



**Crisis in the "Tiger"?**

# **BUILDING THE SOCIALIST PARTY**

**Statement on southern Ireland**

**Socialist Party Conference '99**

**22nd to 25th October**

**Prince of Wales Hotel, Athlone**

## Introduction

1. This statement will attempt to deal with the main developments in southern society over the last year. There will also be statements on trade union and youth perspectives and tasks. All should be read in conjunction with each other.
2. The discussion at this year's conference is one of the most important in the history of the party in the south. It is taking place amid indications on the one hand of a growing offensive movement of workers on pay as well as signs that we are witnessing the beginning of the end of the 'Celtic Tiger'.
3. These developments will dramatically change the political situation over the next period. Along the way there can be ebbs and flows. For instance, the first nurses' strike in the history of the state is due to take place on October 19th. While it seems very unlikely, it couldn't be ruled out that something could happen at the last minute to suspend the action. However, given the breadth of unrest and the depth of anger that exists, a suspension of the nurses' action won't itself cut across the real possibility of a more generalised movement of workers developing over the next year.
4. In fact the party should be prepared that dramatic changes can erupt immediately. The political establishment, a little drunk on the highs of the boom, has sleep walked into major difficulties. They mistakenly thought the nurses would accept the deal they offered. Now they face a very significant dispute. They are digging in but there is a strong mood among the nurses bolstered by a lot of public support. In these conditions the Government could bare the brunt of the responsibility for the crisis in the health service and be forced to concede a victory to the nurses. The industrial situation would then be likely to change immediately and dramatically, with a weakened government facing serious battles with many different sections of workers over pay. This is developing at the same time as their tribunals and inquiries into corruption were initiated to try to calm public opinion but the findings are having the opposite affect.
5. Members should not underestimate the significance and impact of the Ansbacher revelations. This is not just another scandal that will go over the heads of a public already weary of tales of corruption. It comes at a terrible time for the government and undermines the establishment's ability to wage an ideological offensive to dampen down workers' expectations. More than any other scandal it has illuminated not just the corruption of a few "bad apples" but a systematic corruption within the whole capitalist system in Ireland and has added a real edge to public anger.
6. At the same time that we are facing into a new period of radicalisation, we also need to register that there has been a qualitative change in how our party is seen by a key section of activists and youth. More and more people are concluding that there is a real prospect that a new development on the left is taking shape around the Socialist Party.
7. The NEC believes that there is not enough understanding in the party of the real potential that exists. That is why our conference discussion is so important.
8. Doubling, trebling and quadrupling our size and influence over the next two to three years is entirely possible. The idea that growth will inevitably be slow, in just ones and twos needs to be challenged. In the context of a good discussion on perspectives the party and every member needs to completely review our approach to recruitment and building. The key task of the conference is to help establish better attitudes on these issues, a clear understanding of our priorities, how we propose to achieve them and crucially the role that each member can play.

## The delay in the international recession

9. The economic and political fortunes of different countries are more interlinked than ever before.

- While Ireland has its own peculiarities, its size and the open nature of the economy means that ● developments internationally tend to have a direct and rapid impact.
- 10. Last year we raised the prospect that the economic crash which had emerged in South East Asia ● and spread to Latin America and Russia would relatively quickly develop into a world-wide recession ● or slump and that a collapse of the "Celtic Tiger" would be inevitable in that context.
- 11. Currently between 40-50% of the world economy is racked by economic recession and slump, ● some countries suffering a collapse worse than the US in the 1930's. However, so far, Europe has ● avoided a recession, there is a pick up in Japan and other Asian countries and the boom in the US ● is continuing at a brisk pace which has played the key role in keeping the overall world economy ● afloat.
- 12. Things haven't happened as quickly as we thought but our perspective for an international crisis, ● possibly worse than anything in sixty years, we believe is still correct. The problem is one of ● timing - when will it happen?
- 13. Our perspective has been delayed primarily because the boom in the US has been prolonged due ● to a massive flow of capital from the crisis-ridden areas into the US. The Dow Jones shares price ● index soared to a record high, nearly hitting 11,000 points in the course of the last year.
- 14. Large numbers of American workers hold shares. It is estimated that as much as 25% of house- ● hold wealth in the US is accounted for by shares. In two and a half years between 1997 and 1999, ● share prices doubled, which gave an additional \$6,000 billion to American consumers. Likewise ● this year's surge in investment and growth in share prices further pushed along consumer demand ● and growth. However, this growth in share prices is unsustainable, it is out of sync with real devel- ● opments in the economy. Shares are overvalued by between 30-50%. It is inevitable that they will ● fall and when they do those corporations and individuals who spent or borrowed on the strength of ● a false share price will face massive indebtedness.
- 15. It is not a question of if but when will the bubble in share prices burst? It's impossible to say ● accurately. Many factors could trigger it. In terms of the real economy, the US is suffering from an ● influx of cheap imports. The figures for July showed a record monthly trade deficit of \$25.18 bil- ● lion. It's not only a problem with cheap Asian imports. The gap in trade with Western Europe ● surged by 38% and 28% with Canada in July. This decline in domestic market share for American ● corporations and profitability will cut across growth and employment.
- 16. These factors, a vastly overvalued stock market and competitive problems in the domestic mar- ● ket, are interconnected. Having been in boom for more than eight years, having already over- ● stretched itself, it is only a matter of time before the US economy falters. The bubble nature of the ● US economy and the extension of credit / indebtedness means a soft landing is very unlikely. The ● longer the boom is maintained by artificial means, the harder the fall. We cannot say exactly when ● this will happen, it could be a year or so or it could be weeks!
- 17. In a sober moment the Economist this September stated "America's economy looks horribly ● bubble-like. A drop in share prices this week, as central bankers and finance ministers gathered for ● the annual meetings of the IMF and World Bank, was a timely reminder that a collapse on Wall ● Street remains the biggest threat to the world economy."
- 18. The pick up of the economy in Europe and Asia is very sluggish. The IMF stated in September ● that GDP growth in the Euro zone would be 2.1%, down from 2.8% last year. A crisis in the US ● would pull these economies down with it, creating a generalised crisis for capitalism international- ● ly.
- 19. While the US economy is crucial to international developments, it would be wrong to think its ● demise is the only way an international recession will develop. There are many weak links. A spate ● of competitive currency devaluations or a defaulting on debt repayments in the likes of Latin ● America could be enough to provoke such a crisis.

## Prospects for the "Celtic Tiger"

20. The Celtic Tiger boom would end in the context of a generalised international crisis. Whether it can last until then is open to question. There are serious indications that real economic problems are emerging. On top of that there is the potential for a dramatic change in the political and social situation, which could also damage the boom.

21. As was explained in last year's statement the boom was created by a combination of economic, political and social factors. Initially the boom was based on foreign investment and exports, but in the last few years it has shifted to growth in the domestic economy and consumer spending. However, there are indications that the bubble aspects of the economy are increasing rapidly. Savings are at an all time low. Spending is becoming more and more based on borrowings. The financial institutions lent £1.262 billion for homes in the second quarter of 1999, up from £999 million in the first. One estimate says borrowings are increasing by 25% a year. House prices are continuing to rise by between 20-25% per year approximately. This is just one example of asset price inflation.

22. Reflecting on these developments, a number of economists, mainly based in Britain, have put forward the idea that investment in Ireland is unwise and that the economy was likely to go bust like some of the Asian countries or Britain in the late 1980's.

23. Combined with increased competition in the Irish banking sector, these forecasts have been responsible for the huge fall in share prices of Irish banks and newly privatised Eircom. £7.8 billion has been wiped off the value of Irish banks and Eircom shares are now trading below their floatation level. Speculation has been raised that some smaller institutions like EBS or Nationwide may be forced out in a competitive "shake out".

24. Despite the massive overvaluing of houses, it is not the most likely prospect that a crisis in Ireland will start with a collapse of property prices as in Britain in the late 1980's. In Britain, the property crisis and growth of negative equity (where your borrowings are worth more than your assets) was precipitated by a massive rise in mortgage interest rates from 7% to 15% in a very short space of time.

25. This massively increased indebtedness, repayments and defaults resulted in the property market collapse and a credit crunch developed. Irish interest rates, now decided by the European Central Bank, will probably increase over the next year and a half but are unlikely to increase in such a dramatic fashion, unless the Euro or punt faced a severe crisis. It is more likely that the housing market will hit a crisis as a result of problems emerging in the overall economy. A collapse of the bubble aspects of the economy would in turn re-impact on the real economy. Confidence would be hit. With credit cut across, Ireland would be pushed in to a recession or slump.

26. The economy is under real stress from overheating. This is when growth in demand cannot be met by supply and growth is therefore curbed.

27. There is now a shortage of not just skilled but unskilled labour. Demographic factors mean the number of school / university leavers is tending to decrease. The rate of growth in immigration is declining; a key factor being that people can't afford decent accommodation. The transport and general infrastructure system is inefficient and gridlocked. It is very hard to see a solution to these supply side factors. In fact one complicates the other. It is very difficult to resolve chronic problems of infrastructure if there's a shortage of labour.

28. The strong point of the boom previously - exports - is beginning to be undermined. Economists are pointing out that there is a decline in the growth of exports and an increase in the growth of imports. This flows from increased competition from cheaper goods from the likes of Asia and a



the Stalinist regimes was a major boost to the capitalist powers. Since then they moved in a more naked and brutal fashion to intensify the exploitation of the working class internationally. The shift to finance capitalism and speculation continued. Neo-liberal policies, including massive programmes of privatisations, rationalisations, job losses, and cuts in wages and attacks on workers' rights were enforced internationally. The IMF and the World Bank also dictated severe debt repayment commitments on many countries. Through this neo-liberal offensive profits soared while ordinary people paid a very heavy economic and social price.

37. A key factor which assisted these attacks was the decisive shift to the right of the traditional workers organisations, the Labour /Social Democratic parties and in the leaderships of the trade unions. As we discussed several years ago, in general these 'left' parties have ceased to be workers' organisations in any sense and have acted as a cover and agent of capitalism in its offensive. This is particularly seen in Europe where these parties are in power in eleven countries.

38. There have been a number of setbacks and defeats for workers over the last years. However the defeats have not been on the same scale as those suffered in the 1930s where workers' organisations were smashed in many countries. In reality the attacks of capitalism have created an extremely unstable situation internationally.

39. Competition and rivalry amongst the capitalist powers is increasing as the situation in India and Pakistan shows. The economic catastrophe that has visited many regions has helped unearth national and ethnic tensions, which the major powers can't control, most recently seen in the Balkans. The basis is being laid for major upheavals of the working class who will be forced to defend their basic conditions of life.

40. An indication of what the future can hold was given by the militant and generalised struggles that gripped France between 1995 and 1997 and in particular the unfolding revolution which brought down the Shuarto dictatorship in Indonesia. Part of the process of the re-development of the workers' movement is the question of how the political vacuum can be filled with the development of new mass workers parties internationally. This will take some time, as workers will need to experience the sell-out of the old 'left' parties. The need for new parties will be a conclusion that will flow concretely from the living class battles that will emerge. The serious reverses suffered in recent elections by the SPD in Germany shows how rapidly illusions and loyalties can change.

41. It would be wrong to suggest that left wing forces will automatically fill the political vacuum that exists in most countries. Nationalist, racist and even fascist parties can tap into the alienation and disgust that the middle class and even sections of the working class feel. The recent rise of Haider's Freedom Party in Austria illustrate this point. However, the vacuum exists because of the sell-out of the old workers' parties and in general can be best filled by new left forces. With the development of struggles and political consciousness right-wing or racist can be exposed and forced back as in France.

42. The recent European elections illustrated the potential for new formations. In Italy the RC won 4% of the vote. The PDS made significant gains in Germany. The Lutte Ouvriere / LCR slate in France got 5% and won five seats. The Scottish Socialist Party got 4%, up from 2% in the assembly elections only a month earlier. By comparison our vote in Dublin of just under 4%, given our lack of resources and our concentration on the locals was a very credible performance.

43. Most of the above parties originated from splits in the old communist parties and would have done much better if they were not hampered by their reformist programme and outlook. For instance in Spain the United Left (IU) which was formed in the 1980's and grew in opposition to the sell-out of PSOE, had a collapse in support in recent European and local elections. They lost 1,200 council positions when their vote dropped from 11.7% in 1995 to 6.5% because they turned to the right and wanted instead to work with PSOE.

44. If these parties are to grow and fill the political vacuum they must avoid such political mistakes

and be based on the fresher layers of workers and youth who are coming into struggle. However, the key point to make from looking at the international situation is that enormous potential is opening up for our International to grow, not only in terms of an electoral base but in members and influence over the next years as the tempo in the class struggle quickens. The same processes are at play in Southern Ireland but with some important differences.

## The result of this June's elections

45. The overall result in the European and local elections left the established parties in more or less the same position they were in already. Given the spate of corruption scandals, the Fianna Fail/PD Government was happy with the result. Fianna Fail got 39% in the locals and actually increased its number of council seats. The PDs wisely for them didn't contest the European elections and returned with 27 council seats, down three on their 1991 result. They remain in a very tenuous position, hovering on the brink of extinction in a similar position to DL before they collapsed into the Labour Party. The result and the shifting of positions around David Byrne's appointment to Europe, which gave the PDs the Attorney General's position has stabilised relations between the government parties and the government itself for the last few months.

46. However new factors are emerging that can threaten this situation. Will the Ansbacher scandal destabilise the Government? The Government could be completely undermined by a victory for the nurses and could force an election even as early as next Spring.

47. Fine Gael got 27% in the locals, which is in or around what they have been getting for the last ten years. They are now the third biggest party in Dublin, behind Labour. Labour fared the worst of all the main parties. Contesting an election with Quinn as leader for the first time, their vote of 10.5% after the merger with Democratic Left is no higher than the 1997 general election. The number of council seats won was a full 25% down on what Labour and the Workers Party won in 1991.

48. The actual result contrasted sharply with the anger on the doorsteps directed against Fianna Fail because of the revelations of corruption. We could have expected a particularly low turnout but that didn't materialise, although there is no doubt that many people are increasingly disgusted with what passes for party politics in this country. The continuation of the boom and the increase in disposable income from interest rate cuts for some helped, come polling day, to soften people's anger. That combined with the fact that there was no real national alternative to vote for, is the only way to explain the "as you were" outcome of these elections. The results and prospects for Labour, Sinn Fein and the Socialist Party will be dealt with later.

49. These elections were a snap shot of peoples' opinions on a particular day and things have already moved on. There is an underlying yet deep mood of disenchantment with how Irish society is run which is set to come to the fore over the next period.

50. In overall terms the boom in the Irish economy has not fundamentally strengthened the capitalist establishment. In fact it has been undermined. In many ways serious divisions and polarisation have opened up as a consequence of the massive growth in economic and social inequality.

51. That none of the fundamental problems for working class people has been resolved is illustrated by the following figures. Despite the boom overall government expenditure is 25% less than the EU average. As a percentage of GNP, spending on the crucial area of primary education is 27% lower than in 1988. 30% of the population are still dependent on social welfare payments. 25% of jobs created during the boom are low paid - earning less than £10,000 per annum. Of huge significance is the fact that owning a house is out of the reach of many workers. In the advanced capitalist countries Ireland is second worst in terms of wealth distribution and polarisation between rich and poor. An estimated 15% of the population live in extreme poverty. Between 1987 and 1997 corporate profits rose by 267% while wages rose by 104% (this increase in wages was spread over a large number of workers as the labour force expanded). Taxes remain high on most workers but have

been significantly reduced in budget after budget for the rich.

52. These are the figures behind the frustration and anger that exists broadly amongst the working class. It has created a cynicism amongst some sections regarding any possibility for change. However, there is a widespread openness to the stand that our party is making and a lot of support for the idea of struggle and that working class people deserve a better deal.

53. As in other countries the workers' movement has been set back by the capitulation of the Labour Party and trade union leaderships.

54. But in Ireland compared to most other European countries the movement and class-consciousness has not been thrown back to anything like the same degree. This is reflected in relatively high rates of union organisation, particularly in the public service. Most importantly, the boom has also strengthened the specific weight and size of the working class considerably to a work force of over 1.6 million today. This means many workers have not directly experienced setbacks and defeats and as a result have fresher attitudes. The boom has also helped redevelop a confidence amongst a large number of workers that gains can be achieved and is shown by the potential for a number of disputes on the issue of pay.

55. On the other hand there is a growing political and social crisis from a capitalist point of view. The decline in the standing of the church, which played an important role in backing and legitimising the state, is continuing. The recent reviews of the Pope's visit in 1979 and what has happened since then illustrates this very well.

56. Notwithstanding Fianna Fail's performance in the recent elections, the process of the decline of the two main capitalist parties, which started in the early 1980's has speeded up. Fianna Fail, the main party of Irish capitalism since the 1930s, are forced now to rely on other parties, independents but particularly the trade union leadership in order to sustain political stability. Even with that, the average life spans of recent governments have been two to two and a half years.

57. On top of this the impact that the DIRT / Ansbacher scandal can have should not be underestimated. In a more direct way than ever before the capitalist class and important institutions like the banks have been exposed as corrupt. The conscious attempts by the establishment to develop a broad affinity with the idea and practice of capitalism and through that improve their own standing, by the likes of privatisations and share ownership, has been more than offset by this scandal.

58. It is possible that when the names of the Ansbacher depositors are released it may include some leading politicians. This would have very serious ramifications for perspectives for the government and even the future of Fianna Fail and Fine Gael. However, it is also a distinct possibility that the current crop of senior politicians, particularly in Fianna Fail, may have freed themselves from the web of overt corruption. Given the seriousness of the situation now, the capitalist class is likely to close ranks behind Fianna Fail as the key force for stability, while still leaning on the leaders of the Labour Party and trade unions. Scandals will remain a feature of Irish society but the idea that was raised last year in our perspectives document about the possible collapse of Fianna Fail, will be resisted at all costs by the establishment.

59. There are at the same time very important political dimensions to these scandals. For example, how will the Government and judicial system respond when the guilty are identified? Serious questions will be posed. Will other similar accounts be discovered? If they take a soft position, out of sync with the public mood, they would face a huge backlash. On the other hand, there are indications that they publicly will take a hard line with the possibility that some big business figures would be prosecuted and face prison.

60. Such developments would have a big impact on political consciousness. It can help the development of an explicitly anti-capitalist mood which combined with struggles, can see the beginnings of a new left / socialist consciousness over the next years.

61. The prospects for the Fianna Fail / PD minority government are therefore conditional, dependent on industrial developments, the Ansbacher scandals and the economic situation.
62. They will try to hold the line on pay and spending but given the overall climate this will be very difficult. We need to be somewhat open about how exactly the industrial situation will work itself out. However, concessions forced upon the government would potentially see them besieged by many different sections of workers. A new social partnership deal is made more difficult by recent developments. Even if one is signed, it will not be able to play the same role in cutting across struggles as previous ones did. A series of major disputes would make this government a lame duck administration and provoke an election sooner rather than later.
63. Any new election is unlikely to see an overall majority for any of the "blocs" that currently exist. While there may be some pressure for Fianna Fail and Fine Gael to come to some arrangement, it is likely that once again Labour will be the playmaker in forming a government. They would be prepared to form a government with Fine Gael, the Greens and perhaps some independents or, if that wasn't an option, with Fianna Fail. Sinn Fein want to be in power but what involvement they will have depends primarily on developments in the North.

## Local elections and the political vacuum

64. Despite the limited breakthrough for Sinn Fein in the June elections, no party has yet emerged which can fill the political vacuum in the medium term. It will take significant developments in the class struggle, over a period of years, to create the forces that can lead to the creation of a new mass workers party.
65. If a serious campaign emerges involving important sections of the unions against social partnership, it could perhaps open up a more long-term fundamental division in the unions. This could be reflected at some stage in a left/right political divide. Even in such a scenario it would like take a period of years.
66. On the other hand the recent elections do confirm the potential for small parties and independents to make limited but important electoral gains at this stage.

## Prospects for Labour

67. While not as dramatic as their reverses in 1997, it is very significant that, despite being in opposition, Labour's vote in June continued to decline. As we expected Quinn's elevation to being the leader, instead of having a positive impact, further consolidated the perception of Labour as a right-wing capitalist party.
68. Despite their attempts to portray it as an historic re-alignment of the left, the merger of DL into Labour created no enthusiasm whatsoever. Tensions may have intensified inside Labour as a result but they do not flow from a conflict between more left-wing DL types and the Labour establishment. It is a jockeying for positions and careers.
69. There is no left-wing current inside Labour. There may be a few individuals here and there but this is not significant. The fact that a couple of individuals have approached the Socialist Party for discussions actually confirms that there is no prospect of a re-development of a left-wing inside this party.
70. While they still hold on to some of their traditional base, to most people, particularly the more active and political layers, they are seen to be part of the discredited political establishment.

71. If after the next election Labour remained outside the Government they would be able to hold a certain base particularly in the absence of any serious alternative nationally. However, even in that scenario, Labour would remain an openly pro-capitalist party and would not benefit from an influx of new members based on a radicalisation in Irish society. These forces are much more likely to seek out a new party or other formation.

72. If, as is more likely, they do go into government, in the context of struggles and a radicalisation, they would face a dramatic decline, even affecting their traditional strongholds. Labour is not a factor when considering what force can fill the political vacuum.

## The Greens

73. The Greens held on to their MEP seats in Dublin and Leinster showing that there is a basis for small parties to build on gains already achieved. The fact that they suffered reverses in the locals, however, confirms our perspective that this party will not play a significant role in filling the vacuum on the left.

## The development and limitations of Sinn Fein

74. Sinn Fein did well in these elections. They won 6% of the vote in The Euros, doing well especially in Dublin and Leinster. While their vote only increased from 2.9% to 3.5% in the locals, they have made an important breakthrough in a number of areas, but particularly in Dublin.

75. Their vote and council seats in Cabra, Finglas and in Tallaght Central indicate that they have been able to move beyond their traditional base, either in the more rural or border regions as a nationalist party, or in the most marginalised, and ghettoised working class communities. This is a very different situation to the vote they won around the H-blocks issue and were unable to retain when that issue died down in the 1980s.

76. The cease-fires and the "peace process" are the key factors in opening up the possibility for them to win a wider working class support. Areas like Finglas, Cabra and Tallaght are part of the traditional belt of Dublin working class areas that made up the Labour base and then to a lesser degree that of the Workers Party. This is a tradition going back to the 1940s in some areas. We have to note it as a complication for the development of class politics and to some degree the development of our forces in these areas in the short to medium term. The publicity about the "disappeared" victims of the IRA did have an impact, but their candidates are seen as community activists, and their vote was not as affected as we anticipated.

77. It does not mean that Sinn Fein can repeat the experience of West Belfast and other Catholic areas in the North. They may attempt to do so, using the same methods to try and carve out virtual one party ghetto states, but conditions in the South are different. The nationalist consciousness among a broad stratum of the working class and the youth that has developed in the North since the 1980s does not exist. There isn't a divided working class and the "siege" mentality that this has created in both communities.

78. We have to be quite clear that their ability to fill the vacuum on the left is extremely limited. They are not a workers' or left party. They are a petty bourgeois nationalist force, who are partially seen as an anti-establishment party.

79. If the "peace process" collapsed it is unlikely that the cease-fires would automatically break particularly in the short term. But if they did break down and there is a return to armed struggle in the North, this would not be like the last 30 years. Events could quickly move in one or two directions, either a mass movement by the working class to stop a "Balkans" nightmare (a key factor in

the original development of the "peace process"), or the escalation of the struggle into a civil war. In the latter scenario, which we cannot rule out, there would be an explosion of nationalist sentiment in the South, giving Sinn Fein a base, not in filling the vacuum on the left, but reflecting a shift to the right. This is not the most likely perspective. Despite the increased polarisation and sectarianism and the increasing exposure of the "Agreement" as no agreement on anything, the underlying mood is opposed to an out and out conflict.

80. The factors which propelled the republican leadership into looking for a new strategy still apply, and will have been strengthened by their electoral successes North and South. The belief that this can provide an alternative route to a united Ireland after the failure of the armed struggle will be stronger in their minds. There is huge contradiction between the Sinn Fein leadership's, and their newly elected councillors', drive to become a part of the governing establishment and their presentation of themselves on the ground as a radical anti establishment party. We don't know if there will be a deal on decommissioning and the forming of an executive. But if there is, their positions on class questions will tend to be exposed when they take ministerial responsibilities.

81. In the south they have already signalled their intentions in a pact with Fianna Fail to control Sligo County Council. Other pacts could follow, including one on Dublin City Council. After the next election the most likely perspective is that Labour will hold the balance of power, and form a coalitions with either Fianna Fail or Fine Gael. However, it cannot be ruled out that Sinn Fein and independents will hold this position. There is not much doubt that in this situation the Sinn Fein leadership would be open to support or even joining a Fianna Fail-led government.

82. Obviously such a development depends on events in the North. A key point would be some form of agreement on decommissioning. The possibility of being in government is a new factor, which the Sinn Fein leadership can use to argue for decommissioning. If this happened, and Sinn Fein was in the executive in the North for a period, then events could move quite quickly.

83. It would be a major prize for the bourgeois to take Sinn Fein into the political establishment and neutralise them. In the conditions now existing in the south, they would be even more brutally and quickly exposed in the eyes of those workers who have voted for them.

84. Even if the Agreement breaks down, Sinn Fein will most likely win more seats in the next Dail. They will easily hold their seat in Monaghan. They could win seats in Kerry and Sligo, and look sure to win at least one in Dublin. This is most likely in Dublin South West (Tallaght), and possibly in Dublin North West (Finglas).

## **Socialist Workers Party**

85. We dealt with the nature and prospects for the Socialist Workers Party in last year's document. While there is no prospect that this party can in any way begin to fill the political vacuum, they still remain a complicating factor to our work in some areas.

86. This is particularly the case in the colleges and they also retain the potential to move quickly on issues, like the war in the Balkans, where they can bring in some new forces. We need to address these questions, particularly in our youth work, which will be dealt with in a separate statement.

87. However the most important point to register this year regarding the SWP is the serious problems that confront that party. They have lost a lot of the recruitment momentum and energy of a few years ago. The development and successes of our own party is a factor in this.

88. Seeing our successes, they followed us into the electoral arena. Their performance in June was disastrous even compared to their own results in the 1997 general election. Their seven candidates

in Dublin and Waterford got less than 1,000 between them. While they undoubtedly tried to diminish the importance of these results and moved on quickly to get a few recruits from their phantom housing campaign, these reverses must have had some impact.

89. The pamphlet we have produced, *The Struggle for Socialism Today*, is a devastating critique of their policies and methods and is being read by some of their members. While we need to be careful not to be seen by genuine people to be involved in a sectarian mud-slinging match, we must take a firmer stand against the ideas and antics of the SWP where we come across them.

90. This is definitely the case in the unions which they seem to be have prioritised for particular attention. Again here they can be a complicating factor but we should be clear that this is precisely the type of environment where their sectarianism will turn off workers who are serious about fighting on the issues or indeed who are serious about left-wing politics. They will prove incapable of making significant gains in the unions. Our members as well as providing a serious alternative to the bureaucracy will increasingly have to distance themselves from their antics.

91. It is a feature of sectarian groups and certainly of the SWP in Ireland that paradoxically they can grow in circumstances when the workers' movement is relatively inactive. But when the movement re-develops, the inability of such groups to connect with ordinary workers or use a transitional approach, inevitably means they are by-passed by developments and tend towards internal crisis. We should make sure that some of the more genuine members of the SWP get our pamphlet and see if they can be affected in a positive way.

## **Other parties and groups**

92. The local elections were also significant in what they indicated about the Workers Party and Communist Party. In Waterford where the Workers Party got three councillors elected there have since been resignations of some of their best people. However the loss of their long held council positions in Dublin and Cork is a mortal blow to the Workers Party from which they will not recover. The fact that for the first time in its history the Communist Party did not stand in any form indicates that even that party's own members do not believe in its viability as an independent active force.

## **The political vacuum and the emergence of the Socialist Party**

93. Last year we stated that there was no reason to place any false limits on how much the Socialist Party could grow and develop. We concluded that the best way we could seriously intervene into any new mass left formation that developed in the future was to concentrate on building our own party now through our work in elections, the youth and in the unions.

## **The June elections**

94. We ran nine very good campaigns in June's local elections and we achieved a very good result overall. Thanks is due to all the members who put in the months and years of preparation and all the candidates; Clare Daly, Eammon McNally, Joe Higgins, Mick Cheevers, Karen Allen, Mick Murphy, Lisa Maher, Mick Barry and Dominic Haugh.

95. We expected Joe Higgins would be re-elected. However the election of Clare Daly was absolutely crucial in helping us maintain the momentum in Dublin North but also the electoral challenge of the party in an overall sense. Within that we had a right to feel somewhat disappointed as an extra 200 to 300 hundred votes, split between Mick Murphy and Karen Allen, would have heralded the

● dramatic arrival of the Socialist Party into local Dublin politics by giving us four councillors in the capital.

● 96. While there was a low vote, we performed well in Mulhuddart getting 31% of the vote. Illustrating the decline of the main capitalist parties since we first got elected, Fine Gael got nowhere and Fianna Fail only won one seat by a mere 22 votes. Labour got one councillor elected in each of the three wards that will make up the new three-seater Dail constituency. While being in no way complacent, we are confident that we can defend our seat in Dublin West. Joe has a very strong national profile and our Dail office handles more casework than any other TD's office. It is possible that Labour could regain a seat, most likely at the expense of Fine Gael.

● 97. It was important that we won a seat in Swords and in the end Clare was easily elected with 1,287 first preference votes (14%). We now hold 2 out of 24 seats on Fingal County Council. Being a councillor will open up new opportunities and we need to take whatever measures are necessary in order to really challenge for a Dail seat next time. This will be a difficult task. In order to have a chance we need to strengthen the party, consolidate our position in the Swords area and, crucially, find the ways to intervene with effect into the North of the constituency.

● 98. In Tallaght Central, Mick Murphy went very close with a first preference vote of 753 (8.3%). In Terenure/Rathfarnham Lisa Maher polled very well in a difficult ward, achieving very good votes in the main areas in which we concentrated. In both these areas the emergence of Sinn Fein was and is a complicating factor. However we must continue our work and not cede any of our hard won gains. Even though Sinn Fein have two councillors on South Dublin County Council and will certainly challenge for a Dail seat in Tallaght, there are still many opportunities for us to grow in terms of size and influence in south Dublin. This is shown by the fact that a number of young people from Tallaght have either joined or have expressed an interest since the election.

● 99. In Cork and Shannon we ran very good campaigns considering it was our first time standing. In Cork the campaign had a very positive impact in bringing a layer of members forward to take more responsibility for party work. Forty five non-members actively worked with us in the course of the campaign. With 350 votes we came sixth in a tough five-seater. The fact that we got a higher vote than any other left candidate in the city has considerably increased our standing. The campaign in Shannon was a very good experience for our party in the area. It is accepted amongst our opponents locally that our campaign had a real impact and our vote was seen as very credible for the first time out.

● 100. It was absolutely correct to stand nine candidates in the locals and Joe in the Dublin Euro constituency. Our two victories were crucial. However it should be registered that our good performances in the other areas, including our two near misses, were also important because it indicates that we are establishing a broader base and are serious in attempting to build on a national level. These are important factors in why a layer of youth and activists are gravitating towards the party.

## ● **Members underestimate the potential for growth**

● 101. In last year's document, paragraph 191 stated "...the Socialist Party can become the 'vanguard' party, and retain the allegiance of a significant layer of the most class conscious workers and youth, even when a more broad formation emerges at a later date.....the opportunities and the prize to be won are far greater than they were when we discussed this question three years ago."

● 102. We need now to register two vital points. Firstly, an aspect of this aspiration is in the process of being fulfilled. There has been a qualitative change over the last year in how a layer of activists and youth view the party. Some affiliate to us perhaps without our knowledge and others have actually concluded that a new socialist movement is emerging around the party. Secondly, our party in general is not fully aware of the potential for growth that exists at the moment. If anything it has

increased over the last year.

103. As mentioned the change in how we are viewed was assisted greatly by the local and European elections. However a vital factor has been the profile and performance of Joe Higgins in the Dail over the last two years. The absolute correctness of revolutionary parties seeking to win parliamentary positions in order to use them as a platform has been vindicated a thousand times over.

104. This is not a question of over-personalising politics. Through his work Joe has successfully raised the profile and helped popularise the programme of our party. Joe is extremely well known and respected amongst key sections in society. This situation did not exist in the same way when we won the seat in June 1997. It has built up since then as workers waited and watched to see if we really were different than the others who had sold-out the left.

105. Now through Joe people are aware of the party in all parts of the country. We hoped initially that Joe's politics would be seen as fundamentally different from that of all other TDs. Remember this was not automatic. In terms of new forces emerging the Greens had two TDs and Sinn Fein also had one, all vying for a profile. But now the most regular comment we hear from people who are aware of Joe is that 'he's the only one' who represents working class people.

106. The development of our general campaigning and electoral work but in particular the work by Joe in and outside the Dail was the basis upon which we were recently able to establish a new branch in Wexford. All of our members in Wexford were either members of the Workers Party, the Labour Party and Sinn Fein in the 1980's or were around us previously as the Militant. These comrades, with records as left-wing activists, concluded that the Socialist Party was the only party worth joining but most importantly that we are a force that has real potential to grow given the political vacuum.

107. Similar factors now give us the potential to establish a branch in Waterford, a key city in the south. The same factors to one degree or another must exist in other areas, in the unions and communities.

108. The emergence of the party is also having an impact amongst a layer of youth. Twenty-five attended a meeting in UCD recently entitled "Joe Higgins - the only Marxist TD in the Dail".

109. Again we need to pose the question and discuss it fully at conference - are we really grasping the opportunities that flow from the increased profile and authority of the party? We are not saying that everyone who thinks that the party and Joe are good can be recruited. But when the question of Joe or the party comes up, as it does often in the communities and unions, do we ask these people to join? The reality is we are only scratching the surface. We have a trump card that in general we don't use. This needs to change.

110. Apart from building in areas where we are already established, the possibility exists to establish branches in most of the major towns and cities in the South over the next couple of years. The only thing holding us back will be our attitude and a possible lack of resources.

111. All the evidence is there that we can grow rapidly. We recruited thirty people between July and September without a really serious campaign. Some of these being important community activists in Dublin West. Add in the immediate potential in Wexford, Waterford and Galway. Recruiting another one hundred to one hundred and fifty by May 2000 is entirely achievable. But our overall attitude to party building needs to change if we are to tap the potential that exists.

## Youth work

112. It is our experience that a very important minority of young people have developed a left-wing or socialist consciousness. This has happened in an environment where it is still somewhat difficult

● to be labelled a socialist. In that sense these youth are a harder and more serious layer than has  
● existed for some time.

● 113. Our successes in bringing in a large number of young people over the last two years has been  
● very important in developing a vitality in political discussions and in our ability to launch cam-  
● paigns. It would not be an exaggeration to say that without the development of these youth  
● activists the party would have found it very difficult to run our recent election campaigns. In that  
● sense developments of the work in different areas complement each other.

## ● **Not just ones and twos**

● 114. By building on our electoral success, recruiting amongst the youth, in the unions and commu-  
● nities, the standing of the party can develop further. Even now but, particularly in that context,  
● groups of people can join our ranks. This could happen in the unions or communities or even from  
● some of the parties mentioned above.

● 115. Notwithstanding the huge differences we have with these other parties on the left, there are  
● some genuine people in all these groups who could be positively affected by our political ideas and  
● the growth of our party. While this is not the key point to stress, we should be open to discuss with  
● all serious people and if agreement on fundamental points of programme can be achieved, they  
● should be welcomed into the ranks of our party.

● 116. All the points that have been made about the change in how our party is seen and the potential  
● would be given a whole new meaning if we were to win more Dail positions. That isn't to over  
● emphasis electoral work. It's a recognition of the profound impact that having one TD has made  
● and that electoral work is very important given the consciousness of people at this time. If we were  
● to achieve this then the points made earlier about quadrupling the current size of the party would  
● be conservative. Such a development, combined with our other work, would inevitably take place  
● in a completely changed political and industrial situation and our party could develop a huge  
● momentum behind it. The prospect of another one or two Dail seats is there to be fought for and  
● would reap huge dividends.

## ● **Political education**

● 117. As has been said before we are attempting to broaden out the base of the party but not to  
● 'broaden' out or dilute our revolutionary programme, which is essential, if society is to be  
● changed.

● 118. Without an understanding of Marxist ideas in the party there is no prospect of changing soci-  
● ety. It is vital that our educational courses are continued and extended and that our journal  
● Socialism 2000 and other publications are widely distributed and discussed in the party. We should  
● review on a regular basis what other initiative we can take to assist the political development and  
● confidence of all our members. Good regular political discussions at all levels of the party is essen-  
● tial. All members should take responsibility to politically participate in the party and work on  
● their own political development.

● 119.

## ● **Conclusion - Building a small mass ● revolutionary party**

● 120. The potential to build small mass revolutionary parties exists or will develop in many coun-  
● tries over the next period. This potential has emerged over the last years because, as the traditional

'left' parties have ceased in any serious way to represent the working class, a large vacuum has open up on the left in many societies.

121. As discussed earlier the building of new mass workers parties will take some time. In the interim it is possible that a party with a strong profile and fighting record could step into the vacuum and win the best layers of workers and youth directly to its banner. This does not mean we have the view that the mass of people can be won to a revolutionary party over the next period thereby cutting across the need for new broad parties at all. The mass will inevitably orientate first to broader formations. However a significant minority can be won to the revolutionary party.

122. The Socialist Party can become a small mass revolutionary party in the South over the next years. A party with one thousand activists, with workers and community leaders, a parliamentary fraction in the Dail and a vibrant youth wing would in Irish terms constitute such a party.

123. Such a force would be able to influence developments in the workers movements as well as lead semi-mass and mass movements like the water charges campaign but on a national level.

124. Members should reflect that, on the one hand, the authority of our party and our influence has never been greater and, on the other, that we are facing into a very turbulent period of economic crisis and class battles in Ireland and internationally. Where will the best workers and youth radicalised by developments turn to in Ireland? Not Labour and in general not smaller left groups. There is no automatic guarantee that they will come to us but if we work correctly the best, most fighting layers could be brought into our party.

125. Such a party could retain the allegiance of these key layers in the movement even when a new broad formation does develop. That would represent an historic achievement for the revolutionary movement and could lay the basis, given time and events for the building of a truly mass revolutionary party and the socialist transformation of Ireland.

126. That is the prospect, which should be discussed at this year's conference. The potential is there for the Socialist Party over the next few years to establish a bridgehead for genuine socialism and Marxism. The effect of this would go beyond the south. It could have a dramatic effect in the North and assist the work of the CWI internationally.

127. We have positioned ourselves firmly on this road by our work over the last year. Now we need to imbue the whole party with a sense of the historic opportunities which are about to open up.

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