

Ireland's Home Mortgage Crisis: No Debt Relief. The Destruction of Savings and Pensions

By [Caoimhghin Ó Croidheáin](#)

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We are living in a society where the combination of fractional-reserve banking (lending out multiples of deposits) helped along by quantitative easing (printing almost unlimited quantities of money) based on fiat currencies (money without intrinsic value) has created exponential growth for the world's financial elites. This led to unprecedented bubbles in the property market as banks made it easy for people to borrow more money than they would have been allowed in the past when a conservative banker guideline for a home buyer was to have a two to two and a half times mortgage-to-salary ratio.

In contrast to these methods for almost unlimited sources of (false) wealth conjured up by financial elites, workers (borrowers) have only one source – wages – which are going into decline due to government cutbacks and increased taxes. Yet despite this obvious anomaly, whereby the banks get bailouts with even more money, borrowers are expected to pay back, and in full, under threat of repossession, every single cent of the flawed money lent to them to pay exorbitant house prices inflated by excessive lending in the first place.

According to [David Hall](#), Director, Irish Mortgage Holders Organisation:

'The Irish mortgages crisis, now into its sixth year, is still raging beyond any control of the authorities. Per latest figures from the Central Bank of Ireland, 186,785 mortgages (including BTL) in Ireland are at risk (in arrears, restructured or in repossession), accounting for an unprecedented 25.3% of all mortgage accounts still outstanding.'

Hall goes on to state that 'with some 650,000-750,000 estimated people residing in the households with the principal residence in mortgages difficulties, we are witnessing a wholesale destruction of savings, pensions and wealth of several generations of Irish people.'

As if that wasn't bad enough the government is introducing property charges from 1st July. Media discussion of these issues revolve around valuations of properties and not around the huge amounts of tax already paid to the government when the houses were purchased or the fairness of such a tax on properties which were bought during the bank-inflated boom, delusionally misnamed yet commonly known as the 'Celtic Tiger'.

Media pundits, sounding like poodles discussing the length of their leashes, have not questioned the ethics of forcing people to pay back such huge sums of money under the rubric that allowing people to write-down a portion of the debt would cause a 'moral hazard'

(as if the initial lending spree was itself moral). Similarly, there is little discussion of the property tax [deferral option](#) for low income persons, a sinister move, which implies, (like with the hard line taken on mortgage repayments) that exemption is not an option any more for low wage earners but only more accumulated debt (with interest) to be paid sometime in the future- further impoverishing those least able to pay.

Adding insult to injury, the Department of Finance secretary general [John Moran](#) spoke recently of an “unnaturally low level of reposessions” and that ‘homeowners could not expect the taxpayer to subsidise them to remain in a house “that is beyond their means”.’ It is interesting to note that ‘their means’ didn’t seem to matter at all when it came to lending out the huge amounts of money at the outset.

Credite posterī – Believe it, future generations (Horace).

Caoimhghin Ó Croidheáin is a prominent Irish artist who has exhibited widely around Ireland. His work consists of paintings based on cityscapes of Dublin, Irish history and geopolitical themes (<http://gaelart.net/>). His blog of critical writing based on cinema, art and politics along with research on a database of Realist and Social Realist art from around the world can be viewed country by country at <http://gaelart.blogspot.ie/>.

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