

Unions capitulate on pensions at Irish energy supplier

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Trade unions representing workers at Ireland's national energy supplier ESB have reached a sell-out agreement with management to avert strike action.

A strike was scheduled for December 16 to protest the company's attack on pensions.

The dispute arose over a €1.6 billion deficit in the pension scheme and the company's decision to change from a defined benefit to a defined contributions pension. After an overwhelming vote of 87.5 percent for strike action, the ESB Group of Unions, led by Unite, submitted notice of a strike on November 29.

The union leadership never had any intention of conducting a strike. Despite the overwhelming vote for action, they waited four days before announcing their intentions and then a further week before formally registering the strike notice. In the meantime, they pursued talks with the company before turning to the Labour Relations Commission, under whose auspices the final agreement was brokered. They withdrew the strike notice less than 24 hours after the deal was concluded, even though differences remain between management and the unions' interpretation of the deal.

In its statement, the Group of Unions declared, "The workers in ESB, their representatives and the wider trade union movement have drawn a line in the sand in relation to this unprovoked attack on their terms and conditions of employment."

If that is the case, then the line of the trade unions is that all of management's demands will be granted. As the ESB put it, the deal ensured that "The resolution of this issue protects the financial strength of ESB—there will be no additional liabilities on ESB's balance sheet."

Although formally the defined benefits system is to be maintained for accounting purposes, this is virtually meaningless, as nothing was agreed on how deficits

arising in the fund are to be met. The deal merely noted that the parties would sit down and talk about how such deficits would be filled.

An indication of how this will be achieved comes from the last agreement in 2010. The unions accepted cuts to benefits, increased pension contributions by workers and a pay freeze to meet the shortfall, which at that time stood at €2 billion.

The general secretary of the ESB Group of Unions, Brendan Ogle, confirmed that the union would continue with such an approach. He told national broadcaster RTE, "The pension scheme is a defined scheme and any future problems will be resolved in the traditional manner."

The talks took place under massive pressure from the government and the entire ruling elite, who stepped up their attacks in the media and in parliament over the past two weeks. Workers were denounced for holding the country to ransom, for being privileged and overpaid, and for endangering the supposed economic "recovery." Ogle received death threats as the talks were ongoing.

Employers' organisations urged the government to legislate to ban the strike. Some went further and urged a law to ban future strikes in areas deemed essential to the country. This call was backed by Labour's education minister, Ruairi Quinn.

Speaking in parliament last week, Quinn issued a veiled threat that the government would not hesitate to intervene directly if the strike went ahead. "The government has at its disposal an array of instruments, an array of institutions that can be mobilised at the appropriate time," he declared.

The *Irish Independent* article raised the need for the government to make fundamental changes to the energy sector, complaining that ESB's stronghold on the

economy, unique in western Europe, means that we already have some of the most expensive electricity prices anywhere” and blaming “the extraordinarily generous salaries paid to ESB workers.”

In a separate article, it proclaimed, “In a democracy, the draconian way—such as banning strikes—can sometimes be the moral way.”

Major multinationals weighed in, threatening the government that any disruption of power to their Irish operations would have serious consequences.

The unions quickly shut the dispute down without a fight. There were reports that the Irish Congress of Trade Unions (ICTU) had intervened to avert an open conflict with the government.

The sell-out will only embolden the ruling class to act more aggressively in the assault on workers’ pensions. The Irish ruling circles are being encouraged by events internationally, such as the declaration of bankruptcy of Detroit in the United States, which opens the way for the elimination of pension provision by the city.

On Saturday, a day before the deal was struck, more than 2,000 retail workers at Marks & Spencer stores went on strike in protest at the company’s move to close its defined benefit pension scheme. Three further days of action are planned before Christmas.

At national airline Aer Lingus, members of the SIPTU union are to be balloted on strike action in a dispute over pensions. But SIPTU has refused to announce any strike until the New Year, for fear of damaging the company’s busy schedule over the Christmas period.

Alongside the widespread attacks on company pensions, things are even worse for those workers relying on the state pension for their retirement. It has been systematically raided during Ireland’s bailout to pay for the speculative activities of the bankrupt financial institutions and fund tax breaks and other subsidies to big business. The state pension age is to rise to 67, and figures suggest that the chronic underfunding will result in a shortfall of hundreds of billions of euros by 2040.



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