

From the Green Party

Response to ICTU, 18th February 2011

The following document sets out the charges made by ICTU in review it has published of the Manifestos of the Political Parties running in the upcoming General Election, with some responses.

The Green Party strongly rejects the analysis and commentary of ICTU in this document as misleading and inaccurate.

Charges:

“GP in Government supported the loaded terms of reference set up for the Review Group on State Assets,”

Green Party Response:

This review group was established by Government by decision of Government, including the Green Party. The ICTU does not state what it means by ‘loaded’ terms of reference, but use of the phrase ‘loaded’ is itself loaded, without explanation. The Green Party agreed the terms of reference for the review, taking account of its expectation that the result of the review would return for further decision of Government, providing Green Party Ministers with every opportunity to input into any subsequent decision making. This was done in good faith, and to charge the Green Party with ‘loading’ the process in any way is unfair and untrue.

“It seems to favour ‘competition’ rather than public control over key commercial assets”

Green Party Response:

This statement lacks evidence. Nowhere in the manifesto is ‘competition’ favoured over public control of key commercial assets. The transport section is clear about increasing funding for Dublin Bus and Bus Éireann and increasing investment in Irish Rail. Competition is not mentioned in the Energy section either and Eamon Ryan has always been clear about his complete support for the future development of ESB, Bord Gáis and Bord na Mona.

“The Party has a comprehensive policy on Energy which includes transport. This focuses on alternative energy production and use and would have major implications for the ESB and Bord Gáis, although there are few specifics spelled out.”

The Energy section does indeed focus on renewable energy generation but this does not follow that a focus on renewables would be in anyway negative for our state-owned companies. In fact, a focus on generating renewable energy would strengthen these companies and allow them to trade energy internationally – good for the companies and good for Ireland.

The phrase “would have major implications” is a loaded phrase and its not clear what ICTU mean by this.

“The Party appears to opt for ‘small co-operative forestry enterprises’ that would perhaps challenge Coillte’ as part of a decentralised state system.”

This is from an old policy on the website and does not appear in either the 2007 manifesto or the current manifesto. Either way, the Green Party does not support the privatisation of Coillte or its lands. To suggest otherwise is completely unfair.

“Conclusion: The Green party manifesto contains few specifics on plans for state companies Nonetheless, the policies pursued by the party while in Government – light touch regulation, low personal taxation and corporate taxation, the disastrous bank guarantee – have caused enormous harm”

Green Party Response:

Sale of state assets:

The Green Party has a statement on plans for state companies in its manifesto:

The Green Party is strongly opposed to a fire sale approach to the sale of state assets. Given the economic situation and the severe pressures on the public finances, full consideration must be given to making the best use of state assets. However, a number of our semi state companies including Coillte, the ESB, Bord Gáis, Bord na Móna and EirGrid are pivotal contributors to the achievement of energy policy objectives.

State assets and state companies are two different things, there may be a case for selling off some state assets, e.g. some land, but not immediately and not for a low price. But state companies, such as the energy companies are important for fulfilling our future policy objectives and energy needs. Therefore the Green Party does not propose the sale of these assets.

See press release by Eamon Ryan 12 November 2010,

“Selling or breaking up our semi states does not make business sense.”

http://www.greenparty.ie/en/news/latest_news/selling_or_breaking_up_our_semi_states_does_not_make_business_sense

Taxation:

The Green Party is not, and never has been a party of low taxation and certainly did not pursue low taxation policies in Government. Low taxation does not appear in Green Party policy or the manifesto. The charge that the Green Party pursued low taxation while in Government can not be sustained, especially given that the Government raised taxes in a number of budgets.

- Eamon Ryan's first act in Government was to raise the tax take for oil and gas finds from 25% to 40%.

- The highest marginal rate now stands at 55%.
- The Green Party advocated and achieved the abolition of the ceiling on PRSI, which had previously favoured higher earners.
- The Green Party pushed for and achieved the raising of the 'horizontal' tax rate to 30% from 20%.
- The Green Party pushed for and achieved the abolition of tax breaks which allowed high earners to shelter their earnings and which had contributed to the economically and environmentally unsustainable housing boom

In the 2007 election the Green Party was the only party which did not advocate lowering income tax. The Green Party has a long history of campaigning against low taxation.

In ICTU's examination of party manifestos, it does not comment on the Labour Party's position on corporation tax, which is identical to the Green Party's position on corporation tax. Nor does it comment on any other party's position on it. This seems to be a curious anomaly.

Regulation

The Green Party absolutely rejects the accusation that its policies pursued light touch regulation in Government. There is absolutely no evidence for this charge. There is much evidence to the contrary.

The Green Party has always spoken out against light touch regulation in all sectors of our economy and society. Nowhere in any policy or manifesto are there references to light touch regulation. Light touch regulation occurred in the lifetime of the previous Governments. In fact, in the wake of the banking crisis there has been a raft of new legislation on regulation in the financial sector – regulation has gotten significantly tougher, i.e., new banking regulations, new independent regulator, new independent head of the Central Bank.

The following is a sample of policies on tougher regulation pursued by the Greens in Government:

- Major planning legislation which will call a halt to over zoning and bad planning by local councils and local politicians, brought in by John Gormley 2010
- New regulations on buildings brought in by John Gormley September 2007
- Arms trade: greater internal compliance for those holding licenses in the arms trade
- Waste management regulations brought in by John Gormley December 2007
- New nitrates regulations announced, brought in by John Gormley March 2009
- New water conservation regulations brought in by John Gormley January 2009
- Enforcement powers of local building authorities strengthened by John Gormley Mar 2008

It would be useful if the ICTU provided an example of where it believes the Green Party was party to advocating or advancing light touch regulation.

Congress Response

The rationale behind the Congress document on privatisation was quite simple: we felt it was imperative that people working in the state sector be given a clear analysis of what the main parties were proposing on the issue. Obviously, they and their families will be directly affected by any change in the operation of the sector and it was our duty to make this clear in advance of polling day.

People should be aware of the likely consequences of their decision to cast a ballot, one way or the other.

Rather than conduct an exhaustive trawl of the proposals from all parties, groupings and independents, we focused on the outgoing Government and opposition parties that had a prospect of being in Government, after the election.

All parties were not treated in the same manner, because they are not starting from the same base. Therefore, it would be fair to say that greater emphasis was given to the record of Government parties than their manifestos, as such. That may seem a little unfair but that is a disadvantage that is faced by every outgoing Government in every election.

Therefore, in the case of both Fianna Fail and the Greens we placed extra emphasis on the terms of reference given to the *Review Group on State Assets*, chaired by Colm McCarthy. These terms are worth reprinting here in full.

1. *"To consider the potential for asset disposals in the public sector, including commercial state bodies, in view of the indebtedness of the State.*
2. *"To draw up a list of possible asset disposals.*
3. *"To assess how the use and disposition of such assets can best help restore growth and contribute to national investment priorities.*
4. *"To review where appropriate, relevant investment and financing plans, commercial practices and regulatory requirements affecting the use of such assets in the national interest."*

It is our clear view that these terms are loaded and were drawn up to facilitate pre-determined conclusions, namely widespread privatisation of state assets. The Green Party supported this and stating otherwise in the heat of an election counts for little.

Congress does acknowledge that the Greens voiced opposition to the sale of state companies such as the ESB and accepts that the party has a very good record on public transport. However, that has to be set against the position adopted on the terms of reference given to the *Review Group on State Assets*. In many respects, those terms let the genie out of the bottle and voicing opposition subsequently is perhaps too little, too late.

Congress also notes that the Green Party has also stated that it would: "Open up freight lines and services to competition to provide a more reliable and efficient service."

Again, the trend is towards privatisation as opposed to public ownership.

On state energy companies, perhaps too much is being read into the Congress statement. It is expected that the *Review Group on State Assets* will argue for some state energy companies to stop undercutting others with below cost selling. This is reasonable as it would stop predatory pricing (not great for consumers in the short run) but it will have implications for the aggressive marketing companies. We have members in all of them and are merely pointing to this possible outcome.

Our document did not say that Greens advocate the privatisation of Coillte or its lands.

But you do state that: "The Green Party is strongly opposed to **a fire sale** approach to the sale of state assets."

This is, at best, ambiguous. 'Fire sale' is a subjective term that could, potentially, entail the privatisation of all state assets, depending on the context and the circumstances.

Congress is of the view that the single greatest error in the current crisis – perhaps the greatest in the history of the state – was the decision to provide a blanket guarantee for private bank debts, on September 29, 2008. The Green Party supported this decision and must bear responsibility for the terrible consequences that follow.

While you state that "the Green Party is not, and never has been a party of low taxation and certainly did not pursue low taxation policies in Government" it is undeniable that the coalition Government remained wedded to low tax ideology, until the wheels came off the neoliberal model and that position became fiscally untenable.

Furthermore, when the economy collapsed, the (outgoing) Government responded by effectively shifting the burden of that collapse onto low and middle income public servants; those on welfare; people who depend on public services; people on the Minimum Wage.

In short, the austerity programme supported by the Green Party has impacted most on those who gained least from the bubble economy. Many are now saddled with high debts and reduced incomes, while obscene amounts of money have been poured into the banking black hole.

Unfortunately, that damage cannot be undone by proposals and promises in a manifesto.

ends