

Irish economy disintegrates

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Whether they manufacture personal computers, luxury cut glass and porcelain, or dig precious metals out of the ground, Irish-based corporations have responded to world recession by seeking to offload the consequences onto the working class.

The fate of US PC maker Dell's Irish production base, Waterford Wedgwood's historic luxury crystal plant in Waterford, or Tara Mines zinc mine in Navan all express particular forms of the impact of dramatically worsening global conditions on the Irish economy.

Dell's closure of its Limerick production platform had long been rumoured, before the company finally confirmed earlier this month that 1,900 full-time production jobs would go by the end of 2009. Hundreds of temporary workers have already been laid off. The first tranche of 450 full-time jobs will go in April. Local economists estimate that between 5,000 and 10,000 jobs will directly be affected in the local area as Dell suppliers such as Flextronics, Banta and Sercom lay off workers.

These will join Limerick's existing 4,000 unemployed, or around 14.6 percent of the workforce. Laura Ryan, an officer for the Limerick Co-ordination Office told the press "I have family working in Dell. Everyone in Limerick knows someone who works there. The Raheen suburb grew up around Dell--people bought houses, restaurants, shops, taxis and pubs [that] are all dependent on those jobs."

Dell, hitherto Ireland's largest exporter and responsible for about 5 percent of GDP, is moving its entire PC production operation from Limerick to Lodz in Poland, to take advantage of labour costs of around €3 an hour, one-third of what it pays in Ireland. The move is part of the €3 billion cost cutting drive by the company, which has been badly hit globally by the onset of world recession.

Dell's departure has also raised fears that an exodus of US-based transnationals from Ireland is imminent. Intel employ

4,500 workers in County Kildare and its chief Paul Otellini has said he expects sales over the last quarter to be down \$10.7 billion in a year.

Writing in the *Sunday Business Post*, economist David McWilliams speculated, "Imagine the conversations going on now at Intel and Microsoft. We know that multinationals tend to cluster. They hang out together. When one of them bolts, we run the risk that the rest may follow."

Waterford Wedgwood went into receivership the same week as Dell announced its move. The producer of luxury crystal, porcelain, crockery, cutlery and kitchenware, the group incorporates historic brand names such as Wedgwood. Charles Darwin's grandfather Josiah Wedgwood and Royal Doulton in Lambeth established it in the 19th century in 1815. Waterford Crystal has its own visitor centre, and is one of the largest tourist attractions in Ireland. Rosenthal AG of Germany has been in existence since 1897. The company employs 800 workers in Waterford, and 6,000 worldwide, including 1,500 at PT Doulton Multifortuna, outside Jakarta, Indonesia. Other outsourced operations are in Brazil, Rumania and Slovenia.

Waterford Wedgwood finally collapsed after the company missed a deadline on its €449 million debt. The company's bankers, Bank of America offered the board 16 additional days to hand over the company to asset strippers KPS, who the company have been in discussion with for months.

Whoever buys Waterford Wedgwood; the consequences are likely to be devastating for the town, where 800 workers remain. Moreover, the company pension scheme is £111 million in debt and is likely to be wound up. Ireland has no pension protection scheme. Some 367 redundancies have also been confirmed in Staffordshire in the UK, where 1,900 remain employed with the company.

In line with international trends, Waterford Wedgwood management asked for €39 million of Irish government

support to defend its operations but was refused. By contrast, the Irish government has offered billions of euros to the banking system.

Tara Mine is the largest zinc mine in Europe and the fifth largest in the world. Located in Navan, County Meath, the mine produced 200,000 tonnes of zinc concentrate and 40,000 tonnes of lead concentrate last year. Six hundred seventy workers bring ore out of the ground at the rate of 570 tonnes an hour.

The mine is owned by Swedish group Boliden, Europe's largest mining outfit employing 4,500 workers internationally. Tara opened in 1977 and many of the workers have been there for decades. A further 1,700 jobs in the local area are dependent on the mine.

Boliden is threatening to close the mine unless workers accept drastically reduced earnings and altered shift patterns to maintain profitability, caused by the collapse in world zinc prices. Yet, in 2007, Tara Mines Holding Ltd paid a €97 million dividend to Boliden and had a €197 million profit. The annual wage bill is only €52 million.

Navan itself, formerly a boomtown in the Dublin commuter belt, saw its population increase by half in five years. But the mine is the only large local employer, and the town now has the fastest growing dole queues in Ireland as multiple small businesses collapse under pressure from the banks, creditors and collapsing revenues.

Other companies that have recently laid off workers include Hibernia insurance, Howley civil engineering, retail groups such as Zavvi and Chartbusters, along with many smaller and largely unreported closures and redundancies.

Currently unemployment is around 7 percent, but there are predictions that in only a few months 10 or even 12 percent of the workforce will be on the dole. According to the Department of Enterprise Trade and Employment, some 3,350 redundancies were announced in December 2008, a 94 percent increase on 2007. Over the whole year, redundancies were 60 percent up on 2007, with the building and civil engineering sectors account for 25 percent of job losses. Tourism also recorded record losses--with 12,350 long-term jobs shed. The number of business failures has doubled from 370 company failures in 2007 to 753 in 2008.

Earlier in the week, the Irish government was forced to nationalise the Anglo-Irish Bank, the Republic's third largest lender, after large-scale withdrawals threatened its

collapse. Only in December the government had authorised a bailout worth between €2 billion and €5.5 billion to the three largest banks, including €1.5 billion to Anglo-Irish.

Even before this recent intervention, Finance Minister Brian Lenihan had said he anticipated that national income would shrink by 4.5 percent in 2009, and had demanded corporate "competitiveness" be restored through "collective effort".

The government has now opened a "discussion" on public sector pay cuts, and €4 billion worth of savings by 2011, €16 billion by 2013. Mary Hanafin, Minister for Social and Family Affairs stated that she believed cost cutting, organised by the government committee, the so-called "An Bord Snip Nua", would partly come at the expense of recently increased payments to carers and lone parents, while immigrant workers and their families would be particularly targeted by welfare snoopers.

For their part, the Irish trade unions have offered their immediate support to the government's "collective effort" against the working class.

David Begg, head of the Irish Congress of Trades Unions (ICTU) called for a "sensible compromise" between pay cuts and tax changes.

At the Tara mine, unions have agreed with management to a package of cuts in overtime and a cap on bonuses. Workers are to ballot this week on the package, with the threat of immediate sackings if it is not agreed.

Dan Murphy, head of the Public Service Executive Union (PSEU) has said that the unions would be "constructive provided no unilateral actions are taken that would render our co-operation impossible." Jack O'Connor, speaking for Services, Industrial, Professional and Technical Union (SIPTU) agreed that the unions "have a responsibility to play our part". He refused to oppose a suggestion that previously agreed pay increases would be deferred.



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