Ireland’s top trade union bureaucrat warns of a “tipping point”

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Since 2001 David Begg has headed the Irish Congress of Trade Unions (ICTU). He is also a non-executive director to Aer Lingus. Between 1995 and 2010, he was a director of the Irish Central Bank. As such, Begg is not only a wealthy representative of the Irish capitalist class but also one of its leading strategists.

As head of the ICTU, he assumes direct responsibility for policing the working class and imposing the savage austerity measures being demanded of Ireland by its international creditors.

He is, therefore, more aware than most that social tensions, stoked by five years of relentless cuts, are reaching unbearable levels.

Earlier this month, Begg told the *Daily Telegraph*, “The Troika [the European Union, the European Central Bank and the International Monetary Fund] has done more damage to Ireland than Britain ever did in 800 years.”

“It is like being in an awful World War One conflict where the generals have expended a million lives to gain a yard of ground, yet nothing will change their mind in the face of all the evidence,” he added.

He commented bitterly, “When we meet the Troika, we tell them that austerity is not working, and they tell us that it is. It is a dialogue of the deaf.”

Begg’s comparisons, with both the centuries of British rule in Ireland and the European battlefields of World War I, are appropriate. They also show that Begg is fully aware of the historic character of the social counter-revolution being imposed across Europe by the financial oligarchy, of which Ireland, along with Greece, is a testing ground.

But Begg fully intends to continue his dialogue of the deaf with the troika. His concern is that the level of social calamity is close to setting off mass opposition far beyond the capacities of the trade unions to control and suppress. Begg warned, “What will happen when people eventually realise that they are trapped in a spiral of deflation and debt? We may reach the tipping point.”

Begg made his remarks in the aftermath of a chaotic deal reached with ECB and the Irish government to extend repayments for Ireland's €64 billion worth of debts over the next 40 years. The agreement set out the liquidation of the Irish Bank Resolution Corporation, the successor to the bankrupt Anglo-Irish Bank, and ensures generations of austerity.

Prior to the deal, Begg and the ICTU appealed to the ECB and the EU for some limited alleviation of Ireland’s indebtedness. Speaking on the day of a 50,000-strong demonstration in Dublin called by the ICTU early in February against the bank bailouts, he complained, “It is as if Ireland had fought an economic war and is now burdened with penal reparations.”

Begg’s perspective for the demonstrations was to use them to place some pressure on the ECB to encourage debt reduction. He warned the EU negotiating team of his concerns. He told them he had come to realise that “absent the option of current devaluation,” then European monetary union served to impose “the entire burden of cost adjustment... through a reduction in labour costs.”

Each Irish citizen, Begg continued, was “paying an average of €9,000 to fix a problem which cost every other member state’s citizen just €192.”

This was, he went on, because the ECB had insisted that preventing an Irish banking collapse was essential to protecting Europe itself from a Lehman Brothers-style banking disaster. As a result the Irish government issued a blanket guarantee on deposits of Ireland’s six most compromised institutions.

Begg's pitch was that the bank guarantee had avoided an immediate series of collapses across Europe, and that Ireland should now get a payback. He went so far as to issue a veiled threat to the assembled EU mission heads that Ireland might leave the euro and join a sterling zone.

He asked them to consider "if indeed the eurozone does move towards 'ever closer union' and if Britain moves in the opposite direction, where will we stand?"

Ireland is "Britain's sixth largest trading partner but we don't matter to any of the other big European economies." Events, Begg continued, are "pointing towards a critical juncture for Ireland."

He concluded by calling for a revival of "Social Europe," meaning one resting on collusion between the employers, governments and the trade union bureaucracy, a "mutualisation of debt" across Europe and limited efforts to revive the European economy.

The ECB and the Irish government all too predictably responded by ignoring Begg and concluding February's debt deal.

In response, Begg and the ICTU dutifully acceded to a new Croke Park no-strike agreement, to impose yet another wave of pay cuts on public sector workers.

For Begg to complain of imperialist-style dictates emanating from the troika to the British *Daily Telegraph*, the famously Conservative and euro-sceptic paper, does not mean that Ireland is on the brink of quitting the euro. But it does point to the historical bankruptcy of the Irish national project as a means to address the interests of the working population.

For most of the twentieth century, the Irish bourgeoisie manoeuvred between Britain, the United States and the European Union and its forebears. This allowed it a semblance of independence that was in reality entirely dependent upon its role as a representative of imperialist commercial and political interests.

For their part the Irish trade unions were instrumental in subordinating the interests of Irish workers to the Irish ruling class, US and European industrialists, speculators and bankers—all while professing their own "republicanism" and waving the tricolour. Particularly since the 1990s, vast profits were made on the basis of a succession of export, financial and property booms.

All this lies in ruins. Working people in Ireland are again being told they have nothing to look forward to but decades of debt and austerity, or emigration. Since the onset of the financial crisis the economy has gone through an "internal devaluation" of between 15 and 16 percent of total labour costs. Internal consumption has fallen by 26 percent. House prices have fallen by over 50 percent, entangling hundreds of thousands in impossible debts.

On the basis of this generalised want, certain sectors of the economy have recovered. The export-oriented economy will generate a small surplus, while the low corporation tax rate of 12.5 percent continues to attract US transnationals, such as Google, who channel their profits through their Dublin offices. Despite the crash, the bank guarantee, paid for by Irish workers, helped defend the reputation of a financial sector that is responsible for huge assets globally, not a cent of which benefits working people.

There is no national way out of this crisis for working people. Nor does maintaining the alliance with the European Union or the United States, or reviving links with the much-hated British imperialism, offer a way forward.

Workers in Ireland are posed with taking charge of their own destiny through the fight for a workers' government in Ireland and the unification of their struggle against social misery with those of working people across Europe and internationally. This inevitably means a break with the rotten apparatus of the trade unions and all of the myriad nationalist parties and the building of an Irish section of the International Committee of the Fourth International.