European Union demands further attacks on Ireland’s public sector

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The latest report from the European Commission on the €85 billion bailout package agreed on with Dublin in 2010 has issued a stark warning to the government on its implementation of austerity measures.

The report stated that last month’s budget, which contained €3.5 billion of spending cuts and tax hikes, had not gone far enough. The commission argued that the Labour-Fine Gael coalition was using figures for economic growth that were too optimistic, including growth projections that differed from the commission’s assessment by as much as 0.3 percentage points each year between 2012 and 2015.

The document, produced as part of the regular reviews that the troika (European Union, European Central Bank and International Monetary Fund) conducts on a quarterly basis, was especially critical of the reform process in the public sector. It complained that the Croke Park Agreement, under which “voluntary” redundancies have been negotiated with the trade unions, was too costly. Spending in the health sector was targeted as an area in need of substantial reduction, as the commission asserted that pay for health workers was too high.

The demands for a deepening of the austerity measures in Ireland, which have already slashed €28.5 billion since 2008, are being stepped up as it becomes ever clearer that there is no prospect of any economic improvement. The EU commission revised its estimate for Irish economic growth downwards for 2013 from 1.4 percent to 1.1 percent. This is in line with the broader trend across the euro zone, including the larger economies of France and Germany.

Amid these growing concerns, Prime Minister Enda Kenny travelled to Germany last week to visit a party conference of the Christian Social Union (CSU), the Bavarian sister party of Angela Merkel’s Christian Democrats. In his remarks, Kenny urged the CSU to back calls for a restructuring of Irish bank debt, which he stated would be necessary if Dublin was to return to the financial markets before the bailout programme expires at the end of this year.

The commission report declared that in the absence of such a deal, Ireland’s potential creditworthiness in the international markets could be “destroyed” by the burden of bank debt. This undermined the celebratory comments of government representatives after Dublin was able to raise €2.5 billion through the sale of government bonds on the markets last week.

Kenny’s government has sought to reassure investors by committing itself to intensify spending cuts, and it is preparing a new round of attacks on public sector workers. The government began negotiations with the trade unions this week on a successor agreement to Croke Park, which will expire in 2014. The current agreement has given the government a free hand to impose wage cuts, “voluntary redundancies” and the elimination of key services thanks to a four-year strike ban to which the unions assented in 2010.

On the first day of the talks on Monday, government representatives laid out their plans to slash costs in three key areas: productivity and efficiency measures, workforce reform, and pay and pension bill cuts. Among the proposals made by the coalition were a lengthening of the normal work week so that it would run from 8:00 a.m. to 8:00 p.m. Monday to Friday, pay cuts for some workers, a plan to scrap pay increments so that salaries do not rise in line with inflation, the elimination of overtime pay for working after 5:00 p.m., and the enforcement of strict “performance-based” management systems.

Fine Gael representatives are said to be pushing hard for consideration of a compulsory redundancy scheme.

Government officials made clear that if the talks were unsuccessful, an across-the-board cut of €1 billion would be imposed. This would involve a pay cut for all public sector workers of 7 percent, or the elimination of 18,500 jobs.

These measures will be devastating for broad layers of the population, who have already seen a dramatic lowering of their living standards since 2008. Unemployment continues to push the 15 percent mark and shows no signs of decreasing significantly. Studies of those still in work have shown that average pay has fallen by more than 6 percent since the onset of the crisis, even as various taxes imposed by the government have increased basic costs for working people.

The latest indication of the growing social hardship came in a report released this week, which stated that half of the population no longer have any savings in bank accounts and are not in a position to save money in the future.

While the working population suffers deepening misery, Ireland's debt crisis has been seized upon by the financial elite to accrue substantial profits. A recent *Financial Times* article noted that the trading of state debt had resulted in profits for investors in 2012 of 29 percent. This was compared with figures of 56 percent for Portuguese state debt and 112 percent for Greek state debt. This astronomical figure was thanks largely to the debt buy-back scheme organised by the troika, and the restructuring of Greek state debt that took place in March 2012.

Any deal agreed on with Ireland to restructure the remaining state debt brought on to the government's books as a result of the bailout of the banks will aim to boost investor profits even more at the expense of working people.

The response of the union bureaucracy to the latest austerity proposals has been characterised by a desire to collaborate fully in the implementation of the measures that the ruling elite demand. Tom Gerity, one of the lead negotiators for the unions, stated that the only thing that would not be open for discussion was the possibility of "compulsory redundancies." In other words: the unions do not want to be left out of the process of deciding where the axe will fall.

Impact, the largest trade union, wrote to its members to draw attention to the upcoming negotiations. The letter asserted that if a deal could not be reached and unilateral measures were imposed, the unions would consider strike action. "We would have no option but to ballot you for industrial action, as we did in 2009," the letter read.

Such claims are a desperate attempt by the unions to posture as opponents of the devastating austerity measures they have done so much to implement.

The reference to 2009 is significant, because it was then that the unions called the only nationwide strike against government cuts. But far from representing a genuine struggle against the dictates of the ruling class, the one-day token protest was used by the unions as a means to pressurise the government back to the negotiating table. Out of this manoeuvre, the bureaucracy finalised the Croke Park Agreement in early 2010, giving their assurance to the ruling elite that the imposition of austerity measures would not be hindered by any further strike action.