

Ireland: Financial Playground for the Global Elites

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“So, so...[the €7 billion] is bridged until we can pay you back..which is never. [Loud laughter]” (Telephone conversation between Anglo Irish Bank executives in September 2008)

Current ongoing revelations in the form of recorded telephone conversations between top Anglo Irish Bank executives in September 2008, added to the revelations of Google’s use of Ireland’s corporate tax regulations to reduce its tax bill in Britain, and Apple’s 2 per cent tax rate in Ireland show clearly that global elites regard Ireland as a country where they can pretty much do as they like with scant regard for the Irish people.

The daily telephone revelations have caused shock and outrage in the Irish media as the contrast between the life of the laughing bank executives and the current distress of Irish people, weighed down with huge mortgages, wage cuts and the introduction of new taxes, adds fuel to the simmering anger being felt across the country.

While many Irish people, who have taken the cuts and new taxes on the chin, work hard to ‘get us out of austerity’ and exiting the bailout programme, the latest revelations show once again that the elites can abuse the system with impunity. The distress being felt can be heard on radio talk shows with people breaking down on air as they describe their personal financial situations.

Google this

The rot really seemed to set in when the “UK parliament’s Public Accounts Committee accused internet search engine Google of “devious” use of Ireland’s corporate tax regulations to reduce its tax bill in Britain” in May of this year. [1] Google “paid £6 million in corporation tax in 2011 though its sales in the UK, mostly processed through Dublin, are worth around £3.2 billion.” [2] It must be remembered that Google, who have 3000 staff in Ireland, are on the low Irish 12.5% rate of corporation tax.

Apple and the Holy Grail of Taxation

Two weeks later, Apple was accused of using Ireland as a tax haven by a US Senate Subcommittee. According to Democrat Carl Levin and Republican John McCain, “Apple negotiated a special two per cent tax rate in Ireland – far less than the State’s 12.5 per cent rate for companies.” [3] This agreement reportedly allowed Apple to avoid “paying \$44 (€34) billion in US taxes over the past four years by operating off-shore companies based in Hollyhill Industrial Estate in County Cork.” [4] Apple employs around 4,000 people in Ireland, and there is no doubt the Irish Government yielded to the power of large multinational corporations when it agreed to a special tax deal with the Irish Revenue Commissioner in

the early nineties. [5]

According to McCain: "A company that found remarkable success by harnessing American ingenuity and the opportunities afforded by the US economy should not be shifting its profits overseas to avoid the payment of US tax, purposefully depriving the American people of revenue." [6] It is important to note here that the low rates of corporation tax in Ireland similarly deprives the Irish people of revenue, the loss of which the Irish government is trying to replace with new taxes on Irish workers.

Laughing banksters

The effects of austerity on Irish society with a return to high levels of suicide, emigration, and unemployment have resulted in a quiet desperation as people try to make sense of the current articles in a prominent Irish newspaper where Paul Williams (generally known for his investigations into gangland goings-on) revealed how Anglo Irish Bank executives minimized their financial problems to drag the Central Bank (and the taxpayer) into a continuous bailout [7] while Anglo Irish Bank boss David Drumm "laughed about "abusing" the bank guarantee." [8] In one quoted transcript, John Bowe, who was Anglo's head of capital markets in 2008 says:

"That number is seven [billion] but the reality is we need more than that. But you know, the strategy here is you pull them [the Central Bank] in, you get them to write a big cheque and they have to keep, they have to support their money, you know." [9]

The difficult background scenario shows the seriousness of the crisis at the time:

"At the time, European leaders including Germany's Angela Merkel and UK chancellor Alistair Darling were alarmed at how the guarantee could affect their banking systems. But Mr Bowe sang a "comedy" version of the anthem 'Deutschland Uber Alles' and talked about giving "two fingers" to British concern. Mr Drumm and Mr Bowe are heard laughing at the concerns that the movement of money was causing a rift between Ireland and its EU partners. Drumm declares to his colleague: "So f***in' what. Just take it anyway . . . stick the fingers up."" [10]

By 30 September 2010, the Irish Government announced a total estimate of the eventual cost of the Anglo Irish bailout as at least €29.3 billion and by 31 March 2011 Anglo Irish Bank announced a €17.7 billion loss for the year 2010, breaking its own record for the highest corporate loss in Irish history. [11]

National debt

The effect of government bailouts and borrowing can be seen clearly in the huge rise of the National Debt from 44.3 €bn in 2005 to 192.5 €bn in 2012. [12] According to one commentator:

"There is no point having high nominal taxes which the wealthy and big multinationals can avoid paying. The reality is now that the major part of the deficit, the difference between what the government takes in and pays out, is made up of the interest payments on the national debt. €64 billion of the debt

was incurred bailing out the banks.” [13]

The continuing situation of high levels of borrowing, interest repayments on the growing National Debt and government planning more cutbacks does not augur well for those struggling to survive and looking for some alleviation of their financial hardships in the near future.

Notes

- [1]<http://businessetc.thejournal.ie/google-exec-grilled-by-uk-politicians-over-devious-use-of-ireland-to-reduce-tax-bill-911503-May2013/>
- [2]<http://businessetc.thejournal.ie/google-exec-grilled-by-uk-politicians-over-devious-use-of-ireland-to-reduce-tax-bill-911503-May2013/>
- [3]<http://www.thejournal.ie/ireland-is-apples-holy-grail-of-tax-avoidance-918345-May2013/>
- [4]<http://www.thejournal.ie/ireland-is-apples-holy-grail-of-tax-avoidance-918345-May2013/>
- [5]<http://www.thejournal.ie/ireland-is-apples-holy-grail-of-tax-avoidance-918345-May2013/>
- [6]<http://www.thejournal.ie/ireland-is-apples-holy-grail-of-tax-avoidance-918345-May2013/>
- [7]<http://www.thejournal.ie/the-anglo-tapes-9-jaw-dropping-quotes-from-before-the-bailout-964097-Jun2013/>
- [8]<http://www.independent.ie/business/irish/abuse-the-bank-guarantee-dont-get-caught-david-drumm-29369275.html>
- [9]<http://www.thejournal.ie/the-anglo-tapes-9-jaw-dropping-quotes-from-before-the-bailout-964097-Jun2013/>
- [10]<http://www.independent.ie/business/irish/abuse-the-bank-guarantee-dont-get-caught-david-drumm-29369275.html>
- [11]http://en.wikipedia.org/wiki/Anglo_Irish_Bank
- [12]<http://www.ntma.ie/business-areas/funding-and-debt-management/debt-profile/historical-information/>
- [13]<http://www.thejournal.ie/readme/ireland-poster-child-austerity-joan-collins-899403-May2013/>

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