Irish unions call off general strike, offer €1.3 billion public service cuts

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Following two long nights of discussion, including one 23-hour session, the Irish trade unions have offered the government a package of measures designed to cut next year's public service wage bill by some €1.3 billion. The proposals are currently with the Irish cabinet for ratification. As a sweetener, the Irish Congress of Trades Unions (ICTU) has called off a second 24-hour public service general strike planned for today.

The decision to call off the strike was immediately welcomed by the Impact union. A statement explained, "The Government has confirmed that they are satisfied that a temporary alternative to pay cuts can be achieved in 2010, based primarily on unpaid leave." General Secretary of the Irish Nurses Organisation Liam Doran called the talks "an important step forward." Talks on some "loose ends" will continue over the next few days.

At issue between the government and the ICTU is only the question of how and under whose auspices public services are slashed and whether €1.3 billion is enough. The Irish government is intent on implementing a multibillion-euro bailout of the Irish banking system and cutting, at the financial sector's insistence, an escalating public sector deficit. The ICTU view is that cuts on this level require a new national agreement between the unions and the government against the working class.

Total costs of the bank bailout, and the creation of the National Asset Management Agency (NAMA), are estimated at €54 billion. Recent reports suggested that AIB and Bank of Ireland expect to get some €28 billion cash of this in return for bad loans transferred to NAMA and thereby onto the public purse. Transfer of €16 billion to Bank of Ireland is expected to be complete in July 2010.

NAMA debts, however, will not appear on the Irish state's public sector deficit. By a financial and accounting sleight of hand, NAMA will be designated a Special Purpose Vehicle and 51 percent of its debts will be sold to the private sector, with a 95 percent state guarantee.

Even with NAMA left out, Ireland will run a €15 billion deficit in 2009, based on tax revenues of €41.2 billion for 2009. This is in contrast to a budget surplus of €5.2 billion in 2006. Total public sector debt is nearly €75 billion, around 13 percent of GDP.

Pressure on the government has been intensified by the crisis in Dubai, following the announcement that property company Dubai World does not intend to service its debts for at least six months. Economist David McWilliams, writing in his column in the *Sunday Business Post*, added up state, corporate and private debt and came to a figure of €505 billion, on which interest payments alone would amount to €25 billion annually. He went on, "This means that the first €225 earned by every worker every week in this country will be earned simply to pay the huge debts. Now what are we going to do about this? With these figures, default is obviously on the horizon."

Egged on by corporate bosses such as Ryanair CEO Michael O'Leary, who has called for €20 billion in public spending cuts, the Irish government intends to cut €4 billion from public spending in its 2010 budget due to be announced next week.

Of the €4 billion, the government intends €1.3 billion to come directly from the wages of Ireland's 300,000 public service workers.

Repeated demonstrations and a well-supported one-day public service general strike on November 24 demonstrated the determination of Irish workers not to pay to bail out a semi-criminal and vastly wealthy financial aristocracy. But the ICTU trade unions and all the leading political parties are determined that the financial elite should be shored up at the expense of living standards and wages.

No opportunity is lost to call for sacrifices by working people. Public sector workers have been the subject of a sustained barrage of media abuse portraying them as overpaid. Great media prominence was given following the November 24 strike, for example, to floods of shoppers who headed for Northern Ireland, crossing the border to take advantage of the cheaper prices in Newry. Claiming that the shoppers were all striking workers, a spokesman for the Irish Small and Medium Enterprise Enterprises Association fulminated in the *Irish Independent* that such behaviour was “beyond belief.”

As for the trade unions, the ICTU recently held a “Jobs Summit” in Dublin where ICTU President Jack O’Connor complained that Irish wages were too high. “The boom has disproportionately increased pay and pay costs here as against competitor countries,” he said. In response, O’Connor called for a revival of the national agreement between employers, government and unions to revive profitability in Ireland by “incrementally” adjusting wage levels down.

ICTU General Secretary David Begg called for short-term work and job creation programmes, while speakers outlined the “flexicurity” arrangements introduced in countries such as Denmark where welfare payments are used to subsidise a vast increase in labour flexibility.

In the negotiations over the public sector, the government’s initial proposal was a flat-rate 6.85 percent pay cut for all public sector workers. This follows a tax “levy” implemented in February this year, a pay cut by another name, of between 5 percent and 9.6 percent imposed on all public sector staff. The new pay cut is proposed alongside a series of proposed welfare and other spending cuts, including:

• Abolition of universal child benefit, to be replaced by a three-tier means-tested system.

• A 20 percent cut in job-seekers’ allowance for workers under 23 years of age along with measures to force workers into low-paying jobs.

• Payments into the national pension fund of €1.6 billion to be deferred.

• Further tax increases.

Other proposals being circulated suggested some 30,000 public sector jobs were at risk. Unemployment is already standing at some 400,000.

The ICTU, faced with mass opposition to further serious and sustained assaults on workers’ living standards, proposed that while core pay levels would be protected, a period of *compulsory unpaid leave* would be imposed on all public sector workers. Speculation has suggested that a period of 12-14 days has been discussed. This would amount to the loss of nearly three weeks’ pay. In other services, the ICTU and government have been discussing radically clamping down on overtime and premium payments.

The consequences of removing staff for nearly a fortnight from vital public services will fall most heavily on the most vulnerable in society. Public services in Ireland are already under severe strain. Press reports on November 29 noted that hospitals in Galway, Sligo, Cavan, Monaghan and Letterkenny have been turning away patients for all but emergency operations because they have run out of money. Letterkenny General Hospital, has, for example, been forced to make 18 temporary nurses redundant and suspend all day services for six weeks.

In addition to the emergency unpaid leave and premium payments programme, the ICTU has offered a range of productivity and flexibility measures in the public services over a longer period. Brian Cowen made clear that he envisages a regime of “extreme flexibility,” including compulsory redeployment arrangements to avoid large-scale public sector redundancies.