Irish unions seek new partnership with government-employers against working class

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The Irish trade unions bear primary responsibility for the successful imposition of austerity measures against workers after the world financial crisis overwhelmed the country's financial sector in late 2008.

In doing so, the unions have provided invaluable service not only to the Irish financial oligarchy, but to the entire European ruling class who have been emboldened in their own preparation for attacks on living standards. The unions' role fully expresses these organisations' transformation into an industrial police force devoted to defending their own domain as an investment base by driving down the living standards of the working class.

The Irish government's response to the financial crisis was to inject vast sums of public money into the banks such as Bank of Ireland, Anglo-Irish Bank and AIB. By a series of panic measures, including a €400 billion investment guarantee, direct nationalisations of Anglo-Irish Bank and the "bad bank" National Asset Management Agency (NAMA) that has taken over poorly backed bank debts, the Fianna Fail/Green Party government has been able, temporarily, to stabilise the situation. The resources for the bailout will be found through devastating cuts in all areas social spending for the foreseeable future.

In its last budget, the Irish government cut public sector pay by between five and 15 percent, on top of a previous seven percent "pension levy". Welfare payments were cut by an average of 4.1 percent for all claimants. Child benefit was cut, prescription charges have been introduced and hospital consultants pay cut. Some 60,000 students will lose a portion of their grant, while education spending as a whole will be cut by six percent. Finance Minister Brian Lenihan has repeatedly made clear that these measures, themselves only the latest of a series, would be followed in the coming years by cuts of comparable magnitude.

The government's approach has been endorsed by the International Monetary Fund (IMF) since NAMA was announced last year. For its part, the European Central Bank, which has provided resources to underpin NAMA, hailed the government as "courageous", while on March 1, the European Commission announced that it would finally approve the "bad bank".

In the face of this onslaught, the trade unions have made clear they agree with the thrust of government policy, but have argued that to implement it a new "social partnership" agreement must be established between employers, government and the unions.

Social partnership deals have been the norm in Ireland since 1987 when the Irish Congress of Trades Unions (ICTU) and the "partners" in the national project agreed to suppress strikes and cut taxes in order to attract overseas, primarily US, investment. A series of deals followed over the 1990s and early 2000s. With titles such as "Programme for National Recovery", "Programme for Competitiveness and Work", "Programme for Prosperity and Fairness", the partnership deals allowed for carefully restricted wage increases to be conceded to workers in return for productivity gains while the vast wealth generated was either re-exported back to US corporate HQs or scooped up by the local financiers and developers.

The resulting levels of exploitation formed the basis of the Celtic Tiger boom. Swathes of US transnational investors moved to Ireland to exploit low wages, an English speaking workforce and access to European markets. Growth rates temporarily reached 10 percent, but only prior to both Eastern Europe and particularly China emerging as global centres of industrial exploitation.

The IMF was clear about the advantages of "social partnership." A 2004 report noted that, in addition to restraining wage increases amongst unionised workers, the agreements held back wages in all sectors of the economy, generated support for the European Union and delivered an "era of labour peace". The report explained that during the 15 years from 1972 to 1987 a total of 7,535,320 working days were lost to strikes, an average of 470,959 annually. Over the next 15 years, the total of strike days was 1,622,403, an average of 101,400 annually—less than a quarter of the previous period. This collapse in strike days lost coincided with an increase in the overall size of the workforce.

By the mid 2000s, the industrial boom was coming to an end. Wage rates in Ireland had been undercut globally, while Ireland's adoption of the euro meant that traditional tool of currency devaluation vis-à-vis major markets was unavailable.

Profit levels, however, were sustained by a speculative property bubble based largely on the expectation that boom conditions would quickly return. At the same time Dublin had become a significant centre for speculative finance, hosting a number of long standing Irish banks and new start hedge funds. Much of this came crashing down in 2008 and 2009.

In response to the government's first efforts to offload the crisis onto the working class, the unions made clear that they had no intention of leading any opposition. Rather, weeks after a February 21, 2009 demonstration that brought 120,000 workers on to the streets of Dublin, the unions called off a one day general strike against austerity measures planned for March 30. This gave the ruling class the clearest signal that, hot air and token protests not-withstanding, the unions would place no obstacles in the government's way.

Social partnership formally continued until late 2009. But the current "Towards 2016" partnership agreement, which promised to "enhance Ireland's competitive advantage in a changing world economy", broke up following the government's further imposition of pay cuts on public service workers. The unions had taken partnership with business so far as to offer their own programme of budget cuts—some €1.3 billion, to be taken as unpaid leave, voluntary redundancies and large scale rationalisation of public services.

In the end, this was not enough for the corporate Ireland. Presented with the trade unions' prostration, goaded on by leading business commentators, the government, which had already accepted the unions' offer, changed its mind and went ahead with even bigger cuts, leaving the social partnership in tatters.

In response to the most devastating social attacks seen in the history of the Irish republic, the unions have made clear that their sole aspiration, and the one to which all their energies will be directed, is to re-establish partnership.

Thus on January 7, 2010, the ICTU, an organisation which nominally has 840,000 members, outlined a minimal and token programme of "industrial action and potential strikes". This included "selective strike action to be used intermittently", "a sustained work-to rule non-cooperation campaign" and "consideration of the wide-scale strike at a strategic point".

Action on the civil service would "entail refusal to answer telephones". In health-care, "staff would withdraw goodwill service and additional time that is currently given on a non-paid basis".

The purpose of such low key, futile and protracted tactics is to confuse and exhaust workers, and divert their struggles. At the same time a message is sent to the employers and government saying "look how helpful we are being to you".

At the campaign's launch ICTU President and leader of the SIPTU union, Jack O'Connor, one of social partnership's principle architects, insisted that a "structured dialogue between representatives of different interests of society... is a requirement of any civilised society."

At the same time the unions are making certain limited criticisms, not of capitalism, but of "neo-liberalism" which they use as an argument for the government and the employers to utilise their services. David Begg, ICTU General Secretary, complained, "If capitalism really is in crisis—or at least the liberal market version of it, adopted by Ireland, UK and US—it presents opportunities for the trade union movement."

"Look at what's left behind of that model. The building industry, which employed up to 400,000 people indirectly, has collapsed. The financial sector? We were setting ourselves up as an alternative to the Cayman Islands. Where's that gone?"

Begg went on to praise the "Nordic" model of capitalism, where the unions are even more closely integrated into the structure of capitalist government than in Ireland. Today, the Nordic model has, along with its Irish counterpart, reduced itself to the unions proposing to implement drastic increases in exploitation, as can be seen in their response to the sale by General Motors of Saab.

It is false, therefore, to suggest as the middle class ex-left groups do, that the end of formal partnership will lead to any leftward alteration in the position of the unions. Social partnership, the Nordic model or whatever else it might be called, exemplify the completed transformation of the trade unions into allies of big business, committed to the defence of "their" section of capital at the expense of workers everywhere.

Working people in Ireland seeking to defend themselves against the escalating onslaught on living standards need new organisations and a new perspective based on unifying struggles in Ireland with those rapidly emerging across Europe and internationally. This can only be achieved through a political and organisational break with the trade unions and their nationalist, pro-capitalist perspective.