PLACE, POLITICS AND POWER

A FINANCIAL JUSTICE WALKING TOUR

of the International Financial Services Centre, Dublin

A self-guided tour for use by post-primary teachers

Financial Justice Ireland (originally called Debt and Development Coalition Ireland) is a global financial justice organisation. We want a fair and just society for everyone. We want a financial system that serves the needs of all people, and which does not take the planet for granted. We were set up in 1993 as a response to the debt crisis in the Global South. Since that time, we have continued to lobby and campaign for sovereign debt relief, while examining different ways the structures of the international financial system can perpetuate poverty and inequality.

In 2018, on our 25th anniversary, we changed our name to better reflect our expanded areas of work. As well as working in solidarity with the Global South, we also raise awareness of how these financial issues affect people living in Ireland. Through our Development Education work, we critically engage people to understand the structural causes of global inequality and power relations. We aim to empower people in Ireland to take informed action for greater economic justice globally.

To find out more about us and our work, please visit: **www.financialjustice.ie**

This project has been undertaken with funding from Irish Aid's WorldWise Global Schools. Irish Aid's WorldWise Global Schools is the national programme of Global Citizenship Education (GCE) for post-primary schools in Ireland. It is funded by Irish Aid and implemented by a consortium of organisations: Self Help Africa, Concern Worldwide, and the City of Dublin Education and Training Board Curriculum Development Unit. The programme was set up in 2013 as the key channel through which Irish Aid support for GCE in post-primary schools is to be coordinated. Their aim is to increase the number of post-primary schools engaging in quality GCE by providing a broad range of support.

You can find out more about WorldWise Global Schools and the work they do at: **www.worldwiseschools.ie/**

The ideas, opinions, and comments in this resource are entirely the responsibility of its authors and do not necessarily represent or reflect WorldWise Global Schools and/or Irish Aid policy.

Dublin, 2022

This resource was developed by Meaghan Carmody and revised and edited by Sian Cowman.

A special thank you to Conor McCabe whose contribution and advice in conceptualising the resource was greatly appreciated.

A very special thank you also to the 2021/22 Transition Year students at St. Oliver's Community College, Drogheda, and the 5th Year Politics and Society students at Wesley College, Dublin, and their teachers who piloted the resource in 2022. Also to researcher Kate Flood who assisted with the pilot.

FOREWORD

BY DR. CONOR McCABE

For the past thirty years, Financial Justice Ireland has been at the forefront of analysis and discussion on globalisation and Ireland.

Formed in 1993 as the Debt and Development Coalition, its first major campaign was Jubilee 2000, which sought to tackle the debt crisis of the Global South through the cancellation of onerous loans that were crippling the social and economic development of many former colonial states. The purpose was to highlight the continued effect of colonial relations in a 'post-colonial' world. Financial Justice Ireland continues that work today through campaigns and education - the latest expression of which is this walking tour of Ireland's International Financial Services Centre (IFSC).

The concept is a simple yet effective one: to make real the abstract nature of globalised finance by undertaking a journey through the streets where it conducts its business. It is also, at the same time, a walk through Irish history, from the War of Independence to today's world of transnational capital, of which the IFSC is a significant and far from modest hub.

This walk through both history and finance provides a way into a critical and crucial part of the story of Ireland today. There is a tension at the heart of the country's relationship with its colonial past; it is acknowledged by the state, yes, but often in a muted way, and it sits uneasily with its status as a tax haven. Oxfam Ireland, in its 2018 briefing paper, Hard To Swallow, found that four US pharmaceutical companies - Abbott, Johnson & Johnson, Merck, and Pfizer – were using Ireland's tax code to avoid paying tens of millions of dollars in taxes in Chile, Columbia, Ecuador, India, Pakistan, Peru and Thailand. Such moves were depriving these countries of much-needed funds for socially necessary investment and infrastructure. It is a form of neo-colonialism and yet Ireland - which for hundreds of years was itself bound in a colonial relationship with Britain - is an active enabler of this wealth extraction. The recent congressional hearings in the US and the Apple tax case undertaken by the EU show that it is not just the global south that has an issue with the Irish tax model. It is very often our neighbours and allies as well.

And yet, at the same time, the government argues (not without reason) that these tax measures bring much needed investment to Ireland, and that many tens of thousands of jobs are dependent on them. The brilliance of this walking tour is that it allows a robust and informed discussion to take place among students as to the merits or otherwise of this business strategy. There are no easy answers or solutions, but at least any answers arrived at through this resource will be informed ones. Its deceptively simple methodology – a stroll through the streets of Dublin – provides a platform for a powerful and engaging discussion. Financial Justice Ireland is to be commended for such a creative pedagogical innovation in the teaching of tax justice.

Introduction

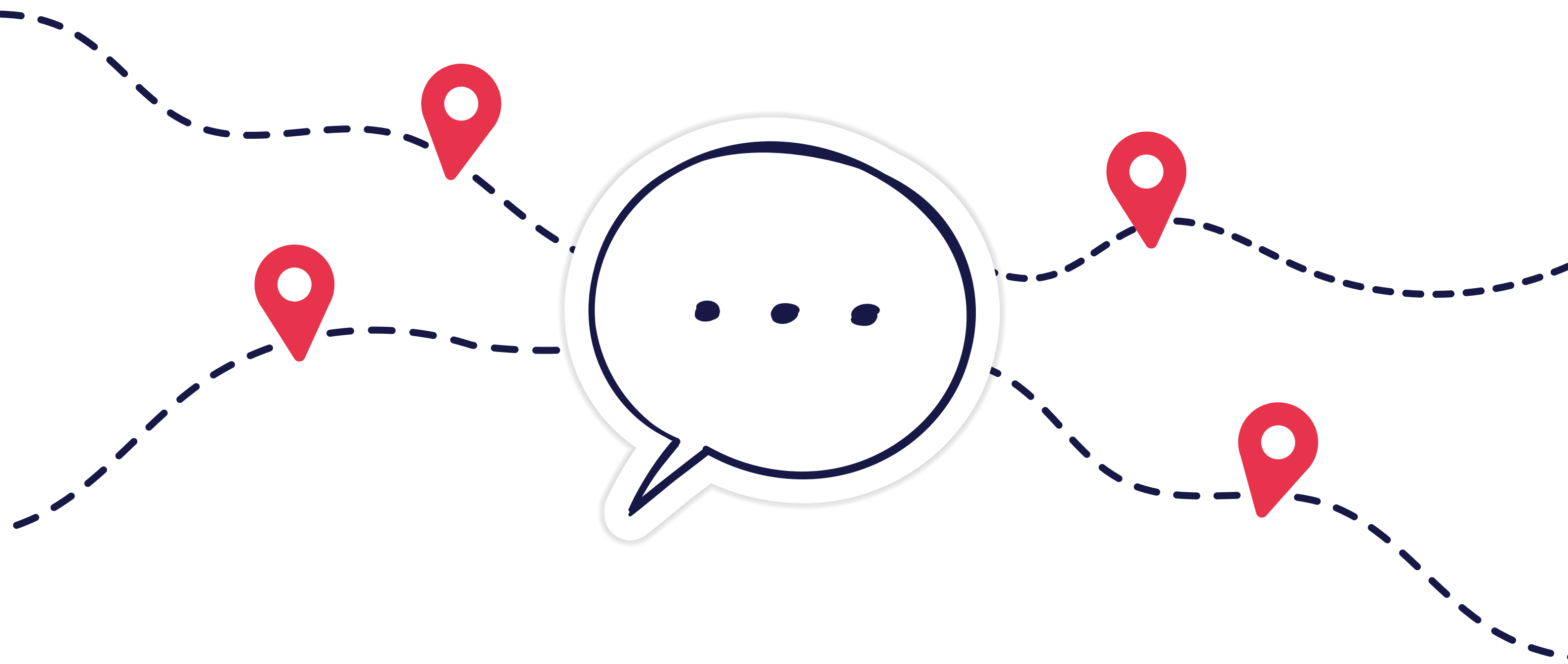
This document contains talking points for ten locations in the Irish Financial Services Centre in Dublin.

The value in this document can be found in its potential to spark conversations that can take you and your students in multiple directions, depending on your collective learning goals.

Interwoven throughout the tour are questions of place, politics and power. The logic of the tour interrogates the cause of increased investment in the IFSC in recent decades, and the political and economic actions that facilitated this process. It directly explores the justice implications of such decisions, asking 'who has benefited' and 'who has been burdened?'

The concept of solidarity is central to the tour. This is evident as the theme of colonialism, addressed early on, sparks connections to the present day as concepts of neocolonialism, extractivism, and displacement emerge later. This process seeks to connect the local, place-based experience of living in Ireland with the global ramifications of economic globalisation and financialization, and crucially, the consequent real-world impact on people, their communities, and their land.

We strongly suggest that classroom-based research is carried out in advance to explore organisations and social movements both in Ireland and abroad who are trying to challenge the status quo to provide a counterbalance to the organisations that you see on the tour (see footnote for suggestions).[1]



1 Organisations and movements to research include, but are not limited to: El Movimiento de Pobladores, The Tenants' Movement, The Piquetero Movement, The Evita Movement, the Zapatistas, ATTAC.

How to use

Please feel free to be creative in how you put this resource to use; it is not exhaustive, nor is it prescriptive! Our key suggestion is that student participation and enquiry is given priority at every stage of the tour.

Format and Logic

The tour is linear, beginning at Liberty Hall and ending at ‘Google Docks’, with these two locations respectively symbolizing the past and the present. The tour has been designed to progress sequentially, with each stop building on the last to create the overall narrative - the story of financial ‘development’ and globalisation in Ireland.

In Advance

Throughout the resource are suggestions for ‘advanced research’, which can be undertaken with your class before the tour to foreshadow and reinforce some of the key concepts and theories introduced in the tour. We suggest encouraging students to develop questions in advance, perhaps using a ‘KWL Chart’ and bringing it on the day of the tour. This prior research and preparation will greatly enhance the learning experience. You, as tour leader, might also find it useful to make a short document of talking points to print and bring with you as a memory aid.

Accompanying Materials

Photos accompany each location and can be found here. You can ask students to type [bit][dot][ly][forward slash][walking][underscore][tour][underscore][fji] into their phone’s browser ***http://bit.ly/walking_tour_fji*** or you could use this QR code for them to scan before embarking on the tour. Using their phones for this purpose and for research during the tour is encouraged! However, these photos aren’t essential if students don’t have devices or it’s awkward in any way. You could also print and laminate the photos to bring with you and hand around on the tour.

Global Citizenship Education Approach

Our educational approach in FJI is explicitly via the Global Citizenship Education approach (also known as Development Education). We very much follow Freirean thinking in this regard[2]. Please see the IDEA Code of Good Practice for more details on our approach[3].

> **“As educators we are also politicians. When we confront this we are forced to confront the subject of power.”**
>
> **PAULO FREIRE**

2 https://ncca.ie/media/2581/paulo-freire-v2.pdf
3 https://www.ideaonline.ie/Code-of-good-practice-development-education

Debate and discussion should be encouraged - suggested questions and discussion prompts are included at each stop. We have tried to structure the information delivery so that it is not a one-sided, didactic delivery of information from you, the teacher.

Logistics (as of 2021)

This information is subject to change as construction continues in the area.

Transport

If your school is getting a **coach**, coaches can drop off at the Customs House and park in the NTA Coach Park, Dublin Docklands. Students can be collected from George's Quay, but coaches can only stop here very briefly, as it is a busy location for bus services.

If taking the **train**, Tara Street station is the closest to the start point. Connolly station is a short walk from the start point.

If taking the **Luas Red Line**, Abbey Street is the closest stop to the start point.

If taking the **Luas Green Line**, Marlborough is the closest stop to the start point.

Lunch

For lunch, Grand Canal Dock is an open space for the public, which has plenty of seats as well as cafés etc., although this is weather dependent. Alternatively, Pearse Square Park is a suitable location but students will need to sit on the grass.

Restrooms

You can make a pit stop at the EPIC museum (third stop on the tour) to go in and use the public toilets. Businesses at Grand Canal Dock should also allow students to use the bathrooms. Fresh (supermarket) is just one place that usually offers public facilities. Additionally, use Dublin City Council website to find a public toilet https://www.dublincity.ie/find/public-toilet

Time

If you are short on time, we suggest you cut out one of the two stops focused on real estate investment trusts (Stops 5 and 8) and potentially cut out the final stop at Google, as it is a little further away than other stops in that area. The full tour should take around 2.5 hours, excluding time for lunch.

Curriculum Links

By virtue of its nature, this tour is cross-curricular and coheres the following themes which straddle multiple subjects: tax justice, globalisation, decision-making, debt justice, social movements and financialisation.

Politics and Society (SC[4])

This tour is useful as a tool to buttress the learning outcomes of Politics and Society. Firstly, undertaking this project will enable learners to develop ideas for their **Citizenship Project**, as they evaluate opportunities for taking action in communities, to justify the activity they choose to undertake and to evaluate their own learning from being an active participant in civic, social and political life. Make sure to keep this tour in mind as project titles emerge from the State Examinations Commissions - it is possible that student learning could greatly contribute to an upcoming project!

The tour significantly bolsters the following **strands**:

1: Power and decision-making

2: Active citizenship

4: Globalisation and localisation

The tour also satisfies learning outcomes in Geography, Business, and Economics at the Senior Cycle.

Geography (SC)

4.2 Levels of economic development evolve through the complex interaction of factors including physical, social, cultural, and political
4.3 A single interdependent global economy has emerged with different areas having different roles
6.2 We live in an interdependent global economy. Actions or decisions taken in one area have an impact on other areas

Business (SC)

6.4 The impact of business on the economy at local and national level, taking into account employment, tax revenues and environmental issues
6.6 Ethical business practice; socially responsible business at local and national level
7.3 The development and impact of transnational companies

[4] Senior Cycle

Economics (SC)

3.3 Determine and debate how governments can overcome market failure using factors such as taxation, regulation and direct government intervention
4.1 Critique the limitations of certain measures of economic performance
4.2 Debate the purpose and impact of taxation on the economy as a whole, explaining how tax policy can be used to address inequality
5.2 Discuss the reasons for multinational corporations (MNCs) investing in countries outside their home country

Transition Year

It also can be used as a resource in Transition Year, although it's preferable that it constitutes the final point of an entire module in related topics, perhaps supported by our How the World Works resource[5]. It would also strongly reinforce the following Junior Cycle learning outcomes.

Business Studies	2.4 Distinguish between the rights and responsibilities of employer and employee from a legal, social, environmental and ethical perspective
	2.5 Investigate the positive and negative impacts on a community of an organisation from an economic, social and environmental perspective
	3.9 Explain the relevance of economic indicators such as inflation, employment rates, interest rates, economic growth, national income and national debt for individuals and the economy
	3.11 Evaluate the benefits and costs of a government economic policy and assess who enjoys the benefits and who bears the costs
Geography	3.6 Identify global patterns of economic development

5 https://www.financialjustice.ie/learn/how-the-world-works/

FINANCIAL JUSTICE IRELAND WALKING GUIDE LOCATIONS

1. Liberty Hall
2. The Custom House
3. EPIC Museum/Famine Memorial
4. Mayor Street, Docklands
5. Hibernia REIT
6. Central Bank/Anglo
7. Facebook/Meta
8. Irish Residential Properties REIT
9. JP Morgan Bank
10. Google Docks

STOP #1
LIBERTY HALL

In advance:

Politics and Society students in particular may want to study Karl Marx. They might also research the social movement theorist Karl Polanyi who came up with the theory of the 'Double Movement'.[6]

Suggested questions/prompts:

1. Who is Connolly station named after?
2. Who was James Connolly?
3. What does solidarity mean?
4. Do you know what a trade union is?
5. Do you think trade unions are important today?
6. How many trade union members are there in Ireland?
7. How many are there in the world?

Speaking points:

We're starting our tour with a key site for the development, protection and promotion of workers' rights: Liberty Hall, or 'Halla na Saoirse'.

Liberty Hall was at one time the headquarters of the Irish Citizen Army. The Irish Citizen Army (Irish: Arm Cathartha na hÉireann), or ICA, was a small paramilitary group of trained trade union volunteers from the Irish Transport and General Workers' Union (ITGWU) established in Dublin for the defence of workers' demonstrations from the Dublin Metropolitan Police. The ICA had a newspaper called 'The Irish Worker', which was printed inside the hall. Under colonialism and in the conflict over Irish independence, this newspaper was shut down. It was replaced by another paper called 'The Worker' until that was also banned. By the way, ICA members could not simultaneously be members of both the ICA and the IRA. The ICA were an active part of the 1916 Rising and fought alongside the Volunteers in the GPO with James Connolly as their Commandant. During the Irish Civil War, the ICA declared itself "neutral". The forces of colonialism and capitalism (which we will come to), resulted in a corresponding movement against oppression driven by ordinary workers.

6 "See Karl Polyani, 'The Great Transformation' (1944)

Liberty Hall was a key site of this Double Movement. The Double Movement refers to the dialectical process of marketization and push for social protection against that marketization.

James Connolly was an Irish socialist politician and republican. He was also a trade union leader. He was driven by the idea of a Workers' Republic, and linked the need to fight for Irish freedom to the need to uproot the economic system of the time, which he saw as rotten and oppressive to the average worker. He was driven by the need to 'undermine the imperialist and capitalist world order,' according to the Irish Times, and believed that a revolt against the British Empire would have a ripple effect around the world. In that sense, he had a strongly anti-colonial stance, rooted in solidarity.

Connolly was even an organiser and agitator in the US! Connolly really addressed what he saw as the root cause of injustice. For him, this root cause was the dominant economic system of the time. This was a system that operated by continuously expanding and finding new places to invest in order to make a profit. Capital is always looking for new places to go. At the time, this looked like companies and countries finding new countries to conquer. The term for this is capital fixation (coined by the geographer David Harvey).

Connolly saw the drive of capital as being fundamentally opposed to the needs of labour, of the workers. He believed that the capitalist economic system was responsible for increasing deprivation and inequality, not just in Ireland but around the world. Changing the economic system from the roots up, he believed, would have more impact than just looking at the *symptoms* of poverty, disease, and homelessness etc.

Connolly was a leader of the Easter Rising. In fact, the rebels of the 1916 Rising gathered outside here on Easter Monday before marching to the GPO! He was executed after the Rising and died without ever realising his dream of uprooting capitalism and creating a Workers' Republic.

Liberty Hall became a key site of conflict in the years after Irish independence and was levelled in the rising by the British. It was restored afterwards, and then became a HQ for the Irish Transport and General Workers Union. The old building was demolished in the late 1950s as it was deemed unsafe, and the present building was constructed in the early 1960s. It has been a continuous site for workers since March 1912.

Today, it houses SIPTU, the Services, Industrial, Professional and Technical Union, which is Ireland's largest trade union.

STOP #2
THE CUSTOM HOUSE

In advance:

Activities on tax and colonialism would be helpful to do with your group in advance.

Suggested questions/prompts:

1. 'What does 'custom' mean'?
2. Can anybody spot anything strange in the facade of the building? *Answer this at the end of the section.*
3. What are some examples of colonised countries?
4. What year do you think British imperialism officially ended? *The answer is 1997, when Hong Kong became a special administrative region in the People's Republic of China, and it was agreed that it would be given to China 50 years later.*
5. What do the images in your folder for this stop show?
6. Why do you think Europeans were so interested in colonising parts of Africa?
7. Why would a group want to destroy tax offices?

Speaking points:

This building's original use was for collecting customs duties by the British who had colonised all of the island of Ireland. However, the building that you see here is not the whole original! Here's the story…

During Easter 1920, the IRA[7] set out on a campaign to destroy the local tax offices around the country. Why do you think they did this? The financial clout, the wealth of the British government at the time gave them power over the population of Ireland, and tax collection was a symbol of this power.

They succeeded in this campaign. The tax records that were destroyed were tax returns, which the people who paid tax then had to resubmit. Not everyone paid income tax at that time, as the PAYE system we have today was introduced in the 1960s.

7 It is worth explaining the different organisations that have called themselves the IRA, if this is not something that has previously been covered in class.

However, the destruction of the tax returns meant that many months of work had to be repeated by the British Revenue Commissioners, so it slowed their work down significantly.

The Custom House was a hub for the colonial administration at that time, and was the seat of Inland Revenue, Customs and Excise, and several other government offices. During the War of Independence, it was of significant symbolic value. In May 1921, the Customs House was seized as the IRA's largest single operation during the War of Independence. The fire brigade, whose members included both IRA and ICA, was vital in providing information on the best way to burn such a large building.

> *"However, from the smouldering ruins would rise a free country, as the flames that engulfed the Customs House sent a signal bright and clear to the whole world, a signal that Dublin would no longer be an impoverished city in a global empire but would become a capital of an independent republic." (Minister for Housing, Darragh O'Brien, Centenary of the burning of the Custom House, 2021.)*

Taxes are essential for a government to operate. Moreover, how citizens pay taxes, and to whom, is one way to identify who is in control. The British government's financial control over Ireland was a symbol of their colonial power[8]. Targeting tax collection and financial administration was a key way for the IRA to demonstrate the view that the British government was not legitimate. At the time, Ireland was not the only country under colonial rule, not at all. Take a look at the map below to show colonial rule in Africa just a few years before the IRA burned down a major site of imperial activity.

Question for the group:
What is the link between Colonialism and wealth extraction today?

Natural resources tempted the Western powers, who plundered lands abroad for their own financial gain. This was often done in a cruel, violent way. Resources were taken and locals were either killed or enslaved by their conquerors. Often, resources were taken for export. This is called extractivism, and is still taking place today, **as MNCs operate in other countries for financial gain, exporting abroad and even giving very little or no tax to the 'host' country**. This process has been dubbed 'neocolonialism'. This pillage, resulting in inequitable financial gain, is at the heart of the inequalities we still see in the world today.

8 It is also worth exploring the fact that Ireland's role as a colony is sometimes disputed. Ireland was officially part of the United Kingdom, and thus had a different legal status to British Overseas Colonies, and in fact many Irish people were in positions of authority in overseas colonies. Nonetheless, there is no doubt that Ireland suffered many of the same effects as other colonies, such as the loss of language, religious discrimination and economic marginalisation.

Most colonised countries in Africa were only decolonised in the 1960s, as colonisers couldn’t afford to maintain their colonies after the financial fallout from World War 2 and communities were strongly and strategically revolting against their oppressor.

As for the question at the beginning of this stop, the answer is that the stone is slightly darker in some parts. After the Anglo-Irish Treaty, the dome was rebuilt using Irish Ardbraccan limestone, which is noticeably darker than the Portland stone used in the original construction. This was done as an attempt to promote Irish resources, representing the move towards a shift in the financial landscape of the country that would take place in the years to come.

STOP #3
EPIC MUSEUM/ FAMINE MEMORIAL

In advance:

It would be useful to do some work on monopolisation, famine, and trade in advance.

Suggested questions/prompts:

1. What is the connection between the Irish potato famine from 1845-1852 and the burning of the Customs House in 1921? *Both were the result of colonialism.*
2. How many people emigrated because of the famine?
3. Do you think emigration is a free choice of lifestyle?

Speaking points:

The potato famine was a crisis like no other. Due to the poverty and destitution that had already resulted from British colonisation, combined with the failure of the potato crop, 1 million people died.

Here is where we introduce land and housing to our story. One feature that marks the famine was the role of **'absentee landlordism'**. An absentee landlord is an individual or corporate or state entity that owns and rents out real estate but is not located on or near the property.

During colonialism, English settlers took ownership of large chunks of agricultural territory, and then hired farm managers, who then rented smaller plots to Irish farmers and charged them very high rent. Additionally, most of these small farmers didn't have rights over the capital improvements of the land to increase the output of the farm and ensure its resilience.

With the landlords largely residing in England, there was no one to conduct systematic improvements to the land, making it very challenging to do more than to subsist.

These factors combined meant that Irish farmers were merely subsisting – producing barely enough food to eat, and the rest of their produce was going to export.

This is why the Irish grew large quantities of one crop - can you guess what that is? Yes, nutritious potatoes they fed their families and animals. Potatoes have a high yield, meaning they produce a lot per acre. Landlords benefited from the fact that the potato did not deplete the soil and allowed a larger percentage of the estate to be devoted to grain crops for export to England, which continued to be exported during the Famine. Indeed, Ireland was often called “the breadbasket of the Industrial Revolution”, feeding the workers.

Another cause of the Famine was **single-crop dependence.** Because people’s access to land was restricted by English landowners, and because of potatoes’ high yield, they depended on them for most of their food.

In today’s world, many countries are also forced to rely on single-crops for their economy’s well-being, sometimes known as ‘cash crops’. Growing cash crops has been a condition imposed by international financial institutions (IFIs), such as the World Bank and International Monetary Fund when they have lent money to countries in need. This lack of agricultural diversity can contribute towards keeping production costs low because of economies of scale. However, it also creates a vulnerability in countries that have already been forced into dependency on other countries to buy their exports. It’s putting all your eggs in one basket and giving the buyer the power.

This paragraph is from the BBC:

> *The Nobel laureate Amartya Sen has rightly insisted that famine is almost always a preventable occurrence if only the government in question has the political will to prevent it. This dictum applies as much to Ireland in the late 1840s as Sen meant it to apply to India a century later. Just as in the case of the Bengali victims of famine in the early 1940s, so too with those of the Great Famine in Ireland, the mass death of enormous numbers of people stemmed partly from their perceived status as the cultural and social inferiors of those who governed them. This status, imposed by British rulers on their colonial subjects, made their plight seem much less urgent in Britain and caused it to be misperceived.*

So, we know that a lot of people died because of government powers in a colonial system. But many people also emigrated at the time of the famine: approximately 1 million people.

More recently in 2007, one resident was leaving for every three newcomers. This was during the Celtic Tiger, the economic ‘boom’ — a time of economic expansion for the country, which lasted from the mid-1990s until 2008. Ireland had changed its international image from one of rural poverty to one of economic power - the poster child of Europe.

Our demography reflected this major economic change. More people chose to move to Ireland, mainly to suit the labour market’s increasing needs, and many people who had emigrated in the 70s and 80s returned. The Irish unemployment rate was 4.6% in 2004 and remained low until 2008.

However, a storm was forming, and the clouds burst in 2008.

The financial crisis that began in September 2008 triggered a population outflow of vast proportions. In April 2008, 13,100 Irish-born people emigrated. Over the next 12 months, emigration among Irish nationals increased significantly going from 18,400 in April 2009 to 27,700 in the twelve months to April 2010. The following year, emigration among Irish nationals continued to increase sharply going from 27,700 to 40,200 over the 12 months to April 2011. It grew again in the twelve months to April 2012 and again in the twelve months to April 2013.

Michael Noonan, Finance Minister in 2012 thought emigration was a free choice of lifestyle. In total between 2008 and 2014, about 242,000 Irish citizens left. So what do you think?

This translated to, in 2014, about 224 Irish citizens still leaving every single day. If we add in people of other citizenships, these figures are much higher still. Unemployment peaked at 15% in 2012.

And what about people just a little older than you? Students leaving the country were more and more numerous during the 2009-2014 period. Their soaring volumes, a total of 113,000 persons, as well as their increasing proportion, from 18% of the total number of emigrants to 38.2%, make them the largest group of emigrants in 2014.

It was not until 2014 that we began to see a decrease in outward migration.

Next, we'll look at some of the symbols of the Celtic Tiger before moving onto the causes and consequences of the Great Financial Crash.

STOP #4
NORTH EAST INNER CITY HOMES
– example of Mayor Street

In advance:

Students might research the decision-making processes that resulted in the development of the IFSC. Who was included in this process, and who was excluded?

Suggested questions/prompts:

1. What does FDI stand for?
2. What does IFSC stand for?
3. Do the houses here fit into their surroundings?
4. Why/why not?
5. What do you notice about the Pobal maps?

Speaking points:

It's useful to understand some of the history of this area. The following is taken from the significant Mulvey Report (p. 8), which is available online:

"The area is steeped in history from the Gardiner Estates Development starting in the 18th century, the legacy of the Wide Streets Commission, the building of Mountjoy Square and the construction of the North Custom House in 1781 and Aldborough House. The reclamation of land known as "the Docklands" made it one of the most affluent and respectable areas of the city which abounded with all kinds of artisan, craft and skilled trades. After the breaking up of the Gardiner Estate through an Act of Parliament (1846) and the effects of the Famine (1846-1849) - leading to a large influx of the rural poor into the city - this once opulent area of the city became one of the then largest slum areas reflected by poverty, bad housing, and **the collapse of local industry**. In modern times the demise of the Docks and its service industries arising from the **containerisation** of port traffic throughout the 1970s has led to high unemployment in the community."

From the 1950s containerisation – a standardised system of freight transport in steel containers – and roll-on, roll-off ferries, removed the need for storage facilities and large dockside areas where cargoes could be unloaded, so sites in this area became derelict and people lost their jobs.

The impacts of this decline of the Docklands, coupled with the vast tracts of public land that were now “freed up” by containerisation, led to a land grab by private interests with significant political influence and access.

So this Docklands area was already subject to pressures, which led to impoverishment and deprivation, and later was subject to even more, as we’ll see.

In 1987, Ireland’s economy was transformed with the creation of a 10% low-tax “special economic zone” called the International Financial Services Centre (or “IFSC”). The Dublin Docklands was used as a Strategic Development Zone (SDZ) for this economic development. That’s where we are now.

Because of these tax breaks, a lot of FDI (Foreign Direct Investment) was attracted into Ireland, as many Multinational Corporations (MNCs) chose Ireland as their European, and often global, base, many here within the IFSC. But there was no reason why this development should have taken place in this area, as financial services don’t need access to sea transport – none of their activities involve physical products.

In the 1990s, as part of the “regeneration” plan for the area, the flats that had been here for decades were torn down to make room for the luxury apartments and office blocks. And this so-called regeneration of the Docklands did not have a plan to replace any housing or jobs for locals. However, while this area still experiences huge inequality and deprivation, people in the North East Inner City also have a strong community spirit and resistance. The only reason this social housing still exists in this area is because people fought back against this development.

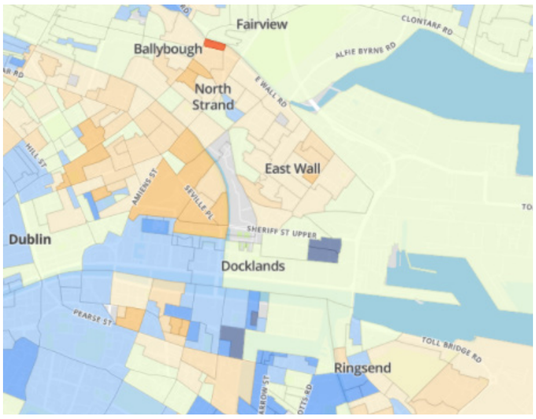
Question: What is the link, according to the author, between the famine and poverty here in this one “opulent” area?

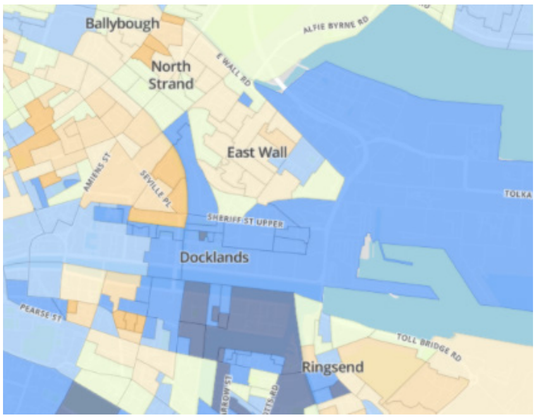
The Pobal HP Deprivation Index is a series of maps measuring the relative affluence or disadvantage of a particular geographical area in the Republic of Ireland, using data compiled from various censuses. Now based on the most up-to-date data from the 2016 census, it is developed right down to street level based on small-area statistics that relate to between 80 and 100 households on average, showing the extent to which every neighbourhood, suburb and village in the State is affluent or deprived. The index is colour-coded with a spectrum from red, signifying deprivation, to bright blue signifying affluence.

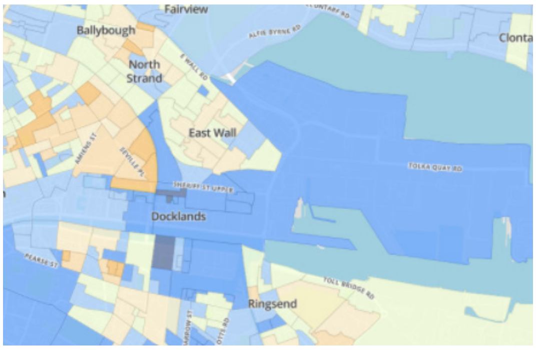
The measurements look at 10 key indicators, including: the proportion of skilled professionals, education levels, and employment levels.

Let's look at this for the NEIC/IFSC Strategic Development Zone.

More up-to-date information can be found on **pobal.ie**.







EXTREMELY AFFLUENT
VERY AFFLUENT
MARGINALLY BELOW AVERAGE
DISADVANTAGED
AFFLUENT
MARGINALLY ABOVE AVERAGE
VERY DISADVANTAGED
EXTREMELY DISADVANTAGED

> **"Those who are least powerful to assert their rights can be ignored or treated unjustly."**
>
> **KATHLEEN LYNCH[9]**

9 https://ncca.ie/media/2566/kathleen-lynch.pdf

STOP #5
HIBERNIA REIT
(Real Estate Investment Trust)

In advance:

It would be helpful to use some of the following in your advance preparation with your class: John Locke and his theory of property rights; the role of NAMA. You may want to watch the documentary ‘Push’ with your class.

Suggested questions/prompts:

1. What is meant by a ‘steady return’?
2. Do you think adequate housing is a human right?
3. Why/why not?
4. How much tax do you think REITs paid on their profits from investing in housing? How does that compare to other landlords?
5. What tax breaks are available to renters or homeowners?

Speaking points:

We're continuing on the theme of housing and rent with this stop. This will be a short stop on our way towards learning more about how the boom went bust, and what that meant for people around the country.

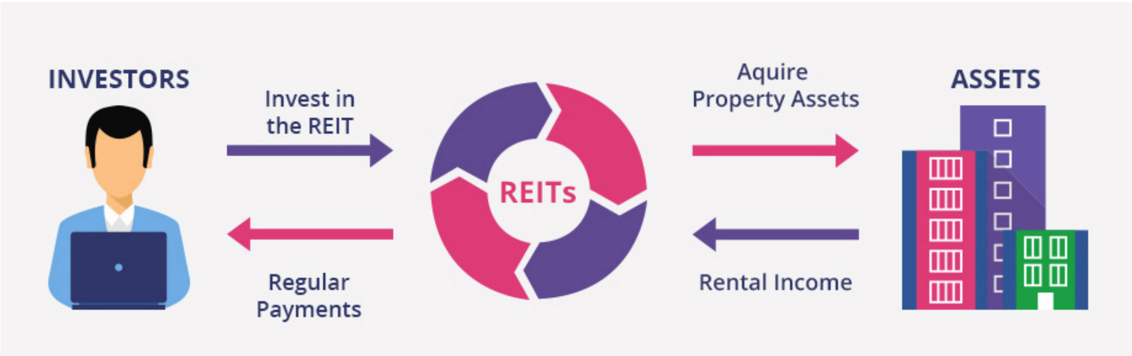
We're outside Hibernia REIT – a REIT is a Real Estate Investment Trust. This one behind us mainly owns commercial properties, offices etc. Funds like this buy up properties at scale and then rent them out. They can often be found taking part in the ‘build-to-rent’ campaign where new homes are not built for families to live in and own long-term; they are built to operate as investments that ensure a steady, and ideally growing, return.

Some of the funds that invest in property by buying up ‘distressed’ properties at a discount (or properties where the owners can't pay the mortgage anymore), are called ‘vulture funds’. Why do you think they are called this? It is due to their tendency to buy assets at low prices, extract as much profit as they can, then sell them again. Vultures eat the carcasses of dead animals… draw from this what you will.

Even though there was no law allowing REITs to operate in Ireland until 2013, the Irish government invited the funds here in the wake of the financial and property crash that paralysed homebuilding for half a decade (in 2008, after the Celtic Tiger). The funds were facilitated with favourable tax treatments and were used to purchase billions of Euros worth of property, much of it from the State's 'bad bank', NAMA, or the National Asset Management Agency. This has become increasingly controversial given that REITs are now large landlords in Ireland.

Interestingly, many countries actually ban funds like this from bulk-buying homes. Do you think that should happen in Ireland?

Let's now move on to our next stop where we will explore the cause of the 2008 crisis in Ireland, which turned the boom into a bust and explore further how land is once again at the core of striking political decisions that can have real and damaging impacts on people's lives well into the future.



STOP #6
CENTRAL BANK
Site of former Anglo Irish Bank

Suggested questions/prompts:

1. Do you know what a central bank does?
2. Do you know what austerity means?
3. What is a mortgage?
4. What is a 'bad loan'?
5. Why would banks lend money to people who may not be able to repay?
6. What is a 'guarantee' in banking?

Speaking points:

Take a look around you at all of the buildings here. We are standing at the centre of regulation for finance in Ireland: the Central Bank. Central banks are set up by legislation but are independent from governments; their job is to ensure the stability of the financial system, the regulation of financial institutions, like banks, building societies, and credit unions, and the protection of consumers of financial services, for example, ordinary people with bank accounts.

However, this is ironic, as this site is also a symbol of the huge financial crash that happened in Ireland. This building houses the Central Bank of Ireland, but it was designed to be the headquarters of a bank that doesn't exist anymore. That bank was called Anglo Irish Bank.

Anglo Irish Bank, or simply Anglo (and definitely not AIB, that's a different bank!) was a commercial bank that operated from 1964-2011. It was nationalised in 2009, meaning the people of Ireland owned it through the Irish government. Let's look at why that happened.

In the summer of 2008, a global financial crisis began to rumble. This led to huge ramifications around the world, particularly in Ireland. In September 2008, the Irish government made a promise to six major Irish banks that they would honour all deposits and debts held by these banks. These were the six 'pillar banks', which were the six main banks in Ireland before the economic crash in 2008. They were: Allied Irish Banks (AIB), Bank of Ireland (BOI), EBS Building Society, Irish Nationwide Building Society (INBS), Irish Life & Permanent (now permanent TSB), and Anglo Irish Bank.

The government's argument for doing this was that it was the only way to protect ordinary people who had their savings in these banks. However, they also protected a lot of investors who had taken lots of risk.

At the time, government finances were struggling, and so 'The Troika' was called in - The European Commission, the IMF, and the European Central Bank. They agreed to emergency lending once certain conditions were satisfied. Even though governments and International Financial Institutions tend to say that austerity is a way to reduce public debt and to "balance the books", in fact it is a form of wealth extraction, taking money out of people's pockets. Policies of austerity generally involve reduced public spending on things like health and education, increases in taxes on the average person, and privatisation of industries that were previously in the government's hands. In Ireland, these policies had a huge impact on people, pushing many into poverty, and many left the country, as we've already seen. In the Global South, policies of austerity were imposed on countries by international financial institutions, such as the IMF and World Bank through Structural Adjustment Programmes, which had an even more serious impact on people.

Many people argued that austerity measures in Ireland were targeting people who had not benefited from the 'Celtic Tiger' boom years and were least responsible for the financial crisis, while repaying those speculators who had invested their money knowing that they were taking a risk. There were many grassroots campaigns calling for the government to 'Burn the Bondholders' rather than implementing austerity measures. One such campaign was the 'Anglo Not Our Debt' movement.

A number of banks were nationalised, meaning the government was the main shareholder. The Central Bank implemented new, much stricter criteria about lending for mortgages. The theory was that, if people couldn't borrow more money than they could pay back, it would avoid repeating some of the same mistakes. There are no similar rules about what people can pay in rent however, and rent has soared in recent years. The current housing crisis makes it very difficult to save for a mortgage deposit, while rent is accumulating in the pockets of already wealthy landlords and funds like Hibernia REIT. This is another crisis, albeit one with a different cause, but with similar negative effects.

STOP #7
FACEBOOK/ META

Suggested questions/prompts:

1. Why do we pay tax?
2. What is Ireland's corporate tax rate?
3. What is intellectual property?
4. Is it fair that international companies can choose where to pay their taxes and local companies can't?

Speaking points:

Ireland has had a strategy of low corporate tax for a long time. The 'low-tax model' began with the Shannon customs 'Free Zone' in 1947, which then expanded to a free trade zone in the late 1950s. In the 1960s, a zero corporation tax rate was developed for Foreign Direct Investment (FDI), and this lasted up to 1980.

In 1999, there was a reduction in the general corporation tax rate from 32% to 12.5%. This was part of the government's strategy to pursue the development of a "knowledge economy" focused on attracting US multinationals from high-tech, life sciences, and financial services industries seeking to avail of Ireland's low corporate tax rates and corporation-friendly tax system, otherwise known as a 'tax haven'.

Here is Meta or Facebook, one of the biggest technology MNCs in the world.

Facebook operates in the world of 'intellectual property'. It doesn't have factories that create things that you can hold in your hands - instead it operates in the world of ideas.

Intellectual property is a really important concept when it comes to how to tax things fairly. Intellectual property or IP is intangible property or creations of the human mind. It's a way that many international companies are able to benefit from lower tax rates.

Let's take an example. If I have a factory making socks, and they are then brought down the road and sold in a shop, it seems clear that I should pay tax where my factory and shop are based because I am making use of the roads, the lights, the waste facilities, the education that has educated my workers etc. If my shop is in another country, however, I will probably have a 'subsidiary' company in that country that sells the socks for me in that country. So I am now operating in more than one country. I have to pay taxes in the country where where the socks are made, as well as the taxes in the country where they are being sold.

Crucially, if the tax rate is higher where they're made (e.g. the USA), but lower where they're sold (e.g. Ireland), the company in the USA might want to 'sell' the socks to its subsidiary in Ireland for a very cheap price so that all its profits are recorded where they'll pay less tax - Ireland. With physical products like socks, this is easy: the tax authorities can compare the price with other socks and see what the company is doing. With intellectual property, which can be things like logos, designs, ideas, often what makes things special is that they are unique. So it is much harder for tax authorities to know what they are 'worth'.

Now for a couple of definitions that are crucial to understanding the landscape of tax and MNCs in Ireland. A subsidiary is a company that is owned by another company. The owner is referred to as a 'parent company'. A parent company is a business that typically doesn't manufacture anything, sell any products or services, or conduct any other business operations. Rather, they hold the controlling stock in other companies (its subsidiaries).

Facebook's main Irish subsidiary (child company), Facebook International Holdings (now Meta Platforms Ireland), paid $101m (£75m) in tax, while recording profits of more than $15bn in 2018. The subsidiary brought in around $30 billion of revenue (including profits) in 2018, accounting for more than half of the firm's total annual turnover of $56 billion.

One of the biggest issues that worry people who are concerned about tax justice isn't the *rate* of tax being paid by companies based in Ireland on the work they carry out in Ireland. It's how the Irish tax system is set up as a tax haven, which allows corporations to *manipulate* the rules - sometimes entirely legally - so that profits that should be taxed in other countries are taxed here in Ireland, sometimes at a very low rate. This can mean other countries lose out on tax income that they should be earning.

STOP #8
IRISH RESIDENTIAL PROPERTIES REIT

Suggested questions/prompts:

1. Discuss the claim, 'the days of the absentee landlord have returned in the form of investment funds'.
2. Why do investors want high and increasing rents?
3. Do you think properties should be left deliberately vacant when there is a severe shortage of housing?
4. What is a ghost estate?
5. If you were a politician, what would you change?

Speaking points:

As we mentioned at the Hibernia Real Estate Investment Trust (REIT) stop, these real estate funds buy up properties at scale and then rent them out.

This one, IRES REIT, or Irish Residential Properties Real Estate Investment Trust, is the country's biggest listed landlord. It owns many high-priced properties, in particular in Dublin.

In total, IRES REIT owns just under 4000 properties. In 2019, IRES REIT reported a total profit of €86.3 million and paid no corporation tax. Dublin is a Rent Pressure Zone, but these rules don't apply on units that have never been let before, which means that IRES REIT can set the market rates on such properties; they can set the rent, and this is one of the reasons rent is so high in Dublin.

From Opus 6 on Hanover Quay (two-beds from €3,300 a month), to Capital Dock (two-beds from €2,970 a month), to Ropemaker Place (two-bed duplex from €3,200 a month), REITS are the landlords of many high-end apartment complexes with very high rents.

Ask students to find the following locations on their maps: Ropemaker Place, Opus 6, Hanover Quay and Capital Dock.

A Goodbody stockbrokers 2021 report estimated vacancy rates in some of these luxury apartments at about 30%.

> **"In 2019, six out of 10 new homes in Dublin were taken off the market and the vast majority were sold to the investment funds. Indeed, in the last four weeks, 400 houses have been snapped up by these funds,"**

Mary Lou McDonald said.

> **"They are not stopping with Dublin; their plan is now to spread their wings across the State. These investment funds are now moving to Waterford, Cork, Limerick, and Galway, with leading developers saying that they will be selling more than 40% of their new homes to these funds in the years ahead."**

Lorcan Sirr, a lecturer at TUD said,

> **"In places like Paris and Copenhagen if you leave a property empty, you will pay significant additional tax for leaving it vacant. In Ireland, we've been very reluctant to tax empty properties, (although) there's a good case to say we should be doing it."**

IRES REIT said this in 2019,

> **“Our long term commitment to the Irish market is now well established and we are well underpinned for future growth. The strategy we are deploying is delivering both for our shareholders and for the Irish economy.”**

Institutional investment in Irish residential property has grown rapidly since the 2008 crash, with the overwhelming bulk of the money going into apartment blocks. Institutions bought no more than 76 individual units in 2010 and 606 two years later. Since then the sector has taken off, with investors buying up thousands of new apartments in each of the intervening years. Investment funds like IRES REIT have been facilitated to come into Ireland and be part of the property market because the government of the day (post the 2008 crash) believed that their activities were benefiting everyone – investors, government, people looking for a place to live.

Despite sharp pandemic disruption to the economy in 2020, institutions like this one spent €1.75 billion on residential investment. Much of it is driven by the global “hunt for yield” – the desire of investors to find returns in a world of low interest rates. There’s a lot of money looking for a home, and a purpose. Remember the drive of capital that we spoke about at Liberty Hall? This is global capitalism.

When capital is trying to find a home, and investors are trying to make the highest yield, and public services are relegated to private actors, we are in what’s known as a capitalist system. Is this capital fixation the same as during colonial times? Some may say this is just another format. What do you think?

STOP #9
JP MORGAN

Advanced research:

Work with your students to investigate the concepts of vulture funds and cuckoo funds. You can find some activities in our Leaving Cert. Applied Social Education resources on our website.

Suggested questions/prompts:

1. What is a vulture fund?
2. What is a cuckoo fund?

Here we have JP Morgan, a US-based private equity firm that has bought lots of ‘distressed debt’. Distressed debt refers to non-performing or toxic loans when the debtor no longer makes full repayments and is therefore in breach of their obligations under the loan contract. A funder will swoop in when the debtor is close to default, like a vulture. The person who owed the debt basically sells their debt as it is risky. The fund buys the debt off them for a much lower price than it’s worth usually (and because of the risk), then the fund uses aggressive strategies to get the money back off the debtor - even though they are really struggling.

This often happens in the Global South because many debts were incurred by dictators and other undemocratic regimes. An example of this is in Argentina, which incurred lots of debt in the 70s and 80s due to an undemocratic military dictatorship. Austerity was then imposed through Structural Adjustment Programmes by international financial institutions such as the IMF and World Bank. This resulted in them needing even more loans! They defaulted in 2001. Then in 2005 and 2010 they restructured most of their debt so they could actually pay it. However, some was not restructured - the portion that the vultures own.

The vultures started buying Argentina's distressed debt in 2001 and have consistently fought to get Argentina to pay. In one case (of NML Capital 2012), if they had won, they would have got a 1600% profit.

According to the African Development Bank Group, vulture funds have averaged rates of recovery of between 3 and 20 times their investment. They cite a recent case against Zambia in which a vulture bought sovereign debt for $3 million and was awarded $15.5 million after suing for full payment!

In Europe, after the financial crash, borrowers were unable to pay their loans and so there were hundreds of billions of distressed property debt. NAMA and SAREB (Spanish equivalent) at one point held 43% of all distressed real estate debt. The Department of Finance told NAMA to sell everything by 2020. There were a huge number of meetings between vulture funds and the Department of Finance - they even held a networking conference!

The Irish Banking Resolution Commission and NAMA combined were the largest vendors of distressed real estate assets in Europe in 2014. Out of €96.7 billion of distressed real estate asset sales in Europe in 2013 and 2014, an incredible €36 billion related to assets sold by the two agencies. And Ireland is really small.

Vulture funds also buy up land for development – land that could be used for important social infrastructure. Instead, they are focusing on the construction of commercial office space, and where they are developing housing, for example, in the docklands, it is luxury apartments and high-end housing. Why…?

Let's go to our final stop to find out.

STOP #10
GOOGLE DOCKS

Suggested questions/prompts:

1. Who remembers what a subsidiary is?

Speaking points:

Here is another company that has benefited from our tax laws. Google has used the 'double-Irish' method to shift $75.4bn in profits out of Ireland. Meanwhile, this growth of big tech companies such as Facebook and Google is adding to the demand for housing.

As we saw earlier, a subsidiary is a company that is owned by another company. This company is referred to as a 'parent company'. A parent company is a business that typically doesn't manufacture anything, sell any products or services, or conduct any other business operations. Rather, they hold the controlling stock in other companies (its subsidiaries).

Google's parent company is registered in the United States, but Google's intellectual property is registered in Ireland. However, Google was, until recently, registered in Bermuda for tax purposes. The tax rate in Bermuda at the time was 0%.

Ireland considered Google to be tax-resident in Bermuda, because Irish tax rules allow for a company to be registered in Ireland but to be registered for tax purposes in the same country as its board of management. Because Google held its board meetings in Bermuda, it was considered to be subject to tax in Bermuda and not Ireland. Although Google took advantage of this tax rule, it is Irish tax law that allowed this to happen.

Even though Google's parent company is registered in the US, they have avoided paying tax there, by keeping their profits in Ireland. If the profits are eventually sent home to the US parent, they may pay tax there, although they are only likely to do this if the conditions in the US are favourable for them. Irish tax rules allow them to avoid triggering US income taxes.

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