
PRE-BUDGET STATEMENT

2018

TRANSFORM

HOUSING, JOBS & PUBLIC SERVICES

SOLIDARITY - PEOPLE BEFORE PROFIT



A MESSAGE TO OUR CONSTITUENTS

Transform: Housing, Jobs & Public Services' is a rallying call for an equal society. Ireland is now officially in recovery, but the scars of the crisis years are all around us.

In this document, we would like to outline to our constituents the work we are doing in proposing real practical alternatives to bring about a better society.

Thanks to years of austerity, people are currently living through the worst housing crisis in the history of the state.

Hundreds of thousands of people are faced with housing insecurity in the form of homelessness, exorbitant rents and mortgage payments, unsuitable accommodation and negative equity. At the sharp end of this crisis, people are dying on the streets and thousands of children are losing their futures. The government pays lip service to a 'housing emergency' but refuses to put measures in place to actually resolve it.

The depth of the crisis needs a radical increase in public house building along with the compulsory purchase of tens of thousands of vacant properties. We introduced a Right2Housing Bill to enshrine a right to housing in the Irish constitution but, unfortunately, it was voted down. This bill would have challenged those who benefit from the housing crisis, namely landlords and developers, by inserting the right to a home in the Constitution. This was anathema to right wing parties.

The untold secret of the Irish economy is the fact that wealth and profits have ballooned in recent years. Since 2008, gross profits have doubled from €75 billion to €150 billion. Household net wealth has increased to over €650 billion, rising by over 45% since mid 2012. As if this was not bad enough, the government are refusing to collect €13bn from Apple, resulting in a case being brought to the European Court of Justice.

This budget statement is designed to challenge the logic of business as usual. Using official statistics we prove that there are more equitable and socially just ways to budget for our collective needs. The wealth exists, but we need a mass movement to challenge the rule of capitalism in order to make it available for housing, healthcare, education and social services.

This is the central message that we want to convey to the readers of this budget statement.



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CONTENTS

INTRODUCTION.....	1
SECTION ONE EXPENDITURE TO TRANSFORM IRELAND.....	5
1.1 BUILD PUBLIC HOUSING TO SOLVE THE HOUSING CRISIS.....	6
1.2 DEVELOP A PUBLIC CHILDCARE SYSTEM	7
1.3 INVEST IN PUBLIC TRANSPORT & HALVE FARES.....	8
1.4 TOWARDS A NATIONAL HEALTH CARE SYSTEM	9
1.5 MAKE EDUCATION FREE FOR ALL.....	11
1.6 PAY EQUALITY	13
1.7 REBUILDING OUR SOCIAL PROTECTION INFRASTRUCTURE	13
1.8 REINVIGORATING SOCIAL INFRASTRUCTURE	15
1.9 SUPPORTING THE ARTS.....	15
1.10 GREEN ENERGY, FORESTS, WATER AND R&D.....	16
1.11 RURAL COMMUNITIES.....	17
1.12 INTERNATIONAL AID	18
EXPENDITURE TOTALS.....	19
SECTION TWO REVENUE	20
TAX CORPORATIONS, LANDLORDS AND THE WEALTHY	20
2.1.1 DOUBLE CORPORATION TAX REVENUE	21
2.1.2 INTRODUCE A FINANCIAL TRANSACTIONS TAX.....	23
2.1.3. PHARMACEUTICAL AND PRIVATE HEALTH LEVY	23
2.1.4 REMOVE REDUCED VAT RATE FOR HOSPITALITY / TOURISM SECTOR.....	24
TAX JUSTICE FOR WORKERS	25
2.2.1 ABOLISH THE UNIVERSAL SOCIAL CHARGE AND REPLACE WITH HIGH INCOME SOCIAL CHARGE	25
2.2.2 INCREASE EMPLOYERS' PAY RELATED SOCIAL INSURANCE	26
2.2.3 CUT PENSION RELIEF FOR HIGH EARNERS	27
2.3.1 MILLIONAIRES TAX.....	28
2.3.2 INCREASE CAPITAL GAINS TAX	29
2.3.3 ABOLISH THE 'HOME TAX' (LOCAL PROPERTY TAX) AND INTRODUCE A LANDLORD'S TAX	29
2.3.4 INCREASE STAMP DUTY ON COMMERCIAL PROPERTY SALES	30
2.3.5 SCRAP 'HELP TO BUY' SCHEME	30
2.4 REPUDIATE ODIOUS DEBT.....	30
FINAL REVENUE TABLE.....	33
SECTION THREE CAPITAL MEASURES	34
A NEW DEVELOPMENT MODEL.....	35
CONCLUSION	38
REFERENCES	40

SUMMARY OF BUDGET PROPOSALS

CURRENT REVENUE	MILLIONS €	CURRENT EXPENDITURE	MILLIONS €
Corporation Tax	6,268.5	Housing	250
Financial Transactions Tax	610	Childcare	1,560
Pharmaceutical and Private Health Levy	400	Transport	590
Remove Reduced VAT for Hospitality Sector	491	Healthcare	2,716.95
Income Tax Changes	-574	Education	1,167.
Employers PRSI	1,400	Pay Equality	1,609
Cut Pension Relief High Earners	115	Social Protection	2,490.1
Millionaires Tax	3,238	Local Government Fund	500
Increase Capital Gains Tax	200	Arts	100
Replace Property Tax with Landlords Tax	-231	International Aid	550
Increase Stamp Duty on Commercial Sales	564	Rural Communities	150
Scrap Help to Buy Scheme	40		
Repudiate Odious Debt	3,150		
Total	15,671.5	Total Current Expenditure	11,683.05
Balance	3,988.45		

SUMMARY OF CAPITAL EXPENDITURE

CAPITAL RESOURCES	MILLIONS €	CAPITAL EXPENDITURE	MILLIONS €
Irish Strategic Investment Fund	5,600	Housing	7,000
National Assets Management Agency	2,165	Childcare	1,000
		Transport	679
		Healthcare	888.1
		Education	135
		Green Energy, Forestry and Water	1,900
		Rural Communities	100
Total	7,765		11,702.1
Balance	-3,937.1		

*NOTE: This deficit will be covered by a transfer from current revenue.

INTRODUCTION

AN ALTERNATIVE VISION

This budget statement is designed to widen the debate about the available socio-economic choices. Budgetary decision making has always been framed within an extremely narrow set of parameters, designed to protect the interests of the existing elite. Over the last five years, this process has been reinforced by the neo-liberalism of the so-called fiscal rules. Budgeting within a narrow framework, known as the fiscal space, is now accepted by Sinn Fein and the Labour Party, as well as Fianna Fail and Fine Gael. We disagree with this entirely.

From our perspective, the 'fiscal space' is an austerity straitjacket, which must be broken out of. Our aim is to use the debate on Budget 2018 to highlight the real possibilities that exist for those willing to reject the neo-liberal consensus. The growing support for socialist policies is seen in the rise of Jeremy Corbyn in the UK, Bernie Sanders in the USA, and many others, including Jean-Luc Melenchon in France and Podemos in Spain. Like these forces, Solidarity-People Before Profit offer a radical left alternative to the extremism of the current establishment.

Fine Gael and their friends in the European People's Party have driven mass inequality and deprivation within the European Union (EU).¹ Their backers in big business have taken increasing levels of the social wealth, condemning many others to live without even the basics. Meanwhile, they have ramped up the militarisation of the EU and allowed thousands to drown fleeing wars supported by the West.² This is extremism perpetuated against working people, asylum seekers and the poor.

KEY POLICIES

Solidarity-People Before Profit believe in a different Europe. For us, the lives of the many could be positively transformed through socialist policies that redistribute the wealth and profits of the corporations and the super-rich.

Our key policy proposals include:

SOLVE THE HOUSING CRISIS. 40,000 social and affordable homes could be provided next year – paving the way to eliminate housing waiting lists and end the housing crisis within five years.

DEVELOP A NATIONAL HEALTH SERVICE. To reinvigorate our failing healthcare system Solidarity-People Before Profit would hire thousands of. We would also abolish all hospital charges. In addition, we would start the development of a one-tiered National Health Service free at the point of use and paid for through progressive taxation. Immediately, this could mean free GP care for all next year. It would also mean a new focus on mental health provision.

INVEST IN EDUCATION AND SCRAP ALL FEES. To encourage lifelong learning, Solidarity- People Before Profit would reduce the pupil teacher ratios in our schools and make education free for everyone who wants to avail of it throughout their lives.

INVEST AND HALVE FARES IN PUBLIC TRANSPORT. To aid the fight against climate change, Ireland should target zero net emissions by 2035. Instead of cutting and privatising public transport, we need to invest in quality public transport and make it accessible and convenient.

FREE PUBLIC CHILDCARE FOR ALL. Ireland has failed abysmally when it comes to child care. Solidarity-People Before Profit would invest €2.5 billion in a national child care system to work alongside the national school system.

TAX JUSTICE. The mainstream parties present a false choice between lower taxes or better services. By taxing the richest 5% this statement shows how you can reduce taxes on workers, and still provide better services.

CREATE QUALITY JOBS AND A SUSTAINABLE ECONOMY. Brexit shows the danger in relying on a tax haven economy. Our capital measures involve a major increase in state investment to create tens of thousands of sustainable jobs.

RECOVERY FOR THE SUPER-RICH

The standard response from conservative forces is always the same - where will the money come from? Our alternative budget answers this question, using only official statistics, by pointing to the massive increases in profits for the corporations and the wealth of the richest in our society. Our proposals would mean those in the top 7% of income earners paying a little more, leaving the bottom 93% without any extra burden. The fact that nearly €16 billion can be found in this manner confirms the fact that Ireland is a very wealthy country.

According to the International Monetary Fund for example, Ireland is currently 4th in a list of 188 countries ranked in terms of Gross Domestic Product.³ The Irish economy is now worth €275 billion, with the top 5% of wealth holders each owning nearly €3 million in assets. In addition, profits in Ireland have more than doubled since 2011 with €160 billion declared in 2015.⁴ If Irish GDP was shared out equally there would be roughly €55,000 for every man, woman and child in the Republic. Instead we live in a tax haven economy ravaged by deprivation and inequality.

Figures from the CSO's Survey on Income and Living Conditions (SILC) reveal that 1.2 million people experience deprivation or roughly 25% of the population. Added to this, 460,612 people live in consistent poverty, of whom 105,051 are working. As usual, children are disproportionately represented, with 394,484 living in households experiencing deprivation out of a total population of 979,000. This is roughly 40%. The effects of austerity can also be seen in the decimation of our social infrastructure. Ireland is currently in the grip of the worst housing crisis in the history of the state. Homelessness and housing insecurity have never been worse, despite the fact that Irish GDP has never been higher. Ireland is also an outlier in

terms of hospital waiting lists, pupil teacher ratios and the cost of living for ordinary workers.

Given the stark reality of life for many people, talk of 'recovery' is both misplaced and inhumane. Low and middle income workers are being squeezed by the combination of high personal taxation and poor social services, whilst those at the very bottom can hardly survive. This would be a tragedy in a poorer society, but Ireland is one of the richest countries in the world. The fact that so many people struggle to make ends meet is the result of deliberate choices by a tiny elite. Our budget statement proves that different choices are possible. However, they will never be implemented by politicians who are tied to big business and a capitalist system addicted to profit.

PEOPLE POWER

The economic resources are currently available, but implementing this change will take far more than an alternative budget statement – it will take tens of thousands of people demanding these alternatives on the streets, in their workplaces and in their communities. The movement to defeat the water charges is testament to the power of ordinary people, as is the ongoing campaign for abortion rights.

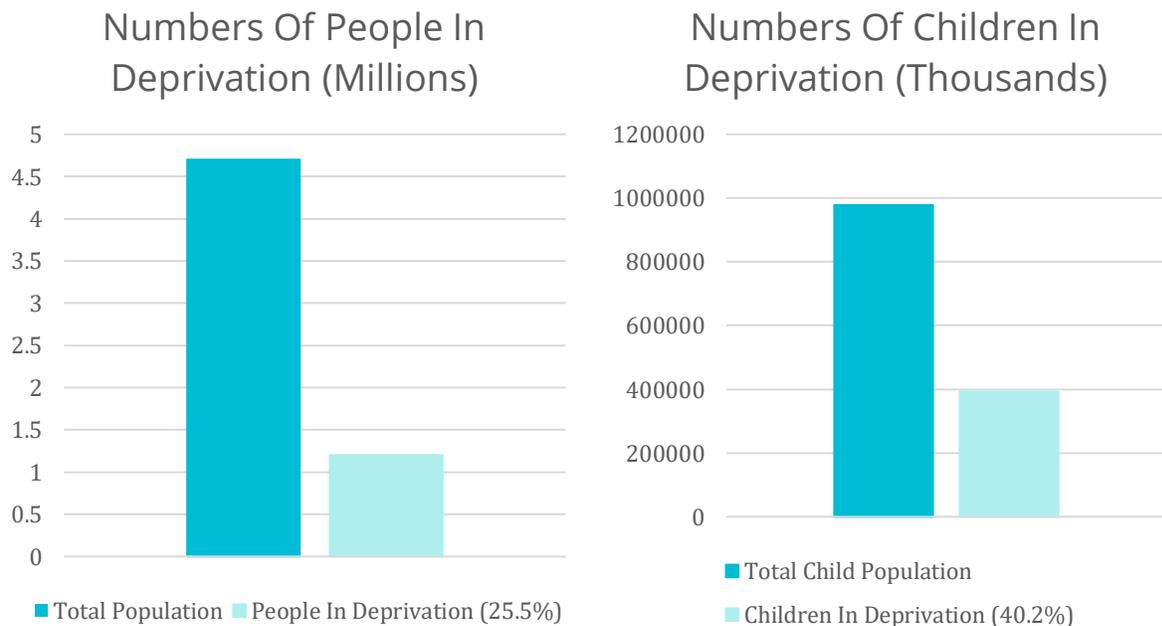
Combined with these movements, we need to build a political force to end the economic and political power of the 1%. This statement points towards a socialist-green economy geared towards the needs of the mass of people. This programme would be based on people power in every community and the nationalisation of the key sections of the economy under democratic control, including banking/finance, construction, transport and distribution, energy and the agri-food industry. In this way, our economy could be driven by democratic planning for people's needs – not profits and the anarchy of the market.

SECTION ONE

EXPENDITURE TO TRANSFORM IRELAND

Irish society has been devastated by years of austerity. To pay for the economic collapse, the Irish establishment pulled more than €30 billion out of social welfare and social services in the years between 2008 and 2014. On a cumulative basis, the figure was more than three times this amount. The social costs of this have been incalculable. The lives of tens of thousands of people have been ruined through long term unemployment, housing insecurity and a lack of social services.

Social Justice Ireland have tracked the more than doubling of deprivation that has occurred, but the cost in terms of human welfare and mental health have been much higher. Solidarity-People Before Profit want an economy that works for all in society, not a society put in the service of a tiny elite. Our aim is to radically transform this country, starting with the initiatives for social expenditure outlined below.



1.1 BUILD PUBLIC HOUSING TO SOLVE THE HOUSING CRISIS

Despite the measures introduced by this government, and its predecessors, to supposedly solve the housing crisis, things are getting worse. What was promised in *Rebuilding Ireland* is simply not equal to the scale of the problem

Consider the facts.

Rent increases exceed their highest level of Q4 2007.

8,000 people are now homeless –including 3,000 children.

100,000+ households are on social housing waiting lists.

The average cost of houses in Dublin is now €430,000.⁵

To solve this unprecedented crisis, Solidarity – People Before Profit would start by providing 40,000 new public homes next year. Our Capital Plan proposes to directly build 20,000 public houses next year at cost price of €150,000 as part of a major public housing programme to construct 100,000 new public homes over the next 5 years. We also propose to purchase 20,000 vacant sites at an average cost of €200,000.⁶

We would also reduce housing costs by introducing real rent controls linked to the Consumer Price Index, and backdated to 2011.

Housing Proposals

PROPOSAL	COST MILLIONS €
Acquire 20,000 vacant homes for public housing as part of programme of 60,000 acquisitions over 5 years	4,000
Build 20,000 new homes as part of a 100,000 Public Housing Scheme	3,000
Increase the funding for women's refuges	100
Reverse the 90% cut that was applied to Traveller Accommodation provision and enforce local authorities to fully utilise funds	50
Fund for emergency accommodation	100
Total	7,250

1.2 DEVELOP A PUBLIC CHILDCARE SYSTEM

The solution to our crisis in childcare is not to outsource the state's responsibility.⁷ Public sector outsourcing already costs over €11 billion a year. Extending this to childcare would swell the profits of private providers like Giraffe and Links, which are made off the backs of their low paid - 99% female - workforce.⁸ The socialist alternative is to develop a state run and publicly owned childcare system. Such a system already exists in several EU countries, including Spain and Italy.⁹

As well as providing free high-quality childcare for all parents who want it, this would ensure childcare workers, including self-employed childminders and au pairs working for €100-€150 a week, can earn decent wages and benefits.¹⁰

Our proposal is to move Ireland into line with the Scandinavian Model. To move in this direction, we would spend €1.56 billion in 2018 on hiring 50,000 childcare workers. In addition, we would spend €1 billion on improving the capacity and looking for synergies with existing providers and primary schools.

PROPOSAL	COST MILLIONS €
Net cost of employing 50,000 childcare workers	1,560
Expanding capacity	1,000
Total	2,560

1.3 INVEST IN PUBLIC TRANSPORT & HALVE FARES¹¹

Providing public transport alternatives is crucial if we are to reduce CO2 emissions, whilst linking up local communities in towns and rural areas. 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 of public transport, 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. This funding will bring the bus fleet numbers and services back to pre-crisis levels, while allowing the planning of more services in towns and cities to get people out of cars.

We would also provide ring-fenced funding for rural transport; for the Western Rail Corridor completion and begin the improvement in frequency in suburban rail services. We will see Dublin Bus open a new depot at Grangecastle.

Our proposals are as follows:

PROPOSAL	COST MILLIONS €
Halving CIE & Luas Fares	500
Increased Subventions	90
Increase Capital Expenditure (including Western Rail Corridor)	519
Cycling Infrastructure	160
Total	1,269

1.4 TOWARDS A NATIONAL HEALTH CARE SYSTEM¹²

Decades of neglect by FF and FG led governments have resulted in a crisis in our healthcare system. By the end of August, almost 695,000 people were waiting for hospital treatment and 65,000 had been left waiting on trolleys. In addition 3,400 surgeries a month are being cancelled due to staffing shortages and the trolley crisis.¹³ Instead of persevering with a failing model we would move towards a National Healthcare System free at the point of use and rationed on the basis of patient need.

We therefore advocate increasing the €2.8bn in additional annual current funding by the end of the decade recommended in the *Sláintecare Report* to €2.717bn next year and also increasing capital spending by nearly €900m.

Immediately enacting NHS legislation would also greatly improve efficiency and free up funding to expand capacity. Nationalising existing private health facilities and their staff would greatly speed up this process. We would also move to provide women with better reproductive care, prioritise mental health, dementia and autism.

In 2018 we propose the following measures.¹⁴

PROPOSAL	COST MILLIONS €
Increase Health and Well Being Budget, (including €100m Obesity & Chronic Disease Prevention & €41.5m to develop Child Health & Wellbeing Service)	274.5
Reverse Cuts to Dental Care	17
Palliative Care	50
Expansion of services for people with disabilities	291
Home Care as demand led service	120
Begin Abolishing Healthcare Charges	
Abolish Prescription Charges	115.6
Reduce the Drug Payment Scheme Threshold (€144) to €100 & halve it for single-headed households	261.75
Remove Hospital Inpatient & Emergency Department Charges	691
Universal GP Care (including €57m to employ 500 extra GPs)	455
Universal Primary Care (including employing 100 Speech and Language Therapists, 100 Occupational Therapists, 100 Physiotherapists) and Expansion of Primary Care Diagnostics (€25m)	290.6

Running costs of 1000 new beds in Acute Hospitals	306.5
Employ 500 extra Consultants, including 100 additional obstetricians and gynecologists to bring Ireland up to the international norms	97
Employ 4,000 nurses	203.1
Implementation of Vision for Change (including €122m expansion of mental health programmes recommended <i>in Sláintecare Report</i>), €9.3m to employ 100 extra Psychologists and 11.6m expansion of Counselling & Psychology in Primary Care)	200
Improvements to Sexual and Reproductive healthcare	100
Autism Support	33
Dementia Support	33
Transgender Support	33
Invest in public nursing homes	33
Total	3,605.05

1.5 MAKE EDUCATION FREE FOR ALL¹⁵

Solidarity-People Before Profit believes in education for child development and lifelong learning. Our model relies on replacing the various patron bodies 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. Now is the time to start redressing the imbalance created and exacerbated by the recession. In 2018 we would make sure education is free for everyone who wants to access it.

We would make the following adjustments:

PROPOSAL	COST MILLIONS €
Reduce PTR from 1:27 to 1:18	589.5
Reverse Cuts to Provision of Guidance Teachers	13
Provide Free School Books for Primary and Post Primary Students	40
Abolish Voluntary Contributions and Other School Costs.	112
Increase funding for Special Education provision in 2016 by 15%	100
Abolish all Fees for Third Level Students – Both Capitation and Tuition	220
Abolish Apprenticeship Fees	3
Reverse Cuts to Back to Education Allowance	8.5
Abolish Fees for all Postgraduate Students	71
Restore Second Level Capitation Grant to pre-2008 levels	35
Abolish Cuts to Student Grants	110
Total	1,302

1.6 PAY EQUALITY¹⁶

Workers need a pay rise. The economy is supposedly recovering, but workers are increasingly told that they have to wait. Solidarity–People Before Profit disagrees. In the public sector we would end the pay apartheid that has undermined the pay and conditions of new entrants. This would help to retain and recruit the workers we need to staff the health, education and vital public services we desperately need. Solidarity–People Before Profit would also repeal the Fempri legislation. Fempri was part of the FF and FG led government’s strategy to offload the cost of the banking crisis onto public servants. Not only is this the right thing to do, at least 40% of the pay increase would be returned to the state in taxes immediately.

PROPOSAL	COST MILLIONS €
End the Pay Apartheid	209
Repeal the FEMPI Legislation	1,400
Total	1,609

1.7 REBUILDING OUR SOCIAL PROTECTION INFRASTRUCTURE¹⁷

Since 2008, austerity budgets have eaten into the living standards of the poorest and most vulnerable people in our society. The number of people living in poverty has increased by more than 100,000 to 750,000 over these years. Almost one in five children live in households with incomes below the poverty line.

The recovery in Ireland must now include rebuilding our social protection system to actually protect all the people in Ireland.

PROPOSAL	COST MILLIONS €
Increase all Social Welfare Payments by €10	694
Increase the Fuel Allowance by 2 weeks	17.6
Full restoration of Christmas Bonus	267
Increase Child Benefit in respect of children over 12 by €30	135
Expansion of Homemakers Scheme	290
Increase the FIS multiplier for calculation of payment 60% - 75%	101
Extend Child Benefit to 18 year olds in second level education	62
Increase the age of the youngest child to 18 for receipt of OPFP	26.5
Increase Back to School Clothing & Footwear Allowance by €50	14
Increase Maternity Benefits to 12 months	268
Abolish the discriminatory JSA rates for under 26 year olds	109
Introduce a state pension of €250 and reduce the eligible age for the state pension to 65	406
Rent allowance funding increase	100
Total	2,490.1

1.8 REINVIGORATING SOCIAL INFRASTRUCTURE

The funding of local authorities has been cut by 26% since 2009. This has resulted in a huge deterioration in local services – road sweeping, housing maintenance, park maintenance, road and path repairs, libraries, playgrounds and other basic services and resources for communities. Many areas are in a state of total disrepair and libraries are closing and understaffed - leading to a new plan for “staffless” libraries. The waiting times for basic house repairs and house alterations for disabled and elderly people are unacceptably long.

The Local Property Tax replaced a portion of the Local Government Fund, without any new investment in local services. Solidarity-People Before Profit believes that direct funding from central government should be restored to the figure of €500 million per year. We also propose that our new second home tax should also go to local authorities to provide the services we were promised with the introduction of the LPT.

PROPOSAL	COST MILLIONS €
Investment in local services	500
Total	500

1.9 SUPPORTING THE ARTS¹⁸

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. Solidarity-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.

In particular, we believe children must have greater access to culture and art, both inside and outside the education sector. Solidarity-People Before Profit believes we must increase spending on the arts as a proportion of GDP to the average EU level. This figure of 0.6% will be reached overtime.

Total spending on arts, culture and heritage currently stands at €158.2 million per year Solidarity-People Before Profit propose to increase the arts budget by €100 million in 2016.

PROPOSAL	COST MILLIONS €
Increase Total Arts Budget	100
Total	100

1.10 GREEN ENERGY, FORESTS, WATER AND R&D¹⁹

Because of its location, Ireland has the potential to be a leader in the development of green energy worldwide. The state could enable a transition from fossil fuels to renewable energy and become a manufacturer and exporter of green energy components. Our oil and gas resources have already been privatised.

This process needs to be reversed and we cannot allow any robbery of green energy to take place by the profit sector. Ireland's wave energy potential is enormous. A recent report by the ESRI (158) 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.

Decades of underinvestment has also left our water infrastructure dangerous and antiquated. In 2018 we propose spending €400 million on top of Irish Water’s current plan.

PROPOSAL	COST MILLIONS €
5,000 green jobs as part of a five year investment plan	500
Public investment on green Research and Development	500
Reforestation Programme	100
Water Infrastructure	400
Green Agri Food	400
Total	1,900

1.11 RURAL COMMUNITIES

Rural communities have been devastated by years of austerity and without a vibrant agricultural sector rural decline is likely to continue. Our current agricultural sector is dominated by big agri-producers. Our goal is to rebalance the sector towards small and medium sized enterprises, whilst emphasizing the need for environmental protection.

For 2018 we propose the following

PROPOSAL	COST MILLIONS €
Rural Economy, Environment and Structural Changes Programme	150
Rural Regeneration	50
Rural Broadband	50
Total	250

1.12 INTERNATIONAL AID

Solidarity-People Before Profit believe it is important to help the most vulnerable people in the world. In 2018 we would spend €550m on top of the government's aid budget, with a view to moving to 0.7% of GNP over time.

PROPOSAL	COST MILLIONS
Increase development aid budget	550
Total	550

EXPENDITURE TOTALS

PROPOSAL	COST MILLIONS €
Housing	7,250
Childcare	2,560
Transport	1,269
Healthcare	3,605.05
Education	1,302
End Pay Inequality	1,609
Arts	100
Social Protection	2,490.1
Local Government	500
Green Energy, Agri-Food, Water & R&D	1,900
Rural Communities	250
International Aid	500
Extra Expenditure Total	23,335.15

SECTION TWO

REVENUE

TAX CORPORATIONS, LANDLORDS AND THE WEALTHY

The government's commitment to fighting the EU Commission's ruling on illegal state aid for Apple demonstrates that Ireland is a tax haven. The fact that €13 billion could be refused in a time of major social crises exposes the real priorities of the Irish establishment.

This is only the tip of the iceberg, moreover. Google paid a corporate tax rate of 0.14% between 2005 and 2011.²⁰ Starbucks paid a grand total of €45 in 2015.²¹ Vulture funds feasting on the carcass of the property crash pay €250 tax on billions of euro in assets.²²

Ireland also has the lowest employers' PRSI in the EU. Other EU countries charge nearly three times as much and workers here contribute more than twice as much as their bosses.²³ If Ireland had the same level of employers' PRSI as France, an extra €16bn a year would be raised.²⁴ For all Leo Varadkar's talk of "Middle Ireland", the reality is that his government's tax policies are designed to benefit the corporate world and the wealthy elite.

Solidarity – People Before Profit stands for a radical change in tax policy. Instead of seeking to shift the burden further onto working people, via indirect taxes like the water charges, we think it is time to call a halt to Ireland's tax haven strategy. In addition to significantly increasing taxation on corporations, the wealthy and landlords should be progressively taxed to fund necessary public services. This has to be linked to a socialist industrial policy based on public investment and public ownership to create environmentally and economically sustainable growth.

2.1.1 DOUBLE CORPORATION TAX REVENUE

At 12.5%, the headline rate of corporation tax is the lowest in the Organisation for Economic Co-operation and Development (OECD).²⁵ It is the vast array of exemptions and loopholes that really exposes the Irish tax avoidance model, however. In 2016, the European Commission found that Apple Inc. had paid an effective tax rate below 1%. This is an outlier, but the effective rate of corporation tax in Ireland is not 12.5% - it is somewhere between 3-5%.²⁶ To see this, consider the tables below.

Corporation Profits 2011 -2015 (latest figures available from the Revenue Commissioners).²⁷

Year	Total Profits Declared Before Deductions (Millions)	Total Corporation Taxes Paid (Millions)	Effective Rate Of Corporation Tax²⁸
2015	156,305.6	6,248.5	3.99%
2014	103,681	4,930.9	4.75%
2013	87,019.7	4,078.9	4.68%
2012	80,712.6	4,374.7	5.42%
2011	77,638.6	4,173.4	5.37%

The table shows the Total Profits declared in Ireland from 2011-2015. It also shows the amount of taxes actually paid by the corporate sector, allowing a calculation of the Effective Tax Rate.

Breakdown of Corporation Tax for 2015

CATEGORY OF CORPORATION TAX	REVENUE MILLIONS €
Total Income Before Deductions (Trade Profits plus other income)	156,305.6
Deductions	91,229.1
Total Taxable Income	65,076.5
Total Taxes Paid	6,268.5

A key proposal from Solidarity – People Before Profit is to end this tax haven for corporations, by closing tax loopholes and increasing rates, as necessary, in order to double the amount of corporation tax paid next year.

This will include closing off the loopholes given to the Vulture Funds, including Section 110 and the so-called Knowledge Box (currently costing €50million).²⁹ In order to do this, Solidarity proposes to double the rate of tax on corporations with over €800,000 in profits to 25%. People Before Profit proposes closing off existing loopholes and exemptions in order to move the existing effective rate closer to the headline rate.

PROPOSAL	REVENUE MILLIONS
Double the Corporation Tax Paid	6,268.5

2.1.2 INTRODUCE A FINANCIAL TRANSACTIONS TAX³⁰

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.³¹ 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. Ireland doesn't tax dividends earned or distributed by investment funds which is why so many of these funds have flocked to Ireland. The Irish Financial Services Centre currently manages €1.9 trillion in assets, without providing many jobs or taxes.

One way to tackle the financial sector is to impose a financial transaction tax. This would reduce speculation and give the state something towards the social cost of the last crisis.³²

PROPOSAL	REVENUE MILLIONS €
Financial Transactions Tax 0.1% on Transactions of Shares and Securities and 0.01% on derivatives	610

2.1.3. PHARMACEUTICAL AND PRIVATE HEALTH LEVY³³

Solidarity – People Before Profit believes in a healthcare system that prioritises preventive measures to sustain health and wellbeing. That said, the use of pharmaceutical drugs is often the only viable option for people, making the cost of medication extremely important. Irish people have regularly been overcharged for pharmaceutical drugs. In order to begin to address this problem, Solidarity – People Before Profit would introduce a pharmaceutical levy and private health levy of 4% on the profits on pharmaceutical companies based in Ireland.

Many of the most profitable pharmaceutical companies have engaged in so-called 'tax inversions' to avoid billions of euro in corporation tax. This would be a levy on the profits of all pharmaceutical and private human health companies – including private nursing homes and home care agencies – to partly fund the development of a National Health Service, eliminating the need of people to avail of the private sector.

PROPOSAL	REVENUE MILLIONS €
Introduce a 4% levy on the profits of Pharmaceutical Companies and Private Health Companies	400

2.1.4 REMOVE REDUCED VAT RATE FOR HOSPITALITY / TOURISM SECTOR³⁴

The reduced VAT rate has functioned as a subsidy for a highly-profitable and low wage hospitality and tourism sector. The cost from 2011 to 2016 has been €2.2 billion. This money would be much better spent on public services and public investment.

PROPOSAL	REVENUE MILLIONS €
Remove Reduced Rate of VAT in the Hospitality/Tourism Sector	491

TAX JUSTICE FOR WORKERS

One feature of tax haven Ireland is the disproportionate amount of tax paid by lower and middle-income earners.³⁵ Despite Fine Gael's rhetorical appeals to 'Middle Ireland', the reality is their tax proposals will benefit 'Rich Ireland' disproportionately. The following tax measures aim to reverse this trend.

2.2.1 ABOLISH THE UNIVERSAL SOCIAL CHARGE AND REPLACE WITH HIGH INCOME SOCIAL CHARGE³⁶

Our proposal is to scrap the Universal Social Charge, which is a hated tax for workers. The reductions given by governments until now have given the greatest benefit to relatively high earners – those in the top 7%.

This table shows the latest figures from the Central Statistics Office on the Distribution of Income for those tax units earning above €90,000 annually.³⁷

Percentage of Tax Units with income over €90,000

INCOME €	NO OF TAX UNITS	TOTAL TAX UNITS	PERCENTAGE OF TOTAL
>90,000	161,330	2,301,798	6.9%

Instead of the USC, Solidarity – People Before Profit would introduce a new 'High Income Social Charge' on marginal income over €90,000 to replace it. In addition, we would also introduce the new bands of income tax on income over €100,000 as referenced in the next table.

New Income Tax Bands

Earnings between €100,000-€140,000	50% tax rate
Earnings between €140,000-€180,000	55% tax rate
Earnings between €180,000-€250,000	60% tax rate
Earnings above €250,000	65%

The overall adjustment here will cost the state €574 million calculated as follows.³⁸

PROPOSAL	REVENUE MILLIONS €
Replace USC with High Income Social Charge on income over €90,000	-2800
Introduce new bands for higher incomes	2226
Total Cost	-574

2.2.2 INCREASE EMPLOYERS' PAY RELATED SOCIAL INSURANCE

Another key indicator of Ireland's pro-big business economy is the low levels of employer PRSI. According to research carried out by Unite the Union, employers' social insurance contributions as a percentage of wages are only 42% of the average applied in the EU.³⁹ Solidarity - People Before Profit proposes to bring this figure up

by increasing both rates of employers PRSI by 2%. We would also increase the rate to 19.75% for employers hiring employees on more than €100,000.⁴⁰

PROPOSAL	REVENUE MILLIONS
Increase Both Rates of Employers PRSI by 2% and Increase Rate to 19.75% for Workers Earning More Than €100,000	1,400
Total	1,400

2.2.3 CUT PENSION RELIEF FOR HIGH EARNERS

Pension relief is a significant tax expenditure of around €550 million annually, the benefit of which accrues predominantly to the top 20% of earners. Solidarity – People Before Profit argues for a universal state pension, whereby everybody can retire at 65 with a decent quality of life. To help fund that, we would reduce the earnings limit from €115,000 to €60,000 and raise €115 million.⁴¹

PROPOSAL	REVENUE MILLIONS €
Reduce the Earnings Limit from €115,000 to €60,000	115

2.3.1 MILLIONAIRES TAX

The Central Bank currently estimates household net wealth (assets minus liabilities) at €654 billion.⁴² This wealth is grossly unevenly distributed however. The following figures are approximate guides to current wealth distribution taken from the Central Statistics Office's Household Finance and Consumption Survey (2013), as analysed by the TASC report 'The Distribution of Wealth in Ireland', and the more recent Economic and Social Research Institute Working Paper No 549 Scenarios and Distributional Implications of a Household Wealth Tax (2016).⁴³

PERCENTAGE OF POPULATION	PERCENTAGE OF WEALTH HELD
Top 1%	14.8%
Top 5%	37.7%
Top 10%	53.8%
Bottom 50%	4.9%

PROPOSAL	REVENUE MILLIONS €
Millionaires Tax of 2% on Net Wealth Exceeding €1 million Imposed on Top 5% of Households	3,238

Note: This would affect the richest 84,615 households or 5% in the country.⁴⁴

2.3.2 INCREASE CAPITAL GAINS TAX

Solidarity – People Before Profit proposes to increase Capital Gains Tax from 33% to 40%, equivalent to the highest rate of workers' PAYE, bringing in an extra €200 million in 2018.⁴⁵

PROPOSAL	REVENUE MILLIONS €
Increase Capital Gains Tax from 33%-40%	200

2.3.3 ABOLISH THE 'HOME TAX' (LOCAL PROPERTY TAX) AND INTRODUCE A LANDLORD'S TAX

Solidarity – People Before Profit would abolish the local property tax, which is a home tax at a cost of €460 million.⁴⁶ In its place, we would introduce a landlord's tax of €600 on the second house and €1,000 on all subsequent properties. The costs and revenue are outlined below.⁴⁷

PROPOSAL	REVENUE MILLIONS €
Abolish the Local Property Tax	-460
Introduce Landlords Tax	229
Total Revenue	-231

2.3.4 INCREASE STAMP DUTY ON COMMERCIAL PROPERTY SALES

Solidarity – People Before Profit proposes to increase stamp duty on commercial property sales to 6%. As well as raising revenue, this would discourage speculation on commercial property, which has reached bubble levels and prices.⁴⁸

PROPOSAL	REVENUE MILLIONS €
Increase Stamp Duty to 6% on Commercial Property	564

2.3.5 SCRAP 'HELP TO BUY' SCHEME

Solidarity – People Before Profit proposes to abolish the 'Help to Buy' scheme. This was simply another tax break for developers, with the clear aim of inflating house prices.⁴⁹

PROPOSAL	REVENUE MILLIONS €
Scrap the Help to Buy Scheme	40

2.4 REPUDIATE ODIIOUS DEBT

Nearly €1 in every €10 raised by the state in revenue goes to pay the interest on the national debt – estimated at €6.3 billion for 2018.⁵⁰ Debt service remains the fourth biggest item of expenditure on a yearly basis – after social protection, health and education.

During the crisis the Irish debt burden increased from 25% of GDP to over 100%. This meant an extra €160 billion in debt thanks largely to the twin effects of the banking collapse and the collapse in employment.

The net effect of paying the interest on all this odious debt is to transform a substantial primary surplus of over €4 billion into a deficit. The vast bulk of 2018 interest payments relate to debt accumulated since the economic crash.⁵¹ At a time of multiple social crises, burdening people with paying bankers debt is not only immoral; it makes sense only from the point of view of the bondholders who benefit.

Solidarity – People Before Profit argues that the government should immediately impose a moratorium on all debt repayments and embark on a programme of debt repudiation.

Given the secrecy surrounding bondholders, it is not possible in advance of a debt audit, to detail precisely what debt write down would result.

A Moratorium on Debt

The example of SYRIZA in Greece shows the danger of simply appealing to the so-called creditors to come to a fair arrangement on debt. Therefore, while a Left government would seek a negotiated write-down, it would prepare people for the possible necessity of unilateral debt repudiation. In order to be successful, large sections of the population should be drawn into discussions and preparation for such a step. A popular debt audit commission, involving left-wing academics as well as representatives of working people, exposing the origins of the debt and who it is owed to, would be a necessary step. Debt should only be repaid on the basis of proven need – i.e. to ordinary households and pensions, as opposed to hedge funds and neo-liberal institutions like the ECB and IMF.

However, we do know that 56% of long term government bonds are held by non-residents and less than 1% is held by pension funds or households. The vast majority

are held by banks and financial institutions.⁵²We also know that 25% of Ireland's total debt is made up of so-called 'Programme Assistance', owed to the Troika.⁵³

PROPOSAL	REVENUE MILLIONS
Repudiate 50% of Total Debt	3,150

FINAL REVENUE TABLE

REVENUE	MILLIONS €
Corporation Tax	6,268.5
Financial Transactions Tax	610
Pharmaceutical and Private Healthy Levy	400
Remove Reduced VAT Rate for Hospitality and Tourism Sector	491
Replace the USC with a High Earner Social Charge	-2,800
Introduce new Income Tax Bands on High Earners	2,226
Increase Employers PRSI	1,400
Cut Pension Relief for High Earners	115
Millionaires Tax	3,238
Increase Capital Gains Tax	200
Abolish Property Tax/Introduce a Landlord Tax	-231
Increase Stamp Duty on Commercial Sales	564
Remove the Help To Buy Scheme	40
Repudiate Odious Debt	3,150
Total	15,671.5

SECTION THREE

CAPITAL MEASURES

Solidarity- People Before Profit want to radically transform the Irish economy. This project will need major long-term investment and a new role for the Irish State. The mainstream parties are united in accepting that the state should be restricted to encouraging the profits of the private sector. Instead of the state creating tens of thousands of well-paid jobs, the mainstream dogma focuses on creating the – low pay, deregulated – conditions for the private sector to “create employment”. The consequences of what is the mass exploitation of workers includes:

The development of a tax haven capitalism centred on the Irish Financial Services Centre and other tax dodging 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

Jobs and working conditions that are undermined by periodic crises in the global capitalist economy.

Recent changes in the global environment are also likely to increase the pressure on the tax dodging model. In the US, Donald Trump has announced that he will reduce corporation tax rates to 20%. Following Brexit, Theresa May wants to turn Britain into a low tax, bargain basement economy. Meanwhile, the EU is putting pressure on Ireland to accept a higher rate of tax on corporations through the common consolidated corporate tax base. The Irish development model has patently failed.

We need to a break with tax haven policies and invest in a socialist and environmentally sustainable economy based on public investment linked with public ownership of key sectors.

A NEW DEVELOPMENT MODEL

Solving our current crisis in housing, childcare and green energy will require a massive increase in state led investment. To make sure the allocated resources are used effectively, moreover, we would immediately create state run enterprises in construction, banking and finance and renewable energy.

Creating Jobs and Sustainable Employment

Research by the Nevin Economic Research Institute has estimated that 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 spillover effects would create a further 6750 jobs. When the tax increases and welfare reductions are factored into account, the cost of these jobs falls to €575 million.

With a fund of more than €11 billion at its disposal the state could immediately begin to address the legacy of decades of underinvestment in our physical, social and industrial infrastructure.

The election of Donald Trump and the impending threat of Brexit mean it is now time 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 spillover effects and increased tax revenue. In addition, investment in green energy, housing and services would simultaneously rebuild our social infrastructure after years of austerity.

In 2018 we propose to do the following in terms of capital spending.⁵⁴

CAPITAL RESOURCES	MILLIONS €	CAPITAL EXPENDITURE	MILLIONS €
Irish Strategic Investment Fund	5,600	Housing	7,000
National Assets Management Agency	2,165	Childcare	1,000
		Transport	679
		Healthcare	888.1
		Education	135
		Green Energy, Forestry and Water	1,900
		Rural Communities	100
Total	7,765		11,702.1
Balance	-3,937.1		

Final Revenue Table

Final Totals	Millions €
Current Revenue	15,671.5
Capital Revenue	7,765
Total	23,436.5

Final Expenditure Table

FINAL TOTALS	MILLIONS €
Current Expenditure	11,683.05
Capital Expenditure	11,702.1
Total	23,385.15

Final Balance

FINAL TOTALS	MILLIONS €
Total Revenue	23,436.5
Total Expenditure	23,385.15
Balance (Surplus)	51.35

CONCLUSION

Solidarity-People Before Profit want to widen the debate about our economic options. What our budget statement has proved, using official statistics, is that the obstacle to resolving the crises we currently face is not resources - it is a capitalist system where those resources are controlled by big corporations and the super-rich. The resources that could be raised through the taxation measures referenced above are only a fraction of those that could be utilised by a left government determined to prioritise the needs of the majority. For example, using the banking system as a democratic public utility would allow a transformation in terms of public investment. Public ownership of the key sectors of the economy would represent a paradigm shift in terms of economic management, enabling a just transition to renewable energy and sustainable growth – a socialist-green economy.

The fact that Fianna Fail will likely vote for the government's budget demonstrates clearly that they share the same politics and represent the same class interests as Fine Gael and the 'Independents'. Labour is also evidently part of the same pro-capitalist consensus. The acceptance by Sinn Fein of the Fiscal Space, means that they cannot offer a radical alternative either. What is needed is a left government willing to break the fiscal rules and implement radical socialist policies. The implementation of these policies will inevitably meet significant resistance from those who benefit from the current structure of the economy. It is only necessary to witness the establishment denial of the blatant reality of Ireland's tax haven status to see the ideological opposition to any policies that touch the interests of the capitalist elite. That ideological opposition would be added to by economic and

political resistance, with the actions of the European Central Bank in Greece in 2015 serving to demonstrate how the institutions of neoliberal capitalism will use whatever means they have at their disposal to try to frustrate progressive change. This points to the necessity for mass struggles, from below, to successfully implement socialist policies. Fortunately, over the last few years, we have seen the re-emergence of major social movements, including the movement for marriage equality, for abortion rights and against water charges. The victory of the campaign for marriage equality and the fact that the government was defeated on water charges has given people confidence and added to the politicisation and radicalisation of Irish society.

Next year the fight for abortion rights will take centre stage, adding further weight to the leftwards shift in Irish public opinion. Solidarity-People Before Profit are part of this radicalisation of Irish society. We offer hope and international solidarity in a world riven by climate change, warfare and deep inequality. Our policies are capable of making a real difference for the clear majority, but we don't have forever to implement them. The rise of racist and fascist movements coupled with the acceleration of climate chaos means that more than ever we need a radical left alternative to the current system. This budget document is a contribution to building that alternative.

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- 3** See International Monetary Fund World Economic Outlook Database @ <http://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept> for more details.
- 4** See Corporation Tax Calculation @ <http://www.revenue.ie/en/corporate/documents/statistics/income-distributors/corporation-tax-calculation.pdf> for more details.
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28 Since 2012 the Revenue Tables exclude what are known as Manufacturing Profits. Post 2011 the figures outlined in the table underestimates the total profits and overestimates the effective tax rate. However without accurate figures, it is impossible to put an estimate on this discrepancy.

29 Following the property crash Michael Noonan gave international investors extremely generous tax breaks in order to encourage them to take on distressed mortgages and other property based assets. This process has allowed international vulture funds to acquire €300 billion worth of assets in this country. What is worse, many of these funds use tax loopholes to pay virtually nothing in tax

30 The current figures for stamp duty are €390 million, indicating a more than 100% increase in the amount that could be obtained. The Department of Finance was unable to give us accurate figures, but a reasonable – lower bound - estimate is that a financial transactions tax today could bring in roughly €1 billion with a loss of €390 in Stamp Duty. According to their own estimations, this would yield in the region of €490-€730 million per annum based on a volume of transactions that yields €180 million in stamp duty.

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