



Summary

- **Shift economic policy away from Tax Haven Ireland.**
- **State led investment to 'Brexit Proof' the economy.**
- **Establish state led banking and construction companies.**
- **State ownership of natural resources and move to green energy.**
- **State led investment in pharmaceutical and agriculture sectors.**
- **Close corporate tax loopholes - make Apple pay all their back taxes.**
- **Redistribute wealth from the top 5%.**
- **Introduce higher rates of income tax for those earning more than €100,000 - move towards a maximum wage**
- **Introduce a Robin Hood tax on financial speculation.**
- **Abolish austerity taxes, including the USC and Property Taxes.**
- **End Pay Apartheid in the public service and create pay equality.**
- **Develop quality public services - provided as a right.**

A Failing Model

Irish capitalism has failed most Irish people. The economy is characterised by levels of inequality and insecurity that are unacceptable in a democratic society. According to the International Monetary Fund, Ireland is now the fourth richest country in the world in terms of GDP per capita. Despite this, 1.2 million people experience ongoing deprivation, making up 25% of the population. There are also half a million people living in consistent poverty. The economy should work for all but on these figures it is failing badly.

Irish capitalism is also deeply unstable. The crash of 2008 caused untold damage to our economic and social infrastructure. This should have been the wakeup call needed to move away from neoliberal policy making. Instead, successive governments forced the costs of the crisis onto working people. This has resulted in deep inequality as well as the worst housing and homelessness crisis in the history of the state.

As if this was not bad enough, Ireland now rests of a tax dodging model that is under pressure. The decision of the British electorate to leave the EU, coupled with the decision of the EU to pursue a common consolidated corporate tax base, has left the Irish tax dodging model in real peril. Increasingly it looks like the Irish elite will be faced with a Hobson's choice - continue to support global tax dodging outside the EU or remain inside the EU and sign up to common corporation tax rules. Neither strategy is compatible with the current model of Irish capitalism.



Below is a summary of the problems associated with Tax Haven Ireland.

- A reliance on tax dodging in the Irish Financial Services Centre and by multinationals such as Google, Starbucks and Apple.
- A reliance on Foreign Direct Investment that has failed to create a manufacturing base in Ireland.
- A severe lack of fixed capital investment
- Regional imbalances and the development of a two-tier economy both economically and spatially.
- The proliferation of unpaid internships such as JobPath and Gateway.
- The proliferation of low paid and precarious employment, including bogus self-employment.
- Working conditions that are undermined by periodic crises in the global capitalist economy.
- Deep inequality in terms of income, wealth and power.

A State Led Investment Model¹

We can no longer rely overwhelmingly on the market to meet our economic needs. Brexit is merely the latest in a long line of threats and crisis that have afflicted the Irish economy. Taking control means reducing our dependence on Foreign Direct Investment by creating employment directly through the state. To give some sense of what is possible, research by the Nevin Institute is instructive. According to their economic models, state led investment of €1 billion would create in the region of 10,000 new jobs. This is a conservative figure that assumes a cost of €100,000 per new job created. The same study estimates that the positive spill over effects would create a further 6,750 jobs. When the tax increases and welfare reductions are factored in, the cost of these jobs falls to €575 million.

In our submission for budget 2018 Solidarity-People Before Profit showed how a fund of more than €11 billion could be created almost immediately. With the political will, the state could immediately begin to address the legacy of decades of underinvestment in our physical, social and industrial infrastructure. This type of state investment will involve greater involvement and control by its workforce. Through such a model, we can unleash the creative energies of employees and resist any tendencies towards bureaucratisation.

¹ All of the estimates in this economic document have come from official sources. The majority were sourced through Parliamentary Questions submitted to the Department of Finance. Beyond this, we used the Central Statics Office, Central Bank Quarterly Reports and the various other government department for the relevant information.



We list some of the key areas for state investment and employment below.

- **Public Banking – Stop the Privatisation of banks.** Private ownership of Irish banks has failed. Their speculative practices cost Irish tax payers in the region of €64 billion in the years between 2008 and 2012. Since then, they have engaged in illegality by taking people off tracker mortgages and charged over the odds for business loans. They also restricted credit to repair their balance sheets, retarding the economic recovery. The Irish economy would be less unstable with a state led banking model. Credit would be more available for public projects that better society – and for co-operative and small enterprises.
- **A State Run Construction Company.** Ireland is caught in the grip of a major homelessness and housing crisis. In Budget 2018 we showed how it would be possible to build 20,000 new units next year via a state run construction company. This would work with local authorities to supply 100,000 extra houses over the next five years. This would have a transformational effect on the housing market. It would also end the scourge of bogus self-employment and provide well paid and secure jobs for construction workers. New construction projects are also needed to retro-fit homes, to build up our water infrastructure and to develop health care, educational and childcare facilities.
- **State Led Oil and Gas Exploration.** People Before Profit is dedicated to making Ireland carbon neutral by 2035. We are also opposed to the issuing of any more licences for oil and gas. Instead, we need to take control of all existing operations and prospecting in order use some of the available oil and gas to provide the resources to make the transition. Following the Norwegian model, PBP would take our natural resources into public ownership. These would then be used to develop a world leading green energy sector.
- **Become a Leader in Renewable Energy.** Because of its location, Ireland has the potential to be a leader in the development of renewable energy worldwide. The state could enable a transition from fossil fuels to renewable energy and become a manufacturer and exporter of renewable energy components. Wind and wave technologies have enormous potential here. A recent report by the Economic and Social Research Institute (ESRI) outlined how investment in additional wind capacity of 4000 MW mostly offshore would create 36,000 jobs. A large scale reforestation programme would also benefit both the economy and the environment. In Budget 2018 we showed how an extra €500 million could be found for green energy employment. This would create an additional 5,000 green energy jobs. We would also spend €500 million on green research and development (R&D) and €100 million on afforestation.
- **Generic Pharmaceutical Industry.** The Irish state currently gives around €700 million to companies in order to do research and development (R&D) here. People Before Profit would begin to redirect that money into a state run pharmaceutical industry dedicated to producing drugs that could be sold below the cost of branded alternatives. Thanks to years of neoliberal tax breaks, Ireland already has the people and the facilities to make a state run pharmaceutical industry a success.



- **A New Deal for Small and Medium Sized Farmers.** Big business dominates the agri sector. In meat processing for example, three companies – ABP, Dawn Meats and Kepak - dominate the industry. People Before Profit wants a new deal for the agri sector. We would promote the development of local processors, local farmers markets and cooperative models of farming. We would also impose a levy on the major supermarkets and food processors to be redistributed to small and medium enterprises who prioritise nutritious food and environmental protection.

The election of Donald Trump and the impending threat of Brexit mean that now is the time to move to a radically new employment model. Using a conservative estimate, our capital proposals would create in the region of 115,000 jobs. This would not only bolster the economy in a time of increased uncertainty, it would also lead to positive spill over effects and increased tax revenue. In addition, investment in green energy, housing and services would simultaneously rebuild our social infrastructure after years of austerity.

Redistribute Economic Resources

Irish capitalism has led to unacceptable levels of income and wealth inequalities. If the income created in Ireland was shared out equally, it would provide €55,000 for every person per annum. This is clearly not happening, however. Earlier we noted the fact that large sections of the population are living in poverty. The other side of this coin is vast accumulations of wealth. The figures below give some sense of the problem.

Percentage of Population	of	Percentage of Wealth	of	Wealth in € (millions)	Average Wealth Per Person € (millions)
1		14.8		96,792	5.71
5		37.7		246,558	2.91
10		53.8		348,582	2.05
Bottom 50		4.9		32,048	0.0375

People Before Profit is committed to making sure that everyone has enough to live with dignity and respect. To do this, we would implement a raft of measures that would tackle the wealth and incomes of the top 5-7% of the population. This would have a number of



important benefits. In the first instance it would make Irish society a fairer and more just place to live. It is not acceptable that workers - who are the real wealth creators - do not get the bulk of the rewards from their work. Instead it flows to the top of society, creating powerful lobby groups that work hard to protect the status quo.

By redistributing wealth we would also be redistributing political and economic power. This is essential for a functioning democracy. We would also eradicate poverty, deprivation and economic insecurity. Meanwhile, those at the top would still have extremely comfortable lives. This is surely a political choice worth making. Below we summarise the main measures we would take to even out the resources created in Ireland.

- **Close corporation tax loopholes and double the tax take.** Ireland's official rate of 12.5% is too low – but corporations do not even pay this. Because of a host of loopholes, the effective rate is between 4-5%. In the latest available figures, corporations declared €156 billion in profits but only paid €6.2 billion in tax. This is far lower than an average worker would pay. As a first step, People Before Profit would establish a minimum rate of 12.5% that every corporation must pay. In effect, this measure alone would more than double the tax take from corporations. But we would also look to increase this rate over time.
- **Make Apple pay their back taxes.** In 2016 the EU Commission exposed Ireland as a tax haven. Deals made by the Irish Revenue Commissioners in 1991 and 2007 allowed Apple to get away with a tax rate of less than 2%. They now owe the Irish people €13 billion plus interest – a total of €18-19 billion. This would go a long way to developing an indigenous development strategy but instead the Irish government is spending millions in order to refuse the money. People Before Profit would drop all legal cases and take the money immediately.
- **A Tax on Millionaires.** People Before Profit would levy a tax of 2% on the top 5% of wealth holders. Before this would kick in, however, we would allow one million euro to be set aside for their family home. This would affect the richest 18,000 households in the state, each of whom has roughly €3 million in accumulated wealth. The tax would bring in roughly **€3.25** billion annually.
- **New Taxes on High Earners.** PBP would introduce new tax bands on those lucky enough to earn more than €100,000 per annum. The table below shows the initiative

New Income Tax Bands €	New Rates
100,000 –140,000	50%
140,000- 180,000	55%
180,000-250,000	60%
250,000 +	65%



This would likely bring in **€2.25 billion** annually.

- **Higher Rates of Employers PRSI.** Irish employers pay significantly lower PRSI than their European counterparts. To bring them more into line, PBP propose increasing each of the current rates by 2%. We would also introduce a special high earners PRSI contribution of 19.75%. This is estimated to bring in **€1.4 billion**.
- **Introduce a Financial Transactions Tax.** The financial sector bears primary responsibility for the economic collapse of 2008. Ireland currently has the 15th largest international financial sector in the world and the fourth largest shadow banking system. This makes the economy extremely vulnerable to financial crises. It also allows big finance too much control with a Clearing House Group, made up of financial interests, embedded in the Department of the Taoiseach. The Irish Financial Services Centre currently manages €1.9 trillion in assets. One way to tackle the financial sector is to impose a financial transaction tax. A Financial Transactions Tax of 0.1% on Transactions of Shares and Securities and 0.01% on Derivatives would bring in **€610 million**. This would reduce speculation and give the state something towards the social cost of the last crisis.
- **End the Status of Tax Exiles.** The Irish rich want it both ways. They want to use Irish services to make their money, but they don't want to pay for it. People Before Profit would end the charade of people pretending to live in Ireland for half the year, but paying nothing to provide public services. To do this we would end the tax dodging status of Irish non-residents.

Rebuild Our Social Infrastructure

The last economic crisis should have been a watershed moment. In 2008 Irish capitalism collapsed, creating crises in finance, construction and the wider economy. Working people had no hand nor part in creating this crisis, but they were made to shoulder the costs. From 2008 until 2015 there were nine austerity budgets. This took more than thirty billion out of welfare and services and a cumulative total of more than twice this. People Before Profit fought hard against this injustice and we would use current resources to repair the damage. This means reversing the austerity taxes, repairing services and moving our public services onto a more secure footing. Our key policies in this area include

Tax Justice, Pay Equality and Social Welfare

- **Reverse Austerity Measures.** In budget 2018 Solidarity-People Before Profit showed how an extra €2.5 billion could be added to the social protection budget. This would include an extra €10 on all social welfare payments. We would also end the discrimination against the youth by standardising welfare payments. For the elderly PBP would increase the



state pension to €250 per week and we would increase maternity benefits to 12 months.

- **Pay Equality.** Workers in the public sector should not face pay apartheid. Workers with the same level of experience doing the same work should be paid the same wage. To make this a reality, People Before Profit would repeal the FEMPI legislation and end pay apartheid. This would cost roughly €1.6 billion, but the benefits would be considerable. Alongside fairness, this would help to retain and recruit the workers we need to staff the health, education and vital public services we desperately need.
- **Scrap the Universal Social Charge.** The USC is a hated austerity tax. People Before Profit would scrap it and replace it with a higher earners social charge for those earning more than €90,000.
- **Scrap the Property Tax.** The Local Property Tax is a tax on family homes. We want a real assets tax levied on the richest 5%. Added to this we would introduce a landlord tax levied on people with two or more houses. The cumulative cost of this is around €230 million.

Public Services

- **Towards a National Health Service.** Decades of neglect by Fianna Fail and Fine Gael have resulted in a crisis in our healthcare system. Instead of persevering with a failing model we would move towards a National Healthcare System free at the point of use and accessed on the basis of patient need. We therefore advocate increasing the health spend by nearly €4 billion next year including nearly €900m in extra capital spending. We would also move to provide women with better reproductive care, prioritise mental health, dementia and autism.
- **Make Education Free For All.** People Before Profit believes in education for child development and lifelong learning. Our model relies on replacing the various patron bodies currently in operation with a secular, state run educational system. Education needs to be free of charge for all and educational supports need to be allowed on a basis of need rather than budgetary constraints. Our schools are over-crowded and expensive to access. In 2018 we would make sure education is free for everyone who wants to access it by scrapping fees and spending an extra €1.3 billion.
- **Childcare as a Public Service.** Irish parents pay over the odds for child care services. Our solution to this problem would be to adopt the Scandinavian model, by emphasising a publicly funded childcare system with well qualified staff and up-to-date facilities. To move in this direction, we would spend €1.56 billion in 2018 on hiring childcare workers. In addition, we would spend €1 billion on improving the capacity and looking for synergies with existing providers and primary schools.
- **Invest in Public Transport and Halve Fares.** Providing public transport alternatives is crucial for local communities and the environment. Ireland



must target zero net emissions by 2035 in order to contribute to the fight against climate change. A significant increase of investment in public transport is necessary to achieve this. To substantially increase usage, we would halve all fares on public transport. In addition, we would return state investment in the three state operating companies to 2010 levels as part of a coordinated plan to revolutionise our public transport.

- **Support Rural Communities.** Rural communities have been devastated by years of austerity. Our goal is to revive rural Ireland by spending €250 million on a combination of rural broadband, rural regeneration programmes and Rural Economy, Environment and Structural Changes Programme.
- **Support the Arts.** Ireland's artistic and cultural heritage is one of our greatest assets. Despite this, funding for the arts and culture is pitifully low. Indeed, Ireland has one of the lowest levels of arts funding in Europe. People Before Profit believe we need to radically increase our investment in these areas. We believe that artistic practice and exposure to the arts and culture should be seen as a right for all citizens. Total spending on arts, culture and heritage currently stands at €158.2 million per year. People Before Profit propose to increase the arts budget by €100 million in 2018.

Conclusion

People Before Profit rejects the Tax Haven model. The results for ordinary people have been abysmal, with insecurity, inequality and deprivation all too common. Brexit is just around the corner so now is the time to act. People Before Profit have a vision for a socialist and environmentally friendly economy. Our economic policy document is designed to move in this direction using resources that are created by working people but currently siphoned off by the Irish rich. Alongside a state led investment economy we would end the injustices that have been perpetuated on people during the crisis and put public services of a much firmer footing.

All of this is possible but it will not happen without a major increase in the confidence and combativity of working people. If we want a more equal so society we will have to build it. This means counterposing people power and working class solidarity to the elitist logic of the establishment.