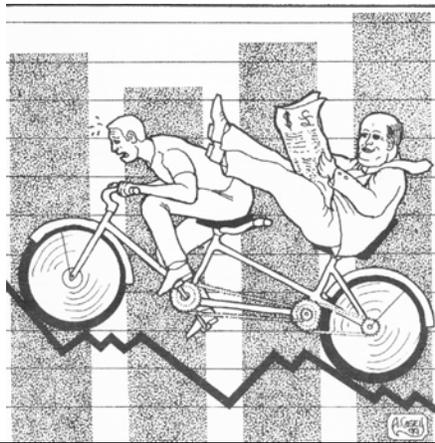


# Solidarity not Social Partnership



Why SIPTU should say no to  
another partnership deal

Des Derwin

## October 2005

On Thursday 6<sup>th</sup> October at its Biennial National Conference in Cork SIPTU will decide on whether to enter talks for a new social partnership agreement to follow *Sustaining Progress*. This pamphlet is a contribution to the debate. Consider it a modest counterpart to the ESRI, the pro-partnership, pro-privatisation think-tank that has been afforded the opportunity to address the Conference directly and at length. (So has Minister Micheál Martin according to *Liberty*, though he doesn't appear to appear in Standing Orders Report No.1). There has been a consistent 'No' vote of about one-third in SIPTU ballots on the partnership deals. This minority deserves a voice and a means to put forward its arguments too.

Conference should vote against Motion 59 because social partnership is a lie, a rip-off and has floored our movement. SIPTU needs a new direction and a renewal as a fighting, participatory organisation.

Some of the more recent horrors visited upon workers by our 'partners' are recounted below. As it happens I, and my members, have a personal experience to add to them. Ten minutes before the Summer holidays were due to begin in July, the members were called to the canteen to be told that the Company, northside Dublin plastics manufacturer Mouldpro, was now in liquidation and they were all redundant. Two days beforehand the Branch Secretary and the stewards had been told, verbally and not very directly, that one of the options appeared to be that the Company might not continue after December.

Our experience has been multiplied many times. It is the reality of a partnership that has a very different face at the coalface than it does in Government Buildings, the media, LRC reports and seminars of industrial relations professionals.

Des Derwin

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### But what's the harm in going into talks?

'What can possibly be wrong with going into talks for a new social partnership deal? They are only talks. There's no harm in talking. We have to at least see what's on the table. If it's no use we can reject it.'

This is an argument used at the end of every partnership deal. But going into talks – besides repeating the experience of previous consistently bad deals - accepts the idea of social partnership before sitting down at the table. It is also said that those against new talks are ideologically opposed to partnership or national agreements and are set against them no matter what might be in another one.

Well, yes, many trade unionists **are ideologically opposed to these deals and to social partnership**. Ideology is not necessarily a blind, irrational dogma. It is just a set of ideas, right or wrong. And right from the outset, before one clause of a new agreement is negotiated, some trade unionists are opposed to the idea of social partnership. Opposed to the idea that big business, the rich and powerful are not our adversaries but are our **partners**. For social partnership is itself an ideology, a set of ideas expressed in the very term 'social partnership'

Rather than recognising themselves as freaks those against social partnership consider themselves to be clearly in the tradition of James Connolly and Jim Larkin. In our own Union the minority against the deals is substantial. About a third of voters have, as stated, always rejected the deals, though, no doubt, many have voted 'no' because the individual deals were so awful rather than for matters of principle.

It's not a matter of a word: 'partnership'. Embracing the notion of partnership affects our behaviour following on from that. The effect of believing that the employers and the government have our best

interests at heart, that in fact they are our partners, is plain: the fight appears to have temporarily gone from our movement, as our reactions to privatisation, outsourcing, workplace change, closures, dreadful health and social services, super-exploitation, service charges, crippling housing costs and the jailing of protestors, shows.

Also, if union leaders are seen lined up for the cameras to launch a new pact with the people who are doing all the things that depress and anger us, if even our unions join the consensus and **adopt a common strategy** with the rich and powerful, it makes it so much more difficult for ordinary workers see any alternative, any opposition, any prospect or focus for a fight back and a different way.

'Sure we can reject the deal if it's no good'. This is no good either because, although we can indeed vote out a new deal, a deal will surely be brought out and sold to us from the talks even if it is a bad one, like every one before it has been. Those in the most powerful positions in the trade unions are, by and large, ideologically and practically **for** social partnership. Some have written at length on its merits as a new agenda for trade unionism. It appears that even the unthinkable is soon swallowed and recommended in order to secure a deal. Then the media, the politicians, the 'experts' and the resources of our own unions go to work to persuade us to vote for the deal.

### Good guys and bad guys.

The picture some supporters of social partnership wish to paint is of a right wing ready to savage us and, on the other hand, those who wish to deal with us as social partners. Social partnership is presented as a left wing position and those who oppose social partnership in the unions as playing into the hands of the right. In this picture Bertie Ahern is a 'friend of the worker', an image he himself is anxious to promote.

There **is** a vociferous right – notably some financial journalists – who rage against partnership, the public sector and unions in general, and who take heart from the march of neo-liberalism in Europe and the US. But from the start social partnership was sold as an alternative to Thatcherism. In reality it allowed Thatcherism in by stealth (the 1990 Industrial Relations Act) and continues to write neo-liberalism into the agreements (the primacy of competitiveness, productivity, ideological assumptions about privatisation set aside [*Sustaining Progress*, Mid-term Review, section 7], Public Private Partnerships, public spending strictures and low taxation on business).

Jean Claude Trichet, the president of the European Central Bank praises Ireland as a neo-liberal *exception* in Europe. Last month he pointed out that the Irish model already held the type of "reforms" that the German and French people are resisting. He said, "*There is an overwhelming consensus of academic institutions that the call for structural reform – made not just by us but also by the [European] commission, IMF, OECD and others – is not matched by delivery. Those who have been doing these reforms have been magnificent performers. I quote Ireland'* (*Irish Times*, 21 September).

Also last month Belgian economist André Sapir, speaking to a conference of EU finance ministers, distinguished four groups among the EU countries. The Rhineland model: social insurance, employment protection and stronger unions; the Mediterranean model: public pensions, regulation; the Nordic model: social protection, universal welfare provision, unregulated labour markets but strong union-employer institutions; and the Anglo-Saxon model (Ireland, Britain and Portugal): relatively low social protection; unions are weak and labour market relatively unregulated (Paul Gillespie, *Irish Times*, 24 September 2005).

The dominant thinking in the establishment is at present for social partnership. IBEC, the government, etc. will abandon social partnership, as they abandoned national agreements before, when they consider they can pay less otherwise. Because it's a means of restraining us, not of getting more from them.

In any case, can there be anything more vicious than the behaviour of our partners as outlined below. Who are the good guys?

### If this is partnership...!

The lie of social partnership has never been highlighted so brightly as in the past year. Are these our partners?! **GAMA** was once considered by us to be an exceptionally good company in the construction industry. Then it was discovered that our members there were being paid €3 an hour and working over 80 hours a week. Despite the scandal that followed the government has given the two fingers to us by

handing GAMA the contract for the Castleblayney By-Pass. There's been no clearer acid test for the government's attitude to SIPTU or for the unions' influence on government policy than the issue of the privatisation of **Aer Lingus**. Yet the government have kicked us in the teeth there too with its decision to privatise Aer Lingus regardless. And at Aer Lingus our government-owned 'partner' planned and documented a campaign of nasty 'push factors' to harass our members out of the Company.

Our Branches have campaigned strongly against the franchising out of 25% of **Dublin Bus** and the break up of **Aer Rianta**. Following the calling off of the strikes in CIE and Aer Rianta by the General Officers (against the democratically decided wishes of the Branches) Aer Rianta was broken up, with the assurances appearing now less than watertight, and a Regulator is to be set up who will have responsibility for franchising out new Dublin Bus routes. It has emerged that, after denying it, the government were holding back funds from Dublin Bus for badly needed new busses while the issue of who operated the new routes was unresolved.

The **Bank of Ireland** announced on the same day enormous profits and a cut in 1,200 jobs. The same Bank pays our members a pension of €115 a week after 40 years. **Jury's** hotels, another partner, is set to sell its Ballsbridge site in Dublin where some of its hotels will be knocked down and replaced by apartments with 641 of our members thrown out of their jobs.

ICTU General Secretary David Begg had this to say about the prospect and about the scramble to buy the whole Jurys group with its property assets in sight. His comments (*Liberty*, September 2005) are interesting too in what he implies about how far Irish society is a social partnership. He condemned this example of "*putting profit before people*". He said, "*Throughout this whole slightly sordid episode – played like a soap opera in the media – people seem to have lost sight of the 800 [sic] permanent and pensionable jobs that will be sacrificed to satisfy speculative greed.*" *These 800 permanent and pensionable jobs will be lost forever – not because of outsourcing, not because of competition from low-wage economies, but because already wealthy speculators want to make a fast buck. We are looking at the Americanisation of the Irish economy, where the bottom line is king and the social consequences matter not a whit.*"

**Coca Cola** has "shocked the workers in Dublin" (*Liberty*, May 2005) by transferring all its bottling to Knockmore Hill, Co. Antrim, and closing the Dublin plant with the loss of 290 SIPTU jobs. **ADM** in Cork, after forcing through worsened conditions and, after a bitter battle, getting rid of many of our members there, is now closing altogether. **Tayto**: outsourced.

In September 2002 **Belgrove Cleaning Service** went bust overnight, putting 435 members out of work. Local SIPTU representations secured the jobs of 50 cleaners with the new contractor at St. James Hospital in Dublin, but a new contractor, using less workers working longer hours, was immediately brought in to replace our members jobs at **St. Mary's and the Meath hospitals**. Though the two dozen members at the two hospitals maintained a protest for three months the health authorities persisted in giving the contract, and our long serving members' jobs, to the non-union company.

**Hospira** in Donegal, with weekly earnings of about €380 closes – off to where labour is not so costly! The main problem with the **Great Southern Hotels** (state -owned) group, "according to sources involved with the chain, is high wage levels compared to other hotel groups" (*Irish Times*, 23<sup>rd</sup> September). High wage levels? In the hotel industry! **Dairygold?** For that saga in Cork see the SIPTU Annual Report 2004, page 28. Read the Report from pages 27 to 36 and ask again, 'who or where are the partners?'

**South Dublin County Council** last July rejected a Motion that it does business with union-friendly companies only. The council's senior solicitor advised: "*the council is not permitted to stipulate that successful tenderers employ a workforce that are either members of trade unions or permitted to take up trade union membership*" (*Irish Times*, 9 July). So, our partners, local government, are **not permitted** to insist that those they employ, and who employ us their partners, are unionised. ...

With supreme irony *two days* after the ICTU ratified *Sustaining Progress* letters were sent out instituting huge cuts in the budgets of the local partnership boards!

SIPTU and local communities have had to strive to defend CES and JI jobs and the services they provide.

These are not isolated bad eggs. No back street garages here. All this goes to the heart of partnership!  
**Piracy and Partnership.**

The **Irish Independent** dumped all our members in admin and sales and outsourced their work to cheaper non-union labour. The Independent refused to acknowledge any third party machinery, the scaffolding of partnership, in its ruthless determination. **Irish Ferries** are now following them by attempting to combine the dumping of 543 trade union jobs by outsourcing with the unbelievable super exploitation of immigrant workers at €3.60 an hour.

The National Implementation Body, set up around the time binding arbitration was introduced into the deals, is the tsar of social partnership, policing compliance with it. According to the NEC the NIB has failed to insist on Irish Ferries adhering to the compliance clauses of *Sustaining Progress*. The NIB has met several times to bring errant workers into line. To the employers partnership plainly means they do what they damn well like and we (a) roll over and accept it and (b) stick strictly ourselves to the restrictive procedures laid down in these deals.

The Irish Ferries attack. particularly because of the clear and public siding of IBEC's Turlough O'Sullivan (*Irish Times*, 23rd September) and Brendan McGinty (*Irish Times*, 24<sup>th</sup> September) with Irish Ferries<sup>1</sup>, is not just "a test of the viability of social partnership" (General President, Jack O'Connor), it is the final confirmation, for those who had some faith in social partnership and saw it as an experiment, that social partnership is a bankrupt sham. Furthermore, when Irish Ferries replaced the *MV Normandy* workers with lower-paid workers the state in that instance paid the 60% refund on the statutory element of the redundancy payment. (*That* was kept quiet!) There is nothing new about this high seas piracy. Earlier this year SIPTU protested at the offices of Swansea Cork ferries who have been using Eastern European seafarers at less than the National Minimum Wage.

Let us not fool ourselves colleagues. The super-exploitation of immigrant workers is endemic, mainstream, and encouraged from the top (the welcome and contracts for GAMA). The other side of it is the lowering of rates and conditions for all. There are indications (cf. the reports from the Cork Nos. 3 and 7 Branches in *Liberty*, April and September 2005) that we are passing the stage in certain industries of labour shortages welcoming new workers and on to deliberate preference by employers of vulnerable and super-exploitable workers. The answer is not disunity, but the organisation and advancement of thousands of new workers, who like the GAMA workers will invigorate our movement. This cannot be done within a cosy consensus. Sorry, but we have to get muck on our boots, or lose them, and our shirts.

Think about it colleagues: a generation of partnership and that which we thought belonged to labour history – wage cuts – is a commonplace. Long-established Irish workers face it too (Galtee Meats, Mitchelstown). As Jack O'Connor says in *Liberty* (September 2005), the "race to the bottom" is "now under way". The headline to his article puts it exactly: it's "Time to call halt"!

## Rip-Off Partnership

The labour of workers created the wealth of the Celtic Tiger. But under social partnership, as this new wealth was produced, the proportion of the national wealth going to workers has dropped. During the 1990s output per head almost doubled (*Sunday Business Post*, 27 February 2000). Irish labour productivity growth during the 1990s was the highest in Europe. In 2002 productivity per hour was 18% higher and in 2004 we had the lowest unit labour costs in the older 15-country EU. Between 1995 and 2004 Manufacturing Unit Wage Costs in Ireland fell by 39%, Output Per Person grew by 142% and output per hour went up by 162%<sup>2</sup>.

Yet the wage share of national income decreased in Ireland from 71% in 1987 to 55% in 2003. This compares to a decrease for the same years in the EU 15 from 71% to 68% and in the US from 69% to 66%<sup>3</sup>. The volume of profits in the national income increased by 207% between 1995 and 2002 and self-employed incomes rose by 160%. The volume of wages and pensions rose by 110%. No surprise here: the only thing social partnership restrains is wages.

<sup>1</sup> Funny enough, on RTE Radio's *Five-Seven Live* (September 19<sup>th</sup>) IBEC's Brendan Butler said, "partnership has worked extraordinarily well over the past eighteen years and we all want it to continue". IBEC, Irish Ferries and all? For IBEC partnership plainly includes Irish Ferries' doings.

<sup>2</sup> Conlon E, 'Social partnership: who benefits?'; talk delivered at Trade Union Activists Forum meeting, May 2005.

<sup>3</sup> *European Economy* No.6, 2003 p. 464.

Since 1987 the share of disposable income of the bottom 20% of households has declined. The top 10% have the same income as the bottom 50%. The top 10% have an income 13 times the bottom 10%.

If inflation control is so important to 'the economy' why is it that the only thing controlled by social partnership is wages? Profits, dividends, rents, prices, fees are free to soar. The second part of *Sustaining Progress* provided for a pay increase of 5.5% or 6% for those under €9 per hour. Petrol prices have increased by 25% since the beginning of the year and natural gas is about to go up by 25%. Last month VHI charges went up by 12.5%.

According to the European Industrial Relations Observatory the real value of average basic pay increases by collective agreements in Ireland was, after inflation, 1.1% in 2003 and 1.7% in 2004. What we produce, Gross National Product, rose by 2.8% in 2003 and 4% in 2004. Measured by Gross Domestic Product the rises were 2.2% in 2003 and 2.9% in 2004. Inflation was 3.5% in 2003 and 2.2% in 2004. Of the EU countries in the survey Irish percentage rises came fourth in the old EU and 6<sup>th</sup> in the new EU.

Social partnership was supposed to protect real take home pay by curbing prices. Before social partnership inflation was reduced between 1981 and 1987 from 21% a year to 3%. Between 1994 and 1997 inflation was 2% lower than the average for the rest of the EU. But between 1997 and 2004 prices rose at twice the rate of the rest of the EU, by 28% compared to 14%. The National Consumer Agency claimed a basket of Irish groceries cost 26% more than in other euro zone countries<sup>1</sup>. If, as we were told in 1987, the problem was the wages-chasing-prices treadmill, social partnership does not seem to have any magic effects on prices.

In his television series 'Rip Off Republic' Eddie Hobbes remarked that his aim was to show how even a couple on combined earnings of about €50,000 found it a struggle to cope in Ireland. You can imagine – if you're not one of them – how the worker on about €400 a week (about €20,000 a year) or less feels when told they have never had it so good in contemporary Ireland.

## Them and us

Minister Micheál Martin warned last month that excessive wage demands from trade unions in the upcoming partnership talks could damage competitiveness (*Irish Times*, 8<sup>th</sup> September '05). Competitiveness is the mantra of business *and* of partnership and it means, as far as wages are concerned, getting wage costs down to below the levels of competitors so that to compete they in turn have to lower their workers' wages or labour costs. Competitiveness *is* the 'race to the bottom'.

A Minister's salary is €196,102 without the extras. Between July 2004 and July 2005 it increased by 68%. Bertie Ahern's salary is €248,688, higher than that of French President Jacques Chirac. He received an increase of 41% between the two Julys. The salary of the chief executives of Enterprise Ireland, the IDA and Forfas is €169,179, with a rise of 50% over the year to July<sup>2</sup>. The median salaries in 2004 for chief executives in the private sector ranged from €127,000 (turnover below €10m) to €233,000 (turnover above €250m)<sup>3</sup>.

The owners of Roly's Bistro in Dublin made in excess of €1.5 million from the restaurant last year. Corporation tax paid was €15,259 (*Irish Times*, 24<sup>th</sup> September). Thomas Crosbie Holdings (*The Examiner* etc.) reported pre-tax profits for last year of €45.2 million, up from €6.3 million in 2003. Remuneration for the group's six directors rose 40% to €892,000. Nine directors of Waterford Wedgwood shared a total pay package of €10.2 million for the year to March. Of these chief executive Peter Cameron received €3 million. NTR (tolls and Greenstar): first-half operating profits up 40% but pretax profits down 19% to €10 million. The Irish insurance industry's profits increased by 65% to €689 million last year. Grafton group pretax profits were up 28% to €87.4 million in the year to June. NTL Ireland: pretax profit of €10.4 million last year (loss of €2.9 in 2003). September first half results: Kingspan profit margins up from 9.9% to 11.5%; Jury's profits up 8%; CRH operating profits up 67%; Kerry's dividend up 11%.

<sup>1</sup> Garret Fitzgerald, *Irish Times*, 17<sup>th</sup> September '05 and Kitty Holland, *Irish Times*, 9<sup>th</sup> September '05.

<sup>2</sup> *Business Plus* magazine, September 2005.

<sup>3</sup> Irish Management Institute.

Social partnership is people with annual earnings in six and seven figure sums either telling workers they earn too much, or negotiating with each other on what workers with annual pay in five figure sums should earn.

### **You've never had it so good**

Minister John O'Donoghue boasted on RTE's *Morning Ireland* (28<sup>th</sup> September) that the National Minimum Wage was one of the achievements of his Government. The National Minimum Wage is €7.65 an hour or €298 for a 39-hour week. Sure who's on the National Minimum Wage I hear you say? And it is indeed a question how anyone could live on it. But if there are so few on it why isn't the National Minimum Wage higher? And why have we, under *Sustaining Progress*, given up the right to negotiate the National Minimum Wage and effectively handed it over to a regulator – the Labour Court, which gave a big rise of 65 cents an hour!).

With super-exploitation of immigrant workers the order of the day for our partners, big business, grinding workers and undercutting union rates, the National Minimum Wage should be of cardinal importance to the unions and should be €10 an hour!

Under social partnership low pay, and the gender pay gap, must stay in place, because the same rise is on paper negotiated for all union members (with a pittance of 0.5% extra for the low paid in the current deal) and the unions cannot put in a claim for the low paid until the following partnership talks.

Social partnership did not create the Celtic Tiger. Social partnership preceded the boom by several years and the boom has receded while partnership is still in place. Of course wage restraint will always attract capital. The boom has without doubt raised the living standards of many of us. Or rather we have had the chance to work and we have worked hard. (Until they close your factory that is.) But some are trying to say that there is no significant poverty anymore. John Lonergan, the governor of Mountjoy Prison, has been an unexpected 'little boy' pointing to the Emperor with no clothes. He said (*Irish Times*, 24<sup>th</sup> September),

*"There is a widely-held perception that no real poverty exists in Ireland anymore...But let's get it straight from the start, there are thousands of our people, young and old, living in dire poverty and totally alienated from mainstream society. Six years into the new millennium and despite unprecedented economic growth, we have failed miserably to create a fair equal and just society. Indeed it is obvious now that the direct opposite has occurred...Of course, the issue is not about the creation of wealth, it is about how well and how generously we share it. The most recent census shows that the number of people in extreme poverty has been reduced. Be that as it may, I believe that for those currently caught up in the poverty trap, their plight is worsening day by day."*

*Liberty* (May 2005) recorded a recent CORI report saying "more than 900,000 people – or 22% of the population – are currently living in poverty – most on less than €200 a week". At the ICTU Conference in Belfast Jack O'Connor "pointed out that 38% of PAYE taxpayers would have incomes of €20,000 or less this year while 57% would be on less than €30,000" (*Liberty*, July).

### **Howde par'ner: trade union recognition.**

Partnership without recognition? IBEC backs non-union firms fighting unionisation and both IBEC and the government flatly refuse to concede the legal right to trade union recognition. It has been argued that the new provision (cf. *Liberty*) – enacted under partnership – for representation in anti-union firms is better than the British legislation for statutory recognition. But workplace activists will know that there is a difference between taking individual cases to the LRC and organisation, day-to-day on the job, with rights for shop stewards, reasonable dispute procedures and the ability of the union to communicate with the members and hold general meetings. It's a matter of shop floor organisation and security on the job.

### **A Caring Society? Tax and Social Spending.**

Just as it is a myth that social partnership led to a great say for workers in the workplace, it is a myth that social partnership has given the unions a seat at the cabinet table and an influence over government policy. Protection and improvement of the social wage, rather than mere concentration on wages, was a major argument for social partnership.

The McSharry health cuts were the midwife of social partnership in 1987. A generation of social partnership has not changed Ireland into a Scandinavian welfare state model, but into a neo-liberal's dream on the Thatcher-Reagan-Bush-Harney model. This is not hype. The country has a low level of taxation and a low level of social spending. Take the European Central Bank's, or the *Irish Times*'s, word for it (see page 3). Or take the ICTU's figures for it: tax as a percentage of Gross Domestic Product in Ireland dropped from 38% in 1990 to 33% in 2004. In 2004 the average EU 15 percentage was 44%. Government spending (in total) as a percentage of GDP was 39% in 1990 and 30% in 2004. In 2004 the average EU 15 percentage was 42%<sup>1</sup>.

A recent study by the Combat Poverty Agency shows that *social* spending fell from 21% of GDP in 1992 to 14% in 2001. Social spending per head is 61% of the EU average. The study concludes, "*At its level of national wealth, Ireland should be spending...almost twice as much on social protection...were it to conform to the overall pattern evident among EU member states*"<sup>2</sup>.

A two-tier health system, long waiting lists for public patients and criminally overburdened Accident and Emergency departments are the results of policy. Now, after all, the new HSE head has announced that he expected no real improvement in the A&E situation for a year and a half or two years (*Irish Times*, 14<sup>th</sup> September 2005).

The privatisation agenda is being relentlessly followed. The ESRI (in the person of the speaker at our Conference) has advised that parts of the ESB be sold to the private sector. Electricity provision has already been partly privatised. Mary Harney's response to the crisis in the health service is to extend private healthcare. More schools built by Public Private Partnerships are planned. As reported in *Liberty* (April 2005) "County Council workers in Mayo were furious when they found that the local authority had placed advertisements in national newspapers last month inviting 'expressions of interest from companies with a track record in the waste collection and disposal business, who might be in a position to acquire either the Council's refuse collection or disposal facilities or both.'"

Can we forget, next Thursday or ever, that as soon as a whiff of cold air blew across the face of the Celtic Tiger, Charlie McCreedy made the Dirty Dozen and then the Savage Sixteen cuts to funds benefiting the most needy, our true partners. And whatever happened, in a land exporting as much capital as it receives, to the Rapid programmes that were to rejuvenate our most deprived areas. When a 'caring' budget was finally produced for 2005 it was not because of social partnership but because the government had got a thrashing in the local and European elections.

## Axing their tax

The tax relief (not reform) we got under social partnership were tax cuts that followed the line of the unequal taxation system. Higher earners have done best and the biggest cuts were in corporation tax, to 12.5%, and capital gains tax – halved. Between 1987 and 1996 somebody on 50% of average earnings saw their tax rate fall by 5% while somebody on 500% of average earnings saw a fall of 8%. An analysis of the five budgets to 2003 by the Combat Poverty Agency shows the richest 10% received 25% of the budget giveaways while the poorest 20% received under 5% (*Irish Times*, 22 May 2002).

As there have been great switches in the national wealth from wages to profits and self-employed incomes, and from social spending to tax cuts, so there have been transfers from income tax to indirect taxation, from the tax they pay to the tax we pay.

In the past decade the Fianna Fail-PD government has supervised a basic change in taxation policy. This has not been to reform an unjust tax system which led to the tax marches in the late 70s. But the PAYE campaign and a series of tax evasion scandals meant that something had to be done. The response was to, in effect, legalise the problem by giving two amnesties to the tax dodgers and to introduce a plethora of legal tax avoidance schemes.

There are now some 320 plus such schemes to facilitate tax avoidance for those with the means to avail of them, to the extent that eleven people in 2003, earning €1 million a year, paid zero income tax. Legal tax evasion costs the exchequer over €8 billion per year.

<sup>1</sup> Irish Congress of Trade Unions, *Tax Cuts Did Not Create The Celtic Tiger*, Dublin, 2004.

<sup>2</sup> Timonen, T, *Irish Social Spending In A Comparative International Context: Epilogue*, Combat Poverty Agency, Dublin, 2005.

Another aspect of government policy is the adoption of the extremely unprogressive ideas of the British Tories and US Republicans in cutting business and higher income taxes, and making up the shortfall by cuts in funding for public industry and services, by privatisation, and by increasing indirect taxation through the introduction of individual, service and bin charges and various stealth taxes. Shifting to indirect taxes makes ordinary people fund the state. The notion that this country is a low-tax economy may be true for business and the well-to-do; the television series 'Rip-Off Republic' indicated how this wasn't true for working people.

Taking it all into account: untaxed wealth and avoided and evaded tax, corporation tax at 12.5% which, as Congress proposes, could be raised to 20% (and still be scandalously low), huge budget surpluses, waste and cost overruns, natural gas finds given away; we could, given social change, have the best public services without the need for extra income tax or double-taxation stealth taxes on workers.

### **The end of the road for tax-cuts-for-wage-rises.**

During the height of the boom the tax reductions to PAYE workers were to a large extent a trade-off which delivered take-home rises in place of higher wage rises which we might have wrested from profitable employers. Of course everyone got the tax cuts, though only unionised workers were asked for income restraint for them. The tax reform we had demanded was given as tax cuts through which we funded part of our pay rises ourselves. But the problem is now that income taxes can hardly be cut much more, even for workers (who are having to pay claw-backs in indirect and bin taxes anyway). Even if the unpaid millions were taken from the rich tomorrow, no one in the trade union movement thinks that decent health, education, welfare and housing can or should be provided by zero taxation from workers. So subsidising profits by substituting income tax cuts for wage rises, never justifiable, is no longer viable and brings that kind of 'clever' arrangement to an end.

### **Killing us softly (and not so softly).**

Are you, like myself, around long enough to remember that social partnership was to avoid the marginalisation, and strengthen the influence, of the trade unions? For all the seats on boards, the result, where it counts, has been the opposite.

Though there are several factors involved, social partnership is part of the weakening of our movement over the past two decades. We will not renew and recruit extensively to our Union without regaining our independence, fighting form and membership participation – and social partnership corrodes and undoes all three.

The 1990 Industrial Relations Act came to us alongside partnership and, indeed, some in our movement were involved in its genesis. We have been terrorised, and terrorise ourselves, with the 1990 Act to such an extent that officials and representatives go about their work with a copy of the Act in one hand and a ballot box in the other. We are doing nothing, despite all the Motions, to reform the 1990 Act, though it has robbed us of our only source of strength: solidarity. Blacking, sympathetic and secondary action, immediate action for individuals and all-Union strikes on special issues (like tax for example) are now effectively ruled out.

Of course SIPTU, our officials and our shop stewards are fighting, representing and gaining for our members every day. But within a straitjacket. The gallant effort at Oxygen was undertaken under the incredible disadvantage that our members all over the place in other workplaces were loading waste into strikebreakers' lorries. This time we pulled it off, but the lessons of Pat the Baker, Nolans Transport and Ryanair have not yet been learned and if push comes to shove at Irish Ferries we will not overcome there without actually pushing the boat out – if you'll forgive the pun (and all the clichés!).

In so far as the 1990 Act and a fear of upsetting the partnership cart figured in the invocation of Rule 169 to quash two major and crucial actions at CIE and Aer Rianta, we need to stop in our tracks and take stock of how far from our defences we have wandered.

The various partnership agreements have wrapped us up in more red tape, delays and conditions, culminating in the installation of binding arbitration. Officials and reps are being turned into amateur lawyers and advocates at the Labour Court. Wage rises and especially Benchmarking, have been tied to productivity, co-operation with change and industrial peace.

When the main work of trade unions, bettering their members' pay and working lives, is transferred from the workplace to the heights of Government Buildings and there's little or no room for manoeuvre

at shop floor or Branch level, when the most worthwhile initiatives are precluded for three years, the interest and participation of members inevitably wanes, and that is what has happened. A few years ago we were lamenting the passing of the Section Committee in many places. Now we must fear the passing of the Branch Committee as lack of life and volunteers effects the ability of some Branch Committee to even meet regularly. For many full general meetings are a nostalgic memory. Some Branch AGMs have long been getting attendances below 5%.

No member wants continual strikes but can we really be happy that, with so much pressure on us, the number of strikes and strike days is at its lowest ever right now?

There has been some great recruitment work recently. But in general people, and especially young people, will not be attracted to a movement that is, on the one hand, quiet and passive and, on the other, identified with the establishment. Outrageous? We identify ourselves in a 126-page common economic, social and political strategy with conservative parties, the rich and the powerful. We *call* them our partners!

The damage to our image done by such things as the launching of a biography of James Connolly (!!!) by Bertie Ahern in Liberty Hall in the presence of SIPTU General Officers, will have been partly offset by the fighting stand of our Union on Irish Ferries. But it is a fight forced upon us for survival, and before Irish Ferries charged we were ready to accept subsidies and PAYE paybacks (!) to Irish Ferries to sooth them out of dumping us and bringing the lash back to seafaring.

Persisting and prevailing at Irish Ferries, and all the Irish Ferries on the tide, will do ten times more for recruitment than ten seminars, a hundred Labour Court determinations and a thousand greenfield, no-strike deals.

When social partnership keeps wages below what could be gained in the boom, and what has been gained above the terms, led by construction workers in the 90s, then skilled and well-educated workers have less incentive to bring a union into their office or high-tech factory.

### Trade union membership: a sloping graph

The ailment at the centre of our movement can be seen frighteningly in the figures for trade union membership. Trade union density, the proportion of workers in unions, a big part of our weight in society, is at its lowest in modern times and falling rapidly. Again there are more factors than social partnership alone at work here, but those who would not agree that social partnership has accelerated the decline could not deny that social partnership has applied no brake to it whatsoever.

The latest CSO figures, for Spring 2004, indicate that 34.6% of Irish workers were union members, down from 37.6% in 2003 and 45.8% in 1994. (In the 20-24 age group the figure is only 22%.) Of this the public sector had a 75% density: so the private sector is correspondingly and alarmingly lower than 35%! Just how much lower is not clear but only 10% of hotel and restaurant workers are organised (*Irish Times*, 8 September 2005). SIPTU has used a figure of about 30% for the private sector. A Limerick University study<sup>1</sup> attempted last year to quantify private sector density using ICTU figures. The authors calculate that overall density was 54% in 1990 and 38% in 2002. Their estimate for private sector density was 40% in 1990 and **23% in 2002**. Their most dramatic claim was that "out of the increased number of employees in the private sector between 1990 and 2002 approximately 8% appear to join a union". However, "this calculation ignores any outflow from the existing membership during this period".

Still the **absolute** numbers of union members have gone up since 1990. But here we must utter a gasp – in the midst of a phenomenally expanding workforce, the number of SIPTU financial members at December 2004 had fallen by 5,201 from 196,537 a year earlier<sup>1</sup>.

No one is saying we should begin playing into the nurtured media image of cloth cap thoughtlessness, but we must take our arm – or even the appearance of our arm - from around the fat cat's shoulder and go out there, lose some of our respectability and mix it again.

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<sup>1</sup> D'Art D. and Turner T., *The Experience Of Union Officials With Recognition and Partnership At Work In The Private Sector*, University of Limerick, February 2004.

<sup>1</sup> SIPTU Annual Report 2004.

## **In a bind**

We are giving away more and more. The innovations in the deals become permanent. One-year deals become three-year deals. Binding arbitration migrates from one deal to the next. It is now argued that if we exclude binding arbitration (and excluding it is actually –unobserved - Union policy since the Tralee Conference in 2001) we will not secure another partnership deal. This stands the argument on its head: binding arbitration should be an argument for rejecting social partnership (or at least a particular deal) rather than social partnership, and the “need” for a new deal, being an argument for binding arbitration!

Do you see where social partnership is leading us without us even noticing? And, with the horrors and ironies outlined earlier, one can be forgiven for asking if there is anything some of the ideologists of partnership would not overlook to get each new partnership deal in place.

Binding arbitration is a simple question. Either you believe that workers should, at the end of the day even, when all the procedures are exhausted even, have the option of taking industrial action, or you don't. If you don't then unions are just representative and advisory bodies, not organising and fighting organisations and we might as well fold our tents and set up advice centres, lobbies and labour law practices instead.

Motion 45 on binding arbitration from my own Branch was prompted by the uncanny adoption of binding arbitration on the LUAS, the Dublin tramways of 2003! Ninety years after 1913. Would that not in itself shock many of us into a rethink? The 2001 Motion, accepted by the NEC and passed unanimously, the wording of which is quoted in Motion 45, was directed at the introduction of binding arbitration into the inflation review of the PPF. The 2001 Motion was observed ‘in the breach’ for the negotiation and recommendation of *Sustaining Progress*, and Motion 45 would also insist on the observance of Union policy on binding arbitration in national agreements also.

It has been argued too that binding arbitration in *Sustaining Progress* covers only a very limited few issues. *Sustaining Progress* is 142 pages long (including both parts) and in disagreements over what constitutes a breach of the agreement, over what constitutes normal ongoing change and in inability to pay claims (except for part-payment and offsetting costs) the parties are required to accept the outcome of the Labour Courts findings. That's a pretty wide coverage for binding arbitration.

## **Not an ATM machine**

As lower-paid civil servants, nurses and Ennis firefighters have found out Benchmarking is not a cash dispensing machine and there is certainly nothing automatic about it. Some public sector workers have got bigger rises from Benchmarking. But there is a price to pay in the loss of relativity bargaining, changes, extra productivity, peace clauses, etc. The detailed terms are worked out at a remove from the local representatives and, as has already happened, the rises are withheld, or threatened, if the other side maintains that we have not delivered or have taken industrial action. Even the ‘normal’ national rises have been threatened for some public sector workers.

Benchmarking has been in danger of becoming divisive not because public sector workers don't deserve their rises (which under Benchmarking come with a heavy price). But because, firstly, the media have facilitated a constant campaign against public sector workers as freeloaders. And, secondly, because of the inclusion of Benchmarking in the overall national agreements which on the one hand made the deal (misleadingly) more attractive to the public sector and, on the other, made it seem to private sector workers that the public sector was getting more for the same quid pro quo. Furthermore the inclusion of Benchmarking in the overall agreement means that all voters are voting on things that affect only some. This effect is heightened by the fact that the details of Benchmarking are fleshed out elsewhere and are different for different sections.

There is a large public sector workforce in An Post. Though state owned they were denied the terms of *Sustaining Progress* and have still not been paid them in full. If there were not a horde of other cases, the An Post case, with bulging state financial surpluses at the same time, would in itself expose social partnership as a sham.

## **Any one for a secondhand housing sweetener?**

The Central Statistics Office says, "there is no contradiction between rising house prices and low inflation." Except when you are putting a roof over your head. When acceptance of *Sustaining Progress* was looking a bit iffy the promise of 10,000 affordable (not social mind you) houses was pulled out of the hat. This 10,000 seems now to include Part V houses already promised. The June report of the *Sustaining Progress* initiative seems to show that over two years later there were 32 of these houses actually built. Now the government has the brass neck to produce, presumably the same, 10,000 houses to Congress in the run up to new talks!

### What is the alternative?

The alternative is very simple. It is simply trade unionism, as indicated by former SIPTU President, Eddie Browne when it seemed another deal to follow the PESP could not be put together. He said, "*Union Branches have been advised to prepare claims to be processed through local bargaining*" ('*Newsline*', December 1996).

The alternative is not a dog-eat-dog scramble, as the phrase 'free-for-all' implies. The term is actually free collective bargaining. It's where shop stewards, Branches, industrial, public sector and other groups, get the freedom to make claims on employers when they choose.

It already happens that stronger sections can get more than the terms of social partnership. In the Nineties construction workers, nurses and high-tech workers led the way in wresting more. Last year a raft of firms secured increases in excess of *Sustaining Progress*, ranging from 30% downwards, as can be seen in the Annual Report (page 13). Rather than the lower paid staying still, they could lodge substantial claims to bring themselves up. Stronger sections can lead the way and set the pace for the weaker and above all stand in solidarity with them.

It is argued that without national agreements some would get no increase at all. Well under *Sustaining Progress* some in fact did not get increases and we were obliged to accept the Labour Courts recommendation on it. Under whatever bargaining system no one would go after what is not there. Where is the trust in the intelligence of our members? But there is no mechanism in any national agreement by which wages foregone by the strong as passed on to the weak and the low-paid. Rather great piles of this money foregone are streaming out of the country into investments, acquisitions and property abroad.

The alternative is solidarity. Solidarity between different sections and workplaces. The beginning of the Gate Gourmet dispute in Heathrow Airport was (before the sad climbdown there) how it can be done: stronger BA workers standing beside the weaker GG workers. Instead of the sliced salami we have now where even one Branch of SIPTU can be instructed to pass the picket of another Branch in the same workplace!

The alternative is a campaigning movement, rallying people for better health, education, welfare and social services, for childcare and social housing. The strange phenomena of a financial advisor becoming a national leader against the rip off fills the vacuum from the lack of such leadership from the labour movement. The National Minimum Wage did not come from social partnership (but it has been stuck in it), it came from a campaign of lobbying by the ICTU and the unions, exposures by the media and the left and by street events by the Dublin Council of Trade Unions. The increase in statutory redundancy compensation from a half to two weeks pay came out of the October march and action around the Irish Glass Bottle closure in 2002.

The alternative is organisation, organisation, and organisation! A real crusade, building on the start we have already made, among immigrant workers, among the non-union sector and among the high-tech multinationals, with the resources for the Branches to service the new members. The new members are waiting to be organised. And part of maintaining union numbers is to defend good union jobs. The alternative also is to organise IN the job again with functioning committees, regular general meetings and strong shop floor organisation.

**Jack O'Connor, speaking on 1<sup>st</sup> October at the rally to celebrate the release of the Rossport 5 said, in relation to Irish Ferries, 'The big people in this country at this time are attempting to trample on the little people. It's time for the little people to stand up to the big people who are trying to bury them'. He said more succinctly and sharply what I've tried to say in these pages. One thing I would add: 'It's time for the little people to stand up to them instead of going into, or being brought into, social partnership with them!'**

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