**What Congress Will Tell EU Trade Unions**

**1. The Key to the Crisis**
Ireland's central problem lies not with its public spending, but with the collapse of its six private banks. The 'socialisation' of their enormous - and still unquantified - debts has effectively collapsed the public finances.

This huge debt burden is the primary reason that Ireland was forced from the bond markets. In that respect, Ireland's problem is fundamentally different to that of Greece.

The debt is so large that Ireland's 1,800,000 workers will never be able to pay it back. It is not a debt that they ran up, in the first place.

**2. Too Good for Business**
Since 1997, successive Governments mistakenly equated what was 'good for business' with what was 'good for Ireland.'

This resulted in the deconstruction or shrinking of the country's tax base, shifting from direct taxes to a fatal reliance on indirect and transitory taxes on property and consumption.

There were also substantial losses of revenue due to 'tax incentives' for business, particularly property related incentives. These pro-cyclical policies had the effect of inflating the property bubble.

While public spending did increase - particularly in response to strong inward migration - it was still below the EU average and remained below yearly tax revenues, which continually showed a surplus.

**3. Economy has many Strengths**
Despite the problems, the economy has many inherent strengths. It has a skilled and adaptable workforce.

Exports are booming and productivity is amongst the highest in the developed world.

Ireland continues to enjoy a surplus on its balance of payments.

It remains the second most open economy in the world, with over 1000 foreign companies operating here.

Total labour costs are still low by European standards, while the country also has one of the EU's youngest and best educated populations.

**4. Pushing Ireland into 'Disorderly Default'**
The 'burden of adjustment' imposed under the IMF/ EU/ ECB deal is too severe. The combined weight of the private bank debt and the austerity programme is obstructing and stifling growth.

This is reinforced by the latest data, which shows the economy shrank for the third year in a row in 2010. The 'bailout' deal is clearly not working.

Piling austerity upon austerity - while ignoring the unsustainable bank debt - will ultimately lead to an unorganised default with unknown consequences.

Were that bank debt to be separated out, the economic situation would be difficult but far more manageable: our debt to GDP ratio would be approximately 80 per cent, high but not exceptional.

The key to the crisis lies in a sustainable resolution of the banking crisis - something on which the interests of Ireland and the EU clearly coincide.

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