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The "Welfare State" as we know it in Ireland and other EU states is a child of the post-World War II period when governments were forced to introduce Social Welfare payments in order to deal with spiralling unemployment and to head off social unrest.

Recent years have seen this "Welfare State" under vicious assault as Thatcherite economists and politicians attempt to drive down what they see as state 'meddling' in their free market. Welfare payments are blamed for high wages (tell that to workers in fast food restaurants, contract catering or cleaning!) and for making it "uneconomic" for welfare recipients to re-enter the jobs market (as if there were tens of thousands of jobs just waiting to be filled!).

This attack on the Welfare State is part of the drive towards a single European currency. In a global context we are witnessing the creation of three world "economic superpowers" — the US/NAFTA axis, the EU (expanding into the former Eastern bloc) and the Japan/Asia/South Pacific axis. In Europe, governments and bosses see the need to reduce or at least hold back wage levels in order to be able to compete — especially with the emerging Eastern European states and South East Asia. Their main strategy for the implementation is included in the Maastricht Treaty which envisages the creation of a single European market with minimal restrictions on the flow of capital.

A prerequisite for the — at least partial — dismantling of the Welfare State involves the hyping of Social Welfare "fraud" and the peddling of the lie that Social Welfare recipients are living the high life at the expense of "ordinary decent taxpayers". The reality however is that the real rip-off being perpetrated on PAYE taxpayers is through a variety of tax evasion and avoidance scams. Consider the following facts:

According to the Comptroller and Auditor General's report for 1994 (published August 31st 1995) the total amount of Social Welfare overpayments attributable to fraud was £11.46 million. The amount of tax outstanding was a whopping 190 times greater at £2,057 million. Even this phenomenal figure does not reveal the whole picture.

- In 1994 taxes on capital raised just 1% of total taxation while taxes on personal income amounted to 31.5% of the total tax bill.
- PRSI on workers amounted to 16.2% of tax raised, almost double the 8.8% contribution from corporation tax.
- PRSI collected in 1994 — £1,801 million — was more than the combined totals of corporation tax and income tax from farmers and other self-employed.
- Business and Finance magazine has claimed that the Dunnes Stores family trust owes £120 million in taxes since 1985.
- The 1994 tax amnesty wrote off £500 million in due taxes. 35% of those who availed of the amnesty also availed of the 1988 amnesty.

Of course when the Beef Tribunal turned up evidence of massive tax evasion by the beef barons, no company executive was brought before a court to account for his/her actions. This, of course, had nothing whatsoever to do with the fact that these same beef barons were and are among the biggest contributors to the political parties (or so we are supposed to believe!).

Social Welfare "fraud" is hyped for two main reasons. Firstly, the path to introducing cutbacks in welfare payments (necessary for what the economists refer to as the "convergence" of EC economies) will be so much easier if workers can be convinced that all Social Welfare recipients are ripping them off. Secondly — and equally importantly for the immediate future and job security of the politicians — if workers believe that the reason for high taxation on their income is the high level of welfare "spongers", their anger will be deflected from the real cause — tax evasion by the wealthy.

Workers and the unemployed must not allow this "divide and conquer" tactic to be successful. United resistance to welfare cutbacks is a must.

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