TROUBLING IRELAND

Alternative Economic Policies

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We need new economic policies that address the needs of the working population rather than appeasing the demand for ever more profit. Here are some ideas:

Refuse to pay off an illegitimate debt that was foisted on Irish society by bankers and the European Central Bank. The Irish national debt has risen to nearly one and a half times the size of its economy. It arose because the state took on the private gambling debts of the banks and, to pay for them, embarked on austerity policies which destroyed its economy.

Ireland should now write down these debts to a pre-crash level. That will upset global bondholders who bought Irish debt on a promise that its government would squeeze their population to pay them back. These include people like Michael Hasenstab, the California-based money manager at investment giant Franklin Templeton who has already made a fortune because he bought Irish bonds up cheaply. Equally, upset will by the ECB who fear for both the contagion effect on other EU banks and also their own losses on the purchases of Irish bonds. But as it is not possible to satisfy both the bondholder/ ECB nexus and the Irish population at large, the former will have to take the sacrifices.

An emergency public works programme to put people back to work. The money saved from paying off bondholders should be diverted into a jobs fund. For every €1 billion invested in such a fund, approximately 100,000 can be paid at just over the minimum wage. Additional funds would be needed for capital investment to sustain these short term jobs but overall it would still be far less than the current outlay on bondholders. There are many public works programmes that could lead to longer term savings. There is a need to develop renewable energy as currently only 6 percent of Ireland's final energy use comes from these sources. There is also a need for a major housing insulation programme and remedial work on the water infrastructure. Building primary health care centres would also lay the basis for a shift to preventative medicine and cut down on hospital costs in the longer term.

Relieve mortgage distress. Write down house values to 2003 levels for those in financial need. If money is no longer being paid to bondholders, it can be also used to relieve the distress that many families now experience as new threats of eviction loom. There is no need for a costly 'case by case' procedure or an army of financial advisors to tell people how to cut out satellite television or holidays to pay their mortgages. There could be a simple scheme based on transparent criteria though which people apply. If they make a full declaration of their assets and income, they should have their mortgages written down.

Make the wealthy pay for the economic crisis through taxes and nationalisation. Any move to stop payments to bondholders or to refuse payment to the ECB will provoke a reaction. Ireland may be threatened with being thrown out of the EU or there might be a withdrawal of funds from its economy. It will be necessary to impose capital controls and to have strict penalties for those who try to evade them. Once these are in place, it will be possible to re-distribute wealth to pay for a shortfall in revenue and provide resources for public works programmes. Many different measures could be taken but here are some:

- There should be a 5 percent wealth tax on all assets in excess of €1 million. This will necessitate the establishment of a comprehensive wealth and assets register.
- There should be an increase in corporation profits taxes so that all companies pay a minimum effective tax of 12.5 initially and further increases where necessary.
- There should be a mandatory employer contribution to pension funds and an increase in their social security payments.
- There should be a Robin Hood tax on all financial speculation.
- There should be third rate of tax on incomes over €100,000 to reduce the Universal Social Charge for those on lower incomes.

Where businesses seek to sabotage these measures by closing down and making workers redundant, there will need to be further measures taken. Firms which declare workers redundant or which seek to move production elsewhere should be taken into public ownership and forfeit their capital.

Take Ireland natural resources into public ownership. Ireland' s offshore territory consists of 635,000 square kilometres – nine times the size of the country – and the Atlantic margin may contain a potential 10 billion barrels of oil or gas. Ireland needs to take control of these resources and declare that these reserves are the property of its people. Existing contracts with oil and gas companies need to be revoked as they were negotiated under terms set by former Fianna Fail Ministers, Ray Burke and Bertie Ahern. Once this occurs, the state can deploy a variety of mechanisms to both raise capital and access technical expertise needed to extract reserves from the sea bed. It can have production sharing agreements or service contracts with global corporations or it can co-operate with other countries that have adopted a left nationalist approach to gain expertise - or do both. There is no reason why it cannot follow an example set by Norway which achieves a 75% government take from its reserves.

A development strategy based on public ownership and workers control. State agencies continually boast about the level of foreign investment that is 'attracted' to Ireland and suggests that it gets more jobs per head of population from this source than other countries. This foreign investment, which is concentrated in manufacturing exports and internationally traded services accounts for just 7% of those employed.

An alternative strategy of using public sector investment is required. There needs to be a halt to the privatisation of Irish semi-state companies and they should be encouraged to expand. Irish workers have built up a considerable expertise in the pharmaceutical industries. If, and probably when, there is a withdrawal by multi-nationals from this sector, there will be a need for state industries to produce generic drugs.

At the moment state owned companies are managed by people who aspire to be directors in the private sector and who are the prime advocates of privatisation. Yet genuine workers' involvement – and, indeed, self management – is the key to stopping both bureaucratisation and the lure of private profit. Far from hindering efficiency, workers' control enhances it by engaging with the creative energies of the majority of employees rather than the supposed brilliance of a few managers.