



ANTI-AUSTERITY ALLIANCE

Budget 2017 Statement

From Corporate Tax Haven to Socialist Green Economy



ANTI-AUSTERITY ALLIANCE BUDGET 2017 STATEMENT

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INTRODUCTION

The EU Commission ruling on Apple and fantastical 26% GDP growth figures shine light onto the real nature of the Irish economy. It is a corporate tax haven. It is a fiscal paradise for the multinationals and rich, while failing to deliver for working people.

Irish capitalism, which has based its developmental model on attracting foreign multinationals with low or non-existent corporation tax, low regulation and wages is a complete failure. It has resulted in a weak domestic private sector and a basket case economy – where growth figures have no relationship to the reality of the economy or people's lives.

A rupture is needed with this capitalist model. The Anti-Austerity Alliance budget statement sets out a fundamentally different vision for sustainable development in people's interests. That requires a Left government implementing socialist policies. It also means breaking free from the austerity straitjacket of the EU fiscal rules.

The Apple tax scandal demonstrates that the obstacle to resolving the massive social crises which face people in this country is not a lack of resources or wealth, which are plentiful. It is political decisions, rules and fundamentally the capitalist system – which says that the profit of the 1% must come first.

THE REALITY BEHIND THE 'RECOVERY'

Fine Gael told us to 'keep the recovery going' but for many workers there has been no recovery. What really matter for people's living standards are good jobs on decent wages, affordable basic living costs like housing and childcare and disposable incomes that allow us to live not just exist. Measured in those terms, the recovery is a mirage. Irish living standards are the fourth lowest in the EU-15 at 12.5% below the average¹. Disposable incomes are 10% lower than before the crash².

Workers and the unemployed are trapped in a cost of living crisis caused by low wages, increased taxes and charges and austerity cuts to public services.

- From 2007-2015, Ireland had the third biggest loss of employment out of 29 OECD countries and the sixth worst performance in wages³.
- 150,000 fewer people are in employment than in 2007⁴ and many of the jobs that have been created are low wage and low hours. Average hourly⁵ and weekly⁶ wages are still lower than in 2008.

¹ Based on Actual Individual Consumption, the EU's preferred measure. Eurostat, "GDP per Capita, Consumption per Capita and Price Level Indices - Statistics Explained," June 2016, http://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_per_capita,_consumption_per_capita_and_price_level_indices.

² Micheál Collins, "Incomes Still 8%-10% below Pre-Crisis Levels," *NERI Blog*, February 18, 2016, <http://www.neriinstitute.net/blog/2016/02/18/incomes-still-810-below-precrisis-levels/>.

³ TUC, "UK Workers Experienced Sharpest Wage Fall of Any Leading Economy, TUC Analysis Finds," July 27, 2016, <https://www.tuc.org.uk/economic-issues/labour-market/uk-workers-experienced-sharpest-wage-fall-any-leading-economy-tuc>.

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- Workers are also paying almost €800m a year more in PAYE⁷, €4bn in USC, on top of Local Property Tax, the public sector pension levy, and higher bin charges.
- Rents are up 40% in the last five years⁸. Childcare costs are the highest in the EU. Families in Dublin are spending between two-thirds and three-quarters of their income on mortgage/rent and childcare⁹. Car insurance premiums have jumped 40% in the last year¹⁰.

A SOCIALIST ALTERNATIVE

Socialist ideas are again enjoying a growing appeal as shown by the increased support for Jeremy Corbyn as leader of the British Labour Party. Socialist change means ending the economic and political power of the 1%, establishing public ownership of the key sources of wealth and involving workers and ordinary people in democratically planning the economy to serve our needs.

In order to be sustainable in the face of ruthless opposition of the ruling classes internationally, such socialist change cannot be isolated in one country, but needs to be international. Events like the Arab Spring and the spread of movements like the *Indignados* movement in Spain, the 'Squares' movement in Greece and the 'Occupy' movement in the US illustrate how mass movements inevitably leap over borders and influence working people in other countries. This budget statement should therefore be read in the context of the movements across Europe and around the world and represent a contribution to the struggle for a socialist Europe which serves the millions instead of the millionaires.

This Anti-Austerity Alliance budget statement points towards a fundamentally different socialist, green system driven by democratic planning for people's needs – not profits and the anarchy of the market – and complements the common Anti-Austerity Alliance- People Before Profit common budget statement, *Close the Tax Haven, Redistribute the*

⁴ IMF, "Ireland 2016: Article IV Consultation and Fifth Post-Program Monitoring— Press Release; and Staff Report" (IMF, July 28, 2016), <http://www.imf.org/external/pubs/ft/scr/2016/cr16256.pdf>.

⁵ Tom McDonnell, "Meeting of the Select Committee on Budgetary Oversight, 6 September 2016, Opening Statement on the Economic and Fiscal Position in the Context of Budget 2017," September 6, 2016, http://www.nerinstitute.net/download/pdf/meeting_of_the_cbo_neri_6sept2016.pdf.

⁶ Total average weekly earnings. CSO, "Average Earnings, Hours Worked, Employment and Labour Costs by Private or Public Sector, Quarter and Statistic," June 16, 2016, <http://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/saveselections.asp>.

⁷ Charlie Weston, "Workers Hit with Extra €5bn a Year Income Tax," *Irish Independent*, August 5, 2016, <http://www.independent.ie/business/personal-finance/workers-hit-with-extra-5bn-a-year-income-tax-34940347.html>.

⁸ DAFT, "The Daft.ie Rental Report: An Analysis of Recent Trends in the Irish Rental Market 2016 Q2," August 23, 2016, 4, <http://www.daft.ie/report/q2-2016-daft-report-rental.pdf>.

⁹ Indecon, "A Study to Examine the Affordability of Irish Housing, Prepared by Indecon International Consultants on Behalf of the National Competitiveness Council" (National Competitiveness Council, July 2016), <http://www.competitiveness.ie/Publications/2016/Study-to-examine-affordability-of-Irish-housing.pdf>.

¹⁰ Conall Ó Fátharta, "40% Insurance Hike for Motorists within the Last Year," *Irish Examiner*, July 15, 2016, <http://www.irishexaminer.com/ireland/40-insurance-hike-for-motorists-410452.html>.

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Wealth, Transform Society. It highlights three areas in particular as illustrations of how resources and wealth could be organised to provide for everybody's needs:

1. End Ireland's role as a tax haven for corporations and the wealthy. A substantial increase in corporation tax would help fund a major programme of public investment.
2. The banking system must be transformed into a democratic public utility and lever for economic growth that is both socially and environmentally sustainable. Its resources could fund public investment in housing, socialist green development, and a low cost state insurance scheme.
3. Housing, childcare and public transport are some of the key areas where major public investment could provide high quality services and reduce the cost of living. The scale of investment needed requires raising taxes on big business and the wealthy and breaking EU fiscal rules that block us from spending money we already have to invest for society's needs.

In order to deliver fundamental change, these policies need to be linked to a radical transformation of the economy. Huge amounts of wealth exist in the economy, but are controlled by a tiny minority. The *Sunday Independent Rich List* shows that the richest 300 people have increased their wealth by an incredible 76% since 2010 to €88bn. A left anti-capitalist government would break out of the confines of the capitalist market in order to deliver fundamental change, by taking control of this wealth into the hands of the majority. Socialist policies including a programme of nationalisations of the key sections of the economy, including banking/finance, construction, transport and distribution, energy and the agri-food industry under democratic public ownership and workers' control would be necessary. This would enable the implementation of economic democracy, with democratic discussion and implementation of a plan for economically and environmentally sustainable development.

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1 CLOSE THE ATLANTIC TAX HAVEN

1.1 INCREASE TAXES ON CORPORATIONS AND THE WEALTHY

The EU Ruling about Apple's unpaid €13 billion in tax demonstrates what the Anti-Austerity Alliance has always argued: that Ireland functions as a tax haven for big business and the wealthy.

Apple is only the tip of the iceberg. More cases will be taken by the European Commission. 70% of corporations in Ireland do not pay any corporation tax¹¹. Google paid a corporate tax rate of 0.14% between 2005 and 2011¹². Starbucks paid a grand total of €45 last year¹³. Vulture funds feasting on the carcasses of the property crash pay €250 tax on billions of euro in assets¹⁴.

Ireland also has the lowest employers' PRSI in the EU. Other EU countries charge nearly three times as much¹⁵ and workers here contribute more than twice as much as their bosses. If Ireland had the same level of employers' PRSI as France, an extra €16bn a year would be raised!¹⁶

Attracting foreign capital with tax breaks was historically sold as a temporary measure to give the Irish economy a leg up after centuries of colonial underdevelopment. Yet here we are nearly sixty years later¹⁷ and Michael Noonan is *still* talking about FDI as the "seed potatoes"¹⁸ of economic development.

Depending on multinationals to develop the economy has failed. Ireland still lacks a developed indigenous industrial base. Even at the height of the boom, indigenous

¹¹ Minister for Finance, "Corporation Tax: 16 Jun 2016: Written Answers (KildareStreet.com)," June 16, 2016, <https://www.kildarestreet.com/wrans/?id=2016-06-16a.226>.

¹² Roisin Burke, "Google Pays Just 0.14% Tax in Seven Years," *Sunday Independent*, December 9, 2012, <http://www.independent.ie/business/irish/google-pays-just-014-tax-in-seven-years-28945199.html>.

¹³ Kieran Dinneen, "Revealed: Starbucks Paid Only €45 Tax in Ireland Last Year," *The Sun*, September 4, 2016, <http://www.thesun.ie/irishsol/homepage/news/7232148/Revealed-Stabucks-paid-only-45-tax-in-Ireland-last-year.html>.

¹⁴ Jack Horgan-Jones, "REVEALED: The Vulture Funds That Paid Just €250 in Tax," *Sunday Business Post*, July 23, 2016, <http://www.businesspost.ie/revealed-the-vulture-funds-that-paid-just-e250-in-tax/>.

¹⁵ Michael Taft, "IBEC's Myth Debunking Is Just Bunk," *Unite's Notes On The Front*, September 30, 2014, <http://notesonthefront.typepad.com/politicaconomy/2014/09/ibec-has-published-a-paper-entitled-debunking-irish-income-tax-myths-at-its-core-it-contains-misleading-highly-select.html>.

¹⁶ Michael Taft, "The French Elephant in the Room," *Unite's Notes On The Front*, February 11, 2015, <http://notesonthefront.typepad.com/politicaconomy/2015/02/how-do-eu-countries-manage-to-provide-better-public-services-and-income-supports-than-us-and-are-the-irish-people-willing-to.html>.

¹⁷ The Shannon Free Zone was established in 1959.

¹⁸ Cian Murray, "Noonan: Taking €13bn in Apple Taxes Would Be 'Destroying the Future for Short-Term Advantage,'" *Independent.ie*, August 30, 2016, <http://www.independent.ie/business/irish/noonan-taking-13bn-in-apple-taxes-would-be-destroying-the-future-for-shortterm-advantage-35007301.html>.

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manufacturing employment was only half the EU-15 average¹⁹. Productivity in Irish-owned firms is low²⁰. A few multinationals account for the vast majority of 'Irish' R&D investment²¹ but it's still much lower than the EU average²².

This is linked to the low multiplier effect of MNCs in terms of increased output or employment in the rest of the economy, especially compared to indigenous industry or the public sector²³. MNCs buy few inputs in Ireland²⁴ so few spin-off industries develop and they hoard or repatriate their profits. Apple is legally headquartered in Ireland but its \$178bn in retained profits²⁵ certainly aren't being invested here. Neither are the €75bn in total profits declared in Ireland last year in 2015 – up 44% in just one year! Both Irish and foreign capitalists are failing to invest to develop the economy.

MNCs are also offering fewer direct economic benefits. From 2000-2015, there was a net increase of only 21,500 full-time MNC jobs²⁶ – about 1,300 a year. MNCs in Ireland have become more focused on services like finance and computing, which create fewer jobs and have a much lower multiplier effect than manufacturing²⁷. It's also estimated that half of Irish services exports are fake²⁸ in the sense that most or all of the declared activity really happened somewhere else with higher corporate tax.

Even the Irish Fiscal Advisory Council now admits that 'The output and exports produced by these entities are adding to Irish GDP and GNP even though the production of the

¹⁹ Michael Taft, "Wages and Market Activity in the Indigenous Sector: What Is Wrong with Irish Business?," May 13, 2016, 4, http://www.nerinstitute.net/download/pdf/michael_taft_unite_paper.pdf.

²⁰ Taft, "Wages and Market Activity in the Indigenous Sector: What Is Wrong with Irish Business?"; Tom Healy, "The Summer of Big Numbers," *NERI Blog*, September 15, 2016, <http://www.nerinstitute.net/blog/2016/09/15/the-summer-of-big-numbers/>.

²¹ In 2013, the European Commission found that three multinationals accounted for 68% of 'Irish' R&D investment. Michael Hennigan, "The Idiot/Eejit's Guide to Distorted Irish National Economic Data," *Finfacts*, September 15, 2014, http://www.finfacts.ie/irishfinancenews/article_1028148.shtml.

²² Tom McDonnell, "Cultivating Productivity and Long-Run Growth: The Fiscal Dimension," May 13, 2016, 12, http://www.nerinstitute.net/download/pdf/tom_mcdonnell_neri_paper.pdf.

²³ Department of Finance, "Economic Impact of the Foreign-Owned Sector in Ireland," October 2014, 4, <http://www.budget.gov.ie/Budgets/2015/Documents/Economic%20Impact%20of%20the%20FDI%20sector.pdf>.

²⁴ *Ibid.*

²⁵ Simon Bowers, "Apple's Cash Mountain Grows to \$178bn," *The Guardian*, February 2, 2015, sec. Business, <http://www.theguardian.com/business/2015/feb/02/apple-cash-mountain-grows>.

²⁶ Forfás, "Enterprise Statistics – at a Glance, 2006," 2007, 15, http://edepositireland.ie/bitstream/handle/2262/76790/forfas070117_enterprise_statistics.pdf?sequence=1&isAllowed=y; Department of Jobs, Enterprise & Innovation, "Annual Employment Survey 2015," 2016, 9, <https://www.djei.ie/en/Publications/Publication-files/Annual-Employment-Survey-2015.pdf>.

²⁷ Taft, "Wages and Market Activity in the Indigenous Sector: What Is Wrong with Irish Business?," 24.

²⁸ Hennigan, "The Idiot/Eejit's Guide to Distorted Irish National Economic Data."

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output takes place outside the State and no domestic labour is used in the production process.²⁹

In 2010, the *New York Times* estimated nearly a quarter of Irish GDP came from ‘ghost’ MNCs declaring profits here to minimise their tax bill³⁰. Three of the top 10 ‘Irish’ companies are multinationals re-domiciled here in a notorious form of tax avoidance known as ‘tax inversion’³¹. Yet it took the ludicrous 26% GDP growth figures for all of this to become headline news.

Google has been booking 40% of its global revenues in Ireland, Microsoft 25% and Facebook 50%³² - all supposedly the work of a supernaturally productive few thousand Irish staff. The third biggest ‘Irish’ company, Eaton Corp, declared profits of €19m per Irish worker last year!³³ This explains why multinationals pay 80% of corporation tax³⁴ – and so in theory should account for 80% of ‘Irish’ profits – yet employ only around one in ten workers³⁵.

The use-by-date for this dishonest strategy is fast approaching. The EU decision on Apple is part of a wider trend where the big industrial and imperialist powers are clamping down on overseas tax avoidance by MNCs to keep more of the revenue for themselves. Brexit has hastened this process. The ‘comprador’ strategy of the Irish ruling class and political establishment towards both the dominant European capitalist powers and the US, whereby the Irish state has internalised all the interests of the ECB, the City of London, and US multinationals as its own, looks increasingly perilous.

Whereas in the past the US and the big European powers facilitated offshore tax avoidance, especially by their ‘own’ multinationals, the weakness of the world economy means they now want MNCs to do their tax avoiding in Germany, the US or France, and pay a low rate of corporate tax there.

Corporation tax rates across the OECD fell from 49% in 1981 to 32% in 2012³⁶, starving public health and education systems. The impact is worst in poor developing countries.

²⁹ IFAC, “Pre-Budget 2017 Statement,” September 2016, 6, <https://static.rasset.ie/documents/news/fac-report.pdf>.

³⁰ Peter Boone and Simon Johnson, “In Ireland, Dangers Still Loom,” *Economix Blog*, September 2, 2010, <http://economix.blogs.nytimes.com/2010/09/02/in-ireland-dangers-still-loom/>.

³¹ Eaton, Medtronic and Allergan. Irish Times, “The Irish Times Top 1000 Companies,” May 20, 2016.

³² Michael Hennigan, “Apple’s Tax Woes as Irish Conventional Wisdom Fails Again,” *Finfacts Ireland*, September 2, 2016, http://www.finfacts.ie/Irish_finance_news/articleDetail.php?Apple-s-tax-woes-as-Irish-conventional-wisdom-fails-again-695.

³³ Irish Times, “The Irish Times Top 1000 Companies.”

³⁴ Paul Tancred, “An Analysis of Corporation Tax Receipts in 2014-2015” (Revenue Commissioners, April 2016), 6.

³⁵ The latest figures for multinational employment show combined full and part-time employment of 196,853 Department of Jobs, Enterprise & Innovation, “Annual Employment Survey 2015,” 9–10.

³⁶ Michael Burke, “Low Corporation Tax Rates for Do Not Boost Growth,” *Unite’s Notes On The Front*, November 3, 2014, <http://notesonthefront.typepad.com/politiceconomy/2014/11/there-are-a-number-of-reports-that-ministers-have-travelled-to-the-us-in-order-to-reassure-investors-following-the-closure-of.html>.

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The UN estimates around \$200bn is stolen annually from them through offshore corporate tax avoidance³⁷.

The slashing of corporation tax rates internationally is the outcome of a race to the bottom on tax. Ireland and other tax havens have led the way, driving down corporate tax worldwide by using ‘tax competition’ as a development strategy. This is a race where big business wins and workers everywhere lose. It is neo-liberal policies like this, implemented over the course of the last three decades, that laid the basis for the global economic collapse in 2008 and the inability to recover from it.

Tax dodging by multinationals and increased exploitation of Irish workers are what lie beneath the massive €23bn increase in profits declared here in the last year³⁸. It’s not only multinationals that are using Ireland as a low wage tax haven: profits in the domestic sectors of the economy are up over 50% since 2009 and are 16% higher than in 2007³⁹. Meanwhile, wages remain lower than before the crash and the Comptroller & Auditor General reports that almost 40% of those assessed with random audits by Revenue in 2015 had under-paid tax, with an average underpayment of €18,500⁴⁰.

Corporations like Apple steal the fruits of the labour of millions of workers around the world: from child labourers in the Congo mining the metals used in mobile phones to factory workers driven to suicide in Apple’s giant assembly plants in China. In Ireland, we hear plenty about Google’s fancy head office but almost nothing about the 44% of their Dublin workforce on short term contracts⁴¹. It’s these and all other workers who are the rightful owners of the value these firms produce – not the CEOs in California or the tax dodging lawyers in Dublin.

Ultimately, workers around the world must fight for higher wages and to bring an end to tax competition by all their governments. If ‘reforms’ to corporate tax are simply imposed by the big powers they will inevitably favour the interests of elites in those countries.

Here in Ireland, the Atlantic tax haven must be closed. No longer should the Irish state facilitate the avoidance of tax on profits made from the gross exploitation of workers around the world. All tax haven measures should be dropped immediately and there must also be a substantial increase in the rate of corporation tax.

³⁷ “World Investment Report 2015: Reforming International Investment Governance” (New York: United Nations, 2015), 200.

³⁸ Domestic Trading Profits in Table 1. CSO, “National Income and Expenditure Annual Results 2014,” July 30, 2015, <http://www.cso.ie/en/releasesandpublications/er/nie/nationalincomeandexpenditureannualresults2014/>; “National Income and Expenditure Annual Results 2015,” July 12, 2016, <http://www.cso.ie/en/releasesandpublications/er/nie/nationalincomeandexpenditureannualresults2015/>.

³⁹ UNITE, “The Truth about Irish Wages,” June 2, 2016, 5, <https://unitetheunionireland.files.wordpress.com/2016/06/turth-about-irish-wages-2016-upload-010616.pdf>.

⁴⁰ Eoin Burke-Kennedy, “Revenue Audits Find Nearly 40% under-Pay Tax,” *Irish Times*, September 30, 2016, <http://www.irishtimes.com/business/economy/revenue-audits-find-nearly-40-under-pay-tax-1.2811945>.

⁴¹ Paul Sweeney, “The ‘Sharing’ Economy Is Based on a Fissured Workplace,” *Progressive-Economy@tasc*, August 10, 2016, http://www.progressive-economy.ie/2016/08/the-sharing-economy-is-based-on_10.html.

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Protecting the 12.5% rate is a core value for the establishment parties and Sinn Féin, which recently abstained on a European Parliament motion against corporate tax avoidance⁴². The Minister for Finance, Michael Noonan, has even said the rate “never has been and never will be up for discussion”⁴³. In other words, it’s above democracy. We reject that and stand for a substantial increase.

- **Drop the appeal against the Apple ruling.** Use the €13 billion plus interest for a long term plan of sustainable socialist development centred on people’s needs not corporate greed. Imagine what €13bn could do for public transport, housing or establishing an Irish NHS.
- **Immediately abolish the ‘Double Irish’ tax scam.** Despite all the publicity, this has only been closed to new entrants. The government gave companies already using it until 2020 to find alternative ways to avoid paying their taxes⁴⁴.
- **Scrap the so-called ‘Knowledge Development Box’.** This is one of the new mechanisms for corporations to avoid paying tax, already costing over €550m a year in lost tax⁴⁵. **Save: at least €0.55bn.**
- **Immediately double corporation tax to 25% for big business.** Doubling corporation tax to 25% on profits in excess of €800,000 would raise approximately. **Raise: at least €3.5bn**⁴⁶

⁴² VoteWatch Europe, “Tax Rulings and Other Measures Similar in Nature or Effect (TAXE 2),” July 8, 2016, <http://www.votewatch.eu/en/term8-tax-rulings-and-other-measures-similar-in-nature-or-effect-tax-2-motion-for-resolution-vote-resolut.html>.

⁴³ RTE News, “End of Double Irish ‘Won’t Make US Firms Leave’,” October 14, 2014, <http://www.rte.ie/news/business/2014/1014/652246-corporation-tax-budget/>.

⁴⁴ Ibid.

⁴⁵ This is the 2014 figure. It has increased by €132m in just one year so the total amount saved could be significantly larger. Tancred, “An Analysis of Corporation Tax Receipts in 2014-2015,” 12; Comptroller & Auditor General, “Report on the Accounts of the Public Services 2015,” September 2016, 188, http://www.audgen.gov.ie/documents/annualreports/2015/report/en/Report_Accounts_Public_Services_2015.PDF.

⁴⁶ The Department of Finance refused our request to officially cost increases in the corporation tax rate. Minister for Finance, “Tax Collection: 16 Sep 2016: Written Answers (KildareStreet.com),” September 16, 2016, <https://www.kildarestreet.com/wrans/?id=2016-09-16a.750>. The closest we could get was an internal Department of Finance document released under FOI, which estimated, based on 2015 figures, that an extra €4bn would be raised by increasing the rate to 19.75%. Department of Finance, “Universal Social Charge - Incoming Government Brief, February 2016,” February 2016, <http://cdn.thejournal.ie/media/2016/08/160802-foi-208-2016-pdoherty-usc-release-letter-and-docs-grant-in-full.pdf>. Extrapolating that to the estimated corporation tax take for next year, Department of Finance, “Estimates of Receipts and Expenditure for the Year Ending 31 December, 2017,” October 8, 2016, 4, http://finance.gov.ie/sites/default/files/White_Paper_2017_final.pdf, we estimate that doubling the standard rate of corporation tax rate to 25% across the board would raise approximately of €7.65bn (According to the Revenue Commissioners, ‘the vast majority of the net receipts are from the 12.5% rate of tax’ Minister for Finance, “Tax Collection: 16 Sep 2016: Written Answers (KildareStreet.com).”) Based on a breakdown of the 2014 figures, 92% of corporation tax is paid by companies liable for over €100,000 in tax, indicating profits of more than €800,000 each. The remaining 8% is paid by smaller firms who would still pay 12.5%. Tancred, “An Analysis of

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- **Impose a 2% public health levy on the profits of pharmaceutical companies to help finance an Irish NHS.** Many of the largest and most profitable have engaged in so-called 'tax inversions' to avoid billions of euro in corporation tax. **Raise: €150m⁴⁷.**
- Firms primarily here to avoid tax would probably relocate over time but this is likely to happen in the medium to longer term anyway – due to competition from other tax havens with even lower rates⁴⁸ and the ongoing clampdown on tax havens by the big powers. Changes in the corporation tax rate should go hand in hand with the other measures outlined in this document, and centrally a radical shift to a socialist economy – based on public ownership and democratic control. Companies that have repatriated billions in profits cannot simply be allowed to pull out. Capital controls should be imposed as necessary.
- **Increase employers' PRSI by 2%** to help fund a National Childcare Service and increased investment in education and training. According to the Department of Social Protection, this would raise €1.34bn⁴⁹. In addition, we propose increasing the rate paid on employee income exceeding €100,000 to 19.75%. A portion of the increased PRSI would be paid by state agencies so we conservatively estimate the net gain. **Raise: €1.373bn⁵⁰**
- **Increase Capital Gains Tax to 40%** - the higher rate of PAYE for workers. **Raise: €168m⁵¹**
- **Introduce a 2% Millionaire's Tax** on net assets exceeding a million euros. **Raise: at least €2.92bn⁵²**

Corporation Tax Receipts in 2014-2015," 7; Minister for Finance, "Corporation Tax: 16 Jun 2016: Written Answers (KildareStreet.com)." Assuming the same distribution for next year, and allowing big business to pay the lower 12.5% rate on their first €800,000 in profits, produces a rough estimate of €6.7bn in additional corporation tax. We have very conservatively reduced that to €3.5bn to allow for the huge volatility that already exists in Ireland's corporation tax returns (e.g. they increased by 50% last year) and some immediate re-domiciling by brass plate operations and companies primarily here to avoid tax.

⁴⁷ Minister for Health, "Tax Code: 16 Sep 2016: Written Answers (KildareStreet.com)," September 16, 2016, <https://www.kildarestreet.com/wrans/?id=2016-09-16a.775>.

⁴⁸ Revenue Commissioners, "Corporation Tax – A Note on the Context and Concentration of Payments," October 2014, 3.

⁴⁹ Minister for Social Protection, "Tax Yield: 16 Sep 2016: Written Answers (KildareStreet.com)," September 16, 2016, <https://www.kildarestreet.com/wrans/?id=2016-09-16a.2066>.

⁵⁰ Around 19% of employment is in the public sector which pays somewhat higher wages. Allowing for this produces a rough estimate of €1bn.

⁵¹ A 1% increase would bring in €24m. Revenue Commissioners, "Ready Reckoner - Pre Budget 2017," July 2016, <http://www.revenue.ie/en/about/statistics/ready-reckoner.pdf>.

⁵² This is based on net household wealth as of the end of 2015, Central Bank, "Quarterly Financial Accounts for Ireland 2015 Q4" (Central Bank, May 9, 2016), <http://www.centralbank.ie/polstats/stats/qfaccounts/Documents/Quarterly%20Financial%20Accounts%20for%20Ireland%202015%20Q4.pdf>, distributed according to the CSO's 'Household Finance and Consumption Survey 2013' CSO, "Household Finance and Consumption Survey 2013," January 2015,

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1.2 TACKLE “PANAMA ON THE LIFFEY”⁵³

Ireland currently has ‘the 15th largest international financial sector in the world’⁵⁴ so the ‘Irish’ financial system is not limited to the Irish banks. Tax haven expert, Nicholas Shaxson, has coined the concept of a ‘Finance curse’, ‘where an oversized financial sector comes to control the politics of a finance-dependent country and to dominate and hollow out its economy’⁵⁵. Like the better known ‘Resource’ or ‘Oil Curse’, its symptoms include ‘greater corruption; steeper inequality; more repressive government; and greater poverty’. Ireland ticks all the boxes. Internationally, the dominance of finance capital is the hallmark of a stagnating global economy. Growth is slow so capitalists lack the confidence to invest in expanding production. Instead they hoard their profits and dream up exotic financial products. Even the IMF acknowledges that the larger the financial sector, the more likely a country is to suffer a terrible financial crisis⁵⁶.

This means it’s also necessary to tackle speculation by vulture, hedge and money market funds, and the alphabet soup of SPVs (Special Purpose Vehicles), ICAVs (Irish Collective Asset-management Vehicle) and REITs (Real Estate Investment Trusts) that successive governments have lured here with tax breaks. Irish resident funds now control €1.9trn in assets⁵⁷. Yet they provide even fewer jobs than other multinationals and pay even less tax. Ireland doesn’t tax dividends earned or distributed by investment funds which is why so many of these funds have flocked to Ireland⁵⁸, including the fund owned by David Cameron’s father exposed in the Panama Papers. The notorious section 110 “loophole” was also created for their benefit. It’s now being exploited by vulture funds who bought up billions in Irish property at fire-sale prices and could allow them to avoid €10-20bn in taxes over the next decade⁵⁹.

<http://cso.ie/en/media/csoie/releasespublications/documents/socialconditions/2013/hfcs2013.pdf>. This gives the top 5% of the population 37.7% of the total net wealth, i.e. €236bn, which according to TASC probably understates the concentration of wealth Cormac Staunton, “The Distribution of Wealth in Ireland” (TASC, December 2015), http://www.tasc.ie/download/pdf/the_distribution_of_wealth_in_ireland_final.pdf?issuusl=ignore. All of the approximately 90,000 households in the top 5% own over one million euros in net assets. Allowing a deduction of €1 million each leaves a total of €146bn in net assets exceeding €1 million in the hands of millionaires, meaning a 2% tax would raise €2.92bn.

⁵³ This term has been used by economist, Michael Taft, and historian, Conor McCabe to describe the activities of the international financial sector and the various corporate law firms in and around the IFSC.

⁵⁴ Patrick Honohan, “Transcript of First Honohan Hearing at the Committee of Inquiry into the Banking Crisis,” January 15, 2015.

⁵⁵ Nicholas Shaxson and John Christensen, *The Finance Curse*, 2013, <http://tjnfairtax.co.uk.gridhosted.co.uk/wp-content/uploads/2014/01/Finance-Curse-2013.pdf>.

⁵⁶ Luc Laeven and Fabian Valencia, “Systemic Banking Crises Database: An Update” (IMF, 2012), 20, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2096234.

⁵⁷ Central Bank, “Central Bank Quarterly Bulletin No. 2 2016,” April 2016, 36, <https://www.centralbank.ie/publications/Documents/Quarterly%20Bulletin%20No.%202%202016.pdf>.

⁵⁸ Nicholas Shaxson, *Treasure Islands: Tax Havens and the Men Who Stole the World* (Vintage, 2012).

⁵⁹ The measures recently announced by Michael Noonan will apparently stop 10% at most of this tax avoidance. Stephen Donnelly, “Why I Had No Option but to Leave the Social Democrats,” *Sunday Independent*, September 12, 2016, <http://stephendonnely.ie/why-i-had-no-option-but-to-leave-the-social-democrats/>.

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Many of these funds and financial vehicles have invested heavily in Irish property, re-establishing the toxic property-finance nexus that crashed the economy. This time, it's more directly dominated by foreign capital but the impact on workers is much the same. Vulture funds and developers buy up land and hoard it to create a shortage of supply and drive up house prices and rents. Around a fifth of property sales in Dublin in the last two years have been cash sales to vulture funds and REITs.⁶⁰

To tackle financial and property speculation, break the toxic banking-property-finance nexus, and raise funds for productive public investment, the Anti-Austerity Alliance calls for:

- **Deleting the Section 110 clause and other “loopholes” for vulture funds, financial vehicles and REITs. Raise: at least €1bn**
- **Increasing stamp duty on commercial property to 6%.** As well as raising revenue, this would discourage speculation on commercial property, which has reached bubble levels and prices⁶¹. **Raise: €468m**⁶²
- **Introducing a Financial Transactions Tax:** The financial sector bears primary responsibility for the economic collapse of 2008. In order to curb the reckless speculation that drove the crash, the European Commission has recommended a tax of 0.1% on securities and 0.01% on derivatives. This figure takes into account related reductions in Stamp Duty. **Raise: €0.32bn**

Total Increased Revenue from raising taxation on business, the wealthy and on financial and property speculation: €11bn

⁶⁰ Paul O'Donoghue, "Foreign Investor Firms Responsible for around a Fifth of Dublin House Purchases," *TheJournal.ie*, September 22, 2016, http://www.thejournal.ie/house-price-dublin-property-cso-2-2990654-Sep2016/?utm_source=shortlink.

⁶¹ The latest European Commission report on Ireland warns that 'CRE prices are volatile and a sudden fall in prices could have an adverse effect on the economy, especially if the share of domestic bank financing increases. EC, "Post-Programme Surveillance Report Ireland, Spring 2016," September 19, 2016, 34, http://ec.europa.eu/economy_finance/publications/eeip/pdf/ip035_en.pdf.

⁶² Minister for Finance, "Stamp Duty: 27 Sep 2016: Written Answers (KildareStreet.com)," September 27, 2016, <https://www.kildarestreet.com/wrans/?id=2016-09-27a.464>.

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2 TAX JUSTICE FOR WORKERS

2.1 ABOLISH THE UNIVERSAL SOCIAL CHARGE

The Universal Social Charge is a hated tax for workers. However, the reductions in the USC by governments up until now have given the greatest benefit to relatively high earners – those on €70,000, when 93% of workers earn less than this⁶³. According to the Minister for Finance, abolishing it would cost €3.33bn in 2017⁶⁴. **Cost: €3.33bn**

2.2 INTRODUCE A NEW TAX ON HIGH INCOMES

Instead, the Anti-Austerity Alliance would introduce a new Tax on High Incomes. The first component of the tax would be based on applying the current marginal rates of USC on income over €90,000. According to the Minister for Finance, this would raise €750m⁶⁵. In addition, the following higher marginal rates would apply to income over €100,000. This would take the form of an add-on to the current income tax system and would raise €1.58bn.

Earnings between €100,000-€140,000	50% marginal rate
Earnings between €140,000-€180,000	55% marginal rate
Earnings between €180,000-€250,000	60% marginal rate
Earnings above €250,000	65%

Total Amount Raised: €2.33bn

2.3 ABOLISH WATER CHARGES, SCRAP ARREARS & REFUND THOSE WHO PAID

As outlined in our submission to the so-called Expert Water Commission and as we have consistently argued, water charges and Irish Water should be immediately abolished. All the arrears should be scrapped and those who already paid should be refunded. Water infrastructure should be brought back into the control of local councils and investment should be co-ordinated by a National Water and Sanitation Board. As a result of the successful campaign of non-payment, water charges have now been suspended. Irish Water failed the Eurostat test, but continues to operate on the basis of an attempted off-balance sheet model. The result is that Irish Water borrows at a higher rate than the state could directly. A proposal for increased investment in water infrastructure is made in the section on public investment below.

- Abolish water charges. **Cost: €274 million.**⁶⁶

⁶³ Micheál Collins, "The Distribution of Market Income in the Republic of Ireland," *NERI Research inBrief*, no. 22 (August 2015): 3, http://www.neriinstitute.net/download/pdf/neri_research_inbrief_22_market_income.pdf?issu=usl=ignore.

⁶⁴ Minister for Finance, "Universal Social Charge Data: 16 Sep 2016: Written Answers (KildareStreet.com)," September 16, 2016, <https://www.kildarestreet.com/wrans/?id=2016-09-16a.744>.

⁶⁵ *Ibid.*

⁶⁶ This figure is based on everybody paying the water charges. Given the high levels of non-payment which forced suspension, it is clearly conservative. PQ33459/15 Minister for Finance,

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- Refund those who paid water charges. **Cost:** €162.5 million⁶⁷

Total cost of abolition and refunds: €436.5 million

2.4 ABOLISH THE PROPERTY TAX

The Local Property Tax, which in reality is a tax on people's homes, should be immediately abolished. **Cost: €440m.**⁶⁸

2.5 INTRODUCE A LANDLORDS' TAX

The home tax should be replaced by a Landlords' Tax. This would be based on the existing rates of Local Property Tax plus an additional €600 for the second property and €1,000 on all subsequent properties. As well as raising €454m⁶⁹ next year, this would encourage better use of the housing stock by penalising excess property ownership.

Raise: €454m.

"Irish Water Funding: 30 Sep 2015: Written Answers (KildareStreet.com)," September 30, 2015, <https://www.kildarestreet.com/wrans/?id=2015-09-30a.444&s=section%3Awrans+speaker%3A315#g445.q>.

⁶⁷ This is the total of all domestic water charges paid to Irish Water to date, based on PQ 9140/16 giving €110.8 m for the first three billing cycles (Minister for the Environment, Community and Local Government, "Water Charges Data: 4 May 2016: Written Answers (KildareStreet.com)," May 4, 2016, <https://www.kildarestreet.com/wrans/?id=2016-05-04a.926>.) and Irish Water claiming €33.4 m in the fourth billing quarter and €18.3 m in the fifth billing cycle, which was the last before suspension. Irish Water, "Irish Water Confirms Domestic Customers Paid €18.3m during Fifth Billing Cycle," July 11, 2016, <https://www.water.ie/news/irish-water-confirms-dome/>.

⁶⁸ Minister for Finance, "Property Tax: 29 Sep 2016: Written Answers (KildareStreet.com)," September 29, 2016, <https://www.kildarestreet.com/wrans/?id=2016-09-29a.251>.

⁶⁹ Ibid.

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3 REPUDIATE THE DEBT

Nearly €1 in every €10 raised by the state in revenue goes to simply pay the interest on the national debt – estimated at €6.442 billion for 2017⁷⁰. However, the European Commission estimates that an additional €12.2bn will be required to fund repayments of principal this year⁷¹, including €8.1 billion in medium-long-term government bonds⁷².

Debt service remains the fourth biggest item of expenditure on a yearly basis – after social protection, health and education.

Although ballooning fictitious GDP figures result in a reduced debt to GDP ratio of 88%⁷³, the reality is that the debt remains unsustainably high when compared to the state of the real economy. When compared to the Fiscal Council's hybrid measure of GDP and GNP, it remains at 100%.⁷⁴

This debt is not working people's debt – it is debt that largely resulted from the banking crisis and the decision to bail out the banks and bondholders – transforming private debt into public debt and collapsing the economy with disastrous austerity measures. The debt to GDP ratio ballooned from 25% in 2007 to 120% in 2012. The Comptroller & Auditor General set the total cost of the banking crisis at €60 billion⁷⁵, accounting directly for almost 40% of the increase in the level of debt, with much of the rest accounted for by the capitalist economic crisis and downward spiral driven by austerity.

The net effect of paying the interest on all this odious debt is to transform a substantial primary surplus of over €5 billion into a deficit of just over €1 billion⁷⁶. At a time of

⁷⁰ Department of Finance, "Estimates of Receipts and Expenditure for the Year Ending 31 December, 2017," 6.

⁷¹ Table 4.1 EC, "Post-Programme Surveillance Report Ireland, Spring 2016." Most of this (€9.6bn+) is funded through new borrowing meaning that around €2-2.6bn in principal will probably be paid back. Last year there was a net repayment of €1.143bn. Department of Finance, "Final Exchequer Statement - December 2015," January 5, 2016, 5, <http://www.finance.gov.ie/sites/default/files/Final%20Exchequer%20Statement%20-%20December%202015.pdf>. Department of Finance, "Final Exchequer Statement - December 2015," January 5, 2016, 5, <http://www.finance.gov.ie/sites/default/files/Final%20Exchequer%20Statement%20-%20December%202015.pdf>. If old debt wasn't being repaid, there would be no need for new borrowing or it could be used for more socially useful purposes.

⁷² Parliamentary Question no. 186 to the Minister for Finance, September 27th 2016. Minister for Finance, "National Debt: 27 Sep 2016: Written Answers (KildareStreet.com)," September 27, 2016, <https://www.kildarestreet.com/wrans/?id=2016-09-27a.439>.

⁷³ IFAC, "Fiscal Assessment Report," June 2016, 8, http://www.fiscalcouncil.ie/wp-content/uploads/2012/01/FAR_Draft_08.06.16_Website_Final.pdf.

⁷⁴ *Ibid.*, 9.

⁷⁵ Comptroller & Auditor General, "Report on the Accounts of the Public Services 2014," September 2015, <http://www.audgen.gov.ie/documents/annualreports/2014/report/en/report%20on%20the%20accounts%20of%20the%20public%20services%202014.pdf>.

⁷⁶ Department of Finance, "Summer Economic Statement 2016," June 21, 2016, 27, <http://finance.gov.ie/sites/default/files/160621%20Summer%20Economic%20Statement%202016.pdf>.

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multiple social crises, burdening people with paying for debt that is not ours is not only immoral, it makes sense only from the point of view of the bondholders who benefit.

A Left anti-capitalist government would immediately impose a moratorium on all debt repayments and embark on a programme of debt repudiation. The SYRIZA example unfortunately shows the danger of simply appealing to the so-called creditors to come to a fairer arrangement. They refused to do so, and with the active connivance of the Irish government, brought the banking system in Greece to the point of collapse in order to threaten the Greek people. They failed to bully the people sufficiently, with the result of the 61% No vote – but the government subsequently capitulated. The disaster of that approach is clear to see in the ongoing catastrophe in Greek society. 95% of the population now struggle to get by and 15% live in extreme poverty – for a single person that means less than €182 a month!⁷⁷ Therefore, while a Left government would seek a negotiated write-down, it would prepare people for the possible necessity of unilateral debt repudiation. In order to be successful, large sections of the population should be drawn into discussions and preparation for such a step. A popular debt audit commission, involving left-wing academics as well as representatives of working people, exposing the origins of the debt and who it is owed to, would be a necessary step. Debt should only be repaid on the basis of proven need – i.e. to ordinary households and pensions, as opposed to hedge funds and neo-liberal institutions like the ECB and IMF.

Given the secrecy surrounding bondholders, it is not possible in advance of such an audit, to detail precisely what debt write down would result. However, we do know that 56% of long term government bonds are held by non-residents and less than 1% are held by pension funds or households. The vast majority are held by banks and financial institutions⁷⁸. We also know that 25% of Ireland's total debt is made up of so-called 'Programme Assistance', owed to the Troika⁷⁹.

Therefore, it is a conservative estimate to say that at least 50% the total debt could be repudiated. This would reduce the interest payments for 2017 from €6.44 billion to €3.22 billion. Save: €3.22 billion.

⁷⁷ Philip Chrysopoulos, "Study: Fifteen Percent of Greeks Live in Extreme Poverty," *Greek Reporter*, June 9, 2016, <http://greece.greekreporter.com/2016/06/09/study-fifteen-percent-of-greeks-live-in-extreme-poverty/>.

⁷⁸ Central Bank, "Holders of Irish Government Bonds: July 2016," September 14, 2016, <https://www.centralbank.ie/press-area/press-releases/Pages/HoldersofIrishGovernmentBonds-July2016.aspx>.

⁷⁹ Department of Finance, "Stability Programme Update," April 27, 2016, 20, http://www.finance.gov.ie/sites/default/files/DRAFT_SPU_FINAL_Oireachtas.pdf.

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4 ESTABLISH A PUBLIC BANKING AND FINANCE SYSTEM

Establishing public ownership and democratic control of the key banks would allow them to be used to develop the economy for the benefit of all working people, to finance investment in public housing and for low cost state-owned mortgage and insurance schemes. This would mean halting any further privatisations and loan book sales and extending public ownership of AIB, PTSB, the state bad bank NAMA, the Ireland Strategic Investment Fund (ISIF) and the minority shareholding in BOI to the banking and insurance system as a whole. It would also mean completely changing how these institutions are run so that workers and ordinary people can decide democratically how to use their resources to develop the economy and invest in public services.

This would unlock large stores of capital to leverage productive public investment and reduce reliance on borrowing from international markets. To give an example of what could be possible, as of May 2016, Irish banks had €95.4bn in household deposits⁸⁰ - €5.4bn more than household loans. So at typical loan to deposit ratios of 110%, a publicly owned banking system could support €9.64bn in investment loans on top of existing household lending⁸¹. By way of contrast to how a for-profit banking system currently works, this is a little more than the €9.3bn still owed by developers to Irish banks in commercial property loans⁸² - on top of the €74bn in bad debts absorbed by NAMA. The resources of a publicly owned banking system could also finance a mortgage write-down to affordable levels for owner-occupiers. Buy-to-let borrowers in arrears could have their debts written off in exchange for the housing being taken into public ownership⁸³.

ISIF, formerly the National Pension Reserve, has €5.6bn in uncommitted funding left⁸⁴. This could be used for productive public investments to develop the economy or fix the housing crisis, rather than being lent to developers and other speculators with the profits split with private investors.

Likewise, NAMA has amassed billions of euro in cash with billions more to come from foreign asset sales. This came to €3bn at last count and could be used for public investment in housing and other areas⁸⁵. Instead of flogging off what's left of its Irish

⁸⁰ Central Bank, "Table A.1 Summary Irish Private Sector Credit and Deposits," May 31, 2016, http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls.

⁸¹ At present, the surplus of household deposits is funding lending to private businesses rather than public investment. Overall, €18.6bn more has been lent by the Irish banking system than it has on deposit once corporate and financial sector loans and deposits are taken into account. Central Bank, "Money and Banking Statistics – May 2016," May 31, 2016, 2, http://www.centralbank.ie/polstats/stats/cmab/Documents/2016m05_ie_monthly_statistics.pdf.

⁸² Minister for Finance, "Written Answers: Banking Sector Data - September 27th 2016," September 27, 2016, [http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/\(indexlookupdail\)/20160927~WRL?opendocument](http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/(indexlookupdail)/20160927~WRL?opendocument).

⁸³ Further details on housing-related measures are available in the Anti-Austerity Alliance's Minority Report to the Committee on Housing and Homelessness.

⁸⁴ ISIF, "Home," *Ireland Strategic Investment Fund*, 2016, <http://www.isif.ie/>.

⁸⁵ As of May 2016, NAMA had cash balances of €2.4bn. Committee on Housing and Homelessness, "National Asset Management Agency," May 12, 2016,

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portfolio to vulture funds and the same developers that crashed the economy, the land NAMA controls in Dublin alone is enough for 100,000 houses. Used for public housing, NAMA's 2,800 hectares of residential development land could go a long way to solving the housing crisis⁸⁶.

Increased Funding for Capital Investment from incorporating ISIF and NAMA into a democratic public banking system: €8.6bn

http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committee_takes/CHH2016051200002?opendocument#A00400. However, it has since redeemed €2bn worth of senior bonds, leaving €0.4bn. NAMA's current cash balances are probably significantly more than this given that it is continuously earning income from rents and property sales. €2.6bn is the latest anticipated figure from foreign asset sales so a conservative combined estimate is €3bn. NAMA, "NAMA 2015 Annual Report Presentation," June 8, 2016, 6, https://www.nama.ie/fileadmin/user_upload/2015_Annual_Report_presentation_-_FINAL_08.06.16_for_website.pdf. For example, the ongoing Project Gem sale includes properties in Germany and the UK as well as in Ireland. It reportedly has a par value of over €3bn although it is expected to sell at a significant discount. Paul Norman, "NAMA Picks Eastdil for circa €3.4bn Project Gem," *CoStar UK*, July 28, 2016, <http://www.costar.co.uk/en/assets/news/2016/July/NAMA-picks-Eastdil-for-circa-34bn-Project-Gem/>; Donal O'Donovan, "Nama Launches €3bn Loan Sale despite Watchdog Criticism - Independent.ie," *Irish Independent*, September 16, 2016, <http://www.independent.ie/business/irish/nama-launches-3bn-loan-sale-despite-watchdog-criticism-35053137.html>.

⁸⁶ See the Anti-Austerity Alliance's Minority Report to the Committee on Housing and Homelessness for more details

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5 INVEST IN PUBLIC SERVICES

The right wing FG-Endependent government, supported from the shadows by Fianna Fáil, refuses to even consider raising taxation on big business and the wealthy. This leaves a paltry €1bn in “fiscal space” under the EU fiscal rules – a drop in the ocean compared to the €50bn cut from public services since 2008⁸⁷.

Following the rules⁸⁸, while also continuing Ireland’s status as a tax haven, makes solving the housing crisis, investing significantly in childcare or public transport, or developing the economy impossible. Yet ‘meeting in full the domestic and EU fiscal rules’ is the first point on the economy in the confidence and supply agreement between Fine Gael and Fianna Fáil⁸⁹. All the main opposition parties also say they cannot break the rules.

In contrast, they are all more than ready to defy the EU when it comes to defending Ireland’s role as a tax haven for foreign and domestic capital. Even the *Sunday Business Post* has pointed out that the government ‘bows down to Europe when implementing crushing austerity, yet mounts a robust defence when it comes to the interests of the biggest and most profitable company in the world’.⁹⁰

This stance reflects the Irish state’s position in the global capitalist system ‘between Boston and Berlin’. Post-Brexit and post-Apple, a section of the Irish establishment is already starting to argue in favour of closer alignment with ‘Britain and the US and their corporate behemoths’ than the EU⁹¹. For working people, this is a choice between the frying pan and the fire. Whatever illusions some may still have in a ‘social Europe’, the reality is that the EU and the US state are both deeply neo-liberal institutions with an imperialist approach, which serve the interests of the 1%.

A prime example of this is the EU Fiscal Rules, which are consciously a straitjacket of austerity to ensure that neo-liberal policies remain regardless of democratic choices.

Under the EU ‘expenditure benchmark’, states are not allowed to increase general government spending at a rate larger than the Eurostat-determined medium term potential economic growth rate until a ‘structural balance’ is reached – unless that

⁸⁷ Figures based on Net Voted Public Expenditure and taking account of the cumulative cuts to most public services in order to finance increased social welfare expenditure.

⁸⁸ Chapter 3 of the Anti-Austerity Alliance’s minority report to the Committee on Housing and Homelessness gives a fuller explanation of the rules and how they constrain public investment.

⁸⁹ Fianna Fáil and Fine Gael, “In Full: Fine Gael and Fianna Fáil Announce Terms of Deal,” May 3, 2016, http://webcache.googleusercontent.com/search?q=cache:K_9LsX216BcJ:www.irishtimes.com/news/world/europe/in-full-fine-gael-and-fianna-f%C3%A1il-announce-terms-of-deal-1.2633797+&cd=4&hl=en&ct=clnk&gl=ie.

⁹⁰ Hugh O’Connell, “Five Reasons Why Ireland Is Saying ‘no’ to a €13 Billion Windfall - The Sunday Business Post,” *Sunday Business Post*, August 30, 2016, <http://www.businesspost.ie/five-reasons-why-ireland-is-saying-no-to-a-e13-billion-windfall/>.

⁹¹ Matt Cooper, “Matt Cooper: The Fallout for Ireland from Applegate,” *Sunday Business Post*, September 4, 2016, <http://www.businesspost.ie/apple-the-fallout-for-ireland-from-applegate/>; David McWilliams, “The Apple Ruling Is a Moment of Choice for Ireland,” *Sunday Business Post*, September 5, 2016, <http://www.davidmcwilliams.ie/2016/09/05/the-apple-ruling-is-a-moment-of-choice-for-ireland>.

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spending is matched by new government revenue like tax increases. This applies even to money the state already has in ISIF and NAMA. Also under the debt rule, the state could borrow to invest at less than 1% because the debt-to-GDP ratio is falling automatically due to GDP growth⁹². But it wouldn't be allowed to spend it because of the expenditure benchmark.

This farce is compounded by the fact that Ireland's fictitious economic statistics are the basis on which the EU Rules are calculated!

EU bureaucrats and the interests of big European capital they represent are not stupid however. The Rules are not really about 'prudent fiscal management' at all, but ensuring bondholders get their money back fast from indebted peripheral countries like Ireland, Greece, Portugal and Spain – and promoting privatisation. They represent the dogma of the failed system of neoliberal capitalism, they should be buried unlamented in an unmarked grave rather than enshrined in the constitution and genuflected to regardless of the social cost.

5.1 DIRECTLY PROVIDE 50,000 PUBLIC HOMES TO TACKLE THE HOUSING CRISIS

The social destruction caused by following the rules of the EU and neoliberal capitalism is most apparent in the housing crisis – which is more out of control than ever. Despite the so-called 'rent freeze' implemented last December by Fine Gael and Labour, rents nationally are up 10% in the last year, with a whopping 4.5% increase in Dublin in the last three months. Dublin rents are now well past their previous bubble era peak at €1,364 on average⁹³. Close to a hundred families a month are being made homeless⁹⁴, overwhelmingly by private landlords. The numbers sleeping rough have also reached record levels⁹⁵. Meanwhile, upwards of 140,000 households are still on the housing list. Yet the government plans to build less than two thousand new social houses this year⁹⁶.

⁹² Committee on Housing and Homelessness, "NTMA and the Department of Finance," May 31, 2016, http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committee_takes/CHH2016053100002?opendocument#B00100.

⁹³ RTB, "The RTB Rent Index Quarter 2 2016," September 14, 2016, [http://prtb.ie/docs/default-source/default-document-library/rtb-quarter-2-2016-\(3\)-final.pdf?sfvrsn=2](http://prtb.ie/docs/default-source/default-document-library/rtb-quarter-2-2016-(3)-final.pdf?sfvrsn=2).

⁹⁴ Focus Ireland, "New Figures from Focus Ireland Show 97 Families Became Homeless in Dublin in July," August 22, 2016, <http://www.focusireland.ie/press/new-figures-focus-ireland-show-97-families-became-homeless-dublin-july/>.

⁹⁵ Ed Carty, "Record Numbers of People Sleeping Rough as Homeless Crisis Reaches 'Devastating' Levels - Independent.ie," *Irish Independent*, September 20, 2016, <http://www.independent.ie/irish-news/news/record-numbers-of-people-sleeping-rough-as-homeless-crisis-reaches-devastating-levels-35063909.html>.

⁹⁶ Minister for Housing, Planning & Local Government, "Minister Coveney Launches Pillar 2 under Rebuilding Ireland – Action Plan for Housing and Homelessness," October 6, 2016, <http://www.housing.gov.ie/housing/rebuilding-ireland/minister-coveney-launches-pillar-2-under-rebuilding-ireland-action-plan>.

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On top of this, house prices, which were already unaffordable, have increased by another 7% in the last year⁹⁷, mainly due to speculation by investment funds and REITs.

Developers, landlords and other housing speculators have watched the housing crisis grow to epic proportions and are licking their lips before swooping to make their killing. The plethora of grants and tax breaks proposed in the government's *Rebuilding Ireland* housing plan would only swell their profits even further and do nothing to reduce the cost of housing. Off-balance sheet mechanisms promoted by the government as a way of circumventing the EU rules should also be scrapped. These are a Trojan Horse for privatisation and *always* work out far more expensive than direct public investment. Under the EU rules, to qualify as off-balance sheet they have to generate a commercial return and attract private investment because using public funds could breach the expenditure benchmark. The added costs involved go straight from the state or tenants into financiers' pockets.

Instead, to solve this unprecedented crisis, the Anti-Austerity Alliance would start by providing 50,000 new public homes next year. To do this, the AAA would:

- Directly build 20,000 public homes at cost price as part of a major public housing programme to construct 100,000 new public homes over the next 5 years⁹⁸. Reduce costs by taking the major construction companies into public ownership, directly building the homes, eliminating profiteering, using NAMA and state-owned land and through economies of scale. **Cost: €2bn**
- Acquire 30,000 vacant homes for public housing as part of a major public housing acquisition programme that would acquire 60,000 vacant homes over the next five years. **Cost: €2.5bn**
- Establish a Real Public Housing System to make these homes available to all to rent or buy, based on a system of differential rents and mortgages ranging from 10-25% of income.
- Further reduce housing costs by introducing real rent controls linked to a backdated Consumer Price Index.

This could be funded using the existing resources of ISIF, NAMA and a publicly owned banking system – but only if the EU fiscal rules are broken. The €13bn plus interest from Apple could be another source for long term investment in public housing.

**Total Cost of Directly Providing 50,000 new Publicly Owned Homes next year:
€4.5bn**

⁹⁷ Eoin Burke-Kennedy, "New Property Index Shows Stark Reality of Boom and Bust Market," *Irish Times*, September 21, 2016.

⁹⁸ Full details of this and the other housing measures are contained in the the Anti-Austerity Alliance's minority report to the Committee on Housing and Homelessness

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5.2 DEVELOP A NATIONAL CHILDCARE SERVICE

Irish childcare costs are twice as expensive as the EU average and the highest in the EU⁹⁹. The average Irish family pays 34% of household income on childcare, compared to 3% in Austria and 6% in Sweden¹⁰⁰. Parents need to earn around €30,000 just to fund the cost of childcare for two children¹⁰¹. Even with one child, the cost is equivalent to a second rent or mortgage.

This is forcing many women out of the workplace. One study found 84% of stay at home mothers want to work but are trapped by childcare costs. The employment rate for women is 10 points lower than for men¹⁰² but the biggest gap is for women aged 35-44, who are more likely to have more than one child. Their labour force participation is seventeen points lower¹⁰³. Childcare issues also contribute to women with children aged 25-44 earning 31% less than men¹⁰⁴.

The answer is not to outsource the state's responsibility for childcare through subsidising private childcare as proposed by the government¹⁰⁵. Public sector outsourcing already costs over €11 billion a year. Extending this to childcare would swell the profits of the big private providers like Giraffe and Links, which are made off the backs of their low paid, 99% female workforce¹⁰⁶.

A survey of over 3,000 childcare workers found the average hourly wage is a little over €10 an hour¹⁰⁷. This is far below a living wage, especially considering the prevalence of part-time casual work. According to Early Childhood Ireland, the government's ECCE pre-

⁹⁹ EC, "Country Report Ireland 2015, Including an In-Depth Review on the Prevention and Correction of Macroeconomic Imbalances," COMMISSION STAFF WORKING DOCUMENT, (February 26, 2015).

¹⁰⁰ Barry J Whyte, "Government Slow to Respond to Pressure on Childcare," *Sunday Business Post*, May 24, 2015, <http://www.businesspost.ie/#!story/Personal+Finance/Personal+Finance/Government+slow+to+respond+to+pressure+on+childcare/id/6b2e89df-7bf3-429f-a3d1-fc64c04fbd55>.

¹⁰¹ Aidan Sheehan, "Working Parents Need to Be Earning €30,000 Just to Cover Childcare Costs - Independent.ie," *Irish Independent*, January 3, 2014, [about:reader?url=http%3A%2F%2Fwww.independent.ie%2Fbusiness%2Fpersonal-finance%2Flatest-news%2Fworking-parents-need-to-be-earning-30000-just-to-cover-childcare-costs-30879215.html](http://www.independent.ie/business/personal-finance/latest-news/working-parents-need-to-be-earning-30000-just-to-cover-childcare-costs-30879215.html).

¹⁰² EC, "Country Report Ireland 2015, Including an In-Depth Review on the Prevention and Correction of Macroeconomic Imbalances."

¹⁰³ CSO, "QNHS Q12016 Release (Supplementary Tables)," May 24, 2016, <http://www.cso.ie/en/media/csoie/qnhs/documents/calendar/QNHSSupplementaryQ12016.xlsx>.

¹⁰⁴ Barnardos and Start Strong, "Towards a Scandinavian Childcare System for 0-12 Year Olds in Ireland?," November 2012.

¹⁰⁵ Fiach Kelly and Kitty Holland, "Childcare Costs Plan 'must Also Benefit' Middle Earners," *Irish Times*, September 17, 2016.

¹⁰⁶ Early Childhood Ireland, "Early Childhood Ireland Low Pay Commission Submission," accessed September 25, 2016, <http://www.lowpaycommission.ie/consultations/early-childhood-ireland.pdf>.

¹⁰⁷ Early Childhood Ireland, "Pay Rates in the Irish Early Childhood Care and Education Sector," January 2016, http://www.earlychildhoodworkforce.org/sites/default/files/resources/Research-Brief-Pay-Rates_FINAL.pdf.

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school scheme promotes precarious work by 'encouraging services to open for only 38 weeks a year with part time employees'¹⁰⁸. ICTU says it 'has led to a growth of casualisation'¹⁰⁹. The result is that women working in state-funded crèches routinely earn only €5,000-€6,000 a year. In the not-profit community sector, which provides 40% of early childcare services¹¹⁰, wages and conditions are as bad if not worse. 21% of childcare workers are on labour activation schemes¹¹¹, which disgracefully have also been used by private companies.

Relying on the private and charity sector is also a haphazard approach. Costs vary wildly¹¹² and private providers are already warning of a lack of capacity to implement the planned extension of pre-school provision¹¹³.

The socialist alternative is to develop a state run and publicly owned childcare system. Such a system already exists in several EU countries, including Spain and Italy¹¹⁴.

As well as providing free high quality childcare for all parents who want it, this would ensure childcare workers, including self-employed childminders and *au pairs* working for €100-€150 a week¹¹⁵, can earn decent wages and benefits.

According to the Minister for Children, the annual spend on early childhood services is only €245m¹¹⁶. The Anti-Austerity Alliance calls for:

- Increasing public investment in childcare in the first year by €2bn, in part using the funds raised from increasing employers' PRSI¹¹⁷. **Cost: €2bn**
- €1.4bn of this could directly employ well over 50,000 childcare workers (based on €15 an hour for an average of 30 hours a week)¹¹⁸. The net cost would be significantly less¹¹⁹ as the state would recoup much of the increased wages in taxes and PRSI. The subsidy to private services could also be progressively reduced in line with need and the transition to a public system.

¹⁰⁸ Early Childhood Ireland, "Early Childhood Ireland Low Pay Commission Submission."

¹⁰⁹ ICTU, "Who Cares? Report on Childcare Costs & Practices in Ireland," Spring 2016, http://www.ictu.ie/download/pdf/report_on_childcare_costs_practices_congress_2016.pdf.

¹¹⁰ Early Childhood Ireland, "Early Childhood Ireland Low Pay Commission Submission."

¹¹¹ ICTU, "Who Cares? Report on Childcare Costs & Practices in Ireland," 12.

¹¹² Sheehan, "Working Parents Need to Be Earning €30,000 Just to Cover Childcare Costs - Independent.ie."

¹¹³ Carl O'Brien, "Preschools Issue Warning over Free Childcare Scheme," *Irish Times*, August 8, 2016, http://www.irishtimes.com/news/education/preschools-issue-warning-over-free-childcare-scheme-1.2748294?utm_source=dlvr.it&utm_medium=twitter.

¹¹⁴ ICTU, "Who Cares? Report on Childcare Costs & Practices in Ireland," 17.

¹¹⁵ *Ibid.*, 14.

¹¹⁶ Minister for Children, "Child Care Services Funding: 21 Oct 2015: Written Answers (KildareStreet.com)," October 21, 2015, <https://www.kildarestreet.com/wrans/?id=2015-10-21a.63>.

¹¹⁷ ICTU suggests ring-fencing increases in employers' PRSI for childcare. ICTU, "Who Cares? Report on Childcare Costs & Practices in Ireland," 20.

¹¹⁸ There are currently around 25,000 formal childcare workers so this would be a substantial increase. Early Childhood Ireland, "Pay Rates in the Irish Early Childhood Care and Education Sector."

¹¹⁹ Seamus Coffey, "Public Sector Pay Once Again," November 21, 2011, <http://economic-incentives.blogspot.ie/2011/11/this-is-old-ground-but-somehow-we-keep.html>.

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- After hours and school holiday care could be provided for older children in schools while existing private and non-for-profit pre-school premises could be progressively taken into public ownership and the staff directly employed in the public sector.
- €600m would be allocated for acquiring premises and other running costs which currently account for around 30% of private providers' costs¹²⁰.

Total Investment in Developing a National Childcare Service (NCS): €2bn

5.3 INVEST IN PUBLIC TRANSPORT

Ireland has always had a seriously inadequate transport system even before €10.6bn was slashed from public spending on transport from 2008-2014 (second only to the €13bn cut from housing)¹²¹. Three-quarters of all journeys are still by car. Bus and rail between them account for a mere 5.8%¹²². This shows the scale of investment needed to develop a modern, green, comprehensive and affordable public transport system.

A first step towards improving public transport would be to restore public funding for CIE, which remains 22% below 2008 levels. For example, at Dublin Bus, the state subvention as a percentage of revenue has fallen dramatically, from 29.6% in 2008 to 20.2% in 2015¹²³ while passenger numbers also plummeted during the crisis. The result has been a 73% increase in fares since 2008¹²⁴. Reversing the cuts and increasing the subvention by a third above 2008 levels would allow pay increases for Dublin Bus, Bus Éireann and Irish Rail workers. As UNITE economist, Michael Taft, points out, 30-40% of workers' pay increases would go right back to the government in increased income taxes¹²⁵. It would also allow much lower fares for commuters as a step towards free public transport. That would really revolutionise transport in this country and could also play a key role in seriously tackling Ireland's out of control carbon emissions.

Restoring the 2008 level of CIE subvention next year would cost €68m; then increasing it by 33% annually would cost €22m. Total cost: €90m¹²⁶

¹²⁰ Early Childhood Ireland, "Pay Rates in the Irish Early Childhood Care and Education Sector," 4.

¹²¹ Eurostat figures for General Government Expenditure on Transport and Housing and Community Amenities

¹²² Department of Transport, Tourism and Sport, "Transport Trends 2016," April 2016, <http://www.dttas.ie/sites/default/files/publications/corporate/english/transport-trends-2016/transport-trends-2016.pdf>.

¹²³ "Dublin Bus Revenue and Government Subvention, 2006-2015," September 7, 2016, http://cdn.thejournal.ie/media/2016/09/revenue_subvention-2.jpg.

¹²⁴ Stephen Kinsella, "Households Can Give Dublin Bus No More," September 26, 2016, <http://www.stephenkinsella.net/2016/09/26/households-can-give-dublin-bus-no-more/>.

¹²⁵ Michael Taft, "Starving Public Transport in Dublin," *Unite's Notes On The Front*, September 8, 2016, <http://notesonthefront.typepad.com/politicaconomy/2016/09/starving-public-transport-in-dublin.html>.

¹²⁶ Minister for Transport, Tourism and Sport, "Public Transport Subsidies: 8 Dec 2015: Written Answers (KildareStreet.com)," December 5, 2015, <https://www.kildarestreet.com/wrans/?id=2015-12-08a.1705>; Department of Transport, Tourism and Sport, "Transport Trends 2016 Outlines Progress Being Made and Challenges Ahead for Transport Sector- Donohoe," April 28, 2016, <http://www.dttas.ie/press-releases/2016/transport-trends-2016-outlines-progress-being-made-and-challenges-ahead>.

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Capital investment in public transport must also be significantly increased. The government's Capital Investment Plan for 2016-2021 allocates a measly €3.6bn over six years for public transport with only €312m for next year¹²⁷ in order to stay within the miniscule 'fiscal space'.

The Anti-Austerity Alliance proposes increasing public capital investment in public transport to €1bn next year as part of a radical long term plan to finally give it the funding and priority it deserves, especially given the need to reduce carbon emissions. This would include an extra €160m annually for developing cycling infrastructure to bring investment up to €1bn by 2021, as called for by cyclists' representative groups¹²⁸. **Cost: €679m**

Total cost of improving public transport: €769m

5.4 ESTABLISH AN IRISH NHS AND GUARANTEE WOMEN'S REPRODUCTIVE RIGHTS

Our health system is broken: 535,000 people are on hospital waiting lists¹²⁹ with one in nine people now waiting for hospital treatment. We need to move immediately to develop a quality universal, integrated public healthcare system free at the point of use, similar to the NHS in Britain when it was set up. A first step is to reverse the cuts and stop starving the existing system of resources.

Since 2008, there has been a cumulative cut in Net Voted Expenditure for the Departments of Health and Children of €4.8bn despite a population increase of around 270,00¹³⁰. This has led to extreme rationing of care with refusal of medical cards, longer waiting lists, and more sick people on trolleys. There are now 4,500 fewer nurses, 5,000 fewer Health and Social Care Professionals and 1,650 fewer directly employed home

¹²⁷ Department of Public Expenditure and Reform, "Building on Recovery: Infrastructure and Capital Investment 2016-2021," September 2015, 23.

¹²⁸ Cyclist.ie, "Cyclist.ie Calls on Transport Minister to Allocate More to Cycling," June 16, 2016, <http://cyclist.ie/2016/06/cyclist-ie-calls-on-transport-minister-to-allocate-more-to-cycling/>; Dublin Cycling Campaign, "Cycle Protest to Demand Proper Funding for Cycling!," September 2016, http://www.dublincycling.ie/events/cycle-protest-demand-proper-funding-cycling?utm_content=buffer549dd&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer.

¹²⁹ NTPF, "Outpatient National by Group/Hospital as at 29/09/2016," September 29, 2016, <http://www.ntpf.ie/home/pdf//2016/09/nationalnumbers/out-patient/National01.pdf>; "Inpatient/Day Case National by Group/Hospitals at 29/09/2016," September 29, 2016, <http://www.ntpf.ie/home/pdf//2016/09/nationalnumbers/in-patient/National01.pdf>; "Inpatient/Day Case National GI Endoscopy as at 29/09/2016," September 29, 2016, <http://www.ntpf.ie/home/pdf//2016/09/nationalnumbers/in-patient/National04.pdf>.

¹³⁰ CSO, "Census of Population 2016 - Preliminary Results," July 14, 2016, <http://cso.ie/en/releasesandpublications/ep/p-cpr/censusofpopulation2016-preliminaryresults/>; "Population Estimates (Persons in April) by Age Group, Sex and Year 2000-2014," 2015, <http://www.cso.ie/px/pxeirestat/Statire/temp/20152111532131043442PEA0155961485120.xls>.

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helps. Home help hours have been cut by 17.5% and hospitals like Tallaght and Mercy University Hospital, Cork have had their funding slashed by 12-14%¹³¹.

A two-tier system of apartheid has become more entrenched. Too often how fast you can access treatment depends on how much you can pay rather than how sick you are. People are literally dying as a result.

To begin repairing the damage caused by the cuts and to establish an Irish NHS, the Anti-Austerity Alliance proposes an additional investment of just under €3bn next year. The would also allow the provision of badly needed new services, particularly in the area of women's reproductive rights which have been neglected and denied since the foundation of the state. Abortion, contraception and IVF should all be provided for free on an Irish NHS, as they are in many other European countries¹³².

Intrinsic to this would be a radical overhaul of the way the system is run. Staff and patients must be genuinely involved in democratic decision-making based on health needs, as opposed to the current neoliberal management culture. A single universal public healthcare system would also be far more efficient: profiteering by private interests would be eliminated and transaction costs would be much lower¹³³.

Examples of some of the measures that could be funded include:

- Abolish prescription charges for medical card holders: €120m¹³⁴
- Restore the Drug Payment Scheme threshold to €132: €6m
- Obesity and chronic disease prevention €100m
- New primary care centres €200m
- Increased funding for mental health €200m
- 1,000 new beds in acute hospitals €300m
- 4,000 extra nurses, 500 consultants and 500 GPs €600m
- Expand public home care, respite and residential care services €270m
- Guarantee women's reproductive rights

These could be partly financed by a 2% levy on the profits of pharmaceutical companies. This would raise approximately €150m¹³⁵ and recoup some of the extortionate prices they charge the health service for drugs.

¹³¹ HSE, "Annual Report and Financial Statements 2008," 2009, <http://hse.ie/eng/services/publications/corporate/arafs08.pdf>; "Annual Report & Financial Statements 2015" (HSE, 2016), <http://hse.ie/eng/services/publications/corporate/AnnualReportFinancialStatements2015.pdf>.

¹³² The HSE was unable to cost this.

¹³³ Committee on the Future of Healthcare, "Universal Health Care and the NHS: Discussion - Professor Alysson Pollock," September 28, 2016, about:reader?url=http%3A%2F%2Foireachtasdebates.oireachtas.ie%2Fdebates%2520authoring%2Fdebateswebpack.nsf%2Fcommitteetakes%2FFUH2016092800002%3Fopendocument%23A00200.

¹³⁴ Gary Culliton, "€120m to Abolish Prescription Charges," *Irish Medical Times*, June 23, 2016, <http://www.imt.ie/news/latest-news/2016/06/e120m-to-abolish-prescription-charges.html>.

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5.5 REVERSE THE CUTS TO SOCIAL WELFARE AND INTRODUCE AN INCREASED UNIVERSAL STATE PENSION FOR ALL

All of the various cuts to social welfare that have been implemented should be immediately reversed.

- Reverse the cuts to Jobseeker's Allowance and for young people. **Cost: €128.4m**
- Re-introduce the Telephone Allowance. **Cost: €114m**¹³⁶
- Restore the Fuel Allowance by extending the season by 6 weeks. **Cost: €54m**¹³⁷
- Increase social welfare rates by €16 a week to restore a basic payment rate of €204. **Cost: €745m**¹³⁸
- Restore the basic rate of Child Benefit to €166 and Restore Child Benefit for those aged over 18 still in full-time second level education. **Cost: €438.1m**¹³⁹
- Introduce a universal state pension of €250. This would mean an increase of €17 for contributory pensioners and €28 for non-contributory pensioners, which would especially benefit women targeted by Varadkar's attempts to cut pensions for part-time workers. In subsequent years, pensions should be brought more in line with wages and the cost of living. **Cost: €495m**¹⁴⁰.
- Reverse the cuts to One Parent Family payments. **Cost: €65m**
- Increase the Back to School Clothing and Footwear Allowance by €50. **Cost: €14m**

Total cost of reversing the cuts and introducing universal state pension. **Cost: €2.053bn**

¹³⁵ Minister for Health, "Tax Code: 16 Sep 2016: Written Answers (KildareStreet.com)."

¹³⁶ Minister for Social Protection, "Social Welfare Benefits Expenditure: 17 May 2016: Written Answers," May 17, 2016, <https://www.kildarestreet.com/wrans/?id=2016-05-17a.1537&s=%22telephone+allowance%22+section%3Awrans#g1544.q>.

¹³⁷ Minister for Social Protection, "Fuel Allowance Data: 28 Jun 2016: Written Answers (KildareStreet.com)," June 28, 2016, <https://www.kildarestreet.com/wrans/?id=2016-06-28a.817&s=%22Fuel+Allowance%22>.

¹³⁸ Based on figures for €10 a week increase in Minister for Social Protection, "Social Welfare Rates: 5 Jul 2016: Written Answers (KildareStreet.com)," July 5, 2016, <https://www.kildarestreet.com/wrans/?id=2016-07-05a.714>. Excludes JobBridge, Tus and Gateway which would be abolished. Includes Back to Education Allowance.

¹³⁹ Based on figures for a €1 increase provided in Ready Reckoner from Department of Social Protection (and including the same increase for 18 year olds in secondary education.) Department of Finance, "Mid-Year Expenditure Report 2016," July 2016, 69, <https://static.rasset.ie/documents/business/expenditure-report.pdf>. Department of Social Protection, "Child Benefit Data: 5 Jul 2016: Written Answers (KildareStreet.com)," July 5, 2016, <https://www.kildarestreet.com/wrans/?id=2016-07-05a.723>.

¹⁴⁰ Based on figures for a €10 increase. Minister for Social Protection, "Social Welfare Rates: 5 Jul 2016: Written Answers (KildareStreet.com)," July 5, 2016, <https://www.kildarestreet.com/wrans/?id=2016-07-05a.714>.

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5.6 FUND THE ARTS

Funding for The Arts have suffered drastically in the course of the crisis. One result is that while the EU average of public funding for arts and culture is 0.6% of GDP, Ireland only spends 0.11%. The Anti-Austerity Alliance demands the reversal of all the cuts and public funding to at least EU levels as part of a commitment to the funding of arts and culture as a public good.

- Retain the €50 million allocated for commemorations for 2016 to the Department of Arts, Heritage and the Gaeltacht and ring-fence it for the Arts Council and Irish Film Board.
- Investing an additional €90m to increase the Arts budget by more than 40%.
- Invest an extra €10m in support for the Irish language and the Gaeltacht.

Total cost of Investing in the Arts & Increasing Funding for the Irish Language and the Gaeltacht: €100 million.

5.7 A FUTURE FOR YOUNG PEOPLE: FREE EDUCATION AND REAL JOBS

Young people have been amongst the hardest hit by years of austerity. Not only did they have their social welfare payments cut to €100 a week for those under 25 years of age, they were demonised in the process, with the leader of the Labour Party suggesting the reason they were unemployed was because they were in front of “a flat screen TV”. The youth wage gap has increased from 42% in 2004 to 54% in 2014¹⁴¹, showing that young workers are being systematically exploited relative to older workers. Fees for third level education have continued to increase, and with the spiralling cost of accommodation, access to third level education is blocked to many working class young people.

Successive governments have eagerly assisted employers in driving a race to bottom in wages and conditions to maximise profits, with young workers at the forefront. Exploitative schemes like JobBridge, Gateway and Tús have been to the fore of this. Age discrimination is technically illegal but persists in practice through lower minimum wages for young workers and the youth wage gap. 40% of minimum wage earners are under 30 so increasing the minimum wage would especially benefit them¹⁴². The same applies to tackling involuntary part-time and temporary work: the percentage of young workers in part-time work has jumped from 27% to 47% since the crash and a third of 15-24 year old workers are on temporary contracts¹⁴³.

Instead of a revamped JobBridge scheme, which is the government's intention, all of the free labour schemes such as JobBridge, Gateway and Tús should be fully abolished. They should be replaced by a RealJobs scheme which guarantees every young person the right to education, training or a decent job.

¹⁴¹ OECD, “OECD Employment Outlook 2016,” 2016, <http://www.oecd.org/els/oecd-employment-outlook-19991266.htm>.

¹⁴² Micheál Collins, “A Profile of Those on the Minimum Wage” (NERI, July 2015), 12, http://www.neriinstitute.net/download/pdf/a_profile_of_those_on_the_minimum_wage_neri_wp27.pdf?issuusl=ignore.

¹⁴³ OECD, “OECD Employment Outlook 2016.”

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Free education – from primary to tertiary: The idea of 'free education' means little in Ireland when charges are applied at every stage – from 'voluntary' contributions at primary school to 'student contribution charges' of €3,000. Fully free education should be immediately introduced:

- Abolish voluntary contributions & other school costs and provide free school books: €230 million¹⁴⁴
- Reverse the cuts to capitation grants to schools: €40m¹⁴⁵
- Reduce the Pupil Teacher Ratio from 1:27 to 1:18: €144m
- Reverse the Cuts to Guidance Teachers: €15m
- Additional Funds for School Building/Facilities: €100m
- Increase Funding for Special Education €100m
- Abolish 'Student Contribution Charges' for third-level: €206.56m¹⁴⁶
- Abolish fees for all EU postgraduate students: €70.4m¹⁴⁷
- Reverse the cuts to student grants: The Department of Education estimated this as 'over €100m'¹⁴⁸
- Reverse the cuts to Back to Education Allowance for young people and restore the weekly rate to €204: €8.5m¹⁴⁹
- Scrap the apprenticeship fees, the so-called 'Annual Student Contribution' - €3 million¹⁵⁰
- Ensure that apprentices have full employment rights including payment of the minimum wage.
- Restore Jobseekers' Allowance to €188 per week for young people

Total Cost (excluding social welfare restoration): €1.009bn

¹⁴⁴ Barnardos, "2017 Pre-Budget Submission," June 2016, <http://www.barnardos.ie/assets/files/pdf/2017-Pre-Budget-Submission.pdf>.

¹⁴⁵ Parliamentary Question no. 270 to Minister for Education, September 27th 2016.

¹⁴⁶ Parliamentary Question no. 268 to Minister for Education, September 27th 2016.

¹⁴⁷ Parliamentary Question no. 269 to Minister for Education, September 27th 2016.

¹⁴⁸ Parliamentary Question no. 271 to Minister for Education, September 27th 2016.

¹⁴⁹ Restoring Back to Education Allowance to €188 for young people would cost €5.4m. Increasing it to €204 would cost an additional €16 each per week for the 3,695 young people in receipt of it (approximately another €3.1m). Department of Social Protection, "Back to Education Allowance Data," May 24, 2016, <http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/takes/dail2016052400062#WRN03550>.

¹⁵⁰ PQ 12181/16

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5.8 RESTORE AND EXPAND LOCAL AND COMMUNITY SERVICES

After years of savage cuts, local authorities still have a billion euros less to spend each year. In addition to the major investment in public local authority housing outlined above, investing €500m in the Local Government Fund would allow proper maintenance of parks, playgrounds and other amenities and a real expansion of local and community services.

Cost: €500m

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6 WORKERS NEED A RAISE

While rents are rocketing, Ireland has become a low wage economy. Ireland has the third highest level of low pay in the OECD¹⁵¹; 30% of workers low paid¹⁵². As a result, Ireland has the highest rate of market income inequality in the OECD¹⁵³ and 35% of working households suffer material deprivation¹⁵⁴. The Anti-Austerity Alliance supports all those workers, such as teachers, Luas and Dublin bus workers, who have taken action to fight for pay rises. A victory for any group of workers is a victory for others and makes it more likely that wage rises in general can be won. The Anti-Austerity Alliance calls for an increase in the minimum wage to €15 an hour to enable people to survive.

The Anti-Austerity Alliance calls for the immediate restoration of all pay for public sector workers and an end to pay discrimination against young public sector workers. **Cost: €2.2 billion.**¹⁵⁵

7 INCREASE SPENDING ON OVERSEAS DEVELOPMENT AID TO 0.7% OF GNP

The Anti-Austerity Alliance favours a legally binding target of 0.7% of GNP in Overseas Development Aid (ODA). Immediately, in 2017, 0.7% should be allocated and spent. ODA as a percentage of GNP has fallen consistently over the last number of years.

- Increase Overseas Development Aid to 0.7% of GNP, equivalent to €1.5 billion: €900 million¹⁵⁶.

¹⁵¹ NERI, "Quarterly Economic Observer Spring 2016," March 2016,

http://www.neriinstitute.net/download/pdf/qeo_spring_2016_compressed.pdf.

¹⁵² Micheál L. Collins, "Low Pay: Some Insights," *NERI Research in Brief*, no. 29 (December 2015),

http://www.ssis.ie/SSISI_Earnings_and_Low_Pay.pdf.

¹⁵³ TASC, "Budget 2015: A Chance to Address Ireland's Inequality Problem," October 8, 2014,

http://www.tasc.ie/download/pdf/tasc_budget_2015_briefing_08102014.pdf.

¹⁵⁴ TASC, Rory Hearne, and Cian McMahon, "Cherishing All Equally 2016: Economic Inequality in Ireland," July 2016, 29, http://www.tasc.ie/download/pdf/tasc_inequalityreport_2016_web.pdf.

¹⁵⁵ Minister Pascal O'Donoghue at Joint Committee on Finance, Public Expenditure and Reform 29 September 2016.

¹⁵⁶ Minister for Foreign Affairs and Trade, "Overseas Development Aid, Written Answer No. 354,"

May 24, 2016, 354,

<http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/takes/dail2016052400065#WRQ04100>.

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8 PUBLIC INVESTMENT AND OWNERSHIP – FOR A SOCIALIST GREEN ECONOMY

The Irish economy continues to experience low levels of investment. Despite being artificially boosted by the purchase of aircraft and the accounting procedures of tax avoiding multinationals, gross fixed capital formation remains below the European average of investment as a percentage of GDP. This is a demonstration of the weakness of the capitalist class in Ireland and their unwillingness to provide the necessary investment for a sustainable and meaningful recovery. It is a driving factor behind the continuing absence of any real recovery for many. The co-existence of high levels of profit, high levels of unemployment and underemployment, and historically low levels of investment is a damning indictment of capitalism. Relying on the profit motive to allocate capital is a disaster from the point of view of the majority. It is a demonstration of the need for a socialist economy, with public ownership of the key sources of wealth, under democratic control of working people, and planned in the interests of the majority.

The government's capital expenditure plan for 2016 to 2021, *Building on Recovery*, represents a stagnation in the level of public investment. The amount of €27 billion over six years represents only 1.9% of GDP, only 0.1% of an increase over public investment in 2015. It remains significantly lower than the long-term average of 3.5%.¹⁵⁷

¹⁵⁷ Note 47 from 2016 Anti-Austerity Alliance Budget Statement

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A Left government with socialist policies would immediately initiate a major programme of public investment and nationalisations, including in wealth creating sectors of the economy, in order to effect a radical economic shift and lay the basis for democratic planning for economically and environmentally sustainable growth.

Research published by the Nevin Economic Research Institute suggests that for each €1 billion investment stimulus, approximately 16,750 jobs (an average of between 8,000 and 12,000 directly and the remainder indirectly) would be created. However, the net cost of such a €1 billion investment would only be €575 million, owing to greater tax revenues as a result of higher GDP. An investment of €3 billion in 2017 as part of a three year investment programme could create 50,000 jobs (30,000 directly and 20,000 indirectly). The following is an example of the jobs and industries that could be developed.

Cost: €3bn

8.1 GREEN ENERGY AND FORESTS

Because of its location, Ireland has the potential to be a leader in the development of green energy worldwide. It could not only enable a transition in Ireland from fossil fuels to renewable energy, but could be a manufacturer and exporter of green energy components. A great oil and gas robbery took place already, these resources should be renationalised. However, we cannot allow a new robbery of green energy to take place by profiteers, or allow private industry to refuse to invest in the development of this vital sector, as has happened up until now. A recent report by the ESRI¹⁵⁸ outlined how investment in an additional wind capacity of 4000 MW mostly offshore would create 36,000 jobs, including in the development of a manufacturing base. Ireland's wave energy potential is enormous, however it remains almost entirely undeveloped, with the exception of the small "West Wave" project. A largescale reforestation programme would also benefit both the economy and the environment.

- **Investment of €1 billion to create 10,000 jobs directly, as part of five year investment plan.**
- **Invest €200m in a reforestation programme.**

Cost €1.2bn

8.2 WATER INFRASTRUCTURE

Despite the propaganda surrounding Irish Water, investment levels remain low. An increase from the €600 million a year projected to €1 billion a year is needed to replace all non-compliant water mains throughout the state, developing urban drainage and completing all necessary flood relief systems.

- **Increased investment of €400 million to create 4,000 jobs directly.**

8.3 PUBLIC INVESTMENT IN RESEARCH & DEVELOPMENT

¹⁵⁸ John FitzGerald, "An Enterprising Wind": An Economic Analysis of the Job Creation Potential of the Wind Sector in Ireland" (ESRI, February 2014), <https://www.esri.ie/pubs/BKMNEXT250.pdf>.

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Mariana Mazzacuto in *The Entrepreneurial State* outlined the key role that state research continues to play in the development of the technology that industry and people use on a daily basis. Ireland's combined government and higher education spending on R&D was only 0.4% of GDP in 2014 compared to 0.7% on average in the EU¹⁵⁹ and 0.8% in the US last year¹⁶⁰.

According to the Nevin Economic Research Institute, doubling government R&D spending as a percentage of GDP taking it to US levels would cost an extra €1bn¹⁶¹. This could create an additional 10,000 jobs directly in a variety of areas from third level institutions to publicly owned tech campuses.

Cost: €1bn

INVEST IN GREEN AGRI-FOOD

Already the food sector is the largest indigenous manufacturing sector and accounts for 40% all those employed in indigenous manufacturing¹⁶². Yet despite the existence of a large profitable and productive agri-food sector, food workers, consumers and small farmers are being ripped off. Large Irish companies and multinationals like Tesco are making big profits by attacking workers' pay and conditions, driving small farmers into poverty by keeping food and dairy prices artificially low, and ripping off consumers. Ireland is the fourth most expensive country in the EU for food and non-alcoholic drinks: fruit, vegetables and even potatoes cost 35% above the EU average¹⁶³. Meanwhile we have the third highest rate of obesity in the EU¹⁶⁴.

It's time for some joined up thinking to make the economy work for ordinary people, promote green economic growth and better health. Rather than imposing sugar taxes, which like all consumption taxes disproportionately hit people on low incomes, the government should subsidise healthy food and cut out middlemen like Tesco by providing it directly from farmers to consumers. This already happens on a smaller scale with farmers' markets but they tend to be very expensive. It would take a number of years to fully develop a state owned scheme but an initial investment of €0.4 billion could be made in 2017.

Cost: €0.4 billion, creating 4,000 jobs directly.

¹⁵⁹ McDonnell, "Cultivating Productivity and Long-Run Growth: The Fiscal Dimension."

¹⁶⁰ NERI, "Quarterly Economic Observer Summer 2016," 2016, 35, http://www.nerinstitute.net/download/pdf/qeo_summer_2016_compressed.pdf.

¹⁶¹ Ibid.

¹⁶² Michael Taft, "Wages and Market Activity in the Indigenous Sector: What Is Wrong with Irish Business?," May 13, 2016, 16, http://www.nerinstitute.net/download/pdf/michael_taft_unite_paper.pdf.

¹⁶³ Conor Pope, "Irish Potato Prices Are the Second-Highest in Europe," *Irish Times*, August 2, 2016, [about:reader?url=http%3A%2F%2Fwww.irishtimes.com%2Fnews%2Fireland%2Firish-news%2Firish-potato-prices-are-the-second-highest-in-europe-1.2741865](http://www.irishtimes.com/news/ireland/irish-news/irish-potato-prices-are-the-second-highest-in-europe-1.2741865).

¹⁶⁴ Dan McGuill, "FactCheck: Is Ireland Really One of the World's Most Obese Countries?," *TheJournal.ie*, April 11, 2016, <http://www.thejournal.ie/fact-check-thejournal-ireland-obesity-the-lancet-2705623-Apr2016/>.

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CONCLUSION

It is clear that the obstacle to resolving the many social crises in Ireland is not an absence of resources – it is the way the ownership and control of those resources is structured, by being concentrated in the hands of big corporations and the super-rich. The financial resources that could be raised through the taxation measures referred to in this statement are only a small fraction of the resources that could be utilised by a left government to transform people's lives. For example, using the banking system as a democratic public utility could mean a transformation in terms of public investment. Public ownership of the key sectors of the economy would enable a paradigm shift in terms of the nature of the economy. It would enable a quick transition to an economy based on renewable energy and sustainable growth – a socialist green economy.

The implementation of these policies will inevitably meet significant resistance from those at the top who benefit from the current structure of the economy. It is only necessary to take a glance at the almost universal defence in the media of the government's position on the Apple Tax scandal and the denial of the reality of Ireland's operation as a tax haven, to see the ideological opposition to any policies that touch at the interests of the capitalist elite in Ireland. That ideological opposition would be added to by economic and political resistance, with the actions of the European Central Bank in Greece serving to demonstrate how institutions of capitalism will use whatever means at their disposal to try to frustrate radical change.

That points to the necessity for mass struggle from below to successfully implement socialist policies. Over the last couple of years, we have seen the re-emergence of major social movements from below, including the movement for marriage equality, for repeal of the 8th amendment and against water charges. The victory of the campaign for marriage equality and the fact that water charges have been suspended as a result of the mass campaign of non-payment have given people confidence and have driven a further politicisation and radicalisation. This creates the possibility of building a mass movement of the left in Ireland which can place a left government on the agenda.

The fact that Fianna Fail will likely vote for the Fine Gael / Endependent budget demonstrates clearly that they share the same politics and represent the same class interests. Labour is evidently part of the same pro-austerity consensus. The acceptance by Sinn Fein of the parameters, in reality the austerity straitjacket, of the fiscal space and the rules of capitalism, means that they cannot offer a radical alternative. What is needed is a left government to break the fiscal rules and implement radical socialist politics.

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SUMMARY OF BUDGETARY INITIATIVES

REVENUE AND EXISTING FUNDS	€BN
DOUBLE THE RATE OF CORPORATION TAX FOR BIG BUSINESS	3.5
CLOSE CORPORATION TAX LOOPHOLES, SUCH AS THE 'KNOWLEDGE DEVELOPMENT BOX'	0.5
2% HEALTH LEVY ON THE PROFITS OF PHARMACEUTICAL COMPANIES	0.15
INCREASE EMPLOYERS' PRSI BY 2% AND INTRODUCE A NEW 19.75% RATE OF EMPLOYERS' PRSI ON EMPLOYEE INCOME OVER €100,000	1.373
DELETE THE SECTION 110 CLAUSE AND OTHER "LOOPHOLES" FOR VULTURE FUNDS, FINANCIAL VEHICLES AND REITS	1
INCREASE STAMP DUTY ON COMMERCIAL PROPERTY TO 6%	0.47
INTRODUCE A FINANCIAL TRANSACTIONS TAX	0.32
INTRODUCE A LANDLORDS' TAX	0.45
INTRODUCE A NEW TAX ON HIGH INCOMES	2.33
<i>TOTAL RAISED FROM INCREASED TAXATION OF BUSINESS AND THE WEALTHY</i>	16.401
<u>EXISTING FUNDS FOR CAPITAL INVESTMENT</u>	
IRELAND STRATEGIC INVESTMENT FUND (ISIF)	5.6
NAMA CASH BALANCES AND OVERSEAS SALES	3
<i>TOTAL EXISTING FUNDS FOR CAPITAL INVESTMENT</i>	8.6
TOTAL	25
INCREASED SPENDING ON PUBLIC SERVICES AND CAPITAL INVESTMENT	€BN
ABOLISH WATER CHARGES & REFUND ALL WHO PAID	0.44
ABOLISH THE LOCAL PROPERTY TAX	0.44
ABOLSH THE USC	3.33
DIRECTLY PROVIDE 50,000 NEW PUBLIC HOMES	4.5
DEVELOP A NATIONAL CHILDCARE SERVICE (NCS)	2
INVEST IN PUBLIC TRANSPORT	0.77
DEVELOP AN IRISH NHS	2.92
REVERSE THE CUTS TO SOCIAL WELFARE	1.559
INTRODUCE A UNIVERSAL STATE PENSION & INCREASE PENSIONS FOR ALL	0.495
INVEST IN THE LOCAL GOVERNMENT FUND TO RESTORE LOCAL &	0.5

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COMMUNITY SERVICES	
FUND FREE EDUCATION AND A FUTURE FOR YOUNG PEOPLE	1.03
INCREASE FUNDING FOR THE ARTS AND THE IRISH LANGUAGE	0.1
RESTORE PUBLIC SECTOR PAY & END PAY DISCRIMINATION IN THE PUBLIC SECTOR	2.19
INCREASE OVERSEAS DEVELOPMENT AID TO 0.7% OF GNP	0.9
INVEST IN RENEWABLE ENERGY, WATER INFRASTRUCTURE, FORESTRY & GREEN AGRI-FOOD	3
TOTAL	24.174