Irish state bankruptcy looms as unions push through strike ban

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Such is the perilous state of the Irish economy that the rationale for the Croke Park pact between the Irish trade unions, the government and public sector employers has already been exposed as a fraud.

Croke Park set out terms in which the unions agreed to a four-year strike ban, huge productivity and flexibility demands, job losses on a "voluntary" basis in return for a cap on pay cuts for public service workers. Their claim that this would somehow prevent an economic meltdown lies in tatters. In reality the deal exposed the trade unions as a tool of the financial aristocracy for imposing the costs of the banking crisis onto the working class and opens the way for yet more savage attacks.

That is precisely why the provision to avoid further pay cuts was qualified by being "subject to no currently unforeseen budgetary deterioration" in Irish state finances.

Comments in the *Irish Times* from Morgan Kelly, an economics professor with University College Dublin, make clear that Ireland's budgetary situation is, in fact, set to decay rapidly. According Kelly, who is credited with having predicted the collapse of the Irish housing bubble, "It is no longer a question of whether Ireland will go bust, but when".

Kelly states that the bank bailout imposed on the Irish public purse by the Fianna Fail government and the semi-criminal Irish banking fraternity from whom it is inseparable is utterly ruinous. In the United States, some $700 billion was handed over the banks to buy impaired assets. Some $150 billion is likely not to be repaid.

Ireland has committed itself to at least €70 billion, half the national income, or 10 times the per capita amount committed by the United States.

Of this vast sum, Kelly reckons that of €100 billion property development loans taken on by the government via the "bad bank" National Asset Management Agency, at least 33 percent will never be repaid. The same is true of 20 percent of €35 billion business loans and 5 percent of €160 billion in mortgages and personal lending. This amounts to nearly €50 billion, or 30 percent of GDP. Kelly believes that €70 billion is a more likely figure. If this is added to the national debt, Ireland will by 2012 have a total debt of 115 percent of GDP. As GDP is falling and unemployment increasing at the rate of 6,000 per month, this ratio will only increase.

At a certain point international capital markets are unlikely to continue funding Irish debt, whereupon the government will be forced to turn to the European Central Bank (ECB). In return for a rescue package, Kelly explains, the ECB will demand swingeing welfare cuts far beyond what has already been imposed.

Kelly's analysis was echoed in the *Baseline Scenario,* an international economics commentary site by Peter Boone and Simon Johnson, a former chief economist at the International Monetary Fund. Ireland faces, firstly, either a sovereign debt default or the complete collapse of its banks; secondly, further devastating spending cuts; and, finally, a decision on whether continued membership of the euro is possible.

In response to the worsening situation, the major public service unions have moved even further to the right. Having initially rejected the Croke Park deal, the executive of the second largest public service union Impact changed its position May 7 and is now calling for its 65,000 members to accept the agreement.

The basis of their u-turn was a number of "clarifications" of the deal, including the so-called "get out clause" on unforeseen budgetary deterioration. Impact have agreed with the government and Labour Relations Commission that it is the "expressed intention and expectation" of the government that there will be no further pay cuts. Should, however, further pay cuts be imposed—although none are expected "on the basis of currently known facts"—the unions states that it would "cease to be bound by the terms of the draft agreement".

This minor alteration of the agreement's text, along with a minor concession on pension rights was presented by Impact's general secretary designate, Shay Cody, as providing "trust in the Government's intentions". Cody also claimed that the compulsory redeployments, which could see

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workers being transferred from one department to another within a 45-kilometre radius, would be operated “in a reasonable manner”.

Impact’s change of position lines the union alongside the Services, Industrial, Professional and Technical Union (SIPTU), the largest public sector union. Voting by some 300,000 public sector workers is currently taking place on the agreement. Union officials will then take the result of their respective union ballots to the Irish Congress of Trade Unions (ICTU) public service committee, where votes are weighted according to the number of public service members in the particular union.

Such is the importance that Irish business attaches to the agreement that SIPTU leader Jack O’Connor was recently awarded a “Business Person of the Month” award from the influential *Business and Finance* magazine. Previous winners of the award include Mathew Elderfield, Ireland’s newly appointed financial regulator; Brian Lenihan, the current minister of finance; and Aidan Heavey, the founder and CEO of Tullow Oil.

A number of officials for smaller unions have opposed the agreement and been somewhat more truthful about its impact, as a means of adapting themselves to the widespread opposition amongst their members. Dave Hughes, deputy general secretary of the Irish Nurses and Midwives Organisation (INMO) complained of a “tyranny of consensus”. He pointed out that the Croke Park terms were “highly conditional promises on return for absolute compliance with government policy.... It requires the silencing of those who dare to defend their service, job or community”.

Hughes noted that, on top of 2,000 nursing positions lost over the last two years, 6,000 more were imperilled, along with 3,500 acute beds. He made clear, however, that the INMO was certainly not going to lead any determined campaign against the government. “Voting ‘no’ will not lead to nurses and midwives going on strike”, he said, which would require a “new mandate”.

The INMO’s annual conference advanced an alternate plan to implement its own programme of health costs savings, involving more rapid patient turn around, greater use of minor injury units and reduced use of specialist services.

Hughes’s muted criticisms provoked an angry response from other sections of the union bureaucracy.

Louise O’Reilly, SIPTU’s national nursing officer and one of the agreement’s negotiators, insisted that Croke Park gave “certainty in uncertain times”. It was the “best possible outcome”.

She made clear SIPTU’s hostility to any campaign based on mobilising the working class. “Very few spell out the reality that a massive escalation of industrial action will be the only way of stopping the Government from introducing further cuts, egged on by private vested interests”.

O’Reilly further complained, responding to bitter criticisms from SIPTU’s own members, that “It is unfair to present the ballot as some sort on referendum on the Government”.

The media has waded in behind Croke Park. Writing in the *Irish Independent*, Alan Ruddock ranted that public sector workers were “shielded from the dole queue, their pensions unaffected by the vagaries of the stock markets”. Of those opposing Croke Park, Ruddock complained that “they still cannot accept a deal that should never have been put before them in the first place”.

To date, the agreement has been thrown out by a number of groups of workers.

Lower paid civil servants in the Civil and Public Services Union (CPSU), which has 13,000 members, rejected the deal by two to one on a 74-percent turnout. CPSU members have previously voted 86 percent in favour of strike action against the government’s spending cuts.

Two teachers’ unions—the Association of Secondary Teachers, Ireland, with 18,000 members and the Teachers Union of Ireland, representing 14,500—rejected the deal by three to two and three to one majorities. Two thousand university lecturers in the Irish Federation of University Teachers balloted against the agreement by two to one.

Results from the largest organisations, including SIPTU and Impact are not expected until June. Even if the overall result is a resounding “No”, working people cannot defend anything within the framework of these moribund and pro-corporate organisations. New organisations of struggle are urgently necessary which take as their point of departure the independent interests of the working class in Ireland and internationally, and which oppose giving a single cent to Ireland’s criminal and parasitic oligarchy.

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