

www.swp.ie

Text JOIN to 086-3074060

# Socialist Worker

## Ireland's rich don't suffer in economic crisis

# Seize their wealth to pay for their crisis

IRELAND'S SUPER rich are suffering no cutbacks in the economic crisis.

The 'rich list' compiled every year by the Sunday Times newspaper reveals how the rich are living it up while the rest of us have to tighten our belts.

Many of these people are implicated in corruption scandals and made their fortunes through cosy connections to Fianna Fáil and the Irish state.

They are the people who benefited from the Celtic Tiger.

They were also the main drivers behind the speculation boom of the banks and the stock exchange.

They caused the economic crisis but want workers to clean up their mess and bail out the banks to the tune of hundreds of billions of euros.

Meanwhile they continue to avoid and evade tax.

They want us to give a month's wages to the banks every year, while the Government slashes our public services.

Instead of workers paying for a crisis we didn't cause through wage cuts and cuts in public services, we should hit these super-rich with extra taxes and levies.

The People Before Profit Alliance has put forward an alternative budget that shows how we can deal with the crisis by taxing the super-rich.

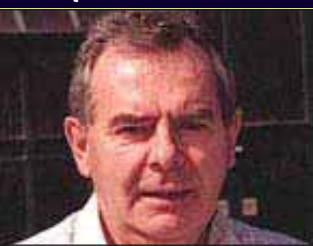
Richard Boyd Barrett, People Before Profit Alliance candidate in Dún Laoghaire said, "This shows there is no recession for Ireland's wealthy elite. The wealthiest top ten share €17 billion between them.

"Half of them are tax exiles, including Denis O'Brien, Tony O'Reilly and Dermot Desmond.

"While the rest of us are being hammered by levies, extra taxes and cuts in basic services, these people are living it up.

"The government must immediately close off all tax loopholes so that these people pay their share."

SEAN QUINN.



Worth €2.5bn. So rich he could afford to lose €1 Billion in financial speculation. He is implicated in tax evasion through secret deals with other investors in Anglo Irish Bank.

DERMOT DESMOND.



Worth €1.9bn. Another tax fugitive; was behind Dublin's International Financial Services Centre - set up to allow tax evasion on an international scale.

## IRELAND'S SUPER-RICH

SIR ANTHONY &amp; LADY O'REILLY.



Worth €2bn. A tax fugitive who claims not to live in Ireland but his Independent News and Media group are the biggest owners of newspapers in the country. Though he refuses to pay taxes here, he is not above using his media empire to influence the outcome of Irish elections.

DENIS O'BRIEN.



Worth €1.9bn. A tax fugitive who claims to live in Portugal. He made his fortune in a less-than-transparent deal when the corrupt Michael Lowry, then Minister for Telecommunications, awarded him the second mobile operator licence for Ireland. Large sums of O'Brien's money ended up in Lowry's bank account.

JOHN MAGNIER.



Worth €900m. A tax fugitive who made his fortune thanks to the tax breaks on stud farms introduced by his friends Charlie Haughey and Charlie McCreevy.

## The People Before Profit Alliance alternative budget:

- \* No to bailing out banks and speculators. Create a state banking system.
- \* Create a State Construction Agency and embark on key infrastructural projects to create jobs and stimulate the economy. With the creation of this state construction company, the government needs to embark on a major public works programme.
- \* Develop new state-led strategic industries, which take Ireland's industrial development forward.
- \* Overhaul the tax system to create an equitable system. Make the rich pay more tax.
- \* Emergency legislation to close the tax exile rule which allows the wealthy to abscond without paying taxes.

- \* Remove all property-based tax incentives.
- \* Tax all income over 100,000 at a surcharge rate of 70 percent.
- \* Introduce a special 3% wealth levy on all income-producing assets and houses, except the family home, for those earning more than twice the average industrial wage.
- \* Cut VAT rates and increase capital gains and corporation tax.
- \* Introduce a 35-hour week, while preserving existing pay rates in order to create extra jobs.

This alternative budget offers a radical alternative to the failed policies that created the recession. It prioritises equality, job creation, and access to high quality public services.



# VOTE PEOPLE BEFORE PROFIT on June 5th



## NAMA: Bank Robbery Stage Two

By KIERAN ALLEN

During his budget speech in April, Brian Lenihan dropped a bombshell: The Irish banking system had bad debts to the tune of €90 billion.

This was the first clear statement of the magnitude of the problem. Before that bankers boldly proclaimed that everything was fine and people had to simply trust them.



In April 2008, for example, Dermot Gleeson, the chair of AIB, said that the bank was "stable and robust." And then in October, Eugene

Sheehy, AIB Chief Executive Officer said that, "we would rather die than raise equity." Finally, in December, Donal Forde, a managing director, said "AIB has made it clear that we don't feel we need capital."

Yet these very rich people were soon delighted to see the Irish state put a staggering €3.5 billion into their bank in early 2009.

Now the government has gone one step further and set up a toxic bank known as the National Assets Management Agency (NAMA).

NAMA will buy up all the banks' bad debts at a discount price. The discount will probably come to about 60 percent of the loan value and the government will become responsible for collecting the interest on these loans.

But, of course, the borrowers are nearly bankrupt. So the idea is that the state can take control of the underlying asset – the land or property – that was put up as collateral for the loans.

The problem, though, is that this collateral has also dramatically shrunk in value. So essentially, the state will be left with assets that are worth a fraction of their paper value.

In other words, the state will have paid out far too much to buy the bad debts. If the state were to buy the loans at their real knocked down price, the banks would be driven out of business. Therefore, the whole basis of NAMA is to the state will pay over the odds for bad debts just to let the banks survive.

Two major international agencies have already estimated what the bank rescue plan will cost the population. Standard and Poors puts the figure at €20 billion, while the International Monetary Agency puts it at €24 billion.

Both of these figures are higher than the projected cuts the government will try to impose in budgets for the next five years.

So why are they engaged in this utter madness?

After Ireland joined the euro, Irish banks discovered a new way to make profit. Instead of taking in deposits of Irish customers and running all sorts of over-charge scams, they borrowed money on international money markets and used these to pump up the Irish property market.

So borrowings from international bondholders – rich speculators – shot up from €30 billion in 1999 to €150 billion in 2008. The state facilitated this by allowing banks to maintain a low ratio of reserves to assets. By December 2008, these amounted to only 4.3 percent, which was one of the lowest in Europe at the time.

When the crisis first hit in September, Lenihan and Cowen got calls on their mobile phones asking them to come to a late night meeting with the heads of the banks. The two FF politicians agreed to a quick fix plan to guarantee all the loans for the banks – against, according to some reports, the advice of some Department of Finance officials. The loan guarantee was designed to satisfy the international bondholders but it pushed up Irish government liabilities to €450 billion.

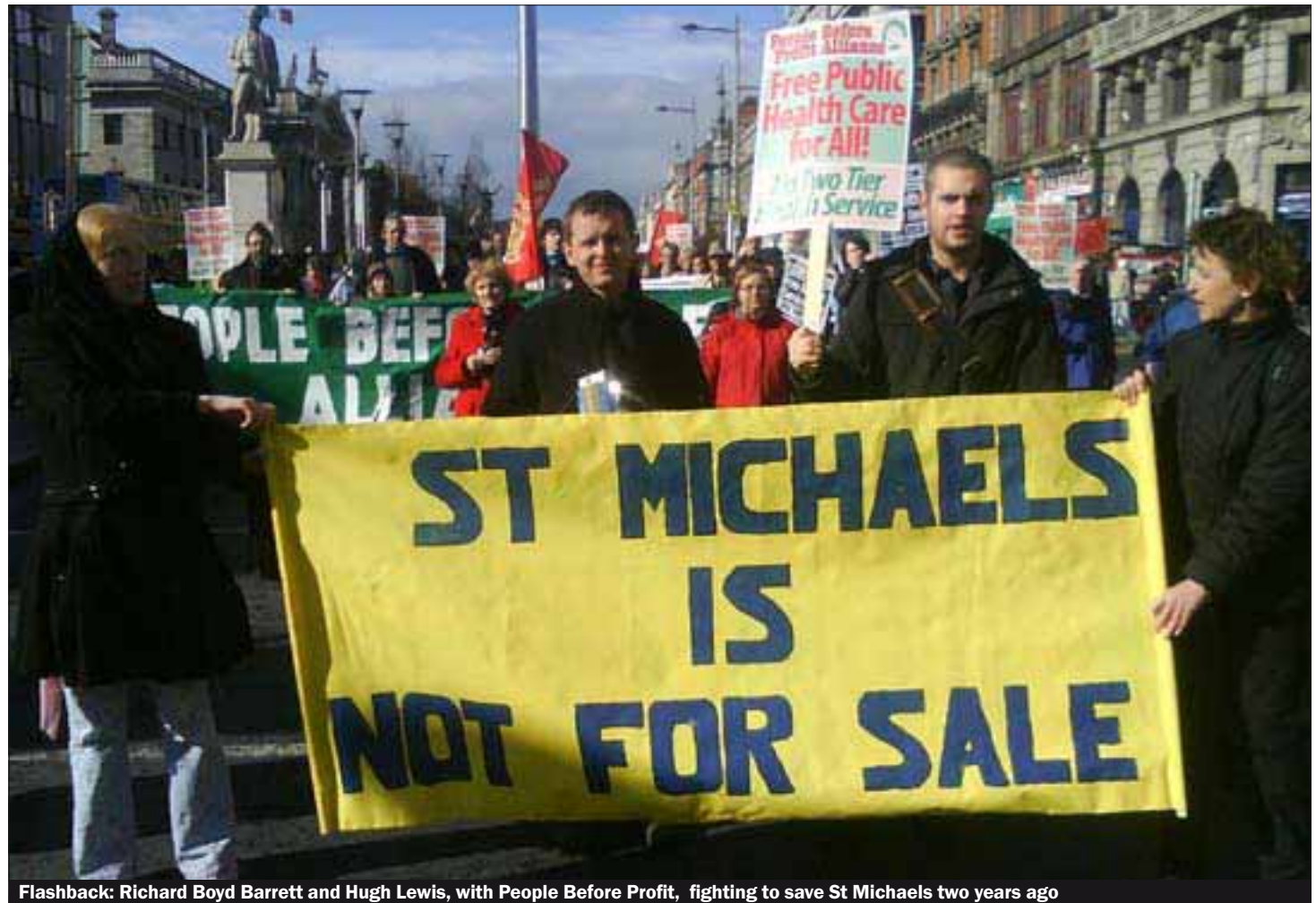
As the crisis developed it became apparent that banks – who lied through their teeth – might default on those loans. So the result is that the government is ploughing in ever more money by setting up NAMA.

There is a solution to this utter madness: Allow all the banks to go bankrupt. Take their offices and accounts into public ownership. Tell the international bondholders, who helped cause this financial crisis, to go screw themselves. Establish a state bank to facilitate credit for socially useful purposes. Estimated cost: very low.

This totally practical and sensible solution has only one condition: we have to set ourselves on an anti-capitalist track

**AS THE HSE ANNOUNCES A FURTHER 1000 JOB CUTS IN THE HEALTH SERVICE, PEOPLE BEFORE PROFIT ALLIANCE CANDIDATES ARE LEADING THE FIGHT TO SAVE THE HEALTH SERVICE**

## PBP denounce closure of St Brigid's ward in Loughlinstown Hospital



Flashback: Richard Boyd Barrett and Hugh Lewis, with People Before Profit, fighting to save St Michaels two years ago

THE HSE plans to close St. Brigid's Ward in Loughlinstown Hospital. This move is a direct result of cuts in the Department of Health from last October's Budget.

St Brigid's Ward is a general ward in the hospital and its closure will mean the loss of at least 18 beds.

Hugh Lewis, People Before Profit Alliance (PBPA) candidate in the Ballybrack ward, said, "It is a disgrace that our health service, which is already in a shambles, is being forced to make further cuts.

The money used to bail out the banks should instead be used to fund vital serv-



ices, in particular the health service."

The recent budget included an increase in the health levy that all PAYE workers already pay. It seems that this extra health levy is not going to be used to stop cuts in the health service.

Richard Boyd Barrett, PBPA candidate in Dun Laoghaire ward, said, "Two years ago there was an attempt to shut St Michael's Hospital in Dun Laoghaire.

"Thanks to the thousands of people that signed our petitions and got on the streets to protest, we managed to stop the closure."

## Fight to Save Services at Kerry General Hospital

KERRY GENERAL

Hospital is being systematically run down by the HSE. The hospital is now facing an even deeper crisis with outpatients' clinics closing for six weeks every year. Annagh Ward is closing at weekends with staff there being given only 24 hours to accept or transfer.

There were slim hopes that recommendations in the Vision for Change report on the future of Mental Health policy in Ireland would be implemented. But those hopes were dealt a devastating blow when €1m was knocked off the budget in Kerry.

In A&E, growing numbers of patients of all ages and all conditions are put on trolleys often for more than 24 hours due to the bed crisis at the hospital.

As if this wasn't enough there still is no Diabetic consultant and proper Renal treatment. The Cardiology unit is significantly under-resourced, while the



Angiography service, which provides x-rays of blood vessels, was closed down three years ago. The removal of Cancer Care services means that ill patients have to make a round-trip to Cork to be treated. Only recently has a Breast-Check Facility been announced. We need adequately funded health care at our hospital.

The crisis at Kerry General Hospital is caused to a large extent by the chronic shortage in staff numbers.

This is what Michael Dineen the INO local representative had to say on this issue: "The nursing shortages within Kerry General Hospital are so acute that they pose a daily challenge to our members

in their efforts to deliver a safe and appropriate level of care to the patients in their charge... the only option to them at this juncture is to curtail services."

All of these cutbacks are part of Mary Harney's attacks on the health budget and her crazy policy of co-location of private hospitals next to public ones. She has

now cut a further €1.1 billion off the health budget and is directly responsible for the needless pain and suffering of large numbers of people in Tralee.

Sean Moraghan, PBPA candidate for Tralee Town council, sums up the situation:

"We need to fight back in the way the old age pensioners did, and won, over the medical card issue.

"It was their courageous resistance to Harney that has inspired the more general protest movement which we see against the Fianna Fail-Green government today and which is part of a growing international movement for social change. People power can win.

"We should get rid of this ridiculous two-tier health system and replace it with a free universal health service. Privatising elements of the health service is not an intelligent solution: we want world-class public health care."





# PBP defends Children's Hospital

PEOPLE BEFORE Profit Alliance councillor, **Joan Collins**, is organising a campaign to save an Orthopaedic ward in Crumlin Children's Hospital which is threatened with closure under HSE cuts.

Crumlin Hospital last week told staff the hospital's only orthopaedic ward (18 bed) is to close due to financial constraints. At least one, and possibly two, theatres will close in the summer months. Ireland has the lowest ratio in western Europe.

David Moore, consultant orthopaedic surgeon at Our Lady's Children's Hospital in Crumlin, and the National Children's Hospital in Tallaght,

said, "There is a crisis in orthopaedic surgery, particularly in paediatric orthopaedic surgery, due to manpower and bed shortages. At present, children with progressive spinal deformities face prolonged waiting times for their surgery, during which time the size of their deformity increases."

Closing the ward in Crumlin Children's hospital will exacerbate this crisis and could mean children born with deformities could be deformed for life.

Joan Collins said, "We are determined to stop this callous cutback. There will be a protest at the Children's Hospital on Tuesday 12<sup>th</sup> May to demand its reversal."

# HSE cuts mean 'neglect in the community'

THE HSE has announced drastic cuts in the funding of home helps. Home helps are an essential service as for many elderly in the population; it's their main connection with wider social services and their community. If home help is cut, elderly people faced being marooned in their homes.

Such neglect could see a re-run of scandals like we saw in Leas Cross where many patients suffered bed sores due to lack of care.

Martin, a volunteer community worker in Dublin's inner city explained how the cuts will affect his area.

"€40 million that was allocated for care of the elderly in Dublin South inner city has been cut with the result that many people who rely on home helps face losing that service."

"The situation has gotten so bad that many elderly were faced with having to go to the St Vincent DePaul to help manage."

A volunteer corp of local people has had to step in to help with caring for the elderly.

"The €40 million we were promised to help build a care-for-the-elderly facility in the area has been axed. We wanted to give people as much independence as possible within their own community by building sheltered accommodation leading on to a full time care service."

"Older people who cannot care for themselves could now end up in Wicklow or Naas if there are no other beds available to care for them locally."

"These cuts to the home help budget mean fewer paid hours for home helps. This will lead directly to neglect of the elderly as already people are overloaded and overworked."

"We are constantly told that one of the main failings of the health service is the lack of long term care beds and facilities in the health service."

"But here we have the HSE cutting a facility that will improve the running of the entire service. They should be cutting the number of managers instead."

# Bus protests win concessions

FIANNA FAIL and the Greens have axed 120 buses from the Dublin Bus fleet through their budget cuts with resulting cuts in the frequency of buses across Dublin.

This will mean much longer waiting times and more packed and uncomfortable buses for all commuters across the city.

Dublin Bus management wanted to cut services in the poorest areas and local services that many elderly people relied on, such as the 206 service in Ballyfermot, the 210 in Clondalkin, and the 111 and 114 in Dun Laoghaire.

Bus workers in Dublin Bus led a campaign against the cuts, demanding that all the buses are kept running, as well as a halt to attacks on workers conditions.

The People Before Profit Alliance supported the bus workers' campaign and organized meetings and protests in areas that faced cuts to service or even the loss of their entire bus service.

The public meetings, protests and petitions organised by the People Before Profit Alliance (PBP), involving many local residents had an impact.

This included proposals to get rid of the No. 111 and 114 service altogether, as well as taking three buses off each the No. 7 and 45 routes – reducing each of those services by an approximately twenty journeys a day.

However, as a result of local protests, a new document issued by Dublin Bus has pulled back from completely abolishing the No. 111 and now refers to cuts in the No. 7b/d services rather than the No. 7."



**Gino Kenny**, PBP candidate in Clondalkin said, "They planned to cut the 210 bus service completely. Because of our protests and petitions, alongside People Before Profit, we managed to reverse some of the cuts and save 50% of the 210 service."

It is an absolute disgrace that the Greens in Government lecture people on climate change while cutting public transport."

This change indicates that Dublin Bus felt the pressure and that people power saved some of the service. But the fight is not over.

Disgracefully, the Labour Court has backed Dublin Bus management in making these cuts.

As Socialist Worker went to press, bus workers took strike action at Clontarf and Harristown bus garages when management tried to push through new working times without the agreement of bus drivers.

Communities and bus workers need to stand together to stop these cuts.



**Richard Boyd Barrett**, PBP candidate in Dun Laoghaire said, "Two months ago, Dublin Bus circulated a document outlining the planned cuts on services."

# Nationalise natural resources to fund public services

PEOPLE BEFORE Profit has raised the demand to nationalize natural gas and other natural resources off the coast of Ireland to overcome the economic crisis.

An estimated €50 billion of gas and oil resources were handed over to a Shell-led consortium in the late 1980s under a corrupt deal with FF. Brian Cowen was a Minister in that Government. Under the deal, the Irish state gets no royalties and the giant energy companies can write off any tax they owe or any drilling costs.

Already the Irish state has subsidized Shell to the tune of €10 million by having a permanent Garda force of up to 200 stationed in Mayo to harass the local community and protestors.

The intimidation of protestors by Shell and the Gardaí took a menacing turn last week when Willy Corduff, one

of the Rosspoint Five, was attacked by Shell security staff late at night, as he was chained to a lorry that was carrying out illegal building work at the Shell compound.

An eyewitness reports, "Around 3am the vigil of supporters was gathered on the road and Willie was accompanied at the truck only by his brother-in-law. Willie had briefly gotten out from under the truck to stretch his legs."

"The two men were standing beside the truck when up to ten Shell security personnel in dressed black and wearing balaclavas appeared out of nowhere. The men pushed Willie to the ground and started kicking him and hitting him with a heavy object that appeared to be a baton or torch. They knelt on his head and twisted his arms behind his back as they beat him."

"His brother-in-law attempted to



**Hugh Lewis**, PBP candidate in Ballybrack, Dublin, said, "It is completely unacceptable that the elderly, disabled young people, and

the less-well-off, who depend on public transport, should be attacked in this way. It is also madness to cut back on public transport when we need to be encouraging people to use their cars less to protect the environment and reduce our expensive dependence on imported oil.

"This nasty attack is typical of a government that is making the poor, the vulnerable and ordinary workers pay the price for greedy bankers, developers, and the super-wealthy who wrecked the economy".

People Before Profit candidates across Dublin will continue to raise opposition to these cuts in the local elections and fight to reverse these cuts through protest and people power.



This financial crisis is forcing companies to make tough decisions, there is a risk that we might need to lay off André....



members of the public to push through Shell's dangerous pipeline.

**Brid Smith**, PBP candidate in Ballyfermot said, "As someone who has witnessed the heavy handed Garda tactics during protests in Mayo first hand, I am shocked and outraged that we now also have a private militia of Shell security who can get away with beating up protestors."

"We are told by Brian Cowen that there is no money in the country to fund basic public services but if we took the gas back off Shell there would be more than enough. It was given to them in a corrupt deal by FF so we are entitled to take it back."

## WHAT THE SOCIALIST WORKERS PARTY STANDS FOR

Capitalism is wrecking the lives of millions and endangering the planet. A new society can only be constructed when the workers take control of the wealth and plan its production and distribution for human need and not profit.

**REVOLUTION**  
The present system cannot be patched up or reformed. The courts, the army and police exist to defend the interests of the wealthy.

To destroy capitalism, we need to remove the present state structures and create a workers' state based on much

greater political and economic democracy.

**AGAINST IMPERIALISM AND WAR**  
War is a constant feature of capitalism today as the imperialist powers try to dominate the earth.

Bush's "War on Terrorism" is a crude device to attack any country which threatens US military, strategic or economic dominance.

**END RACISM AND OPPRESSION**  
We oppose all forms of oppression and racism. This divides and weakens the

working class.

We are for full social, economic and political equality for women.

We oppose immigration controls which are always racist.

**FOR WORKERS' UNITY IN THE NORTH**  
We stand for workers unity against the Assembly politicians and Blair government.

Like great socialist James Connolly, we believe that partition has brought about a 'carnival of reaction'

We want to see an Irish workers republic where all

workers gain.

Our flag is neither green nor orange but red!

**FOR A REVOLUTIONARY PARTY**  
To win socialism, socialists need to organise in a revolutionary party.

This party needs to argue against right-wing ideas and for overthrowing the system.

We call for co-operation between left wing parties and the formation of a strong socialist bloc.

We stand for fighting trade unions and for independent rank and file action.

**Join the Socialists**

Fill in the form and send to  
SWP PO Box 1648 Dublin 8

Name.....

Address.....

Email.....

Phone.....



# A war on the Tamil people



Tamil casualties of Sri Lankan assault

By JAMES O'TOOLE

AS WE write, the Sri Lankan army claim to be close to victory in their war on the Tamil people.

Over 300,000 Tamils have been forced to flee their homes and have suffered bombing at the hands of the Sri Lankan military even when travelling in the so-called 'safe' or 'no fire' zones.

Sri Lanka has a Sinhalese majority who are mainly Buddhist and a Tamil minority who have been locked in conflict since the country gained independence from the British. In 1970, a government came to power in Sri Lanka made up of opposition groups but, when faced with mass demonstrations of Buddhist youths against the Buddhist Caste system, the government diverted that mass anger towards the Tamil community.

Around that time, young Tamils began to take up armed resistance against the Sinhalese state.

The authorities tried to stamp out these groups by arresting and torturing Tamils, to which the Tigers and other such groups responded with kidnappings, bombings and assassinations.

So instead of seeing the Sinhalese poor as allies in their fight against the Sinhalese elite, the conflict became more and more communal.

We should demand that our governments condemn the military action and halt all arms sales to Sri Lanka. Halting the Sri Lankan assault and winning vital improvements for the poor requires a united fight.

But only a movement that is prepared to challenge the discrimination of the state, and the culture of chauvinism that has been encouraged by it, is capable of winning this struggle.

Socialist Worker spoke to Shan, a refugee from the Tamil region now living here in Ireland:

What is life like for Tamil civilians trapped in the war zone in Sri Lanka?

Carnage, death, fear, agony, starvation, sleepless nights, sound of gun fire, shelling, bombing, screaming, crying, hunger, thirsty, mental

and physical unbearable torture.

What is the truth behind talk of 'safe zones'?

It is a killing field; a place for the revenge massacres and to fool the international community.

What type of discrimination do Tamil people suffer in Sri Lanka?

Discrimination is related to the political status, power arrangement, land allocation, input in the parliament, citizenship, official language implementation, education, employment, economic development, social development, cultural development, the use of Tamils in the armed forces, human rights and other spheres of life.

How is the media in the west presenting the conflict?

The media present the conflict as a war on terror instead of a Tamil Freedom Struggle.

They have been overlooking the crime of genocide, crimes against humanity, war crimes and the crimes against peace committed by the Sri Lankan government against the Tamils and assisting the government to commit more crimes and helping to deprive the legitimate rights of the Tamils.

What do most Tamil people think of the tigers?

80 million Tamils think that LTTE is the armed forces of the State of Tamil Eelam; they see them as freedom fighters, as a liberation movement of the Tamils, and as members and leaders of the de facto state of the Tamil Eelam.

What do you want to say to the people of Ireland about the conflict?

1.5m people have fled the country; 250,000 Tamils have been killed, several thousands injured; one million Tamils are internally displaced.

The Tamil freedom struggle has been forced on the Tamils.

We request the Irish public to put pressure on all the 166 TDs to support the Tamil Freedom Struggle and motivate the Minister for Foreign Affairs to take effective action through EU, UN and friendly countries resulting in a separate state or state within the island of Ceylon for the Tamils.

# Eircom: Vulture capital the expense of work

By RORY CONNOLLY

PETER LYNCH is a man who knows a thing or two about making loads of money. He was Eircom's Chief Financial Officer between 2000 and 2006 and he has been known to crow loudly about how he and his fellow executives pocketed "several million" euro a piece every time the company changed hands.

Lynch and his cronies must have made a fortune, since Eircom has changed hands four times since it was sold off to private investors by the Fianna Fail/PD coalition in 1999. And it could be on the point of changing owners yet again as a group of Australian venture capitalists are now bidding to take it over.



Peter Lynch Eircom's Chief Financial Officer between 2000 and 2006 has been known to crow loudly about how he and his fellow executives pocketed "several million" euro a piece every time the company changed hands.

When it was first floated on the stockmarket ten years ago, Eircom was valued at €8 billion, and was entirely debt-free. It provided what appeared to be secure, unionised jobs to 9,000 people, and was investing strongly in the creation of a modern telecommunications infrastructure, something Ireland desperately needed.

The price the Australian financiers are offering for Eircom today is a mere €95 million, or just over 1 per cent of what it was worth a decade ago. And today the company has debts of almost €4 billion, up from zero in 1999. The work force has been slashed to 7,000 and another 1,250 jobs are on the line.



Mary O'Rourke was in charge of flogging off the state owned telecommunications business. She told us - completely in line with government thinking of course - that private was good, public was bad.

And as for a modern telecommunications infrastructure - forget it! After 10 years in private hands, Eircom has managed to connect 23% of all households in the country to broadband. In South Korea, 93% of households now have broadband. Most of the countries that are considered Ireland's economic "competitors" would be close to the 80% mark.

And the government tells us our only hope for the future is to develop a "knowledge economy" with universal broadband at its core. What a joke!

So what's gone wrong and why? The answer, in a word, is CAPITALISM.

A few, like Peter Lynch, have made huge fortunes by putting together financial deals of mind-boggling complexity, all of which seem to have involved borrowing massive sums of money and little else, while the core industry has been starved of investment because it didn't promise big enough or fast enough profits to Eircom's insatiably greedy investors.

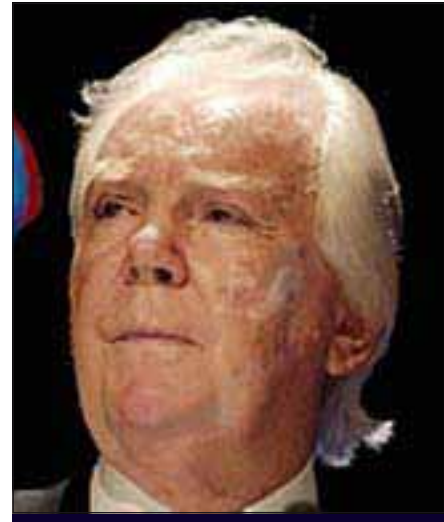
**Rewind to 1999.**

MARY O'ROURKE was in charge of flogging off the state owned telecommunications business. She told us - completely in line with government thinking of course - that *private was good, public was bad*. By letting "the market" call the shots, Eircom would become a super-efficient, ultra-dynamic, mega-productive enterprise, leading us all to a bright future.

Hundreds of thousands of small investors were suckered into believing they could make a killing by taking a flutter on Eircom shares. How wrong they were.

Instead of prospering, Eircom fell foul of one set of greedy owners after another, all intent on sucking as much out of the company as they could while putting as little as possible into it. They ran up huge debts and pocketed huge commissions, fees and bonuses for doing so.

Six months after floatation, KPN, the biggest institutional investor in Eircom, sold its shares, content with short-term gains. That seemed to set a pattern. Eircom's new private bosses were quick to start flogging off valuable assets, like their mobile phone network, Eircell, which they sold to Vodaphone for a lot less than it was worth. Yet they managed to pocket huge fees and commissions in the process.



By the end of 2001, the company was in such poor shape that Tony O'Reilly, in league with billionaire hedge fund operator, George Soros, bought it for €2.4 billion - a third of its 1999 value.



By the end of 2001, the company was in such poor shape that Tony O'Reilly, in league with billionaire hedge fund operator, George Soros, bought it for €2.4 billion - a third of its 1999 value. Small investors had no option but to sell their shares to O'Reilly for a fraction of what they had paid for them.

But Alfie Kane, the Eircom chief who presided over the company's decline, walked away with a €3m golden handshake. And investment bankers, Merrill Lynch, who advised Eircom in the deal, also pocketed €3m. "They came to meetings and gave some advice, but didn't do much else," joked finance director Peter Lynch.



Billionaire financier and Tony O'Reilly pal George Soros

As O'Reilly and Soros took Eircom off the stockmarket, their chief executive,



# Capitalists profit at Eircom's expense and the country



Philip Nolan, boasted, "we're investing less money." More assets, like Goden Pages, were flogged off; and 500 more jobs were slashed by outsourcing work, which was supported by union bosses.



**Philip Nolan: One headline said, "Nolan will make millions for meeting his performance targets"**

Profits soared by 40% and one headline said, "Nolan will make millions for meeting his performance targets". And so he did.

But in the end the company was lumbered with more debt as the investors repaid themselves, which meant, in effect, they got the company for next to nothing. And when they sold Eircom again on the stockmarket in March 2004 for just over €1bn, O'Reilly walked away €50m richer while Soros netted a cool €400m.

The buyers this time were mainly venture capitalists. "Investment banks, quite properly, love venture capitalists," quipped Peter Lynch. The only problem he noted was, "their view of the long term is the end of the month."

While Ireland's telecoms infrastructure

continued to stagnate under its new venture capitalist bloodsuckers, another bunch of corporate raiders was gathering.

In 2006, Australian investment fund, Babcock & Brown Capital, an offshoot of Babcock & Brown bank, snaffled up Eircom for a mere €190m. Miraculously, as Eircom declined in value, the fees and commissions earned by those involved kept on increasing.



**Alfie Kane, the Eircom chief who presided over the company's decline, walked away with a €3m golden handshake.**

As the Australians moved in, departing Eircom bosses, Nolan & Lynch, got €3.2m in golden handshakes while Aussie lawyer, Rob Topfer, who masterminded the takeover, pocketed a €6.5m bonus. But it was all smoke and mirrors.

The Australian deal, yet again, involved massively increasing Eircom's debts to compensate the new investors for their

trouble.

Eircom's pension fund had a €422m surplus when the Babcock crowd took over. Today it has a €422m deficit which means thousands of workers may never see their pensions. But last year Topfer was paid €7.34m and his mate, Australian Rex Comb, 'earned' over a million a year as Eircom chief executive.

And as for new investment, there was none. The Australian owners had promised to invest €267m in Eircom, but instead decided to use the money to buy back their own shares.



**Rob Topfer, who masterminded the takeover, pocketed a €6.5m bonus.**

Now, Topfer and Comb are trying to buy Eircom for themselves. The price they are offering, €95m, is half what their former employers at Babcock paid three years ago. And they don't propose investing a cent here either. This is yet another piece of slick financial wizardry that will see Topfer's gang milking Eircom for fees of €5m a year simply for renegotiating the company's massive debt, much of which they created in the first place.



**Australian Rex Comb, 'earned' over a million a year as Eircom chief executive.**

Eircom management have condemned the proposed takeover. But they are already engaged in trying to make the company more attractive to some other venture capitalists by demanding 1,250 job cuts and a 5% reduction in workers' pay.

And now Fine Gael - more pro-market even than Fianna Fail - are demanding that Eircom be taken back into state ownership. Not because they have wakened up to the grotesque greed of grubby capitalists but because they want to lumber the rest of us with their debts.

By all means, let us nationalise Eircom, but under workers' control, with its debt cancelled and those who robbed it held to account before a court.

Roll on the revolution!

## We are being lied to about the pirates

By AMANDA JONES

IN DECEMBER 2006, American military and security forces, and their Ethiopian proxies invaded Somalia in a 'regime change' operation to overthrow the first quasi-stable government Somalia had seen for 15 years; leading to one of the world's worst humanitarian disasters.

Reports followed of Americans bombing refugees and destroying villages in 'official' attempts to capture a handful of individuals allegedly linked to al Qaeda. In reality the destabilisation was an attempt to insure pro-western control of the vital Horn of Africa. However, well before the Ethiopian invasion in 2006, there was an application of the age-old Western policy of divide and conquer - deliberately fomenting violent conflict, whether Islamic, clan-based, factional, or criminal by nature, leading to a Civil War which ravaged the country since 1991.

In this time, its 9 million citizens have seen famine, drought, 14 failed governments, and the dubious honour of currently having the world's largest refugee camp. However, the horrors of war and lack of basic living conditions, which face Somalis every day; are being drowned out by the media portrayal of piracy dramas on the high seas. Also conveniently ignored are the initial motives which led to the pirates hijacking boats sailing in Somali waters - dumping of toxic-waste, illegal fishing and the continued environmental destruction off Somalia's coast.

Allegations of toxic-waste dumping and illegal fishing have been circulating since early 1990. However, it wasn't until the 2004 Tsunami hit northern Somalia that visual evidence became apparent. The UNEP reported the Tsunami washed up and smashed open containers of toxic-waste, admitting, "Somalia has been used as a cheap dumping ground for hazardous waste throughout their civil war. It costs as little as \$2.50 a tonne, whereas European waste disposals cost \$1000 a tonne. When the containers came ashore, containing many different types of waste - from uranium to heavy metals to medical waste - hundreds of residents became ill, suffering from skin, mouth and abdominal bleeding." People began to suffer from radiation sickness, and more than 300 died. And yet no one said anything. No one decried such a heinous crime.

Simultaneously, along the 3300km Somali coastline, but away from the dumping, other European ships are looting Somali waters of their greatest resource: seafood. More than \$300m worth of tuna, shrimp and lobster are stolen annually by vast trawlers illegally fishing in Somalia's

unprotected seas using outdated fishing techniques illegal in their own countries, consequently destroying the ecological balance and making environmental sustainability next to impossible.

The local fishermen have suddenly lost their livelihoods. Mohammed Hussein, a fisherman based 100km from Mogadishu said, "If nothing is done, there soon won't be any fish left in our waters."

The effects of Somalia's waters being poisoned are far-reaching, as ocean currents carry the radioactive waste worldwide and poisoning marine life. The fish we eat will be affected for years to come.

This is the context in which the men the world are calling 'pirates' has emerged. Ordinary Somali fishermen formed the Volunteer Coastguard of Somalia and took out speedboats to try and dissuade the dumpers and trawlers. A representative of the group, Sugule Ali, said, "We consider those who illegally fish and dump in our seas the actual sea bandits."

Obviously the issues in Somalia shouldn't advocate hostage taking, and some clearly are just opportunistic gangsters. Indeed, there have been reports that organised criminal syndicates are involved in the activities.

But the local "pirates" have the overwhelming support of the local population for a reason. Lack of governmental oversight, assistance and marine protection is a motivating factor in the presence of international ships. Technically, ships can do anything in Somali waters as there is no one to stop them. So, nations take this opportunity to dump their illegal waste, while telling their 'own' constituents they are becoming 'greener', whereas in reality they take advantage of vulnerable populations and poison millions.

If we really want to deal with piracy, then the root causes have to be explored before US and EU military ships armed with weapons and snipers are sent in.

Piracy itself is not the problem, it is merely a symptom of the true disease of international exploitation. It is a temporary solution to a lack of resources, resources that are unjustly usurped by others.

The Somalis recognise the hypocrisy that is fuelling international efforts and are unlikely to cease their activities so long as ample opportunities exist.

The story of the 2009 piracy war is best summarised by a pirate from the fourth century, who after being captured by Alexander the Great responded to what he meant by possession of the seas.

He said, "because I do it with a petty ship, I am called a robber, while you, who do it with a great fleet, are called an emperor."



## Teachers conferences show mood of anger



Anna O'Loughlin confronts Batt O'Keefe

ANNA O Loughlin, 26 year old school teacher and delegate to INTO Congress who tackled the Minister for Education at the INTO Congress over recent budget cuts spoke to *Socialist Worker*:

How has the recent budget affected you?

After savage pay cuts and levies, and the loss of Post of Responsibility due to the embargo introduced in the budget, I'm struggling to pay my mortgage, insurance and other bills.

Why did you confront the minister at the INTO conference?

He's the publicly elected representative that has been given responsibility for education in this country. As a public rep, he must hear what the people he is supposed to manage have to say with regard to their concerns about the education system. I had tried unsuccessfully to contact Brian Lenihan, as Minister for Finance, and Conor Lenihan, as my local TD in Tallaght, so it was time I got to speak to somebody in Government!

How can we stop the pay cuts and the cuts in education?

We need to get the people of this country back onto the streets of our towns and cities to fight together against this incompetent government and their continued efforts to fix the economy by bailing out the banks time and time again. We need a big push and a big fight - all workers in this country standing together for the same purpose - to protect essential services such as health and education and to stop the government's assault on our pay and pensions. A new government would be nice - Fianna Fail out, but don't let FG in either!!

### TUI calls for strike and end to talks

THE TEACHERS Union of Ireland (TUI) Congress unanimously passed the following emergency resolutions calling for industrial action on the pension levy and for ICTU to withdraw from the talks with the Government:

"In the wake of the emergency Budget, the education cuts, the Public Service Embargo, TUI calls on ICTU to leave the talks with government and build a campaign of resistance through industrial action. The motion called for a special congress of ICTU to discuss the crisis."

In the course of proposing the motion, Finbarr Geaney questioned the role of David Begg as a member of the board of the Central Bank while financial malpractice was rife in the banks.

"TUI will continue its campaign of industrial action against the pension levy and the public service embargo on the filling of posts and vacancies. Accordingly, this Congress determines that this union will oppose and will not be bound by any national agreement

entered into by ICTU which does not remove the Public Service Pension Levy and the Embargo on the filling of vacancies and promotional posts in Public Service and the cuts in Education provision."

While proposing the motion, Paddy Healy said that the Public Services Committee of ICTU had led public service workers to disaster after disaster over the years and called on its officer board (Peter McCloone, Dan Murphy and Matt Merrigan) to resign.

Widespread criticism and lack of confidence in ICTU leaders was expressed by delegates. President Don Ryan, in his opening address questioned whether the executive council of ICTU had the capacity or the will to solve the problems of teachers and Irish education.

Bat O'Keefe received a very hostile reception. Rounds of applause for a very strong speech by President Don Ryan regularly turned into demonstrations against the minister - shouts of "shame" and "tax O'Callaghan" were heard.

### INTO call for day of action to defend jobs

by **NIALL SMYTH** (INTO Dublin City North Branch)

THERE WAS a strong mood of anger among the delegates at the annual Congress of the Irish National Teachers Organisation (INTO).

Fear of a mass walkout by delegates during the Minister for Education's speech prompted the INTO leadership to hold a special discussion on the issue of a walkout. Some 50 delegates left the hall as the Minister took to the stage and a large section of the 700 delegates held up signs in protest at budget cuts and the pension levy.

Throughout the conference, the leadership spoke loudly of gangsters, casino capitalists, big business, developers, and of the sense of outrage over

the budget cuts and levies imposed by government.

However, this managed to mask the unwillingness of the INTO leadership to take any real action to force change on the issue of the pension levy and the budget cuts.

Motions were passed supporting industrial action in the form of non-cooperation/ work to rule, a motion calling for a directive to be issued to "direct members not to undertake additional duties where a post/acting post of responsibility is not fulfilled as a result of the embargo" and finally a motion instructing the INTO Executive to "formally propose within the ICTU the holding of a Day of Action to be held before the end of June to defend Public Services and jobs."

### Militancy return to ASTI

by **MARK WALSH**, Bray branch of the ASTI (personal capacity)

THE ASSOCIATION of Secondary Teachers of Ireland (ASTI) conference showed a revival of militancy inside the union. Despite attempts by the union leadership to stop delegates having a serious debate on the budget cuts and income levies, the conference passed a motion calling for the pension levy to be abolished and committing the ASTI to a number of specific actions, up to and including strike action.

The debate around the pension levy exposed the leadership. President elect Joe Moran put forward the ICTU position when he attempted to suggest that the ASTI wasn't opposed to the pension levy in principle. He was corrected by speaker after speaker who affirmed their absolute opposition to the pension levy in any form.

# Tesco workers vote to strike

## Company attacks basic living standards... then posts record profits

By **DOMINIC HEWSON**

TESCO WORKERS in Douglas, Cork have voted overwhelmingly in favour of industrial action. In a move highlighting the contradictory interests of management and employees, workers met at a Cork City hotel on Monday to defend their living standards, less than 24 hours before Tesco announced record breaking profits of over €3.5 billion. The meeting concluded with the 85 Mandate workers participating in a ballot and almost 90% voted for further action.

The dispute is about Tesco's plans to relocate to a new premises in Douglas and the company's refusal to honour

the contracts and conditions of current workers moving to the new store. Specifically, Tesco are trying to avoid maintaining the same conditions they established with workers who have been with the company since its buy out of Quinnsworth in 1996. These long-serving employees all received letters on Good Friday asking them to sign new devalued contracts by last Tuesday, or face redundancy.

Mandate's divisional organiser in Cork, Lorraine O'Brien, cited the threat to employees' living standards in the face of Tesco's pursuit of "ridiculous profit margins" as the main reason as to why "workers feel this is a fight worth fighting." Ms. O'Brien also warned that

this opportunistic attack on working conditions by Tesco "could be the start of something bigger" as the new economic climate will see multinationals try to squeeze workers as much as they possibly can. After all, as Tesco say, "every little helps."

In a typically brief, guarded and (in places, misleading) statement, Tesco denied they were trying to renege on previous agreements and claimed that the dispute only concerned seven members of staff. However some insight into Tesco management's way of thinking can be glimpsed from their claim that, "These issues relate to former roles not available in the new store and

historical overtime levels which are no longer appropriate in the new store."

Despite this pleading of poverty and the current economic climate, Tesco, the world's third largest retailer, have just announced record-breaking profits of €3.55 Billion, the highest ever for a British retail outlet.

While this struggle fought by Tesco workers is important in its own right, it is also symptomatic of the struggle facing workers as a whole.

This is a blatant, planned attack on basic living standards by a highly profitable company. It exposes any illusions that workers and bosses are in this recession together.

## Students occupy Government office



Picture: Paula Geraghty

By **JOHN CONNAUGHTON**

ON THURSDAY the 16th of April, 40 students protested at the Department of

Finance against the re-introduction of 3rd level fees and the increase in the registration fee by €600.

Twenty students managed

to get into the building and held a sit-in in the lobby.

The protest was organised by Free Education for Everyone (FEE), a

grassroots student-led organisation. The students were also protesting at the shocking attacks on young people in the budget.



Thirty taxi drivers, members of Taxi Drivers for Change, occupied the taxi regulator's office in Dublin to demand regulation of taxi licences. Over 200 taxi drivers packed into a mass meeting in the Transport Club in Crumlin, Dublin earlier the same day and agreed a campaign of protests for the next month.

Picture: Paula Geraghty



**VISTEON:**

# Fighting for every worker

by SEAN MITCHELL

THE OCCUPATION by Visteon workers in the Finaghy plant in Belfast which began on the 31st March is now approaching the one month mark.

KPMG – the plant’s administrators – are doing their utmost to bring the occupation to an end and force the workers out of the factory.

Last week a High Court case brought by KPMG attempted to convict the workers of trespassing. They are trying to evict the very people that made that plant operational for years.

As Socialist Worker goes to press, the case has been twice adjourned by the Judge. This should be seen as a victory and gives us a small window of opportunity to organize and spread support for the occupation and the fight to keep the Visteon workers’ jobs.

The attempt by KPMG to evict workers has not dampened the spirits. One worker, Donal Murphy, said: “We know the police may have to come in at some stage. But they will have to physically remove us. That means the police coming into west Belfast and trying to remove working class men from a local factory. It won’t look good. And we have the full support of the whole community.”

The workers have been building support in many different ways. They have built a platform where they wave at motorists on the motorway during rush hour. Even when no worker is there, the sound of tooting horns is ever present.

Many ordinary people have visited the factory to give food or supplies or just to show their support.

Jim Tobin, another worker in the plant told Socialist Worker that the support has been “tremendous.” He said, “The level of support has



Above and below: Visteon workers, their families and supporters at the trade union rally in Belfast

been a real eye-opener. It has been tremendous.

“Taxi drivers have come up and given £10 notes through the factory gates and local cafes have delivered bread and buns.”

Thousands of people have signed support petitions and solidarity messages have been pouring in from across the world. Hundreds of work-

ers joined a Rally in support of the Occupation at City Hall. Workers facing redundancy in Bombardier and FG Wilson were part of the crowd. At the rally, Visteon Convener, John Maguire, remarked that Ford was like a school bully, and that solidarity demonstrations were like calling on your big brother for help.

The workers have also been busy

spreading their protests. They have organized pickets of Ford showrooms and the KPMG offices and have visited many other workplaces.

Two weeks ago, Visteon made a derisory financial offer to the workers. The offer was rejected. For workers like Jim this isn’t a fight for a lump sum but a fight for jobs.

“The people are resilient and de-

termined. Determined to fight to keep the plant open. People have put money in the pension fund for 40 years and then they are told that they don’t have a pension.”

“If multi national companies see Visteon sacking workers without any fight back then they will think that they can get away with it everywhere.”

## Dubious practices behind the closure of Visteon UK

**Simon Basketter exposes the dubious practices and corporate scams behind the closure of Visteon UK plants**

OUTSOURCING IS the business model that human resource managers love. It is what lies behind the sacking of around 600 workers at the Visteon car components company, which is a supplier to Ford, and countless other companies.

Outsourcing enables the bosses to cut hours, wages and jobs while holding onto profits. It even enables them to run companies into the ground while still making money.

Outsourcing has a simple logic. To cut costs, companies strip out functions and hawk these out to other firms. These then compete to offer the lowest cost on the basis of squeezing workers even harder than the core employer.

At the same time, outsourcing hides the true nature of companies and how much they are worth.

One business analyst described the process of Ford’s outsourcing programme like this:

“Outsourcing reduces costs both in the near term as well as in the long-term.

“In the near term, the company is not constrained to continue to use costly in-house manpower. Also, it becomes possible to arrive at bargained negotiated prices while dictating quality norms.

“In the long-term, the company avoids pension, healthcare and other employee longevity related costs.

“The company also saves on the costs of obsolescence of facilities, which are no longer required.”

The other advantage of outsourcing is the multinationals’ accounting trick of “transfer pricing.”

As the analysis of Ford puts it, “From the tax and cash flow angle the company saves on transfer pricing related

tax outflows – taxes levied on income, manufacture and sales.

“All the planning and ingenuity which goes into financial engineering in these areas gets saved.

“These time and cost resources can be productively used for other processes.”

More simply, the company can move money around the world from company to company, so paying as little tax as possible.

Profits are declared in the countries with the lowest tax rates and debts are declared elsewhere. Most multinational corporations do this to avoid tax.

By increasing the number of companies, more money can be moved around and the more difficult it becomes to see what the actual value of a company is.

The drive towards outsourcing originates with the success of the Walmart supermarket chain in the US. Walmart grew by undercutting its competitors as it bought its goods from suppliers in the Third World that it wholly or partly-owned.

The motor industry took note and developed outsourcing to an art form. General Motors spun off a company called Delphi in 1999 and Ford created Visteon in 1997, which was then outsourced in 2000.

This had two immediate benefits for Ford. First, it moved its debts into other companies.

Further, it meant that the outsourced company was supposed to compete in order to get contracts. This drove down costs.

In 2005, Ford launched its “Way Forward” plan, which pushed outsourcing into overdrive.

The company announced that its spin-off companies would have to charge what it called the “China price” – the cost of buying the product in China – if they wished to keep contracts.

The “Way Forward” plan says,



“Improved quality will be achieved, in part, through the ‘Aligned Business Framework’ agreements with select strategic suppliers.

“The agreements are designed to strengthen collaboration and create a more sustainable business model for both Ford and its key suppliers to improve

mutual profitability.”

This translated into more outsourcing and more cost cutting. One Ford manager described how this worked: “It’s a challenge. Sometimes, one supplier wants to do things differently – such as pay their workers more – but we lean on the supplier.”

**Get your**

**copy of**

**Socialist Worker**  
**every fortnight**



Six month subscription €15/£10stg

Name \_\_\_\_\_

Address \_\_\_\_\_

Tel \_\_\_\_\_

Email \_\_\_\_\_

I would like to receive \_\_\_\_\_ copies of Socialist Worker each issue

Return to PO Box 1648, Dublin 8, with a cheque/postal order or a bank lodgement receipt. Bank Details: Socialist Workers Movement, AIB, 37/38 Upper O Connell St, Dublin 1. Account No: 85173469. Sort code: 93-11-36



# Socialist Worker

## Fight for every job

Workers in Northern Ireland have been under savage attack over the last number of months. Thousands of jobs have gone in Bombardier, Calcast in Derry, Wrights in Newtonabbey and FG Wilson. The number of people seeking job seekers allowance has increased by 1,900 in March and 20,200 over the past 12 months.



By SEAN MITCHELL

RESEARCH BY the charity, Credit Action, found that debt level per household in Northern Ireland currently stands at £1,600.

By any measure this is a serious crisis. Alistair Darling has suggested that the recession will be deeper than expected.

However at the moment, it is working people who are being asked to pay for it. Alistair Darling's recent budget was about intervening into the economy to help the rich, not the poor.

The huge number of job losses causing so much hardship is not seen as "signifi-

cant" enough market failure to warrant intervention. Instead, government ministers play up the most optimistic economic forecasts, suggesting that it will all be over in a year or two and arguing that we need to simply tighten our belts and wait for better times.

The big winners have been the banks. The IMF estimates that the bank bailouts amount to £135 billion of public funds, and the government is still setting aside money for further bailouts.

Darling has said that everyone must pay for the recession.

He even made a token gesture by slightly increasing tax on those who earn over

£100,000 per year. However, in general, the rich are doing very well, despite the economic downturn.

The net worth of the 1000 richest people in the UK actually increased over the last year, by £52 billion.

Why can't the billions used to bail out the banks be used to bail out workers and their families?

The bankers have been given billions, the bosses are given bonuses, but workers are getting nothing.

In the North, Politicians have not been much better.

The Assembly has not dedicated anywhere near as much time or energy to

saving jobs as they did in trying to court top US business people just a year ago. Alistair Darling's budget spelt out future cuts in the North.

The Assembly has since its inception agreed with him that the Public Sector is "too big." It's clear that serious attacks are on the way.

The only alternative is to fight for jobs. We need to defend the Visteon workers but we should also follow their example.

The lesson is clear: the only way of saving jobs is to fight. Whenever we are faced with cuts or job losses our reply should be "Do a Visteon!" This is a phrase that should be in the vocabulary of every worker.