"The Role of Unions as a Change Agent in Ireland"

William A. Attley former General Secretary SIPTU

May, 2003.

Firstly, allow me to introduce myself to you. My name is Bill Attley.

I am the former General Secretary of the Services Industrial Professional Technical Union - the largest Trade Union in Ireland, with approximately 250,000 members, which represents in excess of one third of all organised workers in Ireland.

The second point I would like to make is that during my time as General Secretary, I was invited, on many occasions, to speak about the Trade Union's approach to economic development in Ireland. The point I always made, which I would like to re-enforce here is, it is simply not possible to transpose an economic model from one country to another. My contribution therefore is confined to explaining to you the Trade Union approach to the crisis, which occurred in the Irish economy in the 1980's.

From the early 80's there has been, within the Irish Trade Union Movement, a considerable level of debate about its future direction. On one side of this debate were those who argued for the traditional approach to industrial relations, modelled on that of the United Kingdom, which has often been described as an adversarial model.

On the other side of the debate were those who argued for the western European social partnership model - one in which both sides worked together to create an economy which had high levels of social protection, a continued rise in living standards and, a partnership approach to resolving conflict.

By 1987 this argument had become academic by reason of the fact that the economy was in such dire straits that even a more radical approach was required.

If you look at the Irish economy in 1987 we had

- Negative growth in the economy
- High inflation
- High Bank interest rates
- Ever decreasing living standards
- A National debt, at £25billion, which was out of control.

In the period between 1980 -1987

- > Total employment in the economy as a whole, fell by 76,000 a 7% decrease.
- > Total manufacturing employment fell by 45,000 a 14% decrease.
- ➤ Total live-register unemployment having passed the 100,000 in the mid 1980's shot up to 250,000 by 1987 a 150% increase 19% of the population.

- ➤ While average manufacturing earnings almost doubled, prices were not far behind, so that the real value of pre-tax earnings increased by a mere 5% over the whole of the 7-year period ending in December 1987.
- As the tax paid by workers on average earnings rose during this period (from 16% in 1980 to 25% in 1987) take-home pay had actually fallen by 7% and during this period, throughout the economy, the living standards of Irish people fell by 9%.
- > No overall growth in the economy for the preceding five years, while growth in the European economy had increased by 20% during the preceding five years.
- > Gross domestic product per capita was 64% of the European average.
- Approximately 3 million workdays were lost per year in industrial disputes.

It had become quite clear, even to the most backward thinking person, that if the only thing the trade union movement could offer to the people of Ireland was a future based on what had happened over the past 7 years, then it was inevitable, given the state of the economy, that an extreme right wing approach to resolving the crisis would inevitably be adopted.

When the Government and the Social Partners met to charter a way out of the crisis it was clear that the fundamental principle to be adopted would be that the pain and suffering associated with turning the economy around would have to be shared equally across the society. This created the basis upon which very difficult and hard decisions were made and accepted.

The Programme for National Recovery, which emanated from these discussions, had at its core a fiscal policy that faced these difficulties head on. This meant that we had to face and accept the most draconian expenditure ever imposed by any Irish Government in the past.

All recruitment within the Public Sector was frozen during the three years and in addition some 16,000 public employees were made redundant albeit on a voluntary basis. This had a major and substantial impact on the quality of public services available to the public.

The Trade Unions undertook that they would not engage in industrial action for the period of the agreement.

The Government decided to freeze the price of electricity and taxes on fuel and all other services provided by the State to industry and, imposed a massive cutback in the public expenditure capita programme.

What the Union's got in return was firstly, a commitment from Government and the employers to specific job creating targets in the private sector combined with a combination of tax relief and pay increases which had the effect of stopping the slide in living standards.

Employers had to accept changes in their capital taxation policies and agree new taxation evasion measures and a reduction of one hour in the working week. In addition, many of the grants and supports, which were traditionally given to industry, were dramatically reduced.

For the unemployed and those on pension the Government undertook specific commitments to provide measures that would protect the value of their payments. In addition, the farmers and the self-employed were brought within the Pay Related Insurance Scheme and new and improved tax collection measures were introduced.

Unions had an input into and an influence on cuts that were made in health, education and housing. In short, what the Union's were doing was influencing in some small way the impact of the expenditure cuts that would inevitably feed into these essential services.

The selling of this package was not easy but it was nothing compared to the problems that emerged as the expenditure cuts came into effect. Despite our efforts these cuts affected everyone – young and old alike and for the three year period, describing it as difficult, would be an understatement. However, we stuck with it on the basis that there was no other game in town.

Looking back now, what we achieved at the end of the first three years was

- The National Debt had stabilised.
- Government borrowing had been massively reduced.

- For the first time in ten years unemployment actually fell albeit by only 20,000.
- Total employment rose in the economy by 46,000 of which 15,000 were in the manufacturing industry.
- Living standards rose by 5%.
- Days lost due to industrial disputes fell to a record low.

All modest achievements, yet measured in comparison to the preceding three years, were quite significant.

On the macro economic level we entered a period of

- > Low inflation
- > Low interest rates, and
- > Competitiveness returned to Irish industry

Since 1990 we have put in place four such agreements - each building on the success of the preceding one, and today Ireland is now unrecognisable as compared to the Ireland we had in 1987.

That is not to say that there are no problems. However for the first time in our history, since our independence in 1922, there is no emigration of Irish citizens, and indeed, in the year just past, we had to bring in 40,000 people from outside of Ireland to fill job vacancies.

Today Ireland's living standards are 112% of the European average.

We have the second lowest level of Government borrowing in the European Community.

Our unemployment at 4% is also the second lowest in the Community.

While we do have new problems such as house prices, inflation and infrastructure deficits, problems that emanate from an economy which has expanded too quickly over a short time span, they are problems that need to be tackled, but are light years away from the problems of the past.

As I stated at the beginning, if you could transpose one economic model from one country to another, framing economic policy would be easy.

However this is not possible. In Ireland what we did was to stop blaming each other for the problems and sought solutions but, more importantly, accepted the pain that goes with difficult decisions.

I personally have always believed that if you are in a leadership position you have to lead people in the direction which you believe is right, irrespective of the difficulties. For me personally I was extremely lucky that I worked in a period with people of great courage at a time when Ireland stood at a crossroads.

My contribution was to simply and quickly walk you through the experience of my country from a trade union perspective and I would hope that it might be of some value to you.

Thank you for your time.