

A SPOONFUL OF SUGAR HELPS THE MEDICINE GO DOWN

The Budget cannot be understood in isolation. The context is the Book of Estimates which was produced last October and which planned cutbacks of over £400 million for 1988. The Budget itself only sugared the pill. It can be understood as an attempt to placate all the major interest groups so that opposition to the major elements of the 1988 estimates - namely massive cutbacks - might be muted.

Tax relief to the PAYE sector - £152 million in a full year - was designed to win acceptance from the 81% of the labour force who are still working. An extra £70 million in pay was designed to placate the public sector unions, although numbers in the public service were to fall by 9,000 due to an £80 million redundancy payment.

The farmers and the self-employed became liable for PRSI payments for the first time. However, this also entitled them to social security benefits in the future, which in the long-term is their financial gain. The payment of 3% of income in 1988 rising to 4% in 1989 and 1990, while being criticised by the I.F.A., was substantially less than they feared.

Many of the 166 TDs are Fianna Fail backbenchers from rural constituencies. They were very opposed to the cutbacks in capital spending on educational projects as many schools were in need of repair or rebuilding. They were very pleased with the extra £6.5 million which was being made available to school building programmes mainly in rural areas. As the original estimates planned cutbacks of some £32 million in this area, the budget was still announcing cutbacks of some £25.5 million but in such a way as to win favour from those who might be expected to protest.

Increasingly vocal welfare groups, including the Irish National Organisation of the Unemployed (I.N.O.U.), Combat Poverty and several Church groups, such as the Conference of Major Religious Superiors and the Catholic Social Services Conference had demanded action in favour of the poor. Welfare payments in line with inflation, together with an 11% increase in long-term unemployment assistance, would hopefully mute their opposition to the cutbacks. In fact, however, the 'generosity' of this latter increase must be judged in comparison with other increases. It represents an extra £5 per week to a married couple on long-term unemployment assistance which is less than the increase (£5.40) which a married couple on a salary of £310 per week will receive due to the taxation changes.

The budget sought to stifle opposition to the massive cutbacks planned for 1988 by buying off those groups whose opposition might be expected. ●