

Paying for Covid: Who says we're in this together?

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One of the ideological arguments deployed by the elite is that we are in it together. This seeks to create false unity in a class divided society and is particularly useful in a crisis. During the Great Recession for example, the idea that we were in it together was trotted out regularly as cover for the austerity being forced on the public. Life was harder for you at the time, but the establishment wanted you to believe that it was harder for them too. The fact that banks and developers were bailed out with taxpayers' money got neatly brushed aside in this fake togetherness. A second function of these kinds of arguments is to depoliticise ruling class decisions. During the last recession we were repeatedly told that 'we are where we are' and that 'there would be no money in the ATM's' if we didn't do what the establishment wanted. Here the aim was to present politically motivated austerity as technical and inevitable, in an Irish version of Margaret Thatcher's – There Is No Alternative (TINA).

None of this was true of course. In the five years after the Great Recession, the Irish ruling class developed a strategic plan to achieve three objectives. Firstly, they wanted to protect banks and developers from the damage they had created, including a strategy to repair their sectors over the medium term. Secondly, they wanted to protect the public finances without increasing taxes on the corporate sector. This meant reducing the size of the public sector, imposing austerity and increasing the share of taxes paid by the working class. Thirdly, they wanted to use the crisis to make Irish capitalism more competitive. This meant driving up the productivity of Irish workers while holding down their wages. Collectively, these decisions helped to increase capital's share of the economy from 47% to 60% at the same time as consistent poverty increased by 50%.¹ So

much for us all being in it together.

This time around, the language of togetherness has been strategically deployed as part of the health response to Covid 19. Government Ministers repeatedly ask us to protect the vulnerable and there is even an official 'In It Together' website, with the heart-warming tagline, "whatever you are going through in isolation, let's stay connected and make it through, together".² Behind the fluffy language, however, Ireland has the world's second worst death toll for elderly people in care home settings and an extremely high transmission rate for healthcare professionals working on the front lines.³ These are scandals on a monumental scale and when it comes to the economic costs of Covid-19, there is little sign of solidarity either. Last month, Leo Varadkar began the assault on the government's temporary Covid-19 unemployment scheme when he claimed low paid workers were deliberately staying away from their jobs. Varadkar has a track record in this style of dog-whistle politics and his attack dovetailed nicely with business leaders who want to get the economy moving again.

In the same week as Varadkar's slur, Supermac's owner, Pat McDonough, made the scarcely believable claim that his staff would not come back so long as they were getting €350 a week on the government's scheme. The idea people would give up permanent jobs for a temporary payment is clearly ridiculous, but it suited the government's agenda to cut the Covid payment for all workers, starting with those in part time employment. Another part of the government's strategy is to signal the end of state support by warning about the costs of borrowing. Speaking in the Dáil at the end of May, Varadkar had this to say on the matter:

I am concerned that there is a growing narrative and belief that we can, as a country, borrow

cheaply forever and that this is the solution to our problems.... It's the free money argument and it's coming from the right, as well as the left. There is no such thing as free money and there is no such thing as a free lunch either.⁴

Tax haven Ireland has based its entire economic strategy on giving a free lunch to corporations, but there is never enough money when working people need it. A few weeks earlier, the Minister for Finance, Paschal Donoghue, made similar claims when he warned of "bond market vigilantes" who would force up the cost of state borrowing if the lockdown went on much longer.⁵ Presented as neutral advice, this was a highly ideological intervention, designed to convince people that they must get back to work; that the only way to pay for this crisis is by borrowing on international markets and that speculators must therefore be allowed to profit from coronavirus. It is also designed to warn people not to expect the state's weekly €350 payment for much longer, in case the bond markets punish 'us' with expensive loans. This, in turn, is an attempt to discipline workers through undemocratic financial institutions and the obvious way to avoid this blackmail is to find the money somewhere else.

The aim of this article is to explain exactly where this money can be found. Over the last six years, Ireland has been the fastest growing economy in the Eurozone thanks to the years of austerity that preceded them. In the next section we look in more detail at the costs associated with the Covid 19 crisis, before reminding readers of the deep scars created following the Great Recession. Once this is done, we look at the vast wealth that has been accumulated in Ireland since 2013, arguing that there are more than enough resources available to meet the Covid 19 challenge in a way that protects workers and the most vulnerable. The last section lays out progressive proposals to pay for Covid 19, including a programme of largescale state investment.

The costs of Covid

The scale and severity of the Covid 19 crisis is without precedent in capitalist history. Writing in March 2020, Goldman Sachs forecast a drop of 34% in US quarterly growth and 15% unemployment by the end of June.⁶ In the event, these unemployment figures were reached by the end of April, as more than 20 million Americans

had to sign on due to the lockdown. These numbers are completely unheard of and scarcely believable. To put them in context, the worst US performance during the Great Recession was January to March 2009, when the economy declined by 8.4%. The worst month was March 2009, when 800,000 people lost their employment. Never before has the global economy been shut down with such speed and severity in so many countries, simultaneously. The IMF give a sense of the challenge below:

This is a truly global crisis as no country is spared.

Countries reliant on tourism, travel, hospitality, and entertainment for their growth are experiencing particularly large disruptions. Emerging market and developing economies face additional challenges with unprecedented reversals in capital flows as global risk appetite wanes, and currency pressures increase, while coping with weaker health systems, and more limited fiscal space to provide support. Moreover, several economies entered this crisis in a vulnerable state with sluggish growth and high debt levels.⁷

The last point is particularly important. In the aftermath of the Great Recession (2008-2013), states managed to stave-off a 1930's style depression with aggressive monetary policy and brutal austerity. This involved slashing public services and social welfare on the one hand and making it virtually free for firms to borrow money on the other. For nearly a decade, the world's central banks printed cash and pumped it into their respective financial systems. This eventually stabilised capitalism, but despite having cheap labour, free money and a strongly pro-business environment, firms have not engaged in high levels of employment or investment. Instead they have pumped their extra money into share buy-back schemes and other forms of financial speculation. To give just one example, *The Boeing Company*, have just put in a claim to the US government for \$60 billion to help them cope with the downturn in the airline industry. Yet over the last 10 years the company has already received \$58 billion in free money, all of which was used either to buy back its own shares (\$43 billion) or to give shareholder returns (\$17 billion).⁸

The most important reason for this anomaly is a low rate of profit in the capitalist economy globally. After World War Two, profit rates were high enough to drive a cycle of investment and accumulation, even as interest

rates increased to their normal levels. Yet over the last decade, anaemic profit rates have meant that most of the money sloshing around the system has been used to inflate asset values or what Karl Marx defined as 'fictitious capital'. It has also been used to keep zombie companies afloat. These are firms that earn too little to make even the interest payments on their debt and there are a lot of them. Figures released by the *Bank for International Settlements* estimate that zombie companies now account for 16% of all publicly traded US companies and more than 10% in Europe.⁹ The level of debt in America's corporate sector is also at a record-breaking 75 percent of gross domestic product and among large American companies, debt burdens are precariously high in the auto, hospitality and transportation sectors – industries taking a direct hit from the coronavirus.

An economy firing on all cylinders would find it difficult to cope with a shock like coronavirus, but with debt piling up and zombie companies already proliferating, this could cause the entire system to go into lockdown. And if this were to happen, Ireland could well become a very weak link in an already weak chain. Despite half a decade of consistently strong headline growth, Ireland's gross national debt remains four times higher than it was before the crash of 2008 and has already cost €20 billion in interest payments. Ireland is also an unusually open economy, making it more vulnerable to volatile capital flows than other economies and more reliant on US multinationals – some of whose supply chains have been severely disrupted. Assessing these vulnerabilities, even before the impact of the coronavirus, the Irish Central Bank noted that – "Ireland is exposed to disruptions to the international trading environment through its participation in global value chains... and is particularly exposed to abrupt shifts in international trading and tax arrangements".¹⁰

The Covid crisis seems to be bearing out this cautious assessment. Despite the cheerleaders of Irish capitalism predicting a V-shaped crisis with a strong decline followed by a rapid recovery, it now looks much more likely that the damage will be long-lasting. At the highest point of the epidemic more than a million workers were furloughed or at least temporarily sacked and no one knows whether there will be a second wave or whether the normal rhythm of capitalism can be revived even

if there isn't. To try to get some handle on the costs of Covid 19 the Department of Finance recently presented a set of 'macro-economic projections' to the Irish Fiscal Advisory Council.¹¹ These are tentative by their nature, but assuming that the worst of the disruption lasts for half a year, they have projected that the state will spend €8 billion on the direct cost of the virus -including a €2 billion increase in medical investment and roughly €6 billion on unemployment payments and wage top ups that support business owners.¹² These schemes, and rough associated costs, are laid out below.

Scheme	Highest Number of Recipients	Nature of Scheme	Cost to the State Weekly	Estimated Cost for 20 Weeks
Covid 19 Unemployment Scheme	600,00	€350 Weekly Payment	€210 M	€4.2 B
Covid 19 Wage Subsidy Scheme	425,000	85% of wages paid with caps introduced for higher earners	€140 M	€2.8 B

Source Department of Finance Stability Update Programme¹³

In addition to these payments, the state has announced a package of €6.5 billion for businesses, including the following set of measures.

- Warehousing of business tax liabilities for up to 12 months.
- Commercial rates written off for 3 months.
- A start up grant of €10,000 for micro and small businesses.
- A €2 billion low interest euro-credit scheme for small and medium sized businesses
- A €2 billion Irish Strategic Investment Fund for bigger firms to access.¹⁴

The direct cost of these latter initiatives is not yet clear, given that the bulk of the money is designed to get economic activity moving again. What is clearer, however, is the wider decline in economic activity, which is projected to be 10% of Gross Domestic Product in 2020 – or close to €30 billion. The details of the government's best estimates are reproduced below.

Final Covid 19 Predictions		
Year on Year % Change	2020	2021
Private Investment	-37.3	22.5
Personal Consumption	-14.2	8.7
Government Spending	9.3	-4.7
Overall Domestic Demand	-15.1	7.8
Employment	-9.3	5.5
Gross Domestic Product	-10.5	5.8
Modified National Income	-15.1	8.6

Source – Department of Finance Stability Update Programme¹⁵

Unsurprisingly, all sectors of the private economy are projected to decline at the same time as the state sector begins to expand. This is normal in a downturn, but what is particularly noteworthy in the government figures, is the projected collapse of private sector investment. At 37.3% this is more than twice the projected collapse in any other area of demand and it speaks to the fragility of private investment in the face of this crisis. John Maynard Keynes long ago bemoaned the lack of ‘animal spirits’ from private wealth holders just when the economy most needs the investment. In the short-term, decisions concerning capital expenditure will be put off as part of the wider lockdown, but even as the economy is projected to recover, a shortfall of roughly 40% in the rate of investment is expected versus pre-crisis predictions. This will help to create an expected increase in structural unemployment of 105,000 people which, when combined with lower wages and people’s fears for their safety – will reduce the countries modified income by a projected €15 billion by 2021.¹⁶

Put slightly differently, the government expects the major costs associated with Covid-19 to come from the slowdown in the capitalist economy, with roughly 33% coming from direct payments to workers and businesses. At €200-250 million per week, the Covid 19 unemployment payments are easily sustainable, as are the costs associated with meeting workers’ wages for as long as is necessary. In this context, it is important to remember that the state found €64 billion to bailout banks during the Great Recession, which is far more than these schemes will cost, even under the most pessimistic scenario. Once the medical emergency has passed, moreover, it will be vital for the state to create employment to make up for the shortfall in the private

sector. There can be no return to austerity for working people and the vulnerable as this would neither be equitable nor economically prudent. Borrowing from financial markets when interest rates are being forced up, is not acceptable either, as it puts undemocratic forces in control of government decisions, increases inequality and forces taxpayers to pick up the tab for interventions which are often aimed directly at profitable businesses. The next section reminds readers of the damage done to the social fabric through austerity after the Great Recession.

The austerity disaster

After the last crisis, successive Irish governments engaged in a highly ideological strategy to protect the elites in banking, construction and the tax haven industries. Their most important choices were the following;

- (1) A Blanket Bank Guarantee Scheme that cost taxpayers €64 billion in capital injections and €42 billion overall.¹⁷
- (2) A National Assets Management Agency that enthusiastically participated in the wider sale of €200 billion worth of property to international vulture funds.¹⁸
- (3) An International Austerity Package that raided the Irish Pension Reserve Fund of €17.5 billion and forced another €67.5 billion onto tax payers’ shoulders.¹⁹
- (4) A decision to keep the Corporation Tax Rate at 12.5% – the lowest in the OECD.
- (5) A decision to cap Employers Social Insurance Contributions at 10.95% – the lowest in the EU15.²⁰
- (6) A decision to implement a Universal Social Charge instead of an extra rate of income tax for high earners.
- (7) A decision to impose a tax on family homes instead of a general tax on accumulated wealth.²¹

To pay for these decisions, successive governments, led by Fianna Fail and Fine Gael, reduced public sector numbers, public services and social welfare using austerity measures.

These are summarised in the table below:

Date	Austerity Adjustments	Billions €
Oct 2008	Income levy, spending cuts including welfare reductions	3
April 2009	Cuts to public sector pay and tax increases	5.3
Oct 2009	Welfare reductions & public sector cuts	4.2
Oct 2010	Tax increases and welfare reductions	6.1
Oct 2011	Welfare reductions & service reductions	3.3
Oct 2012	Tax Increases and Welfare Reductions	3.5
2008-2012	Overall Adjustment	25.4
	Projected Overall Adjustment	29.4

How Governments Retrench in a Crisis – The Case of Ireland.²²

As was mentioned at the outset, these policies were framed around ‘national recovery’, but it is more accurate to see them as a ruling class protecting itself during a capitalist crisis. The objective was to force the costs onto workers through austerity and to reboot the economy by making it more competitive.

Take a look at the empirical evidence to back up this claim.

1. Falling wage share in national income

Using data from the European Statistics Agency, Eurostat, Joebges (2017) shows that the crisis years were used to increase profits in the share of national income by driving down wages and increasing workers’ productivity. The following details emerge from his study:

- Labour productivity increased by 34% from 2010 to 2017, at the same time as nominal unit labour costs fell by 17%.²³
- The wage share for workers fell from 53% of GDP in 2008 to 40% in 2016 – or from 53% to 40%, when the distorting effects of tax haven activity are stripped out.²⁴
- Overall wage costs fell by 8% – mirrored by an increase in profits of more than 8%.²⁵

2. Increased tax burden on PAYE workers

The cumulative effect of austerity budgets also dramatically shifted the tax burden away from capital and onto labour. Figures produced by the Revenue Commissioners reveal the following information for the tax burden placed on PAYE earners:

Year	PAYE contribution (Including USC)	Total tax take	Percent of overall tax take from PAYE workers
2011	€8,498 Billion	€34,221 Billion	24.8%
2018	€17,672 Billion	€54,633 Billion	32.3%

Source – Revenue Commissioners: Total Net Repeats by Tax Head²⁶

If the tax burden had remained constant, PAYE workers would have contributed €13.5 in 2018 or more than €4 billion less than they actually paid. This shows that workers have been forced to put more into the government coffers since the years of austerity and are entitled to a higher of support in the wake of Covid-19 crisis.

3. Poor level of public services

The government’s current responsibility to workers and the poor becomes even clearer when one realises that state provision of public services is unusually low.²⁷

Yet even when Ireland uses the supposedly non-distorting figure for Modified Gross National Income, the state remains a laggard in terms of the provision of public services. Average Euro area spending currently comes to 42% of GDP. If we get that proportion of Gross National Income* the state should have allocated €83 billion to public spending prior to the Covid 19 crisis for 2020, instead of the €70 billion it actually allocated. These figures will now change to meet the costs of the current crisis, but the fact remains that Ireland is a laggard in terms of public spending, despite increasing taxes on working people over the last decade.

4. Rising inequality, deprivation and social exclusion

Each year, the Central Statistics Office publish a report known as the Survey on Income and Living Conditions (SILC Report). Among other things, this tracks poverty and deprivation, revealing that during the years of austerity, the poverty rate went up by 50% at the same time as the deprivation rate went up by a third. The following table gives the details:

Measure	2010	2013
Deprivation rate	22%	30%
Deprivation rate for those at risk of poverty	42%	55%
Consistent poverty rate	6%	9%

Source – CSO Survey on Income and Living Conditions Report²⁷

The sharp increase in market inequality and disposable income as a result of austerity policies is seen in the fact that in 2010, for example, those in the lowest income band saw their disposable income fall by more than 26 per cent, while those in the highest income band saw their disposable income rise by more than eight per cent.²⁸

Collectively, the details outlined above provide compelling evidence that austerity was a political choice to force workers and the most vulnerable to pick up the cost of the previous crisis. Life was made deliberately more difficult for those who relied on wages, public services and social welfare so that businesses would become more competitive. This next section shows just how successful this process actually was. Even after the effects of Covid 19, Ireland is an extremely wealthy country.

Wealth Amassed Since 2013

The last decade was a tail of two halves for the Irish economy. In the first five years, the elites forced down the cost of doing business through wages cuts, higher productivity and austerity. In the second five years, they siphoned off the vast bulk of the recovery in terms of corporation profits, higher earnings and accumulated household wealth. This detail will be outlined below.

1. Corporation Profits have Doubled.

As a tax haven, Ireland's corporation tax returns are heavily distorted by international capital flows. Despite this, it is clear from the table below that the Irish corporate sector has done extremely well over the last number of years, regardless of the measure being used.

Corporation Tax Receipts 2011-2017 (millions)

Year	Gross Trading Profits Billions €	Total Taxable Income Billions €
2013	83,234	40,462
2014	98,422	50,703
2015	149,099	65,076
2016	164,204	71,475
2017	167,090	79,654

Source: Revenue Commissioners Summary of Corporate Tax Returns.²⁹

Even if we accept the lower figure of €79.65 billion, this works out an average profit of €510,000 in 2017 for every corporation registered in the state. These

profits are obviously not shared out equally, but the fact remains that the Irish corporate sector is now extremely profitable and must contribute more to this national emergency.

2. High earnings have more than doubled

Mirroring the increase in corporate profits, has been a major increase in the incomes of the wealthiest households. The following table shows that individuals and/or married couples (known collectively by Revenue as tax units) earning more than €100,000 has increased from 95,501 to 206,541 over the last seven years – or by 116%.

It also shows that this group are now taking home 31% of all pre-tax income as against 22% in 2013.

Year	2013	2020
Tax Units >€100,000	95,501	206,541
Total Income of Tax		
Units > € 100,000	€16,440 Billion	€37,486 Billion
Average Income of Tax		
Units >€100,000	€172,144	€ 181,494
Average After Tax		
Income of Tax		
Units > €100,000	€120,281	€119,780
Proportion of Total		
Income going to Tax		
Units > €100,000	22%	31%

Sources: Central Statistics Office Stat Bank and Revenue Commissioners Ready Reckoner.³⁰

3. Household Wealth Has Increased by 75%

In their third National Quarterly Report for 2019, the Irish Central Bank indicated that, for the first time ever, Irish household wealth had surpassed €800 billion – equating to €162,577 per person or more than €500,000 per household.³¹ This wealth is made up of three key components (1) housing assets worth €545 billion, (2) financial assets of €395 billion and (3) €147 billion of household liabilities.

Collectively, these statistics show the vast increase in corporate wealth and household assets over the last seven years. This puts the government in a strong position to pay for the Covid-19 crisis through initiatives targeted at those most able to afford them.

Paying for Covid 19

Paying for Covid 19 foregrounds politics in a particularly stark way. We know the new government will try to force the costs onto working people by cutting back on state support and presenting private bondholders as the country's only option. This wasn't true in the aftermath of the last recession and it isn't true this time either. State debt is already at dangerously high levels due to the last crisis, and this, paradoxically, allows right wing politicians to threaten us with bond market vigilantes. The claim is that we must impose austerity soon or face the threat of higher borrowing costs from the so-called markets. This form of economic blackmail should have no place in the current debate. If we are truly all in it together then paying for Covid should be done on the basis of those most able protecting the vulnerable. This can be done through the following proposals

- A Solidarity Wealth Tax on the top 5% of households.
- A Graduated Tax on Incomes over €100,000.
- An Increase in Employers PRSI towards the European Average and,
- A forensic investigation to ensure that all money paid directly to businesses that return to profit is paid back to the state.

These policies are explained in more detail below.

1. Covid 19 solidarity wealth tax

Wealth in capitalist societies is always more unequally distributed than incomes. The richest 10% of Irish households receive 31% of all income for example, but they own 48% of all accumulated assets. The Central Statistics Office give a useful breakdown of the distribution of wealth assets, indicating the following:

Proportion of population %	Proportion of household wealth %
Top 1	9
Top 5	33
Top 10	48
Top 20	66
Bottom 50	7
Bottom 25	0

Source: Central Statistics Office Income and Wealth Inequality.³²

The top 1% of the population have more wealth than the bottom 50% combined, with the top 5% holding a third of all household wealth. If we consider that total household wealth has increased by €350 billion over the last seven years, the wealthiest 5% (85,000 households) have increased their wealth by in the region of €115 billion or €1.35 million each. This is a cumulative increase in wealth of 77%, or an annual increase of roughly 11%.

Our proposal is to tax the accumulated wealth of the richest 5% of Irish households at a rate of 2% annually – exempting the first million of their assets for a family home and any financial obligations. This proposal was costed in October 2019 by the Department of Finance, who estimated that it would create revenue for the state of €3.85 billion annually.³³ This is defensible on the basis of the needs of the population during this pandemic and on the basis that much of this wealth is invested and generating a return far in excess of 2% annually.

Proposal	Revenue Millions €
Tax the richest 5% of households 2% on their Accumulated assets exempting €1 million for a family homes	3,850

2. Introduce graduated tax increases on high earners

The increase in high incomes in the state has been astonishing. The top 10% of earners now receive 31% of all household income before taxes and transfers are applied. Right wing commentators will point out that roughly 50% of all income tax is currently paid by those who earn over €100,000, but there are five important points to remember in this context.

- (1) The richest 10% have an average of €119, 780 *after tax* – roughly 4 times Ireland's median wage in 2017.³⁴
- (2) The best way to even up the tax burden is to even up before taxing income in the first place.
- (3) A family with take home pay of €120,000 has more than twice the buying power of a family taking home €60,000. If, for example, it costs €30,000 to meet the families' respective financial obligations, the first family has €90,000 left over versus

€30,000 for the second family – a ratio of 3:1.

(4) The marginal benefit of income drops as the amount of income increases. Everyone needs to meet the same basic needs with their initial income whereas much of the income of rich people is saved and/or used for speculation.

(5) Earning a wage of over €100,000 is a privilege that must come with attendant responsibilities to the rest of society.

For these reasons, it is important to place extra taxes on those earning the highest incomes in order to pay for the Covid 19 crisis. We propose the following tax increases to be levied on the marginal amounts above each figure.

Income €	Tax Rate%
100,000 - 150,000	50
150,000 - 200,000	55
200,000 -275,000	60
275,000 +	65

This proposal was costed in October 2019 by the Department of Finance, who estimated that it would create revenue for the state of €2.1 billion annually.³⁵

Proposal	Revenue Millions €
Impose Extra Tax Bands on Marginal Incomes	2,100

3. Move to EU levels of PRSI and ensure subsidies to profitable businesses are returned

The Covid 19 wage subsidy scheme is an important means of keeping people in their jobs. It is also a direct state handout to businesses that were profitable before the Covid crisis and will go back to making profits afterwards. Viewed in this light, tax payers are keeping private businesses afloat and should expect to be repaid by businesses that return to profitability.

Currently there are at least four schemes giving tax payers money to business owners:

- The Covid 19 Wage Subsidy Scheme costing €140 million weekly.
- The Private Hospital Deal costing €115 million monthly.
- The waiving of Commercial Rates for three months

- A €10,000 start-up grant for small businesses.

The cost of the latter two schemes is not yet clear, but two points are worth mentioning when we think about the responsibility of businesses to contribute towards this Covid 19 crisis.

(1) Despite the fact that Irish corporations are making record profits, only 34% of companies paid any corporation tax in the latest published figures (53,277 companies from 156,892). Of these, 49,392 paid less than €20,000, leaving the vast bulk of companies paying less corporation tax than many working families. One reason for this anomaly is a category called *Losses Brought Forward*. This is an allowance given to companies to allow them to write off current profit taxes against previous losses. In 2017, 62,000 companies claimed this form of losses depriving the state of €6.28 billion. Any losses from 2020 will provide businesses with a way to cover the cost of Covid 19 by reducing their tax bills into the future.

(2) Irish employers pay less than 50% of the EU average social insurance contribution. This means they are receiving state handouts having put far less into the system than their European counterparts.

Our proposal is in three parts – We would increase the 10.95% rate of employers PRSI by 2% and increase the rate for workers paid more than €90,000 to 19.75%. Collectively these measures are estimated to bring in €2,048 billion annually. In addition, we would insist that all money paid to businesses that return to profit are paid back to the state by denying losses brought forward for the amounts in question.

Proposal	Revenue Millions €
Move toward European Levels of Employers PRSI	2,048

Taken together these policies would create the €8 billion needed to pay the direct costs of Covid 19 and, over four years, could pay for the projected costs overall. Once this was achieved it would provide a permanent buffer to protect the most vulnerable, but we need to go further. According to the government's own projections, 105,000 people will lose their jobs in the aftermath of the medical pandemic as private investment collapses by more than a third. This, in turn, will reduce consumer demand, tax receipts and Gross National Income. The Fine Gael response to this challenge is to

create incentives for the private sector – including the recently announced €6.5 billion package for restarting activity. Much of this support takes the form of low interest loans which may not be taken up regardless of how cheap the capital becomes and risks handing state money to businesses that are already profitable. A more direct and equitable method of closing the employment gap is for the state to engage in investment itself. To maximise the social and economic impact, this should focus in key areas of social deprivation and social need – including healthcare, housing, childcare, rural development, housing and environmental initiatives. This would improve infrastructure, create thousands of jobs and move Ireland in a more progressive direction. In our Alternative Budget for 2020, People Before Profit budgeted for an increase in state investment of €11.5 billion based on the following initiatives.

Proposal	Cost Millions €
Build and purchase 20,000 extra public and affordable housing	3,500
Move towards a National Health Care System	1,945
Move towards a National Childcare System	1,175
Renewable energy and water infrastructure	2,400
Renewing rural Ireland	1,225
Public Transport	1,000
Overall investment	11,245

Source: System Change – An Alternative Budget for People and Planet³⁶

The revenue to pay for these initiatives comes from fully costed responses from the Department of Finance and are available in our alternative budget *System Change – An Alternative Budget for People and Planet*.³⁷ To get the full details on People Before Profit's investment programme and on the sources of revenue to pay for them, that document should be consulted alongside this article, however, it should also be remembered that creating employment increases wider economic activity that, in turn, increases the national income. Accordingly, the costs associated with this extra investment are an overestimate – in-so-far as they leave out the increased revenue that will flow from them overtime.

Conclusion

The Covid 19 crisis has shone a light on who is important in Irish society and posed new questions about how we organise the economy. The shameful legacy of austerity meant that we entered this crisis with less than half the Intensive Care Bed Units of many of our counterparts and the longest waiting lists in Western Europe.³⁸ Thus far, the population has rallied to make sure doctors and nurses have not been overwhelmed, but there can be no return to the two-tier health care system, the legacy of underinvestment and the endless waiting lists that existed prior to this crisis. Neither can there be a return to the austerity that devastated lives, ripped communities apart and led to the deprivation of more than a million people even before Covid 19 hit.

Perhaps more than any other lesson, the current crisis has taught us that austerity has always been a political choice – and one that will be resisted fiercely if the new government tries to impose it in the coming period. Since the end of March, Fine Gael have cynically used the rhetoric of social solidarity and caring for the vulnerable. But they have simultaneously allowed hundreds of elderly people to die in care homes, gifted money to profitable businesses and are set to force hundreds of thousands of people back to work in unsafe conditions. This article has shown that there are alternatives to this right-wing madness. Irish society is at a major crossroads with hope and solidarity down one path, despair and division down the other. The new government will dress up their divisive politics with the usual talk of togetherness but their commitment to capitalism means we are in for yet more austerity, inequality and climate destruction. People Before Profit are proud to be part of the resistance to these barbaric policies. We stand with frontline workers and the wider population in demanding policies that actually support people through this period of crisis. In the short term, this means creating a €15 minimum wage so that frontline workers in warehouses and supermarkets can afford to buy the basic necessities; increasing welfare payments to the €350 per week and maintaining them for the duration of the crisis; using the wealth that has been accumulated since the last recession to pay for this one, and organising in workplaces and trade unions to maintain the lockdown until it is safe to return to work. Yet it must also mean challenging the

logic of self-interest and private profit that have created such devastation to our societies and our planet. The immediate task is to defend the lives and livelihoods of people for as long as is necessary. The ultimate task is to move away from the failed policies of capitalism to a more democratic society that puts people before profit.

Notes

- 1 See <https://www.cso.ie/en/releasesandpublications/er/silc/surveyonincomeandlivingconditions2015/> for more details.
- 2 See <https://www.gov.ie/en/campaigns/together/> for more details.
- 3 See <https://www.irishtimes.com/news/health/ireland-has-one-of-the-highest-rates-of-covid-19-deaths-in-care-homes-in-world-1.4260140?mode=sample&auth-failed=1&pw-origin=https%3A%2F%2Fwww.irishtimes.com%2Fnews%2Fhealth%2Fireland-has-one-of-the-highest-rates-of-covid-19-deaths-in-care-homes-in-world-1.4260140> and <https://www.irishtimes.com/news/health/why-are-25-of-confirmed-covid-19-cases-health-workers-1.4213198?mode=sample&auth-failed=1&pw-origin=https%3A%2F%2Fwww.irishtimes.com%2Fnews%2Fhealth%2Fwhy-are-25-of-confirmed-covid-19-cases-health-workers-1.4213198> for more details.
- 4 See <https://www.irishtimes.com/news/politics/varadkar-speech-in-d%C3%A1il-was-intended-to-be-a-sobering-economic-message-1.4259537> for more details.
- 5 See <https://www.independent.ie/irish-news/pascal-donohoe-warns-of-bond-market-vigilantes-driving-up-borrowing-costs-39156081.html> for more details.
- 6 A. Shahine. Goldman Sachs sees 34% plunge in GDP and 15% unemployment @ <https://www.bloomberg.com/news/articles/2020-03-31/goldman-sees-even-deeper-u-s-contraction-in-second-quarter>
- 7 Ibid.
- 8 P. van Doorn. Airlines and Boeing want a bailout. But look how much they've spent on stock buybacks @ <https://www.marketwatch.com/story/airlines-and-boeing-want-a-bailout-but-look-how-much-theyve-spent-on-stock-buybacks-2020-03-18> 2020
- 9 R. Sharma. This is how the coronavirus will destroy the economy @ <https://www.nytimes.com/2020/03/16/opinion/coronavirus-economy-debt.html> 2020.
- 10 Irish Central Bank Macro Stability Review 2019 @ <https://www.centralbank.ie/docs/default-source/publications/financial-stability-review/financial-stability-review-2019-i/financial-stability-review-2019-ii.pdf> 2019 p.26.
- 11 See file:///C:/Users/boboyle/Downloads/73229_43fa6e247b6941548a2b55ff67119b8e.pdf for more details.
- 12 See the following articles <https://www.gov.ie/en/news/d2ec5b-minister-donohoe-publishes-stability-programme-update-2020/>; https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/unemployed_people/covid19_pandemic_unemployment_payment.html; <https://www.citizensinformation.ie/en/employment/>

unemployment_and_redundancy/covid19_temporary_wage_subsidy_scheme.html; <https://www.irishtimes.com/news/ireland/irish-news/almost-600-000-people-receiving-covid-19-unemployment-payment-1.4238934> and <https://www.rte.ie/news/business/2020/0430/1135903-wage-subsidy-scheme/> for more details.

13 See file:///C:/Users/boboyle/Downloads/73229_43fa6e247b6941548a2b55ff67119b8e.pdf for more details.

14 See <https://www.reuters.com/article/us-health-coronavirus-ireland-economy/ireland-unveils-6-5-billion-euro-coronavirus-business-package-idUSKBN22EOG3> for more details.

15 See file:///C:/Users/boboyle/Downloads/73229_43fa6e247b6941548a2b55ff67119b8e.pdf for more details.

16 Ibid.

17 See <https://www.irishtimes.com/business/financial-services/was-it-worth-paying-41-7bn-to-bail-out-irish-banks-1.4036792> for more details. This amounted to 42% of the entire European Bank debt, despite Ireland having just 1% of the EU population. See <https://www.irishexaminer.com/ireland/42-of-europes-banking-crisis-paid-by-ireland-219703.html> for more details.

18 See <https://www.irishtimes.com/culture/tv-radio-web/the-great-irish-sell-off-turning-the-spotlight-on-ireland-s-vulture-capitalists-1.2931597> for more details.

19 See <https://www.irishtimes.com/news/opposition-condemns-use-of-pension-fund-in-85bn-bailout-1.682955> for more details.

20 See https://researchrepository.ucd.ie/bitstream/10197/4222/1/The_Politics_of_Austerity_in_Ireland_Hardiman_and_Regan_Final.pdf for more details.

21 Ibid.

22 See <http://www.ucd.ie/geary/static/publications/workingpapers/gearywp201315.pdf> page 9 for more details.

23 See <https://www.econstor.eu/bitstream/10419/162231/1/879469927.pdf> page 1 for more details.

24 Ibid, p.12.

25 Ibid.

26 See <https://www.revenue.ie/en/corporate/documents/statistics/receipts/net-receipts.pdf> for more details.

27 One reason for this is that Ireland is a tax haven that keeps taxes off the elites. This has been well documented by a whole series of respected independent observers and shows up in the distortion of the Irish national accounts. See R. Murphy. *Dirty Secrets. How Tax Havens Destroy the Economy*. London. Verso. 2017; R. Palen, R Murphy and C. Chavagneux. *Tax Havens: How Globalization Really Works*. Ithaca. Cornell University Press. 2010; Zucman et al. *The Missing Profits of Nations*. NBER Working Paper Series

@ <https://gabriel-zucman.eu/files/TWZ2018.pdf> 2018 and Garcia-Bernardo et al. *Uncovering Offshore Financial Centres: Conduits and Sinks in the Global Corporate Ownership Network*. Nature Vol 7. Article no 6246 @ <https://www.nature.com/articles/s41598-017-06322-9> 2017. For more details.

28 See <https://www.oxfamireland.org/sites/default/files/upload/pdfs/austerity-ireland-case-study.pdf> for more details.

29 See <https://www.revenue.ie/en/corporate/documents/statistics/income-distributors/corporation-tax-calculation.pdf> for more details.

30 See <https://statbank.cso.ie/px/pxeirestat/Statire/SelectVarVal/saveselections.asp>; and <https://www.revenue.ie/en/corporate/documents/statistics/ready-reckoner.pdf> for more details.

31 See <https://centralbank.ie/statistics/data-and-analysis/financial-accounts> for more details.

32 See <https://www.cso.ie/en/releasesandpublications/ep/p-hfcs/householdfinanceandconsumptionsurvey2018/incomeandwealthinequality/> for more details.

33 The information for this adjustment comes from a response to the Parliamentary Questions 33524/19.

34 See <https://www.thejournal.ie/readme/opinion-64-of-workers-in-ireland-earn-less-than-the-average-salary-4562071-Apr2019/> for an estimate of median wages in 2017.

35 The information for this adjustment comes from Parliamentary Question 36595/18.

36 All of our costings and revenue can be found @ <https://www.pbp.ie/wp-content/uploads/2020/01/People-Before-Profit-2020-Budget-Final.pdf>

37 All of our costings and revenue can be found @ <https://www.pbp.ie/wpcontent/uploads/2020/01/People-Before-Profit-2020-Budget-Final.pdf>

38 See <https://www.irishexaminer.com/breakingnews/ireland/coronavirus-ireland-has-less-icu-beds-and-staff-than-other-eu-countries-expert-warns-990355.html> for more details.