



# General Elections in Ireland, 25<sup>th</sup> February 2011

from **Corinne Deloy**

Translated by Helen Levy

**ANALYSIS**1 month before  
the poll

On 1<sup>st</sup> February Taoiseach (Prime Minister) Brian Cowen (Fianna Fail, FF) asked the President of the Republic Mary McAleese to dissolve the Oireachtas (the two chambers of parliament) and convened early general elections (slightly over one year early) on 25<sup>th</sup> February next. Initially planned for 11<sup>th</sup> March the election has been brought forward by two weeks under the pressure of the opposition forces which threatened to deliver a motion of censure if the Taoiseach did not grant their wish and organise elections at the end of February. The opposition parties promised to approve the finance law 2011 which was done on 27<sup>th</sup> and 29<sup>th</sup> January – a vote that was vital for the implementation of Ireland's rescue plan. *"It is total insanity. We are now the laughing stock of Europe, we have a party and no leader (after Brian Cowen's resignation as head of his party) and a Prime Minister with no power,"* declared Fine Gael leader, Enda Kenny.

On 22<sup>nd</sup> January last outgoing Prime Minister Brian Cowen, who beat all of the country's record popularity lows, was indeed forced to quit as head of his party, Fianna Fail (FF), which he had led since May 2008 when he took over from former Prime Minister (1997-2008), Bertie Ahern. On 18th January however he had won a confidence vote within the FF with a majority of 71 votes and obtained the guarantee that he could stay as the party's chairman. He said that by doing this he wanted to foster the party's unity for the election campaign. *"By taking this initiative I think I am serving the party's best interests,"* he declared.

The rebellion against maintaining Brian Cowen as head of Fianna Fail was led by Micheal Martin, Foreign Minister who resigned on 16<sup>th</sup> January followed by Brian Lenihan, Finance Minister, Dermot Ahern, Justice Minister, Noel Dempsey Transport Minister, Tony Killeen Defence Minister and Mary Harney, the Minister for Health and Children who all quit their posts in the week of 17th January. Mary Hanafin, Tourism, Trade and Innovation Minister followed suit a few days later.

On 26<sup>th</sup> January Micheal Martin was sworn in as the new Fianna Fail leader easily beating his rivals. It is now his responsibility to lead FF's campaign in the general elections. Fianna Fail is forecast to lose in these elections by

all the polls.

On 23<sup>rd</sup> January the Greens announced their withdrawal from the government coalition. *"Our patience has run out. We have decided that we cannot stay in government any longer,"* declared the Green leader, John Gormley, speaking of *"a lack of communication and the collapse of confidence."* The departure of the Green Party led to that of two ministers: Eamon Ryan, Communications Minister and John Gormley, the Environment Minister. The government now only comprises seven members, which is the minimum set by the Constitution.

Outgoing Prime Minister Brian Cowen has just been accused of colluding with the former head of the Anglo-Irish Bank, Sean Fitzpatrick who revealed in a book that he had played golf and dined with the head of government when he was Finance Minister and just before the establishment of the bank's rescue plan. *"I am not guilty of any kind of economic treason,"* says Brian Cowen to his critics.

Just one month before the general elections ruling Fianna Fail and head of government Brian Cowen, who stands accused of having managed the economic crisis badly and of having allowed a real estate bubble to develop when he was in charge of the country's finances, are guaranteed defeat. The main opposition party, Fine

Gael (FG) led by Enda Kenny will very probably govern Ireland after 25<sup>th</sup> February next.

### The Irish Crisis

For a long time Ireland was at the top of the European class: a virtuous country from a budgetary point of view the island experienced exceptional growth, notably thanks to the low business tax rate. The Celtic Republic whose growth mainly relied on the financial industry was greatly affected by the international economic crisis. As of 2008 the GDP contracted by 3% and by 7% in 2009), the unemployment rate exploded rising from 4.6% at the end of 2007 to 9.2% at the beginning of 2009 and to 13% in March 2010 (and to 25% amongst the 20-24 year olds). The collapse of international companies' profits (mostly American companies) that had set up en masse in Ireland and the ruin of the real estate market plunged the country into a deep crisis.

Ireland's problem is very different from that of Greece. In Athens the bankruptcy of the State and of public finances brought down the banks; in Ireland it was the banks and the private sector that brought down public finance. The bursting of the real-estate bubble which had developed during the growth years because of the widespread establishment of foreign companies which took advantage of the low company tax rates (12.5%) together with the excesses of a banking sector that was inordinately large in comparison with the real size of the economy were the two main factors that led to the Irish crisis. The collapse of the real estate bubble in turn caused the collapse of assets prices – the size of the losses then truly became apparent. The government had no other choice but to guarantee and refloat the banks. Ireland's recovery implies a total restructuring of its banking sector. At the end of 2010 42% of Irish borrowers on the housing market were still in negative equity i.e. the value of their house was still inferior to the capital they had to reimburse the bank.

On 23<sup>rd</sup> December 2010, the Allied Irish Bank (AIB) was the fourth major banking establishment (after the Anglo-Irish Bank, INBS and the EBS AIB) to be nationalised since the beginning of the economic crisis that took the country to the brink of bankruptcy. The bank was refloatated with 3.6 billion € by the State. The latter also increased the share it held in the Bank of Ireland thereby becoming its major shareholder. The refloating

of the banking establishments placed under the control of the state has cost Irish taxpayers between 70 and 80 billion €.

The Fitch ratings agency downgraded the country from A to BBB. This is now the lowest rating ever attributed to Ireland on the part of the main ratings agencies; Fitch has said that the country will have to wait several years (between three and five) before it can recover its "A". On 17<sup>th</sup> December Standard & Poor's also downgraded Dublin's rating. Finally Moody's downgraded the country from Aaa2 to Baa1. The downgrading of ratings delivered by these agencies immediately affected the cost of the country's funding (a rise in interest rates) and made the government's work more difficult.

According to socio-economic forecasts Ireland's GDP was due to decline by 0.2% in 2010 and to grow by 0.9% in 2012. Unemployment now affects around 13% of the working population and the number of people living below the poverty line has increased over the last two years. Finally the Irish public debt reached 95% of the national GDP in 2010; it is due to peak at 102% in 2013 before dropping back down to 100% the following year. The outgoing government is forecasting growth of 2.75% of the GDP per year on average and a decrease in the number of unemployed below the 10% mark in four years time thanks to the net creation of 90,000 jobs.

The discontent of the Irish population due to the terrible economic difficulties that it has to face is coupled with the humiliation of having to ask for foreign aid to settle its debt problems. *"Those who have the most will contribute the most, those with less will retain their guarantees; the size of the crisis is such that no one will be able to avoid paying the contributions that are necessary for our country to recover all of its vitality,"* Brian Cowen tried to say reassuringly after the approval of the severest austerity plan in the country's history. Although the budgetary cuts do indeed affect all of society the burden is extremely heavy for the poorest.

There is one indicator which shows how serious the crisis in Ireland has been: in the past it was traditionally a land of emigration but during the final years of the 20<sup>th</sup> century it became a land of immigration - and now it is turning back to its tradition of emigration. For the first time since the exceptional growth of the 1990's the number of emigrants has risen past that of immigrants.

According to the Economic and Social Research Institute (ESRI) around 1000 people leave the country every week. The island's migratory balance dropped from + 67,300 (between April 2006 and April 2007) to - 34,500 (between April 2009 and April 2010), the biggest negative balance since 1989 according to the Central Statistics Office.

### Resorting to International Aid

On 30<sup>th</sup> September last Ireland's public deficit, initially estimated at 11.6% of the GDP was announced at 32%. At the beginning of November the Irish State's bonds soared on the markets which showed increasing concern. On 21<sup>st</sup> November the International Monetary Fund (IMF) and the European Union accepted Ireland's request for aid. On 23<sup>rd</sup> November Brian Cowen, who was struggling within his party, announced that there would be a snap election after the vote on the austerity budget (the third in two years for Ireland) and the adoption of the rescue plan both set for the beginning of 2011. The austerity plan was unveiled on 24<sup>th</sup> November. It plans to save 15 billion € (i.e. 10% of the GDP) over four years, via cuts in social spending (around 2.8 billion €) that are due to be brought back down to their 2007 level and via tax hikes. The government decided to maintain the business tax at 12.5% thereby rejecting the request made by French President Nicolas Sarkozy and German Chancellor Angela Merkel to raise it.

The main goal of the rescue plan is to bring the public deficit down - at present it lies at 32% of the GDP - to 3% in 2014. The 2011 clampdown should make it possible to complete 40% of the austerity programme. Some say that the public deficit will drop to 9.4% of the GDP by the end of the year. Drastic savings will mean cuts in civil servants' jobs (24,750 in all, which will bring staff numbers down to 2005 levels), a decrease in civil servants' retirement pensions, a reduction in family allowances (-10 € per month per child); cuts in healthcare spending and investments in all ministries, an increase in university fees and a drop in the minimum hourly wage (from 8.65 € to 7.65 €). Paid to 50,000 people in Ireland it is still one of the highest minimum wages in the EU. Government salaries will also be reduced (214,000€/year for the Taoiseach and 181, 000 €/year for a minister).

As for tax increases VAT is planned to rise by one point

in 2013 and then again in 2014 bringing it up to 23%. This measure is due to bring in 620 million €. Income tax will be raised (planned entry of 1.9 billion €), tax on retirement pensions will be modified (700 million € expected). Finally a new local tax that is meant to fund local public services will be created and is due to generate revenues of 530 million €.

On 28<sup>th</sup> November the IMF, the EU and Ireland came to agreement on an aid plan of 85 billion €: 35 will be devoted to the recovery of the banking system (10 will be injected immediately into the banks and 25 will complete the rescue fund for requirements in liquidities) and 50 will cover borrowing requirements for the next three years. In exchange for this aid Ireland must commit to a rapid stabilisation of its public finances and to the reorganisation of its banking system.

The IMF is participating to a total of 22.5 billion € in the aid plan. At the end of December it announced that 5.8 billion were already available. The EU is also due to pay 22.5 billion € 11.7 of which in the first quarter of 2011. The sum comes from the Euro Area's Stability Fund but also from bilateral loans on the part of the UK, Sweden and Denmark.

Ireland will also contribute to the aid plan to a total of 17.5 billion € which will be taken from the national pension fund.

Every payment of international aid is conditioned by an examination of the progress made by Ireland. The rescue plan is a loan that has to be reimbursed by the recipient country within one decade.

### The Irish Political System

The Oireachtas (Parliament) is bicameral.

The first is the Dail Eireann (the Chamber of Representatives) which comprises 166 members elected for a five year period maximum within 43 constituencies. MPs are appointed by proportional voting according to a single transferable voting system. The voter appoints the person or people he wishes to vote for in order of preference from a list of candidates. He writes the figure 1 in front of the candidate who would be his first choice and then if he wants to 2, 3, 4 etc ... in front of the names of the other candidates on the list. The first counting operation involves the calculation of the electoral quotient, i.e. the minimum number of votes that a candidate must win in order to be elected. This

quotient corresponds to the number of all of the votes cast divided by the number of seats available (three, four or five depending on the constituency) plus one. The surplus votes won are then divided up between the second choice candidates.

The Irish are very much attached to this complicated system of voting that they share with two other countries (Malta and Australia) to the point of refusing its modification on two separate occasions. Since the single transferable vote was written into the Irish Constitution in 1937 its modification or abolition can only be accomplished by referendum. In 1959 the Irish chose by a narrow majority and then more widely nine years later not to change anything about the way they chose their representatives. The two referenda organised on the initiative of Fianna Fail, who were then in power, suggested the Irish adopt the majority system as in the UK. Although the single transferable voting system enables a faithful representation of the political parties it is sometimes criticised due to the immense competition it creates between candidates in the same party. Hence MPs sometimes complain that this voting method forces them to dedicate a great amount of time to individual requests on the part of their fellow countrymen and prevents them from focusing on political issues of national interest.

The Seanad Eireann (the Upper House) has 60 members.

43 are elected by proportional vote according to a single voting system, by five main bodies comprising members of parliament (outgoing senators and the newly elected MPs) and local councillors (county councillors and town councillors) representing the various sectors of society (Culture and Education, Agriculture, Employment, Industry, Trade and finally the Civil Service).

11 are appointed by the Prime Minister and six by graduates (any citizen aged 18 and over who is registered on the electoral rolls and who has a degree) of the National University of Ireland or the University of Dublin (Trinity College).

The Seanad Eireann is traditionally elected 90 days after the Dail Eireann at the latest.

The government may comprise up to 15 members. Two of them can be members of the Seanad Eireann (the Upper House); everyone else must be member of the Dail Eireann.

Five political parties are represented in the Dail Eireann at present:

- Fianna Fail (FF) (Soldiers of Destiny in Gaelic) led by outgoing Prime Minister Brian Cowen; it has 77 MPs;
- Fine Gael (FG) (Family of the Irish in Gaelic) is the main opposition party lying to the centre-right of the political scale. Led by Enda Kenny has 51 MPs;
- the Labour Party (Lab) led by Eamon Gilmore has 20 MPs;
- The Green Party (GP), member of the outgoing government is led by John Gormley and has 6 MPs;
- Sinn Fein (SF) (Ourselves in Gaelic) is specific in that it exists (and takes part in elections) in two States of the European Union: Ireland and the UK. It is led by Gerry Adams with 4 MPs.

Two MPs of the Progressive Democrats (PD) a party created in 1985 by members of Fianna Fail who were then opposed to the leadership of Charles Haughey were elected in the last elections on 24<sup>th</sup> May 2007. However the Progressive Democrat Party was dissolved on 20<sup>th</sup> November 2009. Its two MPs – the Ministers for Health and Children, Mary Harney and Noel Grealish – now sit on the independent bench.

The Head of State, who only has representative power, is elected by universal suffrage for a term of 7 years that can only be renewed once. The present President of the Republic, Mary McAleese, in office since 30<sup>th</sup> October 1997, and the only candidate standing for the position as Head of State when the deadline for appointments closed during the last presidential election was re-elected without a ballot on 1<sup>st</sup> October 2004.

### The Electoral Campaign

*"We were too optimistic about our recent economic success that in appearance was quite spectacular,"* declared the outgoing Prime Minister who added, *"the development of a real estate bubble which when it burst caused the crisis was due rather more to having had easy credit and the ferocious competition for market shares than with tax incentives."* *"The biggest mistake that we made with regard to public finance was having spent too much and reducing taxes to an excess,"* says outgoing Foreign Minister Micheal Martin.

The opposition forces are campaigning on the challenge made to the IMF and EU's rescue plan and on criticism of the way the government negotiated the aid. They are

criticising the conditions that were set by the international sponsors, notably those that focus on interest rates. Fine Gael and the Labour Party want to renegotiate the agreement that was made with the IMF.

Labour believes it imperative to take another look at how the debt of the Irish banks is to be restructured and to review (downwards) the interest rate of 5.8% which the country has to pay its international creditors. *"The agreement was negotiated by a desperate government. Tax payers have to pay for the banks. We cannot accept this slavery,"* declared Eamon Gilmore of the Labour Party.

Fine Gael shares these views and is asking voters to allow it to take the country back to the negotiating table over the international aid plan. *"Ireland's 2011 budget is that of a puppet government controlled by the IMF and the EU,"* says Michael Noonan, FG's spokesperson. *"The winners are the banks which have stolen our money and the losers are the families with three children,"* accuses the Labour spokesperson Joan Burton.

Sinn Fein, which hopes to quadruple its number of MPs, denounces the rescue plan which it considers as an *"attack on the country's sovereignty"*. Although some political analysts have forecast that there might be a government coalition between Fianna Fail and Sinn Fein Gerry Adams has said that he would negotiate his entry into government on condition that Ireland withdraws from the EU.

All of the opposition parties say they will re-negotiate the conditions set by Ireland's creditors – for which they will have to win the approval of the IMF, the EU and the European Central Bank. Moreover all of the parties are tied hand and foot by the state of the Irish economy and have very little room to manoeuvre. *"The idea that the opposition might be able to re-negotiate a better interest rate from the IMF unilaterally is ridiculous,"* declared the outgoing Finance Minister Brian Lenihan. *"The only re-negotiation possible would focus on the conditions associated with the rescue plan but not on interest rates,"* he said. *"Any aspects linked to the plan's conditions can be re-negotiated but not the plan in itself. People can make pre-electoral promises but once in government there will be no room to manoeuvre,"* stresses Micheal Martin.

The Irish government is the first in the EU (and in the Euro Area) to fall because of the debt crisis that is seve-

rely affecting Europe as a whole. According to all of the polls Fianna Fail which has dominated political life since the country's independence in 1922 and has governed 55 of the last 74 years is due to be wiped out in this ballot. The most recent polls credit it with 14% of the vote. The Irish hold it responsible for the catastrophic situation in which their country finds itself. They accuse it of having a specific kind of relationship with the business world, of having prolonged the economic boom of the 1990's artificially to the point of creating a financial and real estate bubble, of having made tax payers pay for the rescue of the banks and finally for having turned to the IMF and the EU for aid. The latest polls declare that Fine Gael will win 35% of the vote, Labour 21%, Sinn Fein 14% and the Green Party 4%. Around 12% of the electorate are due to vote for independent candidates.

The question of sharing the burden, implied in saving Ireland, will undoubtedly be the focus of the short electoral campaign.

**Reminder of the General Elections Results of 24<sup>th</sup> May 2007 in Ireland**

Turnout: 67.30%

Political Party	No. of first choice votes	No. of seats	% of seats won
<b>Fianna Fail (FF)</b>	858 565	77	46.6
<b>Fine Gael (FG)</b>	564 428	51	30.9
<b>Labour Party (Lab)</b>	209 175	20	12.1
<b>Greens (GP)</b>	96 936	6	3.6
<b>Sinn Fein (SF)</b>			143 410
<b>Progressive Democrats (PD)</b>	56 396	2	1.2
<b>Socialist Party (SP)</b>	13 218	0	0
<b>People Before Profit</b>	9 333	0	0
<b>Workers' Party (WP)</b>	3 026	0	0
<b>Christian Solidarity (CS)</b>	1 705	0	0
<b>Others</b>	3 189	0	0
<b>Independents</b>	106,429	5	3

Source : Irish Electoral Commission

**D-7**

7 days before  
the poll

**A rout up 7 days before the poll**

On 1<sup>st</sup> February the President of the Republic of Ireland, Mary McAleese dissolved the *Oireachtas* (Parliament) on the request of Prime Minister Brian Cowen (Fianna Fail, FF) and convened a snap election (about one year ahead of time) for 25<sup>th</sup> February.

The Taoiseach (Prime Minister in Gaelic), in office since May 2008, was forced to resign both by the opposition forces who threatened his government with a motion of censure which he could hardly hope to win and by the members of his own party, which had already obliged him to give up his post as leader of Fianna Fail – and also by the Greens, member of his government coalition. Brian Cowen was replaced in this function by Micheal Martin, the Foreign Minister, who had also resigned.

Brian Cowen, former Finance Minister 2004-2008, who entered office just as his country was plunging into an unprecedented recession, has become gradually more unpopular, beating all records as he announced increasingly draconian austerity plans. He is the first head of government in the world to fall because of the international economic crisis.

Brian Cowen who had already been greatly discredited because of the way he had managed the political-economic crisis in Ireland found himself further weakened by the revelation of a meeting he was supposed to have had in the middle of the crisis with former chair of the Anglo-Irish Bank, Sean FitzPatrick. "My political career is coming to an end with these general elections. In taking this decision I feel extremely sad. But it is the best decision because Fianna Fail is restructuring itself and experiencing a renaissance with the rise of the new generation," Brian Cowen declared just before the election was convened. *The Taoiseach* is the first in Ireland's history not to run for re-election.

**The Socio-Economic Crisis at the Heart of the Electoral Campaign**

Former European champion and nicknamed the "Celtic

*Tiger*" Ireland experienced exceptional growth for a long time. However the country, whose growth was built mainly on the financial industry, was severely affected by the international economic crisis in 2008;

GDP growth contracted by 7% in 2009, unemployment rose (13.4%) and the housing market collapsed due to the departure of international companies (mainly American) after the collapse of their profits.

Although the situation has improved the Central Bank of Ireland has however reviewed its latest growth forecasts downwards (1% instead of the 2.1% initially planned), notably because of the effect of the austerity measures adopted in exchange for international aid. The financial institution does believe however that the country should emerge from the recession in 2011 thanks to its export performance which will compensate for the weakness of domestic demand. Another rather dismal figure for the Irish economy is that private loans declined by 5.2% in December in comparison with the same month in 2009 (these contracted by 4.8% in November). Finally withdrawals from the banks are continuing: 5.2 billion € in November 2010, nearly 3 billion in December.

Brian Cowen's outgoing government has been criticised for having managed the socio-economic crisis badly and for having continued to support the bankers and also of having turned to the IMF and the EU for aid, accepting on 24<sup>th</sup> November 2010 the terms of a rescue plan of 85 billion €. According to a survey by MillwardBrown Landsdowne published mid-February more than eight Irish in 10 (82%) said they support the renegotiation of this plan.

As expected turning abroad for aid was the heart of the first TV debate in the electoral campaign that took place on 9th February. *"The government has associated the country's fate with the misfortunes of the banks and has sold us to the EU and the IMF. The European part of the international loan must be renegotiated. The present agreement is bad for Ireland, Europe and the euro area,"* declared Eamon Gilmore, leader of the Labour Party. To do this the latter wants to make those holding bonds invested in the banks pay (*"they must bear part of the burden"* he said), to delay the deadline granted to Ireland by Brussels to bring back the public deficit below the 3% mark of the GDP and last but not least, reduce the interest rates demanded by the international organisations which lie at 5.83%. Eamon Gilmore qualified this rate as *"punitive and evil"*. The Labour Party, which is under attack on the far left by Sinn Fein (SF) and other leftwing parties, has recently

lost some ground amongst the middle classes. It is quick to outbid the others and speaks of rejecting the rescue plan.

Opposition and Fine Gael leader (FG) Enda Kenny, who is considered by all observers of the political arena to be the next Irish Prime Minister also said that he intended, if he came to office after the election, to reduce the cost of the EU loan by reducing the interest rates – to do this he intends to buy back part of the sovereign debt and restructure the bank debt that is not guaranteed by Dublin. The Fine Gael leader has also said he wants the recapitalisation of the escheated Irish banks to be suspended until the release of the new resistance test results undergone by the financial establishments (planned for the end of March). However the international rescue plan includes the refloating of the Anglo-Irish Bank and the Bank of Ireland to a total of 7 billion € by the end of February. In the wake of Enda Kenny's proposals on postponing the recapitalisation of the banks the financial ratings agency Moody's downgraded the Irish financial establishments' ratings by six points (Allied Irish Bank, Anglo-Irish Bank, EBS, Irish Nationwide Building Society, Bank of Ireland and Irish Life & Permanent).

Enda Kenny recently travelled to Brussels where he met European Commission President José Manuel Barroso with whom he spoke of renegotiating part of the rescue plan. The Fine Gael leader was accompanied by Michael Noonan, the party's present spokesperson (and probably the next Finance Minister), who said that his party wanted the debt owed by the Irish banks to be reduced likewise the interest rate paid by his country for the funds received. *"In spite of all of the effort Ireland might make it cannot support the cost of the aid in the present conditions,"* he declared.

*"Ireland's rescue plan cannot be renegotiated unilaterally and it is dishonest to pretend the contrary,"* repeated the new Fianna Fail leader, Micheal Martin.

Ireland's European partners, notably Germany, are extremely reticent about any further discussion over the rescue plan. They might however relax their position asking Dublin to raise company tax in Ireland in exchange - at present it is set at 12.5% and one of the lowest in the European Union. Opposition leader Enda Kenny also mentioned the introduction into Irish constitutional law of measures that aimed to limit public debt

according to the German model. *"We told the European Commission that we were aware that in Europe there was a desire to control the legal ability of governments to fall into debt so that they could not have to borrow imprudently again,"* declared Michael Noonan.

The IMF said by way of its External Relations Director and spokesperson Caroline Atkinson that it was planning to pay the next two parts of its loan of 22.5 billion € to the Celtic Republic after the elections on 25<sup>th</sup> February next. The first part of 5.8 billion has already been released; the next two are planned for around 15<sup>th</sup> March and 15<sup>th</sup> June next but they might be grouped together given the *"measures that might be implemented beyond the programme that has already been applied by the new government that will take office,"* said Caroline Atkinson.

### Political Campaign

Fine Gael and the Labour Party, who will probably be allies in the next government coalition, are undertaking a bitter pre-electoral battle. Labour is accusing Enda Kenny's party of being too timorous with regard to Ireland's partners: Fine Gael is accusing Labour of wanting to borrow five billion additional euros which Eamon Gilmore's party denies.

During the second TV debate in the electoral campaign on 14<sup>th</sup> February the Fine Gael leader criticised his Labour counterpart of wanting to postpone the recovery of budgetary balance, a date which had however been agreed with the IMF and the EU, by two years. *"What you don't say is that you have already changed your mind moving from 2014 to 2016. This means that we shall have to borrow five billion euros more. And that means higher taxes, high interest rates, higher unemployment and a longer period of austerity,"* he declared after Eamon Gilmore had accused him of condemning Ireland to long term economic recession since he defended the deadline set by the international organisations. After this exchange Micheal Martin ironically asked whether Enda Kenny and Eamon Gilmore really wanted to govern together.

The two opposition parties will however have to start evening out their differences if they are to govern an Ireland in mid-crisis. *"The future government will have to build a new country from the ruins of our economy,"* warned Enda Kenny.

According to the polls Fine Gael is due to win the elections on 25<sup>th</sup> February. Some analysts are saying that the party may, if it wins a great number of seats, try to form a minority government with the support of the independent MPs in the Dail Eireann (the Chamber of Representatives). In anticipation of this Eamon Gilmore has said that *"for the first time in Ireland's history the government may be governed neither by Fianna Fail nor Fine Gael."*

From a political point of view Fine Gael is suggesting that the Taoiseach's salary be reduced by 200,000 € and that ministers' expenses be reviewed. It supports the reduction of the number of members of the Dail Eireann (it is recommending the suppression of 20 members) and the abolition (within the next 12 months) of the Seanad Eireann, the upper chamber of parliament that comprises 60 members, 43 of whom are election proportionally by five major entities made up of MPs and local representatives from various sectors of society, 11 are appointed by the Prime Minister and 6 by citizens aged 18 and over who are registered on the electoral rolls and who have graduated from the University of Ireland or the University of Dublin. The main opposition party wants to create a citizens assembly of 100 people which would have the responsibility of put forwarding proposals for electoral reform, establishing a public petition system and reducing the age of the vote to 17 (instead of the present 18). Ireland is one of the rare countries in Europe not to have reformed its political system since the Second World War.

Although the Labour Party is suggesting the suppression of the Seanad Eireann it is however in favour of increasing the number of members of the chamber of representatives by 50%.

The reform of the political system is a priority of Fianna Fail's programme which is suggesting a modification of the mode of election for the general elections and also the election of the president (the citizens of Northern Ireland would be able to appoint the head of State of the Republic of Ireland) and the end of the present system whereby with the exception of two ministers who can be members of the upper chamber of parliament, all of the others must obligatorily be members of the Dail Eireann. In order to become a reality these changes must be adopted by referendum though.

The Fianna Fail which has dominated political life since

the country's independence in 1922 and which has governed Ireland for 55 of the last 74 years is fighting to come third on 25<sup>th</sup> February next. The polls say that Sinn Fein (SF) is hot on its heels – with the latter intending to take advantage of the discontent generated by the socio-economic crisis clinching some of the present governing party's electorate, notably those who have been angered by the "loss of sovereignty" which they believe the use of international aid has led to. This explains why the Fianna Fail leader Micheal Martin is focusing most of his criticism on Gerry Adams, the Sinn Fein leader.

Politically Sinn Fein supports the abolition of the Seanad Eireann. "The Seanad Eireann is anti-democratic. It is a relic of the old system and I have the experience of the British House of Lords to illustrate this. All of this absurdity is based on privileges – we replaced an old elite with a governing elite;" declared Gerry Adams.

Finally the Green Party (GP) is suggesting the reduction of the number of MPs. It announced a plan to create 100,000 green jobs over the next nine years. John Gormley's party says that it has created 20,000 green jobs since 2007.

Former Prime Minister (1997-2008) Bertie Ahern, a model of longevity as the head of Ireland decided not

to run in the elections. "I have always said that I would stop my political career at 60 and my birthday is in September (11<sup>th</sup> September 2012)" he declared.

The polls forecast that Fianna Fail will suffer the worst defeat in its history. The party has been credited with 12% of the vote by the most recent polls by Millward-Brown Landsdowne, published in the daily The Irish Independent on 16th February. Fine Gael is in the lead with 38% of the vote (78 of the 166 seats in the chamber of representatives) and would thereby become the country's main party for the first time in its history. The Labour Party is due to win 23% of the vote; Sinn Fein, 10% of the votes and the Greens 1%. Those who are undecided (which represents around 20%) will determine whether the next government will be formed by Fine Gael alone or by a coalition with the latter and the Labour Party.

Enda Kenny's popularity is not mirrored by that of his party in the polls. The opposition leader is even being outrun by the new Fianna Fail leader, Micheal Martin and by Eamon Gilmore in a survey on the personality that the Irish would like to see as head of the next government.

Given the conditions set by the IMF and the EU the party or parties which win on 25<sup>th</sup> February will only enjoy an extremely short period of grace.

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### **Fianna Fail is wiped out in the Irish General Elections which were won by Fine Gael that failed however to achieve an Absolute Majority.**

Ireland experienced a true political earthquake in the snap election that took place on 25<sup>th</sup> February. Of course this had been expected and the real issues at stake were to see whether the main opposition party, Fine Gael (FG) would succeed in winning the absolute majority in the chamber of representatives and also to witness the extent of outgoing Fianna Fail's defeat. It goes without saying that the electorate voted massively against the restrictions placed on the Celtic Republic by the country's rescue plan as they gave their votes to the parties which had opposed it i.e. Fine Gael, Labour Party (Lab) and Sinn Fein (SF).

Ruling Fianna Fail therefore suffered total defeat. Outgoing Taoiseach Brian Cowen's (Prime Minister in Gaelic) Party won 17.4% of the vote and 20 seats (-57 in comparison with the general election of 24th May 2007), i.e. its lowest score ever. Micheal Martin, who took over from outgoing Prime Minister Brian Cowen mid-February as leader of Fianna Fail believed that his party's results in the general election were "disappointing". Believed by many of

the Irish to be responsible for the socio-economic crisis which has affected the country severely ("the time has come to rid ourselves of the crooks who have pushed our country to bankruptcy," read the front page of the Irish Daily Star), Fianna Fail was indeed the victim of an extremely harsh sanction vote. The party which dominated political life since the country's independence in 1922 and which has governed Ireland for 55 of the last 74 years suffered



### **RESULTS**

its worst losses in Dublin: former Finance Minister Brian Lenihan (FF) was the only one of 13 candidates to have been elected there (Dublin-West).

The main opposition party, Fine Gael, led by Enda Kenny was the winner of this election. FG won 36.1% of the vote. With 76 seats (+25) it failed to achieve an absolute majority (the Dail Eireann, the lower chamber in parliament, comprises 166 seats) and will have to agree with one or several partners in order to govern the country. Fine Gael is due to join forces with the Eamon Gilmore's Labour Party with which it has already governed on several occasions. The latter came second and achieved the highest score in its history: 19.4% of the vote and 37 seats (+17).

Enda Kenny's Fine Gael may also choose to form a coalition with the independents. The latter which comprised 179 in all out of a record 566 candidates (i.e. 31.62%) won 12.6% of the vote. Fine Gael's Finance spokesperson (and probably the next Finance Minister), Michael Noonan, did however say that he wants to see a "stable government i.e. which did not have to count on the vote of the independent MPs every time". Fine Gael members and Labour disagree on several points. For example the former are in favour of reducing public spending whilst the second would prefer to raise taxes.

The far left nationalist party, Sinn Fein, won 9.9% of the vote and 14 seats (+10), the highest result in its history but below the score Gerry Adams, its leader had hoped for – he resigned from his post as MP in the British Parliament for these general elections. The Green Party, a member of the outgoing government coalition was severely humiliated in this election winning only 1.8% of the vote. It has therefore lost its 6 seats in the Dail Eireann. Ecologist leader and former Environment Minister, John Gormley did not manage to win his seat in the constituency of South East Dublin.

Turn out rose to 70.0% i.e. above that recorded on 24<sup>th</sup> May 2007 (+ 2.7 points).

"This country has given my party massive support so that it can provide a strong, stable government," declared Enda Kenny when the results were announced. In a speech on the national TV channel

RTE he immediately demanded the opening of negotiations in view of reducing the severity of the international aid plan and a reduction in the interest rate of 5.8% which he deems as 'punitive'. "I shall look into all of the options. I do not want things hanging. I shall decide very quickly," he stressed. Enda Kenny wants to reduce the cost of the EU loan by reducing the interest rate, also by purchasing a share of the sovereign debt and by restructuring the banking debt that is not guaranteed by Dublin. He intends to limit contributions to banking losses not guaranteed by the State to bondholders alone. "I am looking for cooperation and support across all of Europe," he said.

The IMF and the EU are obliging Ireland to make 15 billion€ of savings (almost 10% of the GDP) in four years, 2/3 of which are to be achieved via social spending cuts (around 2.8 billion€) and 1/3 in tax increases. We should remember that the country has already been suffering austerity for the last four years. Civil servants salaries and social aid have decreased and economists are forecasting weak growth for the country in 2011. A new tax (of between 2% and 10% depending on income) has just been introduced but fiscal revenues are declining. The reduction of the public deficit (at present at 32% of the GDP) to 3% in 2014 which is the rescue plan's main goal seems to be an almost impossible objective to reach in so little time. Moreover the discontent of most of the Irish is fed by the feeling that the bankers – whom they consider to be mainly responsible for the economic crisis, are emerging from this undamaged and behave in all impunity.

Aged almost 60, Enda Kenny is from Castlebar (West Ireland). He studied at Saint-Patrick's in Dublin then at the National University of Ireland in Galway – initially he was a teacher. He was elected Mayor of Mayo in 1975 for Fine Gael after the accidental death of his father, Henry, who was also a member of the same party. In 1986 he became Education and Labour Minister. From 1994 to 1997 he was Tourism and Trade Minister. Enda Kenny, who is the eldest MP in the Irish Parliament, took over as leader of Fine Gael in 2002.

The new strong man of Ireland who sees himself as “just the coordinator of a team which comprises the most competent people” has a heavy task ahead in “getting Ireland back to work” echoing the Fine Gael slogan used in the election on 25<sup>th</sup> February (Let’s get Ireland working). “Everyone will suffer. Everyone will have to go without,” he declared. Notably he will have to give confidence back to Irish

youth who are emigrating - fleeing the country en masse. Enda Kenny will be elected Prime Minister by the 166 members of the Dail Eireann on 9<sup>th</sup> March next.

#### General Election Results of 25<sup>th</sup> February 2011 in Ireland

Turn out: 70.1%

Political Parties	No of first choice votes won	% of first choice votes won	No of seats won
<b>Fine Gael (FG)</b>	801 725	36.1	76
<b>Labour Party (Lab)</b>	431 849	19.4	37
<b>Fianna Fail (FF)</b>	387 408	17.4	20
<b>Sinn Fein (SF)</b>	220 685	9.9	14
<b>Green Party (GP)</b>	41 040	1.8	0
<b>Socialist Party (SP)</b>	26 770	1.2	2
<b>People Before Profit (PBP)</b>	21 551	1	2
<b>Workers Party (WP)</b>	3 056	0.1	0
<b>South Kerry Independent Alliance (SKIA)</b>	2 102	0.2	0
<b>Christian Solidarity Party (CSP)</b>	4 939	0.1	0
<b>Independents</b>	279 492	12.6	15

Source: internet site of TV channel RTE (<http://www.rte.ie/news/election2011/results/index.html> )

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Publishing Director: Pascale JOANNIN

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