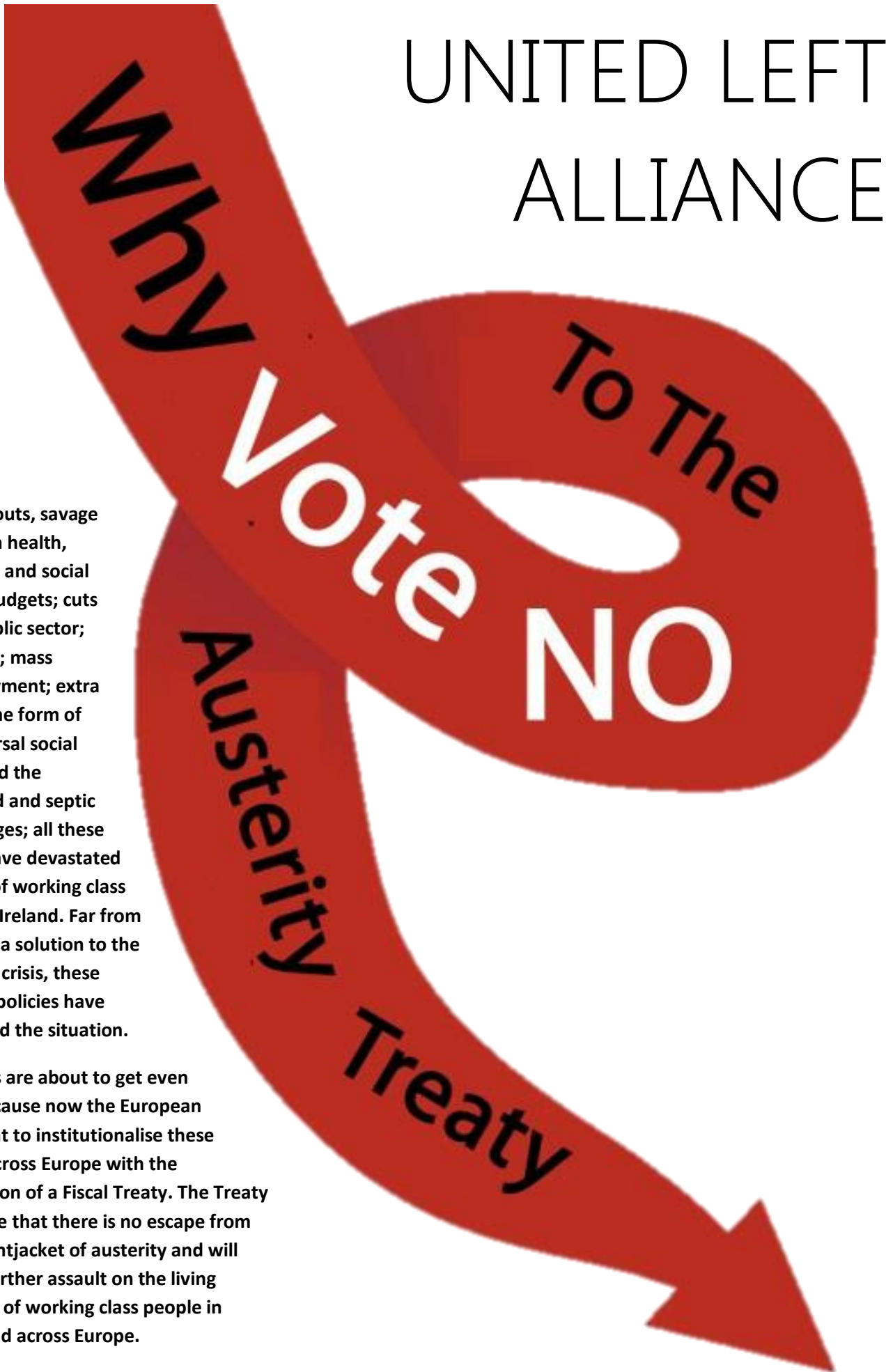


# FACTSHEET

# UNITED LEFT ALLIANCE

Bank bailouts, savage attacks on health, education and social welfare budgets; cuts to the public sector; wage cuts; mass unemployment; extra taxes in the form of the universal social charge and the household and septic tank charges; all these attacks have devastated the lives of working class people in Ireland. Far from providing a solution to the economic crisis, these austerity policies have aggravated the situation.

But things are about to get even worse because now the European elites want to institutionalise these policies across Europe with the introduction of a Fiscal Treaty. The Treaty will ensure that there is no escape from the straightjacket of austerity and will mean a further assault on the living standards of working class people in Ireland and across Europe.



# What is the 'Fiscal Treaty'?

The 'Fiscal Treaty' can be more accurately described as an 'Austerity Treaty'. The Treaty is designed to stop governments spending more than they take in tax – known as the budget deficit – and borrowing to cover the difference. If a member state's overall stock of debt comes to more than 60 % of the economy, they must reduce the level of debt by 5% of the excess a year – regardless of the social consequences.

What this means, in reality, is that even if Irish hospitals and schools are on the brink of collapse due to the cuts and understaffing, their spending would still have to be cut. No element of basic social justice will be allowed stand in the way – the Irish state will be squeezed dry until it conforms to the rules laid down by unelected bureaucrats in Brussels.

## What does the Fiscal Treaty do?

Article 3 of the Treaty requires all member states to meet a harsh new 'structural deficit' target of 0.5%. For Ireland to achieve this figure by 2015, would mean at least an additional €5.7 billion worth of cuts and extra taxes; that is on top of €7 billion the government are already committed to under the EU/IMF bailout deal.

If we were given until 2016 or 2017 to meet the target, it would simply mean years of grinding austerity that will further worsen the crisis.

Article 4 of the Treaty demands that all member states reduce their debt to GDP ratio to 60%. Ireland's debt to GDP ratio is expected to be 120% by 2015. If the economy fails to escape recession, something practically guaranteed by the savage cutbacks insisted on by Article 3 of the Treaty, this will mean paying back an additional €4.5 billion to bondholders a year on top of the €9 billion in interest payments per year.

## Isn't the Treaty just 'common sense'?

The European and the Irish government try to claim that the crisis is a result of government overspending and that we need this Treaty to prevent it happening again. This is nonsense; the real reason for the deficit is the collapse of tax revenue due to mass unemployment and the collapse of the construction bubble. This crisis was then compounded by the Enormous state bailout given to the Irish banking sector. We only have to look at the figures. In 2007, before the banking bailout, Ireland's debt to GDP ratio was 25%. Today, after the banking bailout and four years of austerity, it stands at 109%.



# What Will Happen If We Vote NO?

Remember that government parties have little problem telling lies. During the Lisbon Treaty, they all promised jobs if people voted yes. Since then unemployment figures have soared. Now they are claiming that it is a vote about whether 'We are in or out of the EU'.

The real purpose of this referendum is to provide governments with political cover for the attacks they are mounting against working class people across Europe. It also explains why Fine Gael and Labour are such enthusiastic supporters of the Treaty. They want to be able say that 'it hurts us more than it hurts you; but the EU are forcing our hand'.

Both Fine Gael and Labour understand how deeply unpopular their austerity policies are and how the resistance to these policies is growing by the day. The only hope they have of convincing people to vote for the treaty is to frighten people by claiming that Ireland will be kicked out of Europe. This is simply not true; all it will mean is that Ireland will not be a signed up member of the Austerity club. Britain and the Czech Republic, for example, have refused to sign and Sweden already has an opt-out on many of the Treaty rules. Under pressure from below, the likely next President of France has said he will renegotiate the Treaty and the Dutch government looks unlikely to be able to ratify it. Rejecting the Treaty in Ireland will be welcomed by the millions of Europeans suffering under the impact of austerity and will assist the development of a common struggle across Europe against austerity.

## Don't be Blackmailed

A clause in the Fiscal Treaty and the European Stability Mechanism (ESM) Treaty states that if Ireland fails to ratify the Treaty it will not be able to access a second bailout from the ESM. However, because the legislation to ratify the establishment of the ESM will not take place until after the Referendum the government has the power to remove this clause. This would create the environment, in which a free and open debate could

be had on the merits and de-merits of the Fiscal Treaty.

Bailouts are not EU charity or gifts from the European Central Bank (ECB). They must be paid for and it is the working people of Europe who are paying the cost. We only have to look at the devastating cuts to public services and wages that were demanded of Greece in return for a second bailout. Millions of people's lives across Europe are being destroyed in order to ensure that billions are available to appease the bondholders and financial vultures that are preying on Europe.

## RIP Democracy

The Fiscal Treaty is the latest in a long series of attacks by EU elites on democracy. The little remaining say we have in our country's economy will be lost and handed over to unelected bureaucrats in Europe. More and more key decisions about our economy and our public services are being put into the hands of unelected and unaccountable ECB, the European Commission and the European Council. The unelected European Commission played a central role in the removal of elected governments in Italy and Greece and their replacement by bankers' governments.

The Fiscal treaty will mean that any future government will have its hands tied and be legally forced to pursue the current austerity policies regardless of how many people oppose them. This will mean that one of the most basic requirements of a democracy – that people are free to vote for different economic policies – will be lost.

Remember this from Lisbon II, where are the jobs?





# Is There An Alternative?

Everyday we are told that there is no alternative to cutbacks. We are told that billions must be allowed to flow freely across the Eurozone when it is allocated to bondholders but that governments are not allowed to invest in public services and to protect the interests of ordinary people.

But there is an alternative. We can reject this Treaty and cancel the debt. Instead of pouring billions into bailing out banks and bondholders, we can protect our school and hospitals; we can invest in jobs and provide for social projection.

The current crisis is a result of the economy seizing up. The only way to deal with the crisis is to put people back to work through a public works programme and to tackle the investment strike of the super-rich. To do this the United Left Alliance argues that a number of measures are required:

- **End the Bailout of Banks and Developers**

Take the banks, finance houses, major construction companies and development land into democratic public ownership and use them for the benefit of people, not the profit of the few. Democratic public ownership of the banks would guarantee the savings of ordinary bank account holders but would give no commitment to pay the bondholders and financial speculators who helped cause the global crisis.

- **Tax the Greedy Not the Needy**

Ireland is not a poor country. Massive amounts of wealth were generated during the boom. The problem is that this wealth is in the hands of a tiny super-rich minority and has not suddenly disappeared. We demand a wealth tax on the assets of the rich, increases in capital gains tax and an end to all tax loopholes for the rich.

- **End the Jobs Crisis**

We call for a real social development programme to create hundreds of thousands of jobs building necessary infrastructure like public transport, green energy projects, broadband, child care, schools, hospitals, health centres and other community facilities.

- **No to Privatisation of State Assets**

We oppose plans to sell off state companies. We need democratic public ownership of Ireland's wealth and natural resources to provide jobs. Take the Corrib Gas Field into public ownership.

- **Reverse the cuts – Defend Public Services**

No cuts to health, education or social welfare. We want real reform of our public services. We want an end to inflated salaries, bonuses and expenses for top public servants and politicians. Public services should be run democratically with the full involvement of the workers, the service users and the wider community.

**However, to do all of this we have to join with the millions of people across Europe who are fighting this crazy capitalist system. Together we can fight for a socialist society that puts the interests of ordinary people before those of bankers and bondholders.**

**United Left Alliance**

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