look at how the argument has progressed to date in Britain. We might also learn something from the fact that the limited extent and inconclusive outcome of this British debate has now resulted in the TUC itself and some of its important affiliated unions currently pursuing policies on the question of worker directors which are in direct contradiction with one another... The TUC General Council's call for parity of representation for worker directors elected by trade union members, was to be supported by the TGWU and NUPE but opposed from the right by the EETPU and from the left by the AUEW. How the 1974 Congress debate further progressed will be examined next month." (*Liberty*, July 1976)

"The issue was not fought out decisively and the verbal reconciliation which was attempted only resulted in a confused outcome. The TUC General Council interpreted the Congress vote as giving it the go-ahead to demand the enactment of enabling legislation for 50 per cent worker representation on company boards. The TUC submission to the Bullock Committee on Industrial Democracy, however, came under fire from the EETPU on the right, the GMWU on the centre, and the AUEW on the left—since these unions also felt that the indecisiveness represented by the all-things-to-all-men Congress vote justified their continued opposition to any system of worker directors. Hopefully the Irish trade union movement will be in a position to avoid the pitfalls which inevitably result from such indecisiveness, and such papering-over of important differences, whenever it decides to get to grips with clarifying its demands on industrial democracy. In the meantime, developments in this area subsequent to that 1974 Congress of the TUC, and particularly the diverse evidence submitted to the Bullock Committee on Industrial Democracy will be looked at in greater detail in a future issue" (*Liberty*, August 1976).

"The oppositionist approach stood in sharp contrast with the stand adopted by the Transport and General Workers' Union, whose General Secretary, Jack Jones, had been one of the chief architects of the TUC policy... The TGWU championed parity board representation in the private as well as the public sector and its General Secretary, Jack Jones, is at present a member of the Bullock Committee of Inquiry into Industrial Democracy... The major handicap facing the TUC in the pursuit of its policy aims nevertheless lay in the ambiguity of its 1974 Conference decisions. If further progress was to be made the issue needed to be resolved when industrial democracy was

again debated at this year's TUC Conference on September 8. On the previous day the TUC General Secretary, Len Murray, had taken the argument into the camp of those opposing the Congress Report when he wrote in the *Morning Star*: 'We say 'yes' to the extension of collective bargaining and 'yes' to parity representation on policy boards. Neither one is substitute for the other... In accepting their share of responsibility for jointly-made board decisions trade union representatives will not be accepting some new and alien form of responsibility as is sometimes implied. Every time a union representative signs a collective agreement he is assuming responsibility for a decision. That decision, while possibly not ideal, represents the best bargain that can be achieved at that particular point of time. These are hard facts of industrial life which are all too often buried under abstract rhetoric about unions as independent oppositional bodies totally uncontaminated by any shared responsibility for company policy. All that can be achieved through a totally 'oppositional' role is a de facto right of veto over management decisions, which unions are increasingly realizing isn't always the best way to further membership interests. Trade unions want to be in a position to have a decisive say not just over what they don't want on what they do want...'"

"The line of reasoning pursued in that article set the framework for the TUC debate on the following day. Len Murray and Jack Jones would argue that their policy for board representation fully complied with such terms by virtue of being a further advancement of the power of the trade union movement... The 1976 TUC Conference at long last grasped this contentious nettle by heavily defeating the AUEW amendment and overwhelming carrying the NUR pro-General Council resolution against the combined opposition of the AUEW, the EETPU and the GMWU. It now remains for the Bullock Committee to make up its mind" (*Liberty*, October 1976).

"In a series of articles last year we detailed the debate within the British trade union movement as to whether or not it should pursue a policy of demanding equality of representation on company boards in both the public and private sectors. The Trade Union Congress decided that it should press for these demands. The British Government accordingly appointed a Committee of Inquiry on Industrial Democracy, chaired by Lord Bullock, whose purpose was to investigate the reform of the company law to take account of the TUC proposals. The Bullock Committee, subsequently issued its Report earlier this year and called for legislation in the private sector which would permit workers to have an equal number of representatives with shareholders on a single-tier board in companies employing over 2,000, while a third outside element would be jointly co-opted on to the board by both sets of representatives. Such a system of worker directors would, moreover, be firmly based on trade union machinery... Whether or not legislation is introduced into the UK Parliament along the lines of the Bullock Report's recom-

mendations depends very much on the willingness of the British trade union movement to strongly campaign for such legislation. Either way, a debate has been opened up that will not easily go away." (*Liberty*, June 1977).

See http://free-magazines.atholbooks.org/problems_2/index.php for a reproduction in full of that series of articles in the April-May, June-July, August-September and October-November 2008 issues of the journal *Problems of Capitalism and Socialism: The Workers' Control Debate from 1975 to now*. In its predecessor journal, *Problems of Communism*, the B&ICO had been the only leftwing organisation to mark the centenary in 1981 of the birth of Ernest Bevin in 1881, and an article by myself appeared in the Summer 1981 issue, entitled *Bevin And The British Road—a Problem for Leninism*.

Ranelson's successor as CPGB Industrial Organiser, Mick Costello, presided over that Party's hostility towards any centenary commemoration of Bevin. "Transport Union members are somewhat bemused by the fuss being made by the union's leadership over the publication of a book on right-winger Ernest Bevin", was the *Morning Star* contemptuous comment on 12th March 1981. A week earlier, on 5th March, the TGWU's retired General Secretary, Jack Jones, had been determined to have his own personal commemoration, in a centenary lecture which he delivered in the London School of Economics. Entitled "*Ernest Bevin—Revolutionary by Consent*", the lecture was also published by the UK Department of Labour in the March 1981 issue of *Employment Gazette*. It also led to my first direct collaboration with Jack, when he agreed to Dublin's Labour History Workshop jointly re-publishing both of our Bevin tributes in 1983. And a year before he died came our final collaboration when, in January 2008, he agreed to my request to provide an Introduction to the launch of that new series of *Problems of Capitalism and Socialism*. Jack Jones provided the following parting message on the labour struggles he had led:

"The great power of the trade unions and sympathetic Governments in the late 1960s and the 1970s provided an opportunity for the working class in Britain to start becoming the ruling class. These conditions were the result of the social and economic and reforms introduced by Clement Attlee and Ernest Bevin following the Second World War. The Government was prepared to admit the unions as equal partners in planning the economy. The Bullock Committee, on which I had the privilege to sit, was set up under terms of reference devised by the Trade Union Congress and recommended a parity of power between employers and unions on the Boards of large private companies... The opportunities offered were unfortunately not taken up in the wider union movement and Britain moved in a

Thatcherite direction. This all happened over thirty years ago. A whole generation does not know about these things or about the world as it was at this time. I am glad therefore that two of the workers' control activists of that time, Joe Keenan and Conor Lynch are publishing an account of these times and these events as a series in their magazine 'Problems of Capitalism & Socialism'. I am also pleased that most of the material will be in the form of reprinting journals, pamphlets and articles from that era."

Jack Jones had little hesitation in displaying his contempt for some of the mindless Left by naming them, for example Reg Birch, AUEW Deputy General Secretary and leader of the Maoist Communist Party of Britain (Marxist-Leninist). Writing of a Ford Motors dispute, Jack recalled:

"*Let the grass grow over the plants!*" was the view of Reg Birch, secretary of the trade union side, who favoured a prolonged strike. I did not share his idea; had I done so trade unionism at Ford's could have been weakened beyond repair" (p235).

I trust I have shown up M15 Professor Andrew's slander—that Jack Jones and Bert Ramelson were both "KGB agents" engaged in a common Soviet-inspired industrial conspiracy—for the nonsense that it is. I trust that I have further demonstrated how, from 1972 onwards, their Trade Union strategies were diametrically opposed to each other. And yet Ramelson never spoke of Jack with anything but the height of personal respect, while Jack refrained from criticising Ramelson by name, referring instead to depersonalised *Morning Star* criticisms. There was, indeed, more than one political opponent to whom Jack gave such gentle treatment. Sir Alfred Sherman had been co-founder of the *Tory Centre for Policy Studies* and Margaret Thatcher's ideological mentor and speech-writer. And yet, in the September 2006 *Newsletter* of the International Brigade Memorial Trust, Jack wrote: "*I am sad to report that we have lost some comrades and friends of the Trust since our last issue. We pay tribute particularly to comrades Alan Menai Williams and Sir Alfred Sherman*". Why? Because just like Bert Ramelson, Alfred Sherman had the shared personal experience with Jack Jones of having fought bravely, and had suffered accordingly, as an International Brigade volunteer in the Spanish Anti-Fascist War. As I myself also wrote in the Abraham Lincoln Brigade Archives' *ALBA Forum Digest* on 31 August 2006:

"Alfred Sherman was indeed a veteran of the 15th International Brigade's British Battalion. He had, following his capture on the Aragon front, also been a prisoner for

the best part of a year (or, perhaps, I should re-phrase it as 'the worst part') in the notoriously vicious fascist concentration camp of San Pedro de Cardeñas. During such incarceration his record continued to be an honourable one (as personally testified to me by two of his fellow-prisoners, Dubliners Maurice Levitas and Bob Doyle. See www.irelandscw.com/obit-MLevitas.htm and www.irelandscw.com/ibvol-BobDoyle.htm for their obituaries). Because of that record, notwithstanding his subsequent reactionary politics that were loathed by the overwhelming majority of his fellow IB veterans, he continued to be welcomed in their ranks at Spanish Civil War commemorations. In 1996 Sherman was among those British veterans who participated in the International Brigade Association delegation to the 60th anniversary commemoration ceremonies in Spain, as well as receiving the honorary citizenship awarded to all IB vets by unanimous decision of the Spanish Parliament. Sherman remained particularly loyal to the memory of those who had been his fellow prisoners at San Pedro. In 2001, when I gave the oration at the London funeral of the Dublin IB veteran and former San Pedro prisoner Maurice Levitas, I observed that Sherman, despite the handicaps of advancing old age, had been among those IB vets who had made a special effort to be present in order to pay their respects—even though Morry's membership of the New Communist Party placed him unequivocally at the opposite end of the political spectrum to Sherman's Thatcherism (or was it Thatcher's Shermanism?). On account of his courageous role in Spain, the memory of the young Alfred Sherman continues, accordingly, to be honoured by those inspired by the history of the International Brigades."

The Real Band of Brothers was therefore the most appropriate title for Max Arthur's 2009 book on such brigadistas. And, from his *Observer* obituary for Jack Jones on 26 April 2009, Max Arthur again quoted Jack as follows:

"Before the battle of the Ebro, I met up with young Ted Heath (later the Tory prime minister). He came out with a small group of students, while we were in training. He was then chairman of the Federation of University Conservative Associations and was to the right of the five-man delegation. I suppose he reflected a strand of Conservative thinking which had some sympathy with the Republic ... He was very sympathetic and I built up a friendship with him. It was amazing to me that a Conservative would come out there in favour of the Republic—as he was, genuinely. I established a link with him which I maintained afterwards. He was always very friendly—more so than some of the Labour Party. I say that now, but I wouldn't have said it at the time. I found I identified more with Ted Heath than with Harold Wilson, for example."

Jack always leaped forward without

any hesitation to defend the good name of honourable men whenever slandered by guttersnipes, as he defended my own father against an *Irish Times* attack by Kevin Myers in 2005. Three decades earlier, he had done the same for Ernie Bevin:

"Towards the end of 1977 I was involved in several controversies. I took issue with the author A.L. Rowse, who had claimed in an article in the *Daily Telegraph* that Ernest Bevin, in his last words, had said of Britain's ordinary people, 'The buggers won't work.' I challenged him to prove this; he dithered and claimed that Bevin had said something of the sort to Lord Boothby, but there was no verification. I did not believe that Ernie Bevin had ever said that of his own people, and said so... I was indignant that what I regarded as anti-worker prejudice should gain publicity, and replied in detail, using the *New Statesman* as my platform" (p.324).

It is therefore no less incumbent upon those of us who knew, loved and admired Jack James Larkin Jones, and who were honoured to have been able to work alongside him in several fields, to thoroughly expose the British Intelligence smear campaign against his memory for the monstrosity that it is—even if this has entailed subscribing to Jack's own maxim of providing a reply of some considerable detail!

(series concluded)

Manus O'Riordan

The Greaves Journal

The following points of clarification have been made in a letter to Manus O'Riordan, dated 12th November 2010, from Anthony Coughlan:

I was interested to see reference to a letter I wrote to your late father some years ago, together with excerpts from Desmond Greaves's journal for 1939 which I had sent with it, in the November issue of *Irish Political Review*. Some 20 years ago, after Desmond Greaves's death, in my capacity as Greaves's literary executor, I paid several different people to type out his voluminous journal, doing some of it myself, for it was written in a manuscript in a hand that was sometimes hard to decipher. I forgot who may have typed out the excerpts that you gave for publication in the *Irish Political Review*, but you should know—and indeed the readers of the *Review* should know—that the excerpts from the Greaves Journal which I sent to your father had not been properly collated with the original by me, so that the minor mistakes in the published excerpts, which led to your inserting correctional "sics" here and there, do not necessarily occur in the original.

Harris—as he was

[In the November *Irish Political Review* we noted the amazing claims by Eoghan Harris about Republican politics in Cork city in the 1960s. Before he comes up with even more amazing claims, we reprint below a translation of a book review he did in 1965 for an Irish language magazine. As the Editor noted, it was not really a book review but a statement for the benefit of the then leadership of the Republican movement. Hopefully it will give readers a feel for what Harris actually was at that time and what he had to offer and how much substance there was to it.]

[From *An Síol*, 1965]

Maríodh Seán Sabhat Aréir le Mainchín Seoighe

[‘An Síol’ Editorial Note:] We asked Eoghan Harris to review the above book. We received the following essay, entitled *MARÍODH SEÁN SABHAT i 1923*. It is not a standard, normal review but we feel that we should publish it as it is.]

*MARÍODH SEÁN SABHAT i 1923***

At seven o'clock on New Year's Eve, 1957 the Pearse Column of the IRA attacked the RUC barracks in Brookborough. This was not an isolated attack because, from the night of the 11th/12th December, 1956, the IRA were conducting a new military campaign within the Six Counties. Two volunteers were fatally wounded in this attack, *Fergail Ó hAnnuain* from Co. Monaghan and *Seán Sabhat* from Limerick city.

When this biography of *Seán Sabhat* was published last year, a commotion arose in the rarefied circle of Irish language publishers because one of the two versions (the Club Leabhar edition) was defective. There was no need for this. Most of what was at issue was some poetry, part of which was written in English—verses that don't clarify *Seán Sabhat's* complex life any more completely than the prose itself did. And there is little information given by the prose either. If it is a fact that *Mainchín Seoighe's* only intention was to tell the old story—the story of patriots who lived by the sword and died by the sword—then he has achieved much success. But there is little merit in this book for the person seeking a deep understanding of the state of this country in the Fifties, of the historical tragedy that is a background to *Sabhat's* life and to the role of republicanism in the Irish political tradition at this present time. A praise-poem in prose is what this book is in my view—and it's an uncritical poem. The author avoids not only theses which would give guidance to the followers of Tone but also particular aspects of the life of Sabhat that would not suit the thesis. We are not saying that *Mainchín Seoighe* concealed anything deliberately. He was probably attempting to be unbiased throughout but it is my view that he omits too many facts and inferences without attempting to present

an overall picture. *Seán Sabhat* stands at the heart of modern Irish history. His life and death provide some guidance to the disciples of *Tone's* teachings. I myself believe in *Tone's* teachings and this book prompts me to probe a particular theme.

The military campaign of 1956-57 was bigger than the risings of 1848, 1865 or 1867. But I am totally convinced from my own experience and from the election results from 1957 onwards that, for example, *William Smith O'Brien's* weak effort was more important by far in Irish political history. We know well who the enemy of the Fenians were and against whom they fired. B-Specials were the enemy of the IRA in 1956-57, we notice. I'm not willing to accept these people as enemies. *Sabhat* was a republican and I'm a republican but I don't concur with Sabhat or his friends over who our enemies are. I will continue for a moment. What sort of person died in Brookborough that night? What reason had he to be there, anyway? *Mainchín Seoighe's* account contradicts the opinion of what you get from his photo, in my view. Look at him: an honest face, serious eyes behind glasses—a more serious facial expression than the average person. It's clear also that *Sabhat* was not as gloomy as one would think but on the other hand he would not be called "a typical person". Because he was principled, he was a Republican—a person from a small minority.

Sabhat agreed completely with the 1916 Easter Proclamation, the Proclamation of Independence, 1919 and the objectives of the Constitution of 1937. The prime meaning of each of these documents is that the Irish people own their country and that they desire to found a free, Gaelic state. Attempts were made to implement the 1st and 2nd of the above documents by force of arms. By the time that the 3rd document was drawn up, there was a big change in the situation. The Civil War and the Six-County Parliament stood between the majority of the Irish people and their historic objectives.

Irish Republicans broke their hearts and their courage in the major sacrifice of 1922-23—and they failed. It was not long until the majority of Republicans understood that mere dogma was finished. A Gaelic state was not going to be founded: the armed struggle was lost. They accepted the constitutional system that was there and attempted to improve it. They achieved much success.

But all the visionaries—a vision that was founded on armed conflict—did not concur with this approach. "Traitors" they called their former comrades. I never understood and will never understand the wisdom of that. The armed conflict was lost. When your own brother has become your enemy what else can you do? But intoxicated, blinded by dogma, serious honest men forgot *John Devoy* and his *New Departure* and took the path of *Rossa* and the dynamiters. *Mainchín Seoighe* gives a precise account—a very detailed description—of those men from 1923.

The Republican movement embraced *Tone, Lalor, Davis, Mitchel and Pearse* and they claimed that only they were the bearers of the true tradition of Republicanism. They believed in armed struggle—they put their trust in armed struggle only; the constitutional movement declined. Over time their enemies became more and more—Brits, Unionists, the Twenty Six County Army, the Gardaí. They

suffered death in England, Belfast, Dublin, and Portlaoise. For what purpose? So that the ideology is maintained without blemish, without fault. This was done in the name of *Tone, Lalor, Mitchel*, the Fenians and the War of Independence fighters. They apply the teachings and history of *Tone* to a different age and conditions. Let us examine his tradition.

Tone founded Irish Republicanism. Breaking the connection with England and uniting every Irish person regardless of religious faith was at the heart of the doctrine. At present the Republican movement supports the first aim but what about the second aim? Who are the B-Specials? Who supports them? England? Unless the Republicans are totally blind, they must realise that there are thousands of Orangemen supporting the B-Specials. What will we do about them? Shoot them all? All right,—but don't do it in the name of *Wolfe Tone!* Act in the name of the Hibernians who are on both sides of the fence.

The northern Presbyterians are the descendants of *Henry Joy McCracken* and *Jemmy Hope*. From the descendants of the huge crowd at Fairy House on Easter Monday, from those that threw stones at the Volunteers, from those that joined the British Army 1914-1918, come the Twenty Six-County majority. But what would *Tone* have done?

Sabhat was a member of a despicable movement, *Maria Duce*—an anti-Semitic, anti-Protestant organisation. *Sabhat* was a high minded person throughout, one way or the other but did he understand *Tone's* beliefs?

Does the present day IRA understand them? Why, if they do understand, do they attack Irish people specifically because they are Orangemen? Is it because they are loyal to the Crown? The Orangemen proved that they are fond of no one but themselves in 1913 when they took up arms to use them against the British Army. As *Pádraig Mac Piarais* (a Republican) said:

"It has become clear within the last few years that the Orangeman is no more loyal to England than we are. He wants the Union because he believes that it serves his prosperity; yet he is ready to fire on the Union flag the moment that it threatens his prosperity. The position is perfectly clear and understandable. Foolish notions of loyalty to England being eliminated, it is a matter for business-like negotiation."

And referring to the large majority who were at the Fairy House Races while he was in the GPO, he remarked:

"Hitherto, England has governed Ireland through the Orange; she now proposes to govern her through the A.O.H. You object. So do we."

Where are the descendants of the AOH today? Very much alive still I would say. Forty years have passed and the Hibernian mentality is in power in Dublin. The IRA say that the gun could solve the problems of the nation. Why then are the people of the twenty six counties not Irish-speaking, seeing as their state was won by the gun. The IRA regard themselves as disciples of *Tone*. Why are they not in the forefront of the struggle to end sectarianism? Because they have hardly any constitutional ideas or organs of propaganda. All they have to offer is the gun.

* The Seed. Ed. IPR

** Sean South Died In 1923. Harris is speaking figuratively. Ed. IPR

We will turn to the case of *Lalor*. He added a progressive outlook to the philosophy of Tone. He joined social issues to the republican doctrine. Where are the economic policies of Sinn Féin? They exist alright but without the smallest chance of them being implemented. How can the people have any confidence in an organisation that won't even take their seats in the Dáil? The Northerner and Southerner unite on basic economic issues but all that the IRA can offer them is the gun.

For reasons of history, as a republican I cannot agree with any policy for Ireland that does have an Irish speaking state as part of its aims. *Seán Sabhat* believed in the Irish Language. Probably no single other man did as much to promote Irish in Limerick as Sabhat did. The results are evident in the various organisations and inspiring papers that he introduced. Hundreds of Mass cards from almost every company in Limerick were sent for his funeral—the vast majority in Irish. *Sabhat* gained his prestige and trust from spreading Irish among the business class of Limerick. He failed to win them to the gun. We have the proof of the elections as evidence that he failed.

"Merchants make bad revolutionaries" commented *Tone*. However they made an effort during 1918-21 when there was a sensible body of people behind their columns as support. But what would *Sean Sabhat* say about the bilingual policies that Sinn Féin adopted shortly after his death? Why was there no real movement of republicans in support of the Irish language campaign in 1964? We only received moral support. Their publicity machine was impotent without any political use being made of it—any constitutional political use.

I will spend a moment on the Fenians. I would say that they were republicans. They hated sectarianism—look at the Constitution of the IRB in 1894. They did their very best but when they lost the battle, *John Devoy* and the majority of the Fenians took up the constitutional politics of *Parnell* as "the bulk of actual things" overwhelmed them. *Rossa* went with the dynamiters but *Devoy* lived to support the war of Independence. And it was not a "traitor" that *Pearse* called him, but "The greatest of the Fenians".

I'm very sure that it was the guns of the IRA that broke the power of the English in this part of the country forty years ago, but I also believe that they would not have been able to survive for one week without the support of the Irish people, without the propaganda system there to maintain their morale and without the authority of Dáil Éireann behind their efforts. The people of Ireland showed since 1956 that they are not prepared to accept the gun alone. They don't respect Sinn Féin because they are not sure whether they are constitutional or its opposite. There is no *Devoy* around to keep the dynamiters quiet until their opening comes. Which opening? Read *Devoy* and you will see when it is correct to organise a revolutionary organisation as part of a constitutional organisation. The Republican movement is a terrible example of a revolutionary organisation. It is almost dead as an effective organisation.

It's a bad situation. I'm a Republican. I believe in *Tone's* vision. There are thousands of people in the country that believe in *Tone's* vision and they want an effort to be made to

implement this vision. The gun is not enough. What pathway is open to us?

For the last thirty years the IRA has believed only in the use of force and because I and thousands of others do not follow that route, then we stand as strangers in Bodenstown in the view of the IRA. But in the present time what is needed is an effective organisation.

As I said, I'm a Republican. My people have been Republicans from the time of the Fenians and I am certain that they would understand my point of view. Let us take a realistic look at the situation in Ireland. We have two Parliaments and the guns have failed to rectify the situation. We can't have much confidence in the gun because of certain factors, because of the Civil War, because we now have the B-Specials as enemies, because of the vision of *Wolfe Tone*.

But with the teachings of *Tone*, with *Lalor's* example in economic matters and with *Davis's* and *Pearse's* cultural values and accepting the example of *John Devoy* and the example of other nations regarding methods of work, Sinn Féin could put an end to the despair that is afflicting independent republicans who have no party affiliations. A good start has been made. There is a truce. Say it louder!

Sinn Féin would win twenty seats at the next election if they abandoned all the intransigent dogma.

Huxley once said that, if he believed in Catholicism, he would spend all his life on his knees. But this is not how the average mind works. *Huxley* does not understand the Catholicism of the human race or of God. It is similar with Sinn Féin. They believe in *Tone*. *Tone* fought and therefore they must use the

gun and only the gun. This is a dreadful wicked error.

Sean Sabhat didn't embrace the gun suddenly. He started with the Irish language but, because he understood like *Corkery* that state support was necessary if the Language was to be revived. He considered the different political parties. Finally he put his trust in Clann na Poblachta. They failed him. It was then that he wrote a letter to the United Irishmen in search of the truth. The death of a man so honest and so dedicated as *Sabhat* was a great loss to the national cause. We don't want a similar loss to occur ever again.

You, the leaders of the Republican movement who have been so principled for so long, try and be reasonable as well. It's not that we hate the gun but it's a foolish tool to use to plough the fields. There are fields before us that have been neglected for too long. Let us take care of them. There were 50,000 Irish people at *Seán Sabhat's* funeral.

How can we reach those people again? How can we reopen the door that closed on *Sabhat*? We have a big battle in front of us.

Eoghan Harris B.A.
[Assistant, History Department]

[Editorial note: Thanks to Oscar Gregan who remembered this article from his UCC days, located it in "decollege" library in 2009 and translated it. Thanks also to both Pat Muldowney and Cathal O Cionnaithe who checked his translation. Many of their suggestions have been incorporated into this translation but the final result is Oscar's own responsibility.]

De Valera on Zionism and Palestine

Part 2

Ireland and Israel from De Valera to Lemass

In the first part of this article, *Republican Ireland And Zionism (Irish Political Review*, Nov. 2010)—we saw that the very active foreign and international policies pursued by the De Valera Governments of the 1930s continued the outlook of the 1918-21 Republic in seeking an international order based on the rights and security of independent states. It sought to do this through disengagement from the "British Commonwealth" and seeking to strengthen the role of the League of Nations, particularly in resolving disputes between the powers and preventing Imperial aggression through active "collective security". The Indian, Arab and other independence struggles regarded the De Valera Government as their champion and maintained close relations with it.

The disastrous conditions generated in Palestine through the mass immigration of Jewish settlers as the British Mandate regime implemented its Balfour Declaration of 1917—which had promised the creation of a "Jewish homeland" there —

caught the attention of Republican Ireland. The Zionist project was widely regarded as a British Imperial project, with the Arabs as its victims. Zionism was not regarded as a national independence movement in the way that Indian or Egyptian movements were. Churchill and other British Imperialists were carriers of a profound anti-Semitism that led them to portray "international Jewry" as a threat to civilization that had spawned Bolshevism. They claimed it could be tamed only by being rooted in a national project that coincided with British Imperial interests in the Middle East. They therefore promoted the Zionist project for the reasons Irish Republicans opposed it. On the other hand, De Valera and Republican opinion always regarded the Jews in Ireland as an integral element of the Irish nation, opposed elements in Ireland under British Imperial influence which sought to whip up a popular anti-Semitism, and maintained close relations with the Irish Jewish community, explicitly honouring Judaism as one of the recognised religions of the state in the 1937 Constitution. The Jews

were not regarded as a separate "nation" in the way portrayed by both anti-Semites and Zionists, but as simply another Irish "faith community", to use today's terminology. Irish Republican hostility to the Zionist project was not rooted in anti-Semitism but in its opposite.

DE VALERA AND IRISH ZIONISM

The Irish Jewish republican and Fianna Fáil TD, Robert Briscoe, turned to Zionism in the 1930s, becoming a supporter of its extreme "revisionist" wing led by Vladimir Ze'ev Jabotinsky. Hannah Arendt, a philosopher of German Jewish background, described the New Zionists, as the revisionists called themselves, as the "fascist" wing of Zionism. The Jewish community in Ireland did not advocate an open door for the mass immigration of refugees from Europe in the 1930s, confining itself to seeking visas for particular families or individuals, which were sometimes granted. Briscoe himself explicitly opposed it. As a true Zionist, the only emigration that mattered was emigration to Palestine, as Jewish immigration to Ireland would only lay the basis for a future anti-Semitism:

"The position in Germany and Austria for Jewry is migration or extermination ... I am not prepared to advocate migration to areas which will sew the seeds for anti-Semitism at some future date. Every country in the world can only permit immigration in accordance with its own capacity to absorb, and without any serious reactions to the economy of such country. The question of the Arabs is often referred to. Arabs and Jews can reach agreement provided there is no outside interference or influence" (*The Irish Times*, 3rd January 1939).

The term "extermination" was not at this time meant literally, though the revisionist Zionists made liberal use of it in the sense of the elimination of the Jewish role in European national life. Even the Nazi leaders themselves at this time were not contemplating murder of the Jews, and the revisionist Zionists were thinking of a programme of migration from Europe extending over a number of decades (Yaacov Shavit, *Jabotinsky and the Revisionist Movement 1925-48*, 1988). For the Zionist movement there could be no future for the "Jewish nation", except through location to Palestine and the creation there of a uniquely Jewish nation state. In the 1930s they vigorously pursued this programme, not least through emigration and capital relocation agreements with the anti-Semitic German Government.

While Briscoe might have believed that "Arabs and Jews can reach agreement provided there is no outside interference or influence", this was not Jabotinsky's position. His notion of the Jewish nation left little room for accommodation with Arabs. Jabotinsky believed that "national identity is inherent in man's 'blood', in his

physical-racial type ... It is physically impossible for a Jew descended from several generations of pure, unmixed Jewish blood to adopt the mental state of a German or a Frenchman, just as it is impossible for a Negro to cease being a Negro" (quoted in Shlomo Sand, *The Invention of the Jewish People*, 2009, p261). He foresaw the "re-settlement" of the Arab population of Palestine and Jordan to an Arab State of Iraq. At the World Zionist Congress in July 1931 a motion from his supporters sought to commit the movement to "the conversion of the entire mandate territory in Eretz Israel on both sides of the Jordan into a Jewish State, in other words a commonwealth with a Jewish majority". This subsequently became the majority Zionist position, and remains the position of the Likud Party.

The leaders of the Jewish community in Ireland in the 1930s embraced Zionism. Isaac Herzog spoke publicly in its favour and Dr J.A. (Con) Leventhal, paraphrasing Chaim Weizmann, stated that "despite diplomatic and political intrigue, a Jewish state would be established eventually, and it would be as Jewish as Ireland was Irish or as England was English" (*The Irish Times*, 3rd June 1937). This was again a position that left little room for the 1m strong indigenous population and left the question of their future unanswered.

Given the conditions in Europe at the time, de Valera allowed Briscoe a free hand, and he travelled with de Valera's blessing to the US and South Africa to raise money for the Jewish National Fund, which was funding Jewish settlement in Palestine. He even visited Poland in January 1939, then led by a military Government with nationalist anti-Semitic tendencies, to promote Jabotinsky's plan to solve what Briscoe called the Poles' "Jewish Problem" by creating a Colony in Palestine with the transfer there of 1m of their "unwanted Jews". He suggested to Polish Foreign Minister, Josef Beck, that he negotiate with his British ally for Poland to take over the Palestine Mandate for this purpose. Beck expressed interest in the idea but, at a meeting with the leading rabbinical authorities, Briscoe found that the Jewish leaders of Poland—like most of European Jewry at that time—opposed Zionism. (*The Irish Times*, 27.12.1938 and 03.01.1939, Briscoe, *For the Life of Me*, 1958, pp.267 ff.)

Jabotinsky had made contact with Briscoe and came to Ireland in 1938 in the hope of securing support for the Zionist project from de Valera, who had become a significant international statesman after becoming President of the League of Nations Assembly and a member of its Mandates Committee. But Jabotinsky was also laying the basis for war with Britain, which he saw as inevitable if the radical plan for *Eretz Israel* was to be achieved.

He co-founded the underground military group, the *Irgun Zvai Leumi* (IZL) that, led by Menachim Begin, would go on to wage a terrorist war against Britain and the Palestinians, and, during the foundation of Israel, play a leading role in the expulsion of the Palestinian population. Briscoe in his memoirs (*For the Life of Me*, p264) relates that he worked "closely with Jabotinsky in organizing Irgun on the lines of the I.R.A. In the course of this collaboration I made many trips to England ... I taught Jabotinsky ... the methods we had found most effective in the guerrilla war. I explained the British military weaknesses and where their strengths lay; and how to profit by the first and combat—or evade—the second..." The Briscoe-Jabotinsky link—and Begin's subsequent adoption of the *nom-de-guerre* "Michael" (after Michael Collins)—is the basis of the mythology of a historical alignment of militant Zionism and Irish Republicanism, a concept much promoted in Ireland by the Zionist lobby. While Zionist nationalism and Irish nationalism had much in common in a superficial sense, what separated them was the issue of the ownership of the land over which each claimed sovereignty.

Through Briscoe, Jabotinsky secured a meeting with de Valera, who questioned him at length, particularly about the future the Zionists saw for the Arab population. Jabotinsky argued the biblical tale of an exiled people reclaiming its historical territory. Briscoe was unsure of the outcome of the meeting, writing in his memoirs (p265): "I am not sure, but I think the Chief was convinced by {Jabotinsky's} arguments. Certain it is that I was." But Israeli historian, Shulamit Eliash has shown that the Zionist leadership in fact regarded de Valera's stance at the meeting—and at subsequent meetings with WZO delegate Zelig Brodetsky and with Irish Jewish leaders—as non-committal on the issue of Zionism, especially in his repeated insistence on the rights of the indigenous population not to be overwhelmed by Jewish settlers. Eliash surmises that, for all de Valera's undoubted sympathy for the Jews, from the perspective of the "the conflict between the different communities in Ireland", he "viewed the Arabs in Palestine as the equivalent of the Irish Catholics" (*The Harp and the Shield: Ireland, Zionism and the State of Israel*, 2007, pp39 ff.).

At the League of Nations De Valera opposed the partition of Palestine proposed by the British, later telling the Dáil:

"The General Assembly and its {Mandates} committee was largely taken up with two or three questions of very great importance to the maintenance of general peace in the world ... With regard to Palestine, our view that no solution involving the partition of that country should be sanctioned in any way by the League of Nations was duly put on record" (Dáil Éireann, 13th July 1938).

De Valera's opposition to the partition of Palestine was not "anti-partitionist" in the Zionist sense articulated by Briscoe and Jabotinsky, i.e. an undivided Palestine/Jordan as the territory of a majority Jewish state, but rather an undivided territory for the people then actually living there. De Valera argued in his statement to the League: "Partition was no solution. All the Christian world interested in the Holy places, the Jews and the Arabs had, so far as there had been any opinion expressed by them, opposed the solution of partition" (*Irish Press*, 23.09.1938). As Eliash reveals in *The Harp And The Shield* (pp18 ff.), at the League Mandates Committee meeting in September 1937, de Valera had sided with—and spoken in favour of—a motion proposed by France that rejected both the Zionist position—supported by the anti-Semitic powers of Eastern Europe and favouring a mass transplantation of European Jews to Palestine—and the partition proposals of the Peel Commission.

The Irish stance at Geneva was welcomed by Arab delegates. But it infuriated the British, who complained to the Irish High Commissioner in London, John Dulanty, that Britain's "difficulties in this matter are increased by the line which the Irish Free State Government had taken" (*Documents on Irish Foreign Policy*, vol. 5, p129).

When the abandonment of attempts to settle the Danzig issue led to the Polish-German war, and subsequently to British strategy causing a widening of that war to one engulfing Europe, the de Valera Government established and, with great difficulty, maintained Irish neutrality. Nevertheless, throughout the conflict, de Valera maintained contact with his old friend, Isaac Herzog, now Chief Rabbi of Jerusalem, and mobilised the Irish diplomatic corps in Vichy France, Italy, and even Germany on numerous occasions, to intervene to attempt to rescue individuals and groups of Jews threatened by the Holocaust, knowledge of which reached the Irish Government at the start of 1943. That these efforts met with little success is hardly surprising given the nature of the exterminationist war engulfing the entire continent by this stage.

DE VALERA AND ISRAEL

In 1950 de Valera travelled to Jerusalem in the company of Briscoe. He met Israeli leader Ben Gurion in the home of Isaac Herzog. According to Briscoe, it was a highly congenial meeting but discussion of politics was studiously avoided. De Valera made no public statements in Israel, let alone endorsing the Israeli State. This contrasts dramatically with the very public positions he took on his visit to India two years previously in support of the new Indian State, the common struggle for independence and the identity of interests between the Indian and Irish states. (These

are recounted in O'Malley, *Ireland, India And Empire*). After the meeting with Ben Gurion, and against the advice of his Israeli hosts, de Valera insisted on crossing the armistice line to Rammalah, then under Jordanian rule as, according to Briscoe (*For The Life Of Me*, p307), he "sympathised with the Arab people in their hope of independence and prosperity". Here, where he met with King Abdullah, he also witnessed the conditions of the Palestinian refugees.

Irish commentators were among the first in the West to challenge the Zionist version of events surrounding the expulsion of 700,000 of the Arab Palestinian population, in what Palestinians have ever since called the *Nakhba* ('Catastrophe'). Erskine Childers—son of the famous Anti-Treaty Republican and later a President of Ireland—had been a strong champion of action against European persecution of the Jews in the 1930s. He was one of the first to expose in the British media the 1949 Zionist myth of a voluntary Palestinian flight incited by Arab leaders ('The Other Exodus', *The Spectator*, May 1951). In *Studies*, the leading intellectual journal of Catholic Ireland that continued to reflect a generally pro-British Redmondite view of the world, J.J.W. Murphy, providing a review of the history of the Zionist colonialist project, wrote:

"Very few Arabs are left in Israel. Some 500,000 {sic.—POC}, or about five-sixths of those Arabs who lived there, fled in terror of the Jewish extremists to the neighbouring Arab states or to the part of Palestine still held by Arab armies, where their condition is pitiable. A few have been allowed to return, but the Jews have taken their lands and homes for the new Jewish immigrants who are pouring into Israel; so there is little left for them to go back to" ('Background and Progress of Political Zionism,' *Studies*, September 1950, pp. 289-300).

The same writer, in another prominent Catholic journal, commented that the "*The traditional picture of Cromwell's 'Hell or Connaught' policy in Ireland gives a fair idea of what happened in Palestine during 1948 to Arabs whose homes then were in what is now Jewish territory*" ('Britain and Palestine', *Irish Ecclesiastical Record*, August 1950, pp116-126).

In the event, the Inter-Party Government withheld *de jure* recognition of Israel, granting it *de facto* recognition, i.e. recognising it as a fact, much as the Irish Government had initially granted Franco's insurgent Government only "*de facto*" recognition after it had finally captured Barcelona at the end of the Spanish Civil War in 1939 (On the latter see *Documents on Irish Foreign Policy*, vol. 5, p.398).

The 'Vatican Factor' is often given as the overriding explanation for Irish attitudes to the "*Palestine Question*" and to the recognition of the Israeli State. The Vatican had also opposed the partition of

the 'Holy Land', raised concerns about the treatment of the Arab population and, in particular, was vociferous in insisting on the "*internationalisation*" of Jerusalem. It also withheld *de jure* recognition of the Jewish state. But de Valera and his colleagues had defied the Hierarchy in 1922 in refusing to accept the Treaty and faced excommunication during the Civil War. As was popularly said at the time, they took "*their religion from Rome but their politics from home*". De Valera, who had annoyed the Lords of the Church by facilitating the accession of the Soviet Union to the League of Nations and by including Judaism as a state religion in his 1937 Constitution, had a world view developed from the Sinn Féin perspective on the world, which was independent-minded in its anti-Imperialism while working in the context of a Catholic culture. The reporting in de Valera's *Irish Press* on Palestine in the 1930s was a model of objectivity, focusing on the political issues and referring to the Catholic interest only as a secondary factor. His position on the partition of Palestine in the late 1930s was based on the upholding of international law and concern for the rights of the indigenous population not to be "*overwhelmed*" by a colonising enterprise.

While the withholding of *de jure* recognition of Israel until 1963 was influenced by the stance of the Vatican, it was also due to Israel's overturning of the UN partition plan, its refusal to accept an international status for Jerusalem, and widespread public unease at how the state of Israel had come into existence grabbing a far larger territory for itself than had been allocated by the UN. The Inter-Party Government Foreign Minister, Seán MacBride, nevertheless maintained a benevolent position towards Israel, influenced apparently by a bizarre propaganda campaign headed by his protégé Conor Cruise O'Brien, which sought to secure American Jewish support for ending Irish partition by aligning the Irish anti-partition cause with the aggressive Israeli rejection of the 1947 UN partition boundaries (Eliash, *Harp And The Shield of David*, pp103 ff.). The Inter-Party Government did not otherwise pursue an active policy in relation to the Middle East, and Seán MacBride tended generally towards an uncritical pro-Western alignment in foreign policy matters.

De Valera, despite his close personal ties with the Irish Jewish community, shared the outrage at the circumstances surrounding the creation of the Israeli state. When Edwin Samuel, son of the first British High Commissioner of Palestine, met de Valera, again Taoiseach, in April 1952, he found him implacably opposed to *de jure* recognition of Israel, blaming it for the Palestinian refugee problem and holding that the Catholics

fares better under Arab regimes than under that of Israel (Eliash, *Harp And The Shield*, pp118 ff.). Eliahu Elath, the Israeli Ambassador to Britain, also met with de Valera and other senior Irish politicians the following January, after which he reported that de Valera was the main opponent of upgrading the Irish diplomatic relationship with Israel, due to the issues of Jerusalem, the Palestinian refugees and the treatment of the Arab Catholic minority (*ibid.*, p128).

Zionist writers have absurdly tried to impute "anti-Semitism" to de Valera. As there is demonstrably nothing in the record to support such a view, indeed quite the contrary, the Israeli historian Shulamit Eliash (*Harp And The Shield Of David*) approvingly quotes the portrayal of de Valera by the Israeli Ambassador to Britain in the 1950s, Eliahu Elath, as a "personality tainted by anti-Semitism", an innate rather than an explicit anti-Semitism, arising inexorably from his "Catholic devoutness" (pp63, 128, 178). This is not a position that can be argued with.

FRANK AIKEN AT THE UN

The creation of the United Nations by the victor powers in 1945 was viewed with both scepticism and realism by de Valera. He compared the UN unfavourably with the League and in November 1944, when the Dumbarton Oaks proposals first became public, he described the proposed organisation with its Security Council controlled by the Vetoes of the victor Allied states as a "dictatorship of the great powers". In a speech to the Dáil on 26th June 1946 he gave what long-time Irish diplomat, Noel Dorr, has described as "a very clear-eyed assessment, at a very early stage, of both the new United Nations organisation itself and what Ireland's membership would entail". Listing its limitations and "defects", de Valera expressed the hope that "this organisation will ultimately embrace all nations, both those who were on the one side and those who were on the other {in World War Two}". A month later he proposed that Ireland apply for membership on the basis that the UN was "as good as can be got at this moment" (Noel Dorr, *Ireland at the United Nations. Memories of the Early Years*, Dublin, 2010, p22).

The Western conflict with Soviet Russia, which resumed as soon as Germany was defeated, meant that Ireland was excluded from the UN by Soviet veto until December 1955, when an exchange was made for an equal number of pro-Western and pro-Soviet member states. At that time, because of Cold War stalemate on the Security Council, the General Assembly played a more prominent role in UN affairs than it does today.

On returning to power in 1957, one of the first initiatives of the new de Valera Government at the UN was in relation to

the Middle East. De Valera's foreign minister, Frank Aiken, following agreement in Cabinet, held separate talks with Arab and Israeli delegations, including Golda Meir, to whom he suggested that Ireland might propose a solution whereby the Arab States would recognise Israel as a fact in return for Israel accepting its current borders as the final ones. But this was something Israel had (and continues to have) no intention of doing, and the Irish diplomatic initiative came to nought.

On 14th August 1958 Aiken, creating a stir internationally, presented a "3-Point Peace Plan for the Middle East" to the UN General Assembly:

1. That Arab nations should have the right of self-determination to maintain a separate existence or to unite or federate;
2. That the Assembly should declare that the whole region be developed as a neutral region;
3. That the General Secretary of the UN should arrange the repatriation of {Palestinian} refugees from Israel and for full compensation for those left behind.

The Suez invasion of 1956, the 1958 Revolution in Iraq and British and American troop landings in Jordan and Lebanon, he said, were all events "profoundly affected by decisions regarding Palestine more than ten years ago and by the fragmentation of the whole region 30 years ago" (*Irish Times*, 15.08.1958). He thus fingered the Balfour Declaration and the circumstances of the creation of the Israeli State as the root causes of the chaotic condition of the region.

"Ireland still views Israel as an occupier and a colonialist entity"

The clear historical understanding underpinning Aiken's statements at the UN began to be sidelined during the Lemass years when Ireland "opened to the World", i.e. aligned itself more closely with Western interests in the world. The new strategy of attracting US investment as the basis for the next period of economic development was seen to necessitate the jettisoning of elements of the Republican legacy at odds with emerging US policy interests in the world. The modern fashion of viewing De Valera's foreign policy legacy as something of an embarrassment began at this stage.

The Institute of International and European Affairs (IIEA) has been working assiduously since the 1980s in promoting a "modern" Irish foreign policy. It combines the major interests of the state with the minds of Dublin's academic intelligentsia. It has campaigned vigorously since its foundation against "outmoded" Irish neutrality, was to the fore in promoting Ireland as a "global hub" and spearheaded the pro-Lisbon campaign. An article in the latest issue of its annual journal sums

up its attitude to the De Valera-Aiken era in international affairs thus:

"By the mid-1950s the German economic miracle was well under way. The FRG was permitted to join NATO. It was allowed to re-arm for the collective benefit of the 'Free World', and it became a central player in the European integration process... Meanwhile, Ireland remained relatively isolated in the West, most notably during Frank Aiken's stewardship of Irish foreign policy at the United Nations during de Valera's final government between May 1957 and June 1959... De Valera's Ireland demonstrated a disturbing lack of common sense with the west in general at the UN. In particular, Aiken failed to identify with the Western powers on high-profile controversies relating to Cyprus, Algeria and apartheid. It proposed troop withdrawal from Central Europe, self-determination for Algeria, Chinese admission to the UN; and it condemned South Africa's racial policies. The adoption of such a 'moral' and neutralist or non-aligned foreign policy by Ireland appeared fanciful and ineffective from the point of view of... hard-headed realism... Lemass' mainstreamed Irish foreign policy away from the 'traditional nationalist and insular outlook'..." (Mervyn O'Driscoll, 'Hesitant Europeans: Self-Defeating Irredentists and Security Free-Riders?', *Irish Studies in International Affairs*, vol. 21, 2010, pp90-104).

With the Celtic Tiger, Irish trade with Israel, especially in the area of computer electronics, has expanded exponentially and is now greater in value than the total of Irish trade with the Arab world. This represents a reversal of the trade relationships of the 1980s, with the Allied wars against the Muslim world since 1990 wiping out the substantial Irish medical, educational and agricultural trade with the region. A notable caution has entered the Irish political stance on its relations with Israel. There has also been the emergence since 2009 of a new group in the Dáil, the Oireachtas Friends of Israel, convened by Alan Shatter of Fine Gael and Joanna Tuffy of Labour, and involving about a dozen members, including Leo Varadkar, Charlie Flanagan and Lucinda Creighton of Fine Gael, Ruairi Quinn of Labour, and others.

But attempts to pin a history of anti-Semitism on Ireland have proven unsustainable, and popular Irish attitudes to the conflict in Palestine remain stubbornly hostile to the Israeli case. This state of affairs causes some bewilderment in Israel. But Rory Miller, a pro-Israeli Irish born historian, neatly summarised the answer: "Ireland still views Israel as an occupier and a colonialist entity" (*Jerusalem Post*, 9th June 2006).

In the final part of this article, we will examine the initiative of the Haughey Government of the early 1980-s that transformed the European position on the "Middle East Conflict".

Philip O'Connor

Naval Warfare

Part Six

To understand the issues surrounding the naval warfare waged by England in the First World War it is necessary to go back to the *real* First World War—the Seven Years War of 1756-63.

The Seven Years War, the first global conflict, established the Royal Navy's mastery of the seas. It was fought in Europe by Austria, France, Russia, Sweden and Saxony against Prussia and England, and in North America and India by France and England.

During the Seven Years War the foundations of the British Empire were established through the financial procurement of Prussian arms in Europe and a limited English intervention on Frederick the Great's side.

And the Royal Navy and British Army used the opportunity elsewhere in the world to end France's challenge as a worldwide rival and steal its colonial possessions. Pitt later said: "*We have won Canada in Germany*" and Gustav von Schmoller, the Prussian economist, noted: "*Without the victories of the Prussian Grenadiers there would be today no English world trade.*"

In 1759 England pulled out of the European conflict, abandoning her Prussian ally, when she had managed to drive the French out of Canada and end their influence in India.

Sir Francis Piggott, introducing a selection of speeches by David Urquhart, the great exponent of England's unlimited rights on the sea, published in 1918, pointed to the main bone of contention between Britain and the nations of the world since the 1750s:

"The questions which have been so fiercely debated as to England's action at sea have been raised by the neutrals. They have protested that her action against the enemy has affected them 'illegally'. Their contention has always been that 'neutral trade is free', even with the enemy, unless it be in contraband or in running blockades.

"England's contention has always been that while neutral trade with neutral is certainly free, neutral trade with the enemy is not free, and that a belligerent has a right to prevent it on this simple ground, that trading with the enemy is assisting the enemy. It surely need not be demonstrated that if a neutral buys what the enemy has to sell he furnishes him with the money he wants to carry on the war: or, if a neutral sells things to the

enemy he is helping him more easily to support the war, even though they are not included in the list of 'contraband.' We have indeed now learned that even the most 'innocent' things, tinned milk for example, contain ingredients which may be turned into high explosives" (*The Free Seas in War*, p20).

The Seven Years War brought about an astonishing development in all the branches of English trade and industry. The British trading fleet established its rule over the seas and thousands of foreign trading ships, the property of enemies, neutrals and allies alike had been 'disappeared.'

During the Seven Years War France, under pressure from the Royal Navy, opened up her trade to other nations, permitting neutrals to carry on trade with her colonial possessions in the West Indies.

Six months before England's declaration of war on France the English fleet had sailed into the Bay of Biscay and captured 800 French trading ships. Subsequently, England blockaded the French coasts and captured ships, including neutrals, bound for French ports.

In response France was forced to let neutrals carry her trade.

England saw this as an affront to the policy of colonial monopoly and seized the neutral ships on the basis that a neutral had no right to deliver an enemy of England from the pressure of the Royal Navy. Dutch vessels trading on the French coast were dealt with on the same principle.

The following judgements were given in English courts over the issue:

"It cannot be contended to be a right of neutrals to intrude into a commerce which had been uniformly shut against them, and which is now forced open merely by the pressure of war... That change is the direct and unavoidable consequence of the compulsion of war—it is a measure not of French councils but of British force" (*The Immanuel*, 2 Ch. Rob. Rep. at p200).

"As to the coasting trade (supposing it to be a trade not usually opened to foreign vessels), can there be described a more effective accommodation that can be given to an enemy during a war than to undertake it for him during his own disability? ... Is it possible to describe a more direct and a more effectual opposition to the success of {our} hostility, short of an actual military assistance in the war?" (*The Emanuel*, 1 Ch. Rob. Rep. at p300).

"Such trade cannot innocently be undertaken by a neutral; nor without the hazard of rendering him liable to be considered as giving immediate aid and adherence to {the} belligerent, to the disadvantage of his adversary" (*The Nancy*, 3 Ch. Rob. Rep., at p83). (Cited in Sir Francis Piggott, *The Free Seas in War* p23).

The Royal Navy's booty from the war was colossal whereas the continental nations were exhausted by the loss of blood and treasure (the distribution of territory in Europe remained almost the same as it had been previously).

After the war industry, commerce and the entire force of production were ruined on the continent. The capital wealth of England immeasurably increased. Gold and raw materials flowed into England from her new overseas possessions or from the Spanish and Portuguese colonies which Britain had gained by enforced treaty. The great majority of trade was shipped on board English vessels and in this way money flowed into the English purse.

In this way England acquired practically the whole of the shipping trade of the world and mastery of the seas. Britain also took the opportunity to separate Spain and France from their overseas possessions because England realized that the Power which commands the sea would be able to obtain without difficulty the wealth and commerce of the world.

Another product of the Seven Years War was the *Rule Of The War of 1756*. This denied to neutral ship-owners participation in trade-routes which Britain then established as a monopoly. One example of this was that trade in products was controlled and certain products were forbidden by England to be exported from India and Ireland.

In the period after the Seven Years War England ruthlessly enforced the *Rule of the War of 1756*. When Britain became a belligerent in wars (which was often) neutral shipping attempted to avail of the opportunity, when the Royal Navy was otherwise occupied, to engage in the free trade which in times of peace was denied to them. But the English courts decided that neutral ship engaged in free trade was liable to seizure and the Royal Navy applied these rulings by force.

The main threat to the *Rule of the War of 1756* was the loss of the Thirteen Colonies and the appearance of the United States in the world. The US was prepared to engage in extensive trading in defiance of the *Rule* and made great profit from its trading. One reason for the war of 1812, in which Washington was burned by the British, was to enforce the *Rule*. But the survival of the United States and its persistence in trading had the effect of wearing away England's adherence to the *Rule of the War of 1756*.

Pat Walsh

Index, 2010

Labour Comment, is edited by Pat Maloney, author unless otherwise stated

January

China And Greece. Editorial
Budget 2010. Editorial
Copenhagen, Deja vu all over again. Jack Lane
Readers' Letters: European Jewish Nation. Ivor Kenna
Charlie McCreavy Doesn't Get It. Editorial
China On Climate Change. Ambassador Liu Biwei
No Birth Control For Mayon. Wilson John Haire (poem)
Editorial Digest. (Border Deveopment; Cold War; Paisley Book; Flower Power; Historical Baggage; Low-Grade Operations)
David McWilliams And The Crisis. John Martin replies to Malachi Lawless
Inevitable Failure In Afghanistan. Edward Longwil
UN Authority For Afghan War? David Morrison (unpublished letter)
Save €1/4m By Withdrawing Irish Troops From Afghanistan. PANA (report)
Libya & Megrahi. David Morrison (unpublished letter)
Kilmichael And First Dail. Dr. Ruan O'Donnell (report)
Shorts from the Long Fellow (Church Establishment; New High Priest?; Legal Establishment; RTE Establishment)
Nina Fishman. Brendan Clifford. Philip O'Connor (Obituary)
An Antidote To Remembrance. Pat Walsh
Es Ahora. Julianne Herlihy (Bernard O'Donoghue; Ruth Gilligan Ordained; Warmongering; Irish State Coach?)
The Londonderry Line. Editorial
The Cynical Sindo Hijacking Of Joe Sherlock. Manus O'Riordan
Biteback: Bashing Israel? David Morrison (two unpublished letters)
Does It Stack Up? Michael Stack (Dictionary Of Irish Biography; Climate Change; The Economy)
Johnston And The Lost Revolution. Brendan Clifford
The Great Hunger. An tAthar Peadar O Laoghaire (introduced: Conor Lynch)
Labour Comment: Unions Fail To Save Social Partnership

February

The Crisis In The North (again). Editorial
Support For Mayhem. Editorial
The European Parliament—a fifth wheel on the EU wagon. Jack Lane
Readers' Letters: Remembering 1969. Owen Bennett
Editorial Digest. (Scandals; The Military; PSNI; SDLP; Sinn Fein; UDA; The Unionist Pact?)
Shorts from the Long Fellow (Personalised Banking; Charity Begins At Home; Hamlet And A Sticky End; Something Rotten . . . ; Ireland)
Pollution Is In The Eye Of The Beholder? Wilson John Haire
Problems Of Green-Left Convergence. Roy Johnston
Comment On Johnston's Remarks. Brendan Clifford
Climate Manipulations. Report
Helen Lewis, 1916-2009. Stephen Richards (obituary)
The 'Racist' Gaelic Revival: a case with no evidence. John Minihane
The Dunmanway Killings: as wise as ever. Jack Lane
Biteback: Niall Meehan on the Scandals and Kincora
Downey's Memoirs. John Martin (review)

Does It Stack Up? Michael Stack (Winter 2009; Water Shortages; Fraudulent Politicians; Corporate Enforcement; USA And Afghanistan; Navigation)
UDA Disarm: so what? Tom Doherty
The Dearly Departed. Wilson John Haire (poem)
Labour Comment: The Irish Budget And The Boston Burglar

March

Northern Ireland: Many A Slip . Editorial
Post-Lisbon EU. Jack Lane
Ireland And Gallipoli. Report of Mark Langhammer PR and Sinn Fein response
Liberal Bloodletting. Wilson John Haire (poem)
Adamsgate. Editorial (with extract from Connolly's Press Poisoners)
Minister Hanafin On Social Partnership. Report
Shorts from the Long Fellow (Trust In The President; A Straightforward Lie; Insider Trading; Irish Times Standards; George Flees; Hunting The Tiger; The Irresponsible Party; Ryanair Tax Dodge?)
One Secular Nation? Wilson John Haire replies to Roy Johnston
Death Of A Dilettante. Wilson John Haire (poem)
Memoir Of A Non-Conformist. John Martin reviews Dennis Kennedy's book
The Spy Who Grew Up With The Bold, the Irish Republican education of John Betjeman. Manus O'Riordan (part one)
Biteback: Blindness On Iraq. Philip O'Connor email to Pat Kenny show
Fintan O'Toole On Captain Rock. Pat Muldowney
DIB Blues No. 1: Entry On D.D. Sheehan in Dictionary of Irish Biography, report of letter from Jack Lane, Aubane Historical Soc. to James McGuire
US Weapons Test Aimed At Iran Caused Haiti Quake. Report
Haiti—The Unforgiven. Wilson John Haire (poem)
America's Warfare State. Patrick J. Buchanan (report)
Postscript On George Lee. Editorial
Labour Comment: Hands Off Our Social Insurance! Compulsory Pensions. Passports

April

Ireland: The State We're In. Editorial
Brother England & Gallipoli. Editorial
David Cameron's UCNF. Tom Doherty
Readers' Letters: The 'Square Peg' Responds. Dennis Kennedy; Sinn Fein And Gallipoli. Wilson John Haire
Garret, Greeks And Germans. Jack Lane
Two Poems. Investing In Death. Nightie Night. Wilson John Haire
Shorts from the Long Fellow (The Media Agenda; Democracy Is The Problem! Electoral Reform; The Print Media; Ryanair And Hangar 6; Ryanair's Real Motivation?; Retail Madness)
Connolly's Rebel Song At Imperial War Museum. Manus O'Riordan (report)
A Founder Of The State. Professor Cathal MacSwiney Brugha
Bill Sharkey. James Daly (Funeral Oration)
Casement Events. Ted O'Sullivan
The Spy Who Grew Up With The Bold. Manus O'Riordan (John Betjeman, Part 2)
Barack Hussein Obama & The IRA. Seán McGouran
DIB Blues 2: Tom Barry. Jack Lane
Religion And Nationality. Roy Johnston
Gallipoli Cost Us More Than Soldiers. Dr. Pat Walsh (report of article and letter)

And The Band Played Waltzing Matilda. Eric Bogle (extract from song)
Es Ahora. Julianne Herlihy (The Peter Hart Syndrome; Kenya, The Mau Mau And Britain; Sky TV And Disaster News; African Aid)
Biteback: British Honours? (Report of letters: Niall Meehan; Tom Cooper)
BICO On Wikipedia. Editorial
Labour Resolution. Northern Ireland Constituency Council (report)
Does It Stack Up? Michael Stack (Stroke Politics; Scam Artists; Nama)
Israeli Diamonds Are Not Forever! Daniel Teegan
Ibec Wrong On Public Sector Numbers. Manus O'Riordan
Labour Comment: Moment Of Destiny?

May

Existential Crises. Editorial
"It Takes A Worried Man To Sing A Worried Song". Jack Lane (Garret FitzGerald and Europe)
Readers' Letters: There is time in life for Romance. Tom Doherty; Irish Army And The Cutbacks. Sean Mac Suaine
Poems. Stateless. Wreathes For The Writhing. Wilson John Haire
13th Annual Roger Casement Symposium. Tim O'Sullivan
Meath History Workshop. Announcement
Shorts from the Long Fellow (Anglo-Irish Bank; NAMA; Re-Capitalisation; Quinn Insurance; Media & Crisis; Moriarty Tribunal; Rwanda Footsies With Tutsies)
Presidential Cringe. Jack Lane
Ireland's Turkish War. Wilson John Haire
DIB Blues (3). Elizabeth Bowen. Jack Lane
The Irish At Gallipoli. Report of Mark Cronin, Pat Walsh Letters
Es Ahora. Julianne Herlihy (Matthew Elderfield; Joe Lee; Irish Times People; Elma Collins)
Israel-Bashing. David Morrison (unpublished letter)
The Spy Who Grew Up With The Bold. Manus O'Riordan (Betjeman, a Spy? Pt.4)
Biteback: Ataturk & The President. Dr. Pat Walsh
Gallipoli, The Criminals & The Crime. Dr. Pat Walsh
From 'Your War' to 'Our War'. Dr. Pat Walsh
A Spooky Story. Seán McGouran
Does It Stack Up? Michael Stack (The Courts; Poor Box, Public Servants; NAMA; Corporate Enforcer; Energy)
Labour Comment: Urban Ireland Says Enough!

June

The Imperial Elections. Editorial
The EU: another crisis, another solution; another . . . Jack Lane
Jeats Studies??? Yeats & Ulysses. Report
Editorial Digest. (Hunger Strike; May Day, Cameron; TUV; Ritchie; Garland; Army; Flanagan; Informers; Sectarian Crime; Marches; Bradley; Snapshot; Michael Doherty; Head Shops)
Biteback: In Memory Of The Dead (Report of Tom Cooper letter); Professor Fanning & Major McDowell's 'White Nigger' Remarks. (Report of Niall Meehan letter)
Turkish Real-politik? Report
Shorts from the Long Fellow (The State & Counter-Revolution; Credit Where Credit Is due; Who's This 'We'?; Gerry Ran; Tribunal Tribulations)
Remembering Captain Kelly. Sylvia Kelly Speech
Launch Of Dictionary Of Irish Biography. John Martin
DIB Blues (4). Anthony Jordon on John McBride (report)
What Would Larkin Have Done? Manus O'Riordan

Hiroshima. Wilson John Haire (poem)
Es Ahora. Julianne Herlihy (How The Irish Cope; The North; Military Life In The UK With Their Queen; The Queen's Wealth; The IPR)
RTE Atrocity Propaganda In UCD History Course. Aubane Press Release
Making Ireland Unlovable. Desmond Fennell
Jobs Centre Funded By Fás Offers Careers In British Army. Report
Belittling Moylan. Brendan Clifford
Was Moylan A Rebel? Jack Lane (Report of letter)
Israel Pushes Out the Envelope. Editorial
General Election Results In Northern Ireland.
Belfast Confetti, 2010 Style? Seán McGouran
Dardanelles Debate. (Report of further letters in Irish Examiner)
Does It Stack Up? Michael Stack (Child Abuse & The State; Credit Rating)
Labour Comment: The Economy by John Martin

July

Coping With The Future We Failed To Prevent. Editorial
The gEUru Returns. Jack Lane
Turmoil In The Opposition, Mayo And Galway. Editorial
Readers' Letters: Cork's Sacrifice - Loretta Lane-Maloney; Rebel Cork And Democratic Mandates - Manus O'Riordan. A 'Timorous Beastie!' - Stephen Richards
Bloody Sunday: Saville's Unasked Questions. Conor Lynch
Staring Debt In The Face. Tim O'Sullivan
Lord Trimble Will Investigate: "Netanyahu Says Inquiry Will Vindicate Israel". Editorial
Biteback: Israel's 'Botchers'? Eamon Dyas;
Israel: An Unpublished Correction. Philip O'Connor (Sadaka)
Dr. Mansergh And The Irish Times. Manus O'Riordan
Editorial Digest. (Israel & Lord Trimble; Dawn Purvis; Ballymurphy Massacre; Minimum Wage; Housing; A Phantom Authority; Harassment; Water Charges; Tom Clarke)
Poems: How A Girl Became A Ship. Better Gardening, Or Else
Wilson John Haire
Barking Up the Wrong Tree. Jack Lane replies to Desmond Fennell
Nuclear Iran: where's the evidence of threat? David Morrison (report)
Shorts from the Long Fellow (Fintan, Street Radical; Jack O'Connor; More Song And Dance; Rwanda's Genocide; Central Bank Report; Irish Times Poll; Sea Change In Irish Politics?)
DIB Blues. Sean Moylan. Jack Lane (Dictionary Of Irish Biography series)
The 1974 Bombings Of Dublin And Monaghan. John Martin (review)
Es Ahora. Julianne Herlihy (BPplc & Politicians; Hitchens; Lost Booker; Military Matters In Ireland; Military Memorials In UK)
Dunkirk And 'The Huns Of 1940'. Pat Walsh
Perversion Of Archbishop Of Canterbury's Son. Manus O'Riordan
Jack Jones Vindicated. Manus O'Riordan (Part One)
Political Historians Of Ancient Ireland. Pat Muldowney (review)
Does It Stack Up? Michael Stack (Greenpeace; BPplc; Palestine & Gaza; Maths Teaching)
Labour Comment: Private Vultures Eye E.S.B.

August

Not To Reason Why. Editorial
EU: Action Stations? Jack Lane
Brian "the deposit King" Lucey. John Martin
Readers' Letters: Settlers And Nations.

Stephen Richards
Éamon Smullen. Wilson John Aire
Visiting The Six Counties. Wilson
John Aire
Editorial Digest. (The Riots; Martin Óg
Meehan; Mary McAleese; RIR; Its
Only Money; Army Council; Celtic
League; Greenhouse Gas Emissions!
Sinn Féin Mayor, Donegal; Fianna
Fail In North; Jackie McDonald; Gun
Deaths; 32 County 12th?; Victims)
The Madam With A Record And A
Retractable Minister. Manus
O'Riordan
Poems. Wilson John Aire: Thar She
Blows. Anyone Seen Neptune's
Trident?
Shorts from the Long Fellow (Anglo-
Irish Bank Legacy; Future Of Anglo-
Irish Bank; Sean FitzPatrick; Nama;
Irish Economy.ie; Deposit Selling
Moments; Gerry Adams)
Rhetoric Versus Reality About The
Republic. Jack Lane
Saville Report: Reactions, Flawed And
Otherwise. Conor Lynch
Jack Jones Vindicated. Manus
O'Riordan (Part 2)
Biteback: National Newspaper? Phillip
O'Connor (unpublished letter)
A Good Biography With A Fatal Flaw.
John Minahane (on Benjamin
Hazard's book on Flaithrí Ó
Maolchonaire)
Naval Warfare. Dr. Pat Walsh (Part 1)
Lithograph. Kathe Kollwitz
Labour Comment: The Politics Of
Virtue

September

Trouble With Moderates. Editorial
Victim Of Academic Ideology?
Obituary of Peter Hart
Readers' Letters: Manus O'Riordan. A
Senior Moment
Editorial Digest. (Derry Mercenary,
Aid & Afghanistan; Policing Board
Developer; Arnotts; Gerry Kelly To
Meet Dissidents; Parades Legislation;
Suicide Pilots)
Why The European Union Can't Get
Real. Desmond Fennell
Shorts from the Long Fellow (Revised
National Development Plan; Bold
Leap Forward; Progress; Catch Up;
Fintan & The Bank Guarantee;
Property Taxes; Peter Hart; Griffith
& Collins; Elaine Byrne)
Irish Squaddies. Tom Cooper letter
(Report)
Could This Be Forgiveness. Wilson
John Aire (Poem: Hiroshima,
Nagasaki)
Es Ahora. Julianne Herlihy (Shell &
Ireland; & Corrib Gas Project; &
Rossport In Courts; The Queen &
Her Honours; Private Eye & Honours;
Mrs. Harold Pinter & History; Prof.
Bartlett & Fall Of Irish
Historiography)
The Irish Republican Education Of Sir
John Betjeman. Manus O'Riordan.
(Part 4 of The Spy Who Grew Up
With The Bold)
Biteback: Senator Twomey, Beal Na
mBleath And Fianna Fail: Irish Times
Letters (Patrick Martin; Mark
McGrail)
Naval Warfare. Pat Walsh (Part 2)
Dunkirk: "The Truth Cannot Hurt The
British Now". Ruairí Ó Domhnaill
20
Does It Stack Up? Michael Stack
(BPplc; The Public Service In Ireland;
The Irish Economy; Government
Schemes; Duke Of Devonshire &
His Irish Estate, Lismore Castle
Labour Comment: Callery: The
Exception. Philip O'Connor

October

What's Constitutional. Junior Minister
Mansergh Speaks. Editorial
Béal an Lenihan. Editorial
Readers' Letters: In Defence Of Peter
Hart. Jeffrey Dudgeon
New Unionist Leader. Conor Lynch

Editorial Digest. (Violence; Electric;
Orange Order; Iris Robinson; Omagh;
City Of Culture; Consultants; British
Army; The Pope; Eames/Bradley;
Legal Bills; New Taxes; GAA, Up In
Down; Wee Ulster; Settlers &
Natives)
Corrupt Ireland? John Martin reviews
Shane Ross's The Bankers
Sean Lester: Gageby Gagged By
Madam. Manus O'Riordan (report)
Shorts from the Long Fellow (Bond
Market; Irrevocable Guarantee; A
Sovereign Default; Economic
Recovery? Irish.economy.ie; Brian
Lenihan In Beal na mBlath)
Abdelbaset Ali Mohamed Al-Megrahi.
Wilston John Aire (poem)
A No-Go Area For Fianna Fail? Jack
Lane
Mr. Blair Clarifies The Issue That
Defines Him—The War In Iraq. Jack
Lane
A Discussion On The 1640s. John
Minahane reports on the launch of An
Argument Defending The Right Of
The Kingdom Of Ireland (1645) by
Conor O'Mahony
Famine Or Holocaust? How Many Died?
Report of talk given by Jack Lane at
Féile Duthalla 2010
Es Ahora. Julianne Herlihy (Rolling
Stone Magazine; Shell & Ireland;
The Times; Battle Of Britain;
'Wartime' Britain; Private Eye)
Meeting Pat Murphy. Brendan Clifford
reviews Pat Murphy, Social
Republican
After The Single Currency. why not a
Euro Bond? (Report of letter by David
McInerney)
Jack Jones Vindicated. Manus
O'Riordan (Part 3)
Naval Warfare. Pat Walsh (Part 3)
Remembrance Day. Wilston John Aire
(poem)
Does It Stack Up? Michael Stack
(Coillte Teoranta; Oil Industry;
Education; Revenue Commissioners;
NAMA; Norway And Its Oil)
Labour Comment: Fianna Fail
Renaissance? by Philip O'Connor

November

Like A Virgin! Rediscovering 1641.
Editorial
Lisbon Looms Again. Jack Lane
Taming Tigers? Editorial
Readers' Letters: Augsburg &
Westphalia, Stephen Richards. Rose-
Tinted View Of Fianna Fail? Kells
reader. Private Hospitals. Nick Folley
Obama's 'New Beginning' At An End In
The Arab World? David Morrison
Political Snapshot. Philip O'Connor
Harris Doing As Harris Does. Jack
Lane
First Ballymurphy, Then Bloody
Sunday. Report, and Poem by W.J.
Haire
Shorts from the Long Fellow (State
Broadcaster; Anglo Bank Cost; Brian
Lucey & David McWilliams;
Government Performance; Could
And Should; Lucey On The Property
Market; Lenihan On Banking Crisis;
The Irish Times; The Village
Moral Denunciation From O'Toole.
John Martin
1939 Greaves-Regan-O'Riordan
Conversations. Manus O'Riordan
Republican Ireland And Zionism. Philip
O'Connor. (Part 1, De Valera On
Zionism And Palestine)
In Reply To Jeff Dudgeon On Peter
Hart. Niall Meehan
Es Ahora. Julianne Herlihy (The Cosh
Of The Crozier; Ireland & The IMF;
History Of IMF; Manifest Destiny)
Hard On Hart? Brendan Clifford
Biteback: Nama & Associate Professor
Lucey. Feargus O Raghallaigh
Naval Warfare. Pat Walsh. (Part 1)
When. Poem and article by Wilson
John Aire
Does It Stack Up? Michael Stack (The
Government; Croke Park Agreement;

Bertie Ahern; Department Of
Finance; Automatic Pilot)
Labour Comment: Not On Our Knees
Yet, James!

December

Ireland: The Political Crisis. Editorial
Ms Laffan's Thoughts. Editorial on The
EU And The Crisis
The Irish Times And Our Gallant Allies.
Editorial
Readers' Letters: Poppies At Celtic.
Martyn Joseph Gallogly;
Remembering The Minutes. Eamon
Dyas
Falling Off The Tigger? Editorial
Global Crisis. Eamon Dyas
Editorial Digest. (SF Victory; Gerry
Goes South; Maggie's Poppy; Alex
Attwood; Humanists Too!; NI
Assembly; DUP; Tories v. UUP;
Robinson & Education; Unionist
Ireland; Prisoners; Policing NI;
Roads; Rail; Royal Giggle; Bad
Health; Dublin March; Corruption;
Recession
The Means Test. Wilson John Aire
(poem)
Mickey Dwyer. Obituary
Shorts from the Long Fellow (Why Save
Anglo Irish Bank?; Bondholders &
Depositors; Media & Crisis; NAMA
Profits; Crony Capitalism; Fianna
Fail; Labour; Fine Gael; Corruption?;
Irish Times Perspective; Tin-Tin
Award
Ireland & The Great War. Pat Walsh
reports on Collins Barracks Event
Protestants In West Cork. Jack Lane
(review)
Performance Economics. John Martin
(review)
Driving Ol' Éire Down. Seán McGouran
The Harris Privilege. Report
1641 Massacre. Pat Muldowney
(unpublished letter)
The Earl Of Strafford And 1641. John
Minahane (Letter, with response)
Es Ahora. Julianne Herlihy (Rare Old
Times; More Media Figures) 21
The Ghost Of Admiral Hall. Tim
O'Sullivan (reply to Jeff Dudgeon)
23
Jack Jones Vindicated. Manus
O'Riordan (part 4)
Biteback: Legitimacy? Nick Folley
(unpublished letter)
Naval Warfare. Pat Walsh (part 5)
Does It Stack Up? Michael Stack
(Betting Winnings; Banking Crisis;
Public Sector Crisis; Bank For
International Settlements)
Tears Of Ice. Wilson John Aire (poem)
Cultural Cringe. Seán McGouran
War Veterans. Report of Letter by Mick
Nugent
Labour Comment: Quo Vadis? ICTU
Lets Itself Down

A Labour Policy

"I was very disappointed
to hear the Labour Party say
that if it was to be part of the
next Irish government it
would turn its back on
infrastructure projects in the
North.

"Fianna Fail and I
strongly believe that
prosperity across our island
is essential to continue
building on the peace we
have achieved together..."

(Brian Cowen, *Irish
News*, 13.12.10)

**Report of Letter which
appeared in the *Irish
Examiner*, 27th December
2010**

It Matters Not If Adams Is A Member Of The IRA

I was completely under-
whelmed by Matt Cooper's
piece on December 17.

Neither all the queen's horses
nor all the queen's men,
exhausting what Gladstone
called "the resources of
civilisation" could prove Gerry
Adams's membership of the
IRA.

So who am I, or Mr Cooper,
to doubt his word? I don't think
it matters now, nor ever has, to
those who vote Sinn Féin.

It's not as if Sinn Féin is
particularly irregular. From
1912 onwards various Unionist
parties had their own Ulster
Freikorps.

And Garret Fitzgerald, as a
senator, could serve on the Fine
Gael Front Bench without
joining the party. But if that was
a misfortune, consider the care-
lessness of John A Costello, who
remarked to Garret: "Forty years
in politics, twice Taoiseach,
never joined Fine Gael."

If Gerry Adams's remarks on
the IRA scandalise your polite
readers, they should look away
before considering these of Mr
Costello in the Dáil in 1934-
"the Backshirts were victorious
in Italy, the Hitler Shirts were
victorious in Germany ... as
assuredly the Blueshirts will be
victorious in the Irish Free
State."

Nior thainig a la for 14 years,
and then only with the "kiss of
life" from Sean McBride, an
IRA man when Costello made
that speech.

It would be a shame if future
leaders were as oblivious of the
past that they couldn't laugh at
Cooper's fastidious pretensions.

Donal Kennedy

On-line sales of books,
pamphlets and magazines:
**[https://
www.atholbooks-
sales.org](https://www.atholbooks-sales.org)**

Does
It
Up

Stack
?

GOVERNANCE

Is there anyone out there who still has faith in an honest politician? Anyone? Why is it that almost every person who gets elected to public office will eventually and almost inevitably, it seems, end up being dishonest if not actually downright crooked? Take the Minister for Social Protection, Eamon O Cuiv and the Carbon Tax. A year ago when the Carbon Tax was announced by Minister for Finance, Brian Lenihan TD, he said a *"voucher fuel allowance scheme would be developed to offset the increases for low-income families dependent on such fuel"*. In July 2010 Minister O Cuiv said he had set up a committee *"to devise a scheme to enable compensation measures to be in place when the heating season starts"*. This was not going to be a big job of work—just calculate the percentage increase in the retail price of the fuel due to the imposition of the Carbon Tax and issue that percentage increase in vouchers, simple. Not so. However in November 2010 Minister O Cuiv reported to the Dail that the working group has not yet finished its work but the Department had decided not to introduce a voucher system—as such a voucher system introduced stigma and caused huge administrative burden because of their (sic) complexity and Minister O Cuiv said he was still awaiting a report from the working group (!) but, he said *"a compensation scheme may not be the best way to address rising fuel costs due to the Carbon Tax and if you want to assist the most vulnerable, a small extra payment would not be anywhere as efficient... its insulation, insulation is the way to go"*, he now declared. And just as the poor person is rising from this whipping, Minister O Cuiv has more. *"In the current economic and financial crisis our main priority must be to restore stability in the public finances... no provision has been made in the Estimates for the payment of a Christmas bonus in the 2010 estimate"*, he said. (This of course refers to the hitherto customary extra Social Welfare payment at Christmas—it does not refer to any of the payments to Ministers or to TD's and Senators.) And just in case any of the bystanders in the Visitors Gallery were feeling lucky not to receive a whipping, Minister O Cuiv adds with apparent grim satisfaction:

"There are people over 65 who have pension pots that are literally worth millions of Euros so that you cannot say that in all measures in the budget, tax and otherwise, that any particular income is absolutely immune to cutbacks."

Just imagine the cruelty of this kind of attack? In December 2009, Minister Lenihan said there would be fuel vouchers, in July Minister O Cuiv said he was working on it and in November 2010 Minister O Cuiv stated that there would be no vouchers nor even *"a small extra payment"* and then goes on to talk unfeelingly about the pension pots of millions of Euro Ministers and Public Servants and others. Was he being dishonest? You be the judge. He certainly spoke with a *"forked tongue"*.

And then there were the four TDs who got themselves marked present in the Dail when they were abroad in April 2010. That was bad and blatant. But what was much worse was that one of them was Bernard Allen TD (Fine Gael) who was and is Chairman of the Public Accounts Committee. Integrity? These examples may be regarded to be on a smaller scale but they also show what way TDs think.

On the much larger scale we now know that NAMA was necessary only to save skins of inner circle people and to enable these same people to safeguard their assets abroad while leaving their liabilities and debts in Ireland to the taxpayer. We know that Bank of Ireland and AIB could have been saved with State assistance and that Anglo-Irish Bank should have been allowed to go its own way and fail. But too many reputations were at stake and it was not allowed to happen that way. The governing ministers did not allow it to happen and bankers colluded with them all. Power corrupts and absolute power corrupts absolutely. We know this now so as well as cleaning up the mess we should be taking reasonable steps to prevent it happening like this again.

Reasonable steps should include a completely new structure for our law-makers and for our Government. The present structures have failed miserably. So for the purpose of debate let us upset the applecart. What about the party system? The majority of citizens are not joined any party. It can easily be shown that political parties are conspiracies against the public. However, parties may be appropriate for bringing forward a programme of legislation. Serious thought should be given, for example, as to why any particular candidate on a ballot paper should be singled out from others as a "this party" or "that party" member. Also, would it be better if each candidate was elected as an individual and in a position to vote on legislation with individual conscience? Or not. Do we need a Seanad at all? Perhaps, as in USA, the lawmakers should have nothing to do with the executive government? Maybe the office of President should be abolished or be an elected executive President? Maybe, as in China, there should be seven elected government heads for each period of five years? One thing we do know, the present system

does not work. It was thrust upon us by Lloyd George *et al* who modelled it upon their own defective system in Britain in 1921. We have moved on since then and it is time we had for ourselves systems of legislation and government to protect our sovereignty and our democracy which we surely deserve.

ABORTION AND ADOPTION

Fostering the children of other known people used to be a very common occurrence in Ireland. It became less common after the Irish holocaust of 1845-48 where food was not made available but shipped out by the British. But even up to forty or fifty years ago in Ireland everybody or nearly everybody would know of a child in the neighbourhood who was being reared by a grandmother or by an aunt. Also Adoption Societies were busy placing children for adoption in cases where the mother could not keep the baby for some reason or another. Then the State blundered in to a bit of law-making on the subject of adoption, basing the new laws on models taken from USUK and interlacing them with new laws on inheritance and DNA without proper consideration of the overall social fabric. The result being that in many cases when a woman found she was bearing a baby who was not expected and when her circumstances make it difficult to keep the baby, she opted to have the baby killed in England rather than go through the new complications involved in having the baby adopted. There are a great number of people who would be delighted to adopt a baby but the laws are too complicated and too restrictive and so the babies are put to death. It doesn't stack up at all.

All of the laws affecting children and babies must be looked at in their entirety and redesigned so as to achieve a just and fair society. The present laws are involving us and our State in ridiculous situations, totally foreign to our way of life in Ireland. Not only have we passed a mesh of laws dealing piecemeal and inadequately with difficult situations but one of the main laws dealing with abortion and which the State quoted in a recent European Court of Human Rights case was so old it was not passed by us at all but the British Parliament in 1861, i.e. no Irish legislator took a serious look at this basic law for 150 years! This certainly does not stack up!

I mean to say, what matter is more important than life and death? Why hasn't it been dealt with in 150 years? Compared with the speed with which the Credit Institutions (Stabilisation) Bill 2010 was dealt with—it was introduced in the Dail on 14th December and it appears to interfere with property rights protected by the Constitution of Ireland but it was dealt with like a bolt of lightning. Money is more important than life or death in Dail Eireann it seems.

Michael Stack ©

BUDGET continued

founder of TaxandLegal.ie.: "Since the Lisbon Treaty, groups of European countries will be able to club together to harmonise taxes. If they do that, we will have to do the same," he predicted.

Some new businesses will continue to be exempt from Corporation Tax for the first three years after the budget extended and altered a scheme aimed at helping small and medium-sized companies that create new jobs.

The three-year Corporation Tax exemption for start-up companies was first announced in 2009 but is now being changed so the value of the relief will be linked to the amount of employers' PRSI paid by a company up to €5,000 per employee.

"I suspect this change is an attempt to limit abuse," said Paul Brady, "It is interesting that they are linking it to PRSI. They are trying to stop people from making capital investments" (*Irish Independent*-8.12.2010).

The scheme only applies to people who are setting up a new business in manufacturing and a few other sectors. It excludes services and only benefits new companies that make a profit in their first three years.

Under the changes announced in the 2011 budget, if the amount of qualifying employers' PRSI is lower than the reduction in corporation tax liability, relief will be based on the lower amount.

The employer PRSI incentive scheme is extended until the end of the year.

Under the terms of the scheme, employers will not be liable for PRSI in respect of new workers for a period of 12 months from the date of employment.

MEDICAL CARDS

People with Medical Cards did not have to pay the Income levy or the Health levy up to now.

But the merging of these two levies into the Universal Social Contribution (USC) will mean that people with a medical card, whose income is greater than €4,000, will pay the new charge. The State Pension will be excluded from this.

The Government expects a staggering 10,000 additional people a month to need a medical card this year, as more lose their jobs or suffer pay cuts.

There are now over 1.5 million covered by a medical card, but those with the benefit who need medicines will pay

around €2m a month in prescription charges this year.

This will mean that around 1.79 million or 40% of the population will have a card—in stark contrast to 2001 when it was just 29.8%.

Another 114,000 people have GP visit cards, which entitle them to see their doctor for free, although they are still liable for the cost of any drugs they are prescribed.

The surge in numbers underlines the growing reliance on the State for healthcare needs at a time when tens of thousands of other people are also abandoning their private health insurance.

By last October the HSE section dealing with medical cards and related services had under-spent by €41m.

A rise in medical cards means higher drug bills for the State as well as a loss in income for hospitals.

GP CUTS

GPs who treat medical card holders are to face deep cuts. Their fees will be slashed by up to 50% in some cases.

It will mean that their fee for a patient over 70 years of age in a nursing home will fall from €896 a year to €448.

Doctors will also be hit with an end to an allowance for a patient who lives a certain distance from their surgery and fees for evening and weekend visits to patients' homes are to be reduced by 22%.

Their mileage allowances, which were built into fees for older patients living over 10 miles from their surgery, will also be slashed.

There will be abolition of the fund which provides GPs with grants to improve and refurbish their surgeries and they will also suffer a cut of 8% in their fees for caring for female patients under the maternity and infant schemes.

There are cuts in grants for hiring secretaries and nurses.

It is expected the total amount taken from GPs, who got €500m under the payments, will amount to €48m over a year.

The carers' allowance is down, with cuts of €16.50 a week on the 2008 rate—down from €220.50 a week to the new rate of €204 announced in the Budget.

PENSIONS

The reduction in the employer PRSI relief on pension contributions will cost Irish business about €90 million per year, according to employers group IBEC. This at a time when many employers are already struggling to keep pension schemes afloat, it says.

Employers will have to pay 50% PRSI on their employees' contributions to a pension scheme. This is in addition to the application of PRSI and USC to the employees' contributions themselves.

REDUNDANCY PAYMENTS

Redundancy payments, apart from statutory redundancy amounts, will only be tax-free up to €200,000. For amount above this the tax will be 20%.

GIFT TAX

The amounts that can be given or left to relatives, tax free, are being reduced by 20%. This is a significant change, raising €40 million in a full year.

The new limit for a gift or inheritance to a child is €332,804, and €33,280 for a sibling or lineal descendant.

THE FARMERS

Agriculture Minister Brendan Smith said a net reduction of 11% in his Department's estimate for next year is largely accounted for by lower farm waste management scheme payments. But spending is maintained on disadvantaged areas, REPS and AEOS, and reduced only 1.66% in forestry and bio-energy.

Up to €100m of the final farm waste management scheme instalment, due early next year, is being brought forward to this month. The 2011 estimate ensures the department can make 2010 and 2011 suckler scheme payments next year.

Most employers and employees (over 16 years of age) pay social insurance contributions into the national Social Insurance Fund (SIF). In general, the payment of social insurance is compulsory. Social insurance contributions in **Ireland** are referred to as **P.R.S.I.** (Pay Related Social Insurance).

The Social Insurance Fund is made up of a current account and an investment account managed by the Minister for Social Protection and the Minister for Finance, respectively. The current account consists of monies collected from people in employment. This money is then used to fund social insurance payments. The investment account is a savings account that is managed by the Minister for Finance. The **Comptroller and Auditor General** is responsible for ensuring that the accounts are kept in order and reports are made to the **Houses of the Oireachtas**.

BUDGET continued

levies. This makes for some anomalous situations.

A self-employed taxpayer on €175,000 will suffer a cut of only 1% in take-home pay this year, while someone on €55,000 will be down 4%.

There are a myriad of changes to pension tax reliefs but most taxpayers will be affected by only one. At present, PRSI and levies are not paid on pension contributions. In future such contributions will be included in gross pay for the purpose of calculating liability to PRSI and the new Universal Social Charge.

PUBLIC SERVANTS

Such a wide-ranging package of changes is bound to give rise to anomalies. Many higher-paid public servants will find it anomalous to be paying full-rate PRSI at 4% on income above €75,036.

Those who joined the service prior to 1995 currently only pay 0.9%. They may even feel that this change entitles them to a social welfare pension when they resign.

But some lower paid workers face a more awesome anomaly. Single workers on the minimum wage will remain outside the tax net provided they don't work more than a normal week. But they won't be exempt from PRSI or from the new levy. On any income above €16,050 they'll be paying 7% Universal Social Charge and 4% PRSI and income tax at 20%. That's an effective marginal tax rate of 31%. It's well below the 52% marginal rate faced by high earners but it's still very high for someone who is earning just above the minimum wage.

Those who will lose out most from the introduction of the Universal Social Charge are people earning around €25,000. At present they are exempt from the health levy.

The reduction in the exemption threshold to just over €4,000 will see such earners paying €1,069 in Universal Social Charges.

These include medical card holders, widows/widowers in receipt of the social welfare pension, persons aged 65 and over who earn less than €20,000 per year (€40,000 in the case of married couple) and certain employees of overseas companies working temporarily in Ireland.

Taken together with other changes, the result is that the new charge goes far beyond what was already achieved by the income levy, in introducing a flat rate tax, payable by virtually every person in the state on almost every form of income.

DIRT TAX

The tax on savings—Deposit Interest Retention (DIRT)—will shoot from 25% up to 27%. This is obviously a bid to get some of the almost €100bn households have stashed in the banks out of accounts and spent in shops. Savers are taking their deposits out, that's for sure but they are not heading for any shopping malls. Or maybe they're heading for Lowry's Holy Cross casino.

"Nervous depositors took €5.1bn out of Irish banks in November, 2010, according to new figures from the Central Bank.

"Irish consumers shifted €2.5bn of deposits out of Irish-regulated banks in November, bringing the total amount held in those institutions from €96.2bn in October to €93.7bn.

"Big corporations, like pension funds, were also still moving large sums of money out of these banks. The Central Bank figures reveal they withdrew €2.6bn in November, bringing the total money they hold in Irish-regulated banks down from €45bn to €42.4bn." (*Irish Independent*-31.12.2010).

PROPERTY

A belated but positive step was the Government's decision to scrap Section 23 which provides tax relief for the capital expenditure incurred on the construction, refurbishment or conversion of rented residential accommodation in certain designated areas.

However, the Irish Property Owners Association (IPOA) is set to challenge the decision to abolish the measure, saying the Government brought in the incentive to encourage investment, but are now "fleecing" the people who purchased these properties. The IPOA said it was "bordering on the criminal" to change the terms of a contract after it has been signed and the monies paid.

"The measures introduced by the budget will cause dereliction in the future, not alone in the older properties, but in the newer unsold properties that stand as a monument to the lack of control on the incentives and of banks that capitalised on these incentives. The landlords of Ireland must stand united and fight this attack on their livelihood," the IPOA stated. (*Irish Examiner*, 9.12.2010).

STAMP DUTY

First-time house buyers did not have to pay any stamp duty up to now. From the December Budget they will have to shell out 1% of the value of properties worth up to €1 million. This will mean an additional €3,000 on a property that sells for

€300,000.

Currently, stamp duty rates of up to 9% apply to transactions on property.

Stamp duty on residential property has raised around €80m so far this year, compared with a peak of €1.3bn in 2006 at the height of the boom.

The Government will introduce a flat-rate property tax from 2012 of around €100, rising to €200 the following year.

The 2012 tax will be paid to cash-strapped local authorities and county councils, as is the case with the existing €200 on second-hand homes.

Minister Lenihan claimed the move will not only boost the property sector but will also provide useful valuations for the market.

"If this system had been in place instead of the previous volatile one, it would have lessened the effect on tax revenue of the booms and busts in the market," he told the Dail.

"The information gathered from this new regime can be used to compile data on house valuations to inform a valuations database."

The Government is gearing up to use the State Valuation Office to assess what tax should be applied on the 1.8 million homes around the country after 2013.

This would mean a phasing out of the flat-rate system which many believe is unfair because the same tax is paid on a small home and a mansion.

The Government is also abolishing other existing reliefs and exemptions for stamp duty on residential property as part of its review of the sector.

There will be further incentives for local authority tenants to purchase their homes through an increase in existing discounts.

CORPORATION TAX

Minister Lenihan reiterated that Corporation Tax would remain at 12.5%, adding that several European finance ministers now understood that Ireland needed to keep the rate low. He did not name the ministers.

Senior figures in Germany and France have said repeatedly that they would like Ireland to raise the rate to a level closer to the level in countries which are funding Ireland's EU-led €85bn bailout.

Industrialist Michael Smurfit said he saw no reason not to raise the rate to 15%.

While corporation tax remains at 12.5% for now, it is likely to rise in the future, said Paul Brady, a tax consultant and

continued on page 31

BUDGET continued

paid around 11% compared with an EU average of more than double that.

Over the last decade or so, the income tax system has gone through two distinct phases. 1997-2001 saw a sequence of income tax rate reductions (48% to 41% and 26% to 20%) followed by a "hollowing" out of the tax system in 2002 to 2008 where the entry to the tax system rose by 153%, from €7,238 to €18,300, together with an increase in the single rate bands/tax credits by 105% and 92% respectively.

All of this culminated in a tax system where 45% of income earners paid no tax, which clearly was unsustainable.

Only for a single person with no children earning 167% of the average wage did the tax wedge come close to the OECD average. A well-paid single Irish person handed over 39% of total income while, if they were living in Belgium, they would have paid 55% of their salary.

The 2011 budget outlined by Finance Minister Brian Lenihan will, according to an analysis by Social Justice Ireland, increase the effective tax rate—total of income tax, levies and PRSI—substantially on the lower-paid compared with 2008. But for all, except those earning over €120,000 a year, it is still less than what people were paying in 2000. Doubtless the next three budgets will change that.

A major component of most country's revenues from labour are social contributions but in Ireland this has accounted for just 5.3%, compared to a EU average of 14.2% of GDP. This will increase now with the Universal Social Charge (USC) 5%, taking over the levy of the past two years and the health contribution 2%.

"COSY CONSENSUS"

"I wrote at the time of how their representatives on the National Economic and Social Council (NESC) reversed previous calls for a property tax in a report on housing policy that it prepared that year. The trade unions, civil service and community groups on the Council acquiesced.

"The union representatives on NESC, including David Begg of ICTU and Jack O'Connor of SIPTU, didn't even manage to have the old Kenny proposals for capping the price of development land included for consideration.

"It's all history now. But there is a lesson to be learnt from the failures of cosy consensus decision-making that let powerful interest groups push the agenda

while others who should have known better stood by and watched" (Colm Rapple, *The Irish Mail on Sunday*-26.12.2010).

Where now is policy of tax cuts in lieu of wage increases so enthusiastically advocated in 1987?

Suddenly the C.B. word has turned up again after all the years of Partnership talk:

"Abandon the 'internal deflation' of attempted wage-cutting, in favour of collective bargaining to allow workers purchase the goods and services of a dynamic private sector" (Paul Sweeney, Economic Adviser to the ICTU, *Irish Times*, 31.12.2010).

PRSI BENEFITS

One of the most galling aspects of Minister Lenihan's removal of the PRSI ceiling is his thrashing of the meagre benefits arising from this payment. It is one of the few benefits the PAYE sector have, especially for those without a Medical Card or a GP visit card. The silence of the Trade Unions on the issue is almost deafening. Could it be that it touches only marginally on the public service sector?

Dental treatment for almost two million people covered by PRSI was halved last year—and it's going to be even worse in 2011.

The changes to free or subsidised dental treatment in last year's Budget saw spending fall from €62m in 2008 to €25m in 2010.

Budget 2010 slashed the number of benefits people covered by PRSI could claim for free or at a discount from their dentist.

Since January last year, the only benefit they have under the scheme is a free examination, leaving people to pay the cost of other treatments out of their own pocket.

December's 2011 Budget failed to reverse the measure and the three months' grace given to PRSI holders last year, 2010—allowing people to claim full benefits if they submitted claims by December 31, 2010—is not available this year.

The Government has been equally harsh in curtailing the treatment given to 1.5 million medical card holders.

Despite predictions that an extra 10,000 people a month will qualify for medical cards this year, the money spent on their dental care is being kept at just €63m, leaving them with just an emergency

service.

The Irish Dental Association (IDA) has claimed that there will be 350,000 more people holding medical cards by the end of this year compared to 2008, bringing the total number up to 1.6 million.

"We have the disgraceful situation where what is a limited emergency treatment service is being stretched beyond breaking point," IDA chief executive Fintan Hourihan said.

PRSI SELF-EMPLOYED

The PRSI rate for self-employed people will be increased from 3% to 4%. Meanwhile, employee contributions to pension schemes will now be subject to employee PRSI (3% up to €75,036, 4% thereafter) and the new USC (7%).

But despite the higher PRSI for the self-employed, these people will not end up paying more tax at the margin.

The marginal rate for the self-employed will come into line with those in PAYE employment of 52%. This will remove the current anomaly under which the self-employed have a marginal rate of up to 55%.

STATE PENSIONS

Although 400,000 pensioners have escaped Budget cuts with no changes to their social welfare payments, the changes in the USC will hit pensioners with a private pension hard.

Calculations by KPMG accountants show that over 70-year-olds who have a medical card will now be almost €1,000 worse off because the new charge will apply to them.

"Until this Budget the Health levy and the Income levy did not apply to the over-70s on a medical card, but the universal social charge will apply now, but at a lower rate of 4%," KPMG tax expert Quigley said.

AWESOME ANOMALIES

Private Sector workers currently pay a combined 9% in income and health levies on income between €75,037 and €174,980 and 11% on income above €174,981. The new replacement charge will bear less heavily on the higher-paid, presumably as a partial offset to the fact that PRSI at 4% will now be payable on income above €75,037 without a ceiling.

The changes favour high-earning self-employed taxpayers who currently pay PRSI at 3% on all of their income. That is going up to 4% this year, but that's not enough to offset the benefit of the lower

continued on page 32



LABOUR

Comment

ISSN 0790-1712

VOLUME 29 No. 1

CORK

ISSN 0790-1712

Another P.D. Budget

Presenting his Budget for 2011, Finance Minister Brian Lenihan seemed hell-bent on sticking to the disastrous Free Market ideology of a "Low Tax" economy at all costs. The P.D.s might have "dumped arms" but their policies are alive and well in the heart and soul of New Fianna Fail.

Even Michael Smurfit, one of Ireland's outstanding industrialists said he saw no reason not to raise the rate of Corporation Tax to 15%. But No, the Globalisers will have none of it. Their entire economic policy is bound up in Foreign Direct Investment (FDI).

There was little to reveal in the Budget, with €2.1bn in current spending cuts, €1.8bn in capital spending reductions and €1.4bn in increased taxation already announced beforehand.

Although tax rates remain unchanged—20% for standard earners and 41% for higher earners—the Universal Social Charge (USC) will increase tax revenue into Government coffers.

In future, a 7% tax will be placed on all incomes above the minimum wage.

The changes mean that workers on income as low as €4,000 a year, will see tax deductions eat away at their earnings.

The USC is being developed principally to increase the total tax-take and to target the near half of all income earners who will pay no income tax in 2010.

There is a property tax planned for 2012 but it is only a pale shade of what was proposed by the Commission on Taxation and even that wasn't particularly radical.

The budget measures drive home the impact of Ireland's predicament more than the bailouts of billions, than the ordinary person can grasp, and four year plans stretching into the future.

The budget could have served to consign the madness of the Celtic Tiger to the history books, and bring about a better

appreciation of more reliable ways to advance the economy with greater indigenous development. But no, Sir! The Free Market prevails!

LOW TAX ECONOMY

Yet, we are still among the lowest-taxed countries in the world. Figures produced by the OECD in 2009 provide ample evidence that Minister Lenihan is wrong when he claims that there is very little scope for increasing taxes. The fact is that we need higher taxes and there should be public support for any politician brave enough to say so and to outline how such taxes could be effectively and efficiently spent.

Good public and social services have to be paid for. We need to recognise that fact and decide whether or not we are willing to pay the price.

Our social insurance contributions, Pay Related Social Insurance (PRSI), are particularly low. The OECD figures relate to 2007 but our international ranking won't have changed much since then and we are clearly out of step with our neighbours. As

a proportion of national income we contribute less than half the EU average in social insurance—4.7% as compared with 11.5%. In Germany the proportion of national income going on social insurance is 13.2%.

Following the 2011 Budget on 7th December 2010, the latest income tax increases, with the broadening of the tax band to bring many more workers into the net, will bring the contribution of tax to the nation's coffers to little more than what it was two years ago, because of the rise in unemployment and the fall off in revenue from other sources.

The EU average tax take as a percentage of GDP is around 40.5%, so, at a little more than 30% of the Department of Finances' total income, Ireland will continue to feature in the bottom five of the EU's tax take list, with just Slovenia, Romania and Latvia bringing in a lesser proportion of tax from labour.

The biggest contribution to GDP from personal taxation is in Denmark and Sweden, where it accounts for about half of GDP. These countries possess top-class social welfare systems compared to Ireland.

Incidentally, Ireland is accompanied by fellow-suffering Spain and Greece at the other end of the scale.

Another way of measuring the tax take is to look at the tax wedge—the proportion of money a person pays to the state in a combination of tax, and employee and employer social contributions minus cash transfers as a percentage of total labour costs.

The tax wedge for Irish workers is among the lowest of all OECD and EU countries, having decreased strongly for all families over the past decade. The wedge increased with last year's budget for all households, except for lone parents with two children on a low wage. They

Subscribers to the magazine are regularly offered special rates on other publications

Irish Political Review is published by the IPR Group: write to—

1 Sutton Villas, Lower Dargle Road
Bray, Co. Wicklow or

PO Box 339, Belfast BT12 4GQ or

PO Box 6589, London, N7 6SG, or

Labour Comment,

C/O Shandon St. P.O., Cork City.
TEL: 021-4676029

Subscription by Post:

12 issues: £20, UK;
€ 30, Ireland; € 35, Europe.

Electronic Subscription:

€ 15 / £12 for 12 issues
(or € 1.30 / £1.10 per issue)

You can also order from:

<https://www.atholbooks-sales.org>

continued on page 33