

Ireland: Public sector union leader demands workers accept austerity

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In his May Day address, Jack O'Connor, general secretary of Ireland's SIPTU public sector union, demanded his members accept the four-year strike ban, pay freeze, massive redundancies and rationalisations agreed by the unions at the Labour Relations Commission in March.

Agreement was required, according to O'Connor, because of "the most serious problem that has confronted this country since the Second World War in terms of its capacity to compromise our economic sovereignty and independence."

O'Connor made clear his concern that Ireland could face a fiscal crisis on the scale of that currently facing Greece. Referring to the onerous conditions being demanded of Greece by the International Monetary Fund (IMF) and the European Union (EU), O'Connor noted, "Even as we speak, a modern developed EU country and participant in the eurozone is negotiating the surrender of its economic independence to the IMF."

O'Connor fully subscribes to the Fianna Fail government's fiscal plan for slashing the public sector deficit, imposing the costs of the bailouts organised for Ireland's criminal financial elite onto the working class. Should the deal be rejected, he threatened, "Make no mistake about it, the government will come back for more."

O'Connor's intervention was intended to stiffen the resolve of the entire trade union bureaucracy in the face of anger and opposition in the working class. His speech followed warnings from Irish Congress of Trade Unions (ICTU) leader David Begg that votes amongst union members on accepting the deal were "finely balanced."

In addition to SIPTU, votes amongst senior public servant union ACHPS, and teachers' union INTO have

accepted the deal, while teachers' union ASTI, civil servants' union CPSU and the general Unite union have rejected it.

IMPACT officials helped negotiate the deal, but the union's own executive rejected it as unenforceable.

Every aspect of the deal was predicated on there being "no currently unforeseen budgetary deterioration." But only days before O'Connor made his speech, the European Commission ruled that the bailouts handed over to Anglo-Irish must be included on the state's figures. This altered Ireland's deficit to 14.3 percent of gross domestic product, compared to 12.5 percent a month earlier.

According to Eurostat, the commission's statistical body, €4 billion injected into Anglo-Irish in 2009 had to be retrospectively included in deficit figures while the €18 billion intended for Anglo-Irish in 2010 was also likely to be included. The Eurostat decision was taken on the basis that there will be no return in the given year on the money handed over to Anglo-Irish. The bailout therefore should be counted as public spending.

Furthermore, despite having won praise on the international bond markets and credit agencies for its austerity measures, Ireland's public finances are fragile. On April 28, the cost of 10-year borrowing by the government soared to over 5 percent, 2 percentage points above the German rate. The Irish economy continues to contract, having shrunk 12.5 percent since late 2007, and is expected to reduce further this year.

The votes on the agreement are being held as the impact of the financial crisis and recession on working people is assuming ever more serious proportions. At the same time, more details continually emerge of the speculative swindling endemic in Irish finance.

Quinn Insurance, already taken into administration,

announced April 30 that more than 900 workers are to lose their jobs as part of a rescue plan being imposed by the company's new administrators, accountants Grant Thornton. Some 37 percent of the company's workforce, across nine locations in Britain and Ireland, will be laid off. Worst-hit areas are Blanchardstown, where 301 jobs will go, Cavan, location of the company headquarters, where 226 jobs will go, and Enniskillen in Northern Ireland, where 109 workers will be affected.

Quinn Insurance, the lynchpin of billionaire Sean Quinn's business empire and source of much of his immense fortune, is to be sold off. The company, whose obligations outweigh its assets by €200 million due to Quinn's speculative gambling on the property market, will be sold free of the €1.2 billion debt obligations placed upon it by other parts of Quinn's operations. The debt will be transferred to the remainder of Quinn Group, whose survival must now be in serious doubt.

Some 5,221 people are employed by the remainder of Quinn Group, and a collapse would devastate Cavan and the surrounding area where three additional jobs are estimated to depend on every one job at Quinn Group. On April 27, 200 truckers staged a series of demonstrations around Dublin, protesting the impact of Quinn Insurance's administration on their livelihoods.

Recent press reports have also drawn attention to another consequence of the collapse of the housing "bubble". There are now 621 "ghost estates" in the Irish republic. Unoccupied, brand-new, isolated housing estates built over the last few years now litter the Irish countryside. They give a particularly graphic example of the deranged speculative frenzy that gripped the entire Irish financial elite during the building boom years of 2004-2008.

Figures of the numbers of houses built vary between 150,000 and 350,000, and a definite figure is not expected until later this year. But it may be that as much as 20 percent of Ireland's entire housing stock is now empty. Many are in partially completed estates with no infrastructure or street lighting. There are suggestions that some of the estates, in a country with 100,000 people on housing waiting lists, might eventually be demolished.

County Leitrim alone saw 2,945 houses built between 2006 and 2009, a figure over four times in excess of the

590 needed to take up population growth. The miles of empty houses and mounting job losses translate into real terms the monstrous sums gambled and lost.

Irish Nationwide Building Society was one of the main players in the housing boom. In April, the company announced losses for 2009 of €2.5 billion, while its impaired loan book—the list of loans of which none or only a small fraction is likely ever to be repaid—amounted to €2.8 billion, up from €464 million the previous year. The company's operating income was only €260 million, down from €374 million.

Like the now-nationalised and effectively bankrupt Anglo-Irish Bank, Irish Nationwide appears to have been run by its directors, particularly former chief executive Michael Fingleton, as a speculative war chest on behalf of himself and a small number of property developers. Only 30 borrowers account for €3.6 billion of the total €10.5 billion loaned by the building society. Of this, some €8.7 billion is due to be dumped in the National Asset Management Agency, Ireland's state-run "bad bank" for toxic loans.

Fingleton's successor, Gerry McGinn, has complained of "highly unusual lending", a policy based on lending "until the music stops" and lending practices that were "well below standard". McGinn also noted that "some pretty basic information on the paper trail" was absent from loan documentation.

One trick pulled by Irish Nationwide as its house of cards came crashing down in 2008 appears to have involved presenting interest payments owed to the building society as new loans. In this way, 66 percent of €490 million due from loans to customers was repackaged as new "phantom fund" loans.



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