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Crisis? Which Crisis? – Assessing the Current Crisis in a More Fundamental Way. Ireland as a Case Study

(Draft, may be quoted, but expecting completion)

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Abstract: Austerity policies – Yes, No, or Where to go with it?

Austerity policies are today specifically defined, (broadly) in particular as enforcement and justification of strategies of retrenchment not least in the social area and deregulation of working conditions. Two points are easily overlooked: these policies, though evoked by international institutions as especially the IMF, are also highly nationalist. And austerity as term has also the meaning of strictness and graveness. Looking at Ireland then, the crisis actually showed the need of austerity policies. Not least as it cannot be said that the new measures are predominantly a matter of dismantling an existing social security system. The actual challenge is to look how the imposed strategy links into the strategy of the Irish government: the concern of establishing a new ‘regulatory system’ which could never aim on replacing a well established public system but started

to replace one private system – a semi-feudal, semi-communitarian system with marginal social support – by another private system – now defined as ‘modern business sector’. The question then is really more one of the kind of ‘austerity’ that may be needed. The presentation will briefly present the point of departure of the Irish boom and bust, look at main lines of the reactions on the crisis and outline briefly real but also needed but detained policies.

Introduction

There are different heuristic points for accessing the assessment of an apparently sudden and unforeseen crisis – accepting that it is actually about that, i.e. a sudden and unforeseen event. Actually it may well be that the crisis had been for many of the responsible politicians and perhaps even actors in the economic field unforeseen – the so-called Three Wise Monkeys or the attitude of a child that suggests that by closing the eyes things are objectively non-existing anymore springs to mind. – This is a component of the picture as the country joined the institutionalised Europe in 1973, being considered as one of the poorhouses – and having been able to become one of the richest - and most expensive – countries had been considered as progress which invited to deny any notion of crisis.

Unforeseen, however, does definitely not equal unforeseeable. In actual fact, all indicators posed big question marks over the future; the dangers had been issued by some – who subsequently had been stigmatised as doomsayers; and their had been surely a widespread discomfort amongst the population, expressed in attitudes like ‘I don’t have a choice – not taking what I can get means loosing twice’ and general ‘complains about the times we live in’ (scepticism about modernity, increasing suicide rates, increasing problems around drug abuse, criminality and ‘anti-social’ behaviour).

Another point to start from is a kind of shock-doctrine – I think it is here as inappropriate as it is in the use of Naomi Klein: sure, queues of unemployed people, the old images of being on the dole and the soup kitchens returning had been as true as the proposal made by a judge to distribute vouchers rather than social benefits (*see for the latter thejournal.ie, 2011 [July, 29th]: Judge: Dole*

recipients should get food vouchers instead; <http://www.thejournal.ie/judge-dole-recipients-should-get-food-vouchers-instead-188980-Jul2011/> - 10/09/2011 6:05 p.m.). Of course, these are appalling features – but at the end of the day they tell a few stories, and with this they easily undermine developing a clear picture of the contradictoriness of the entire development.

We may also begin with the lament of a ‘But we are not them’-statement, for instance made by Lucinda Creighton, complaining that

it was ‘reckless’ to place Ireland and Greece in the same category. ‘We’re not in the situation that Greece is in. Our economy is a very strong economy, notwithstanding the problems we have with consumer spending’

(ECB rejects Greek Debt Move; in: [irishtimes.com](http://www.irishtimes.com) - Last Updated: Wednesday, May 18, 2011, 12:57; <http://www.irishtimes.com/newspaper/breaking/2011/0518/breaking22.html> - 19/05/2011 01:56).

Unfortunately similar statements, though not so strong, can be also found from trade unions.

Again another perspective is to look at the official presentation as it is given in the *National Recovery Plan*. Rightly it states at the beginning of the *Overview and Summary*:

This Plan provides a blueprint for a return to sustainable growth in our economy. It sets out in detail the measures that will be taken to put our public finances in order. It identifies the areas of economic activity which will provide growth and employment in the next phase of our economic development. It specifies the reforms the Government will implement to accelerate growth in those key sectors.

*(Irish Government, [2011]: *The National Recovery Plan. 2011 – 2014*; Dublin: Stationary Office: 5; <http://www.budget.gov.ie/The%20National%20Recovery%20Plan%202011-2014.pdf> - 08/09/2011 8:06 p.m.)*

And it then continues:

Reducing the budget deficit will not, by itself, solve our economic difficulties. We must build on our strong export performance by improving our competitiveness. We must enhance our productive capacity by maintaining investment in key infrastructure projects and in education. We must remove barriers to employment and ensure that those who have lost their jobs are retrained and are ready to take up employment as the labour market recovers. This Plan sets out the key reform measures the Government will take to return our economy to a sustainable medium-term economic growth path.

(ibid.)

Of course, this raises the temptation to enter a debate on the principles of capitalist economy – and there is surely much need for that in the country, in the EU and on a global scale. However, the reason for finally taking the before mentioned point for departure is another. At least for somebody who knows even a little bit of Ireland it is immediately getting clear that this approach, entirely focused on economic growth as the only variable, had to fail because it systematically undermined its own foundation. This means that the actual investment into the Irish economy – since it aimed on initialising growth – wantonly neglected from the outset the issue of economic sustainability even in its most basic understanding. – I will elaborate this in the following, not least to bring forward an argument that qualifies the mainstream debate of the left or alternative economics under the heading of austerity. The point in question is that the entire history of Irish ‘growth politics’, i.e. from the 1950s (see Herrmann, Peter [without date]: *Tíogar Ceilteach - An Enlargement Country of the 70s as Showcase?* [William Thompson Working Papers, 7]; <http://www.ucc.ie/en/socialpolicy/WilliamThompsonWorkingPapers/DocumentFile-37827-en.pdf> - 08/09/2011 7:49 a.m) can be characterised by two major pillars of thought, namely (i) the general goal of a growth-by-all-means-strategy (ii) accompanied by the not less general lack of a strategic outlook and planning. The latter is an ongoing, hugely disputable issue as there is good reason to make this lack responsible for the overall failure of both the strategy and the current attempts to face the consequences of the crisis. A telling story had been the

several emergency budgets and corrective measures over the recent years and also the helplessness mirrored in the following fact. The Department of Finance publishes on its website an

annual Economic Review and Outlook [which] is generally published in August. It contains a review of domestic and international economic developments over the preceding year and an assessment of the short-term outlook for the Irish economy. This publication also contains some detailed budgetary and economic statistics.

(<http://www.finance.gov.ie/viewdoc.asp?DocId=-1&CatID=9> - 02/09/2011 5:54 p.m.)

One had been published each in 2005 and 2006; two in 2007 (but only as English and Irish language version); one in 2008, looking at 'Ireland's Contribution to the Public Consultation Process on the Review of the EU Budget' [typo in original]; the 'Pre-Budget Outlook 2009' in 2009, none in 2010, but three in 2011: the 'Presentation on the National Recovery Plan', the 'Ireland Stability Programme Update April 2011' and 'The Irish Economy in Perspective June 2011' (*ibid*, linking to the years in question). This arbitrary, casual commitment of a government Department that should be particularly alert and oriented on planning is complemented by the fact that the same government reflects in all its reports different figures,¹ and neglects – as it is surely not unique for Ireland – the obvious huge difference between short-, medium- and long-term outlook.

Developing an In-Depth-Perspective – An outline

Today it is easy to speak in the light of the global crisis of austerity policies and refer to neo-liberal policy approaches.

Looking at the term austerity we see it commonly defined as matter of 'cost-cutting savings'. It further suggests that these savings are harsh and their character in terms of scope and depth. Stating this may resemble a little bit the idea of Minerva's owl, preaching to the faithful. Still, I think it is important to emphasise the structural fault of such understanding: it has to be very clear that

¹ Without that this could be sufficiently explained by different times of publication

we are actually not at all simply looking at 'cost-cutting savings'. Rather, at the very centre of the 'austerity policies' stands a restructuration. Having this clear, we have to define carefully in which direction and to which degree such restructuration is a matter of different spheres of the socio-political-economic system. Furthermore we have to ask in which way and to which extent we can actually analytically separate different policy areas (financial policy, industrial policy, social policy, regional policy) ... from each other and/or in which way and to which extent it is the specific shape of the 'interplay' that marks its character. A further word of caution may be called for: we have to avoid to leap to the conclusion that we are facing a strategic approach by (a) unified ruling class(es). I suggest to interpret these developments – alluding to the perspective offered by Hegel but turning it around – as cunning of unreason, not only a matter of decisions taken by individual decisions in a Mills/Smithian understanding but moreover a matter of 'segmented reason', caught within the realms of socio-functionally differentiated societies (*see already Herrmann: Die Organisation. The proposed perspective also aims on contradicting suggestions from 'post-modernity'*).

The term crisis also suggests a problematic perspective – the one reason is that it is frequently understood in different ways: reaching from collapse to a foundation of clearance (see not least the Schumpeterian view). There are two further reasons for seeing the term as problematic: it is the stated generality and the proposed objectivity.

Although there are good reasons to speak of the general character of the crisis, this is not true in all respects. It is correct, suggesting that it concerns all areas of life on all possible aggregate levels – personally, socially and societally. It is correct in the sense of leaving nearly no society out, affecting also those countries and regions that are able to maintain a certain degree of stability – only few countries are standing entirely outside of the 'global village'. However, it does not sufficiently reflect the fundamental social and functional differences between areas – an important aspect when it comes to political consequences. A quick look at a recently published article in the German Handelsblatt, written by David Marsh may help to alert us. He suggests a weird conglomerate:

When the legendary mountaineer from New Zealand, Sir Edmund Hillary had been asked why he climbed in 1953 the Mount Everest ... he laconically replied 'Because it had been there.' Last week a young English rioter declared in a similar way why he threw stones into shop windows and why he plundered shops - short and concise: 'Because nobody stopped me.'

(Marsh, David, 2011 [Monday, August 15th]: Nur die geballte Macht sorgt für Ruhe – auch an den Märkten; edition 156: 12 – translation PH)

After relating in this way mountaineering and social protest he continued:

There are also parallels between the unbelievable scenes we saw during the last weeks from England's everyday's life and the recent turbulences on the international finance markets.

(ibid.)

So it is all the same? Mountaineering, social hopelessness and engaging in expression of despair and ..., speculation and the like? In connection with the analysis of differences, a clear distinction is required between the apparent causes and consequences – even if it is only about making such distinction in order to elaborate in a sound way the connections. This way it is possible to counteract the wide-spread eclectic approaches of crisis (and anti-crisis policy) discourses.

No doubt should be allowed: Crisis is about objective structures, constellations, figurations and processes. Saying this, is not to deny at least two important moments on the subjective level. In particular perception of any crisis as 'subjective dimension' is important and can develop its own dynamics. For instance, 'depression as matter of mass movement' can develop as accelerator of performance problems on the labour market – this is only one of many possible examples. Another moment of importance in respect of the subjective moment is concerned with the time of transition and expectations: there is surely some link between the general climate of profit development, general market behaviour (demand, supply, investment ...) and personal decisions – this is not at stake here in any detail, neither will be explored what exactly the concrete patterns are like nor the weighing within the overall framework of crisis development. However,

looking at objectivity, we are now concerned with a complex understanding of the question 'what crisis?' Again, we have to look at a differentiated practice which may be – painted with a more or less broad brush – captured by the following matrix.

	cause	action (goal)	effect	consequences	side-effects
working class in itself					
working class for itself					
citizens in themselves					
citizens for themselves					
citoyennité					
bourgeoisie					

Overview 2: Actors and Interests²

This presentation provides at least an analytical framework. Though it neglects the mutual interactions and interferences, it allows dissecting the different stages and levels of actions, making the invisible hand visible. Another important aspect is that this analytical separation also allows finding out about both, the different degree of consciousness and also the point on which practice is aiming.

² Or course, the impression of mechanical cause-effect relationships is only valid for the sake of the presentation.

The following guiding dimensions are proposed as most relevant – and they are also linked to the relevant dimensions of the social quality approach.

DIMENSIONS OF CAPITALISM	SOCIAL QUALITY DIMENSION
short-term profitability	socio-economic security
long-term profitability	social inclusion
security, including <ul style="list-style-type: none"> • manageability • calculability 	social cohesion
self-(co-)determinacy	social empowerment
increasing effectiveness/efficiency as matter of sustainability	social responsiveness
reliability of variables: performances and 'rights'	social recognition
accessibility and consistency of rights	personal security
active support mechanisms, including support and security mechanisms for codetermination, legal protection ...	personal capacity

Overview 3: Capitalism – Securing Minimum Social Standards

This means that the overall perspective needs to go beyond the concern for the short-term functionality of the capitalist system, it has to understand itself also as part of a wider – political-economic – hegemonic system and finally it has to think in one way or another beyond social standards in simple and mechanical terms of basic material standards and provisions.

This is surely both a matter of the different fractions of the capitalist class and the readiness to overcome capitalism itself.

Of course, the 'individual dimensions' have individually different meaning, are based on different interpretations. And they are of course to a large extent dependent on the respective class position of the 'individual actors'. Today possibly of special interest is the fact that the 'financial class' is particularly expansionist, possibly comparable with the heavy industry in the 1920s/1930s. Still, the major difference is that today's expansion is based in a 'virtual world'. This means also that it encompasses other areas than space. One of the central features is about the new patterns of performance that are now entirely shifted towards the sphere of circulation. 'Unproductive consumption' emerges now as new framework for both: the economic process and personality development. As such, exchange value is superseded by the value of exchanging. Casino capitalism can now be clearly seen as based on speculation alone. In short: 'Objectivity is relative' – a matter of relations.

The Core of the Economic Process

What had been said so far is apparently very broad. And it may look for some non-committal. However, it is essential if we want to gain a deeper understanding of the current crisis – a crisis of which we may say with some justification that it is actually the first global or world economic crisis (*e.g. Schaefer, Ulrich, 2011: 1931 und 2011; in; Sueddeutsche Zeitung. No 186; 13th/14th/15th of August: 4*).

Let us briefly recall some core moments of the economic process.

First, we have the process of production, differentiated in itself (production/manufacturing; consumption; distribution; exchange) and this is linked in complex ways with the differentiation between sectors and branches (in part in as separation, in part in parallel ...). To the extent of open markets being increasingly dominant this can only be understood as matter of a global space. However, for the current stage of development the term of 'open markets' is somewhat misleading. Although we should not underestimate the ongoing meaning of national boundaries, we have to acknowledge that we are increasingly dealing with a truly global system. This can get easily confusing: Of course, the notion of a world system (*it is not relevant here if it exists for 500 or 5,000 years*) presumes always and by definition some kind of 'globality'. Also, we can see in

some way that the globality is to a large extent developed outside of the EU and/or in terms of relations between EU-member states and so-called third countries than it is the case within the EU itself.

In some ways we may say that we find only at this stage 'true competition' as competition depends on at least a minimum of inclusion.

Taking production and markets as first two moments, we can come to a third one. This is a matter of an increasing separation of distinct moments of the labour act:

- * commodities as first stage of abstraction, being a matter of exchange values rather than use values;
- * abstract labour as embodiment of the dominance of exchange value and gaining at one stage a certain independence of its actual productivity;
- * processed time as own force, expressed in terms of the need to increase turnover;
- * finance, reaching a degree of abstraction that money does not appear anymore as primarily a means of exchange, the generalised value but in its fetishised character as value in itself and for itself.

Again in more general terms, we are dealing with the question of interplay between abstraction, objectivation and process. The crisis – and we are now simply looking at the economic crisis in a rather traditional way – can now be accessed in a clearer, more structured way.

A Brief Historical Review

(A)

A more in depth analysis had been provide by the present author on another occasion (*see Herrmann, Peter [without date]: Tíogar Ceilteach - An Enlargement Country of the 70s as Showcase? [William Thompson Working Papers, 7]; <http://www.ucc.ie/en/socialpolicy/WilliamThompsonWorkingPapers/DocumentFile-37827-en.pdf> - 08/09/2011 7:49 a.m.*). That document had been somewhat exceptional as it elaborated the close link of the immediate economic developments and performances – actually providing in that respect a picture

painted with a broad brush only – and the existing and emerging hegemony that shaped the uniqueness of the Irish path.

Still, some moments deserve attention. Socio-politically Ireland can be probably best described by the following catchwords.

* By and large it had been for a long time a country with a colonial status – even after gaining independence in 1921. If at all an exaggeration, it will only be a small one to say (with all qualifications) that this could only be overcome when the country joined the EU in 1973.

* This and the persisting power of the catholic church – based in the parishes – laid the foundation for a highly centralist system, however going hand in hand with a somewhat disobedient attitude – the real, factual meaning of control decisions, the 'acceptance' and full implementation could only be reached by way of clientelism as system of governance, brining local and central level together.

* This socio-political outline is important in order to understand the lack of 'expressed demand' of systematic and structurally sound public welfare and also the lack of public protest on a societal level. Family and community orientation has to be understood as being very much a matter of forbearances and inwardness of protest.

* Of course, much of this can be linked to the following dimensions of 'insularity'

- > the obvious fact of insularity in geographical terms;
- > the long-lasting and persisting dominance of agriculture;
- > the persisting parishialisation and communitarianisation
- > the political 'segmentation', welding matters together although they do not belong together – for instance communities and localities, claiming against each other rather than bringing together people whose common interest is based on the social class to which they belong, independent of the 'physical community' in which they live;³ or for instance the fact that class-building had been very much undermined by the lack of industrialisation going hand in hand with the 'common money', the colonialiser.

Thus we may say that a lot of the previous and indeed outstanding boom is in actual fact a 'renewed colonialisation' though the overall pattern changed in

³ This is not said in negligence of processes of socio-spatial segregation.

several respects. Leaving changes aside, some of the features that suggest a 'renewed colonialisation' are as follows.

The *meaning of FDI*

Rather than providing another (set of) table(s), some short issues are worth mentioning, pointing on some qualitative moments on a topic which is to some extent mystified. This is not to say that the role of FDI is overestimated. It is not all about money flows – and FDI-capital flows are not only about the money coming into the country.

Paula Clancy and Tom McDonnell mention a point that is commonly not widely taken into account. Foreign Direct Investment is not only about the money invested in the country in its own terms because '*much ... does not constitute productive activity but is merely transfer pricing to exploit Ireland's low corporation tax rate and other tax advantages*' (Clancy, Paula/McDonnell, Tom, 2011 [February]: *From Tiger to Bailout: The Irish Crisis. ETUI Policy Brief European Economic and Employment Policy Issue 1/2011*; Brussels: ETUI: 1; <http://etui-old.audaxis.com/research/Media/Files/EEEEPB/2011/1-2011> - 09/09/2011 7:25 p.m.; similar Conefrey, Thomas/FitzGerald, John D., 2009: *The Macro-Economic Impact of Changing the Rate of Corporation Tax*; Dublin: ESRI [Working Paper 273]: 9 f.). This underlines the fact which had been frequently mentioned – also by the present author: There had not been any interest to build up an indigenous Irish industry nor had there been any ambition to establish a significant body of public infrastructure (*see on the latter point the section Infrastructure and Public Services, Pages 51 ff. of the present text*).

A further point deserves attention, showing that it is too simple to highlight the FDI as such (*as I have wrongly done in an earlier work, namely Herrmann, Peter [without date]: Tíogar Ceilteach - An Enlargement Country of the 70s as Showcase? [William Thompson Working Papers, 7];* <http://www.ucc.ie/en/socialpolicy/WilliamThompsonWorkingPapers/DocumentFile-37827-en.pdf> - 08/09/2011 7:49 a.m.). FDI had been indeed hugely influenced by the low tax rate. But it is also important to note that FDI needed to coincide with other conditions, namely a favourable complex economic cycle, not least reflecting the overall activity-structure of the productive forces. Thomas Conefrey and John D. FitzGerald make us aware of it, writing about the development of the

tax rate in Ireland. According to their research it had been only in the mid/end-1980s that we can speak of the low tax-rate universally applied across all sectors (Conefrey, Thomas/FitzGerald, John D., 2009: *The Macro-Economic Impact of Changing the Rate of Corporation Tax*; Dublin: ESRI [Working Paper 273]; in particular 4 f.). And it had been then as well that Ireland offered in some respect a niche that could not easily be filled by others (as it had been not only the low taxation that worked like a magnet).

The dominant *dependence* of the economy *on a limited range of sectors*.

A document published by the Department of Finance states with respect to the current development that

[t]he export performance is broadly based; the pharmaceuticals, software, financial services, business services and food sectors are all performing well. Exporters are also changing their main focus away from traditional markets towards new export opportunities in North and South America and Asia.

*(Department of Finance: The Irish Economy in Perspective: 4; Economic Review and Outlook; June 2011: 34; <http://www.finance.gov.ie/documents/publications/economicstatistics/irishconomyjune2011.pdf> - 05/09/2011 12:34 p.m.; cf. *ibid.*: 43, highlighting 'that nearly one-third of Irish exports is classified as high tech (such as IT and chemicals) as business functions shift to higher value activities. This compares with an average of 17% in the EU-27).'*

We can learn a very important aspect in this respect from the OECD-report from 1994, where we read that

industrial employment and employment and output are heavily dependent on foreign firms: half of the employment in the industrial sector and 75 per cent of its output are attributed to foreign companies. Foreign firms employ almost 80 per cent of all those employed in the chemicals sector, 70 per cent in textiles, 70 per cent in beverage and tobacco, and 55 per cent in financial and other services

(OECD, 1994: OECD Reviews Foreign Direct Investment. Ireland; Paris: OECD: 19).

Today's very strategy is pushing for the same way – and apparently does so quite well. Ireland suffered a massive decrease already since 2004, skyrocketing then again in 2007.

Flows	2001	2002	2003	2004	2005	2006	2007	2008
In	9,653	29,350	22,803	-10,614	-31,670	-5,545	-30,597	-12,278
Out	4,066	1,035	5,555	18,079	14,304	15,332	20,778	13,202

(OECD, 2010: Country Statistical Profiles: Key Tables from OECD. Ireland 2010; http://www.oecd-ilibrary.org/economics/country-statistical-profile-ireland_20752288-table-irl - 11/09/2011 7:06 a.m.)

Table 1: FDI – In and Outflows in MLN USD

Recently, however, the country had been reported to be 'second most attractive country for FDI' (RTÉ Business News, 2011: Ireland second most attractive country for FDI [Updated: 14:56, Friday, 25 February 2011]; <http://www.rte.ie/news/2011/0225/fdi-business.html> - 09/09/2011 7:08 a.m.).

Ronnie O'Toole, author of the report to which the Business News refer, claims

[t]he data flow for the global economy has turned decisively more positive over the past half-year and points to improving growth prospects. Asian growth is strong and activity indicators in the US and Europe have turned higher

(O'Toole, Ronnie, 2011: FDI Quarterly. Spring 2011; Dublin: National Irish Bank: 2; <http://www.nationalirishbank.ie/PDF/FDI%20Quarterly%20Report%20-%20Spring%202011.pdf>-11/09/2011 12:53 p.m.

A more differentiated picture can be obtained from a document titled *Ireland's Inward FDI over the Recession and Beyond* (see Barry, Frank/Bergin, Adele, 2010: Ireland's Inward FDI over the Recession and Beyond; http://www.nuigalway.ie/ecn/resrch/pdf/event_169.pdf - 09/09/2011 7:12 a.m.).

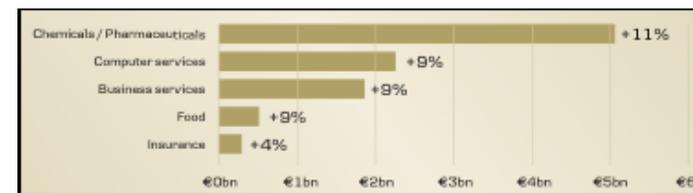
From there an important point is getting clear, namely that the figure of invested money as such tells only half of the story. The quality of FDI is of not less

importance and we have to think also about the 'position' of the transferred capital in the overall process. At the end it seems to be clear that Ireland's role had been to a large part not much more than a hub – as said earlier money had not been invested in order to develop a sustainable economy. Instead, one may even say that the foreign capital had not been real investment but only using the Irish national economy and some of its features to obtain of advantages by transition.

According to Dr Ronnie O'Toole, Chief Economist, National Irish Bank, '2010 was another good year for FDI into Ireland, and 2011 has started well. We continue to see a steady flow of mid-sized projects, particularly in services industries such as software and customer support, though also with some high quality manufacturing projects.'

(IDA Ireland, 2011: Ireland Ranked Second Globally as FDI Flows Jump 15; Featured News. February 25th, 2011: <http://www.idaireland.com/news-media/featured-news/ireland-ranked-second-glo/> - 09/09/2011 7:21 a.m.)

This means as well that the focus lies on some selected areas as shown in the following figure.



(<http://www.nationalirishbank.ie/PDF/FDI%20Quarterly%20Report%20-%20Spring%202011.pdf> - 09/09/2011 7:41 a.m.)

Figure 1: Important Sectors

Still, coming briefly back to the political dimension, we should not look too much into these figures: More important is actually the structure that emerges as overall pattern. And of course, there is a lot of political message and something that we may call good will hunting – the optimism based on purpose. It is not too long ago, that the same source, the National Irish Bank Service stated in February

2010 that 'Ireland Suffers Sharp Fall in Inward Investment in 2009' (<http://www.nationalirishbank.ie/PDF/About-the-Bank/Foreign-Direct-Investment/NIB-fDi-Investment-Performance-Monitor-2009-Feb-2010.pdf> - 09/09/2011 7:31 a.m.)

The lack of an existing or emerging indigenous 'independent' modern industry and the emergence of a mainly 'subcontracting industrial force'.

In his *Speech to the Oireachtas* in September 2011, Michael Noonan asserts

Turning firstly to the economic situation, where I think it is fair to say that the emerging data present a somewhat mixed picture. On the one hand, the exporting sectors continue to perform very well – overall exports increased by 7 per cent in annual terms in the first quarter, while monthly data relating to the second quarter suggest a similar pattern. The recovery in exports is increasingly broad-based, and I am particularly encouraged by the robust export performance of indigenous firms.

...

On the other hand, domestic economic activity – in other words consumption and investment – remains weak. For instance, personal spending continues to decline as households maintain their savings at elevated levels. It is unfortunately the case that significant imbalances built-up during the boom will take some time to correct and, as such, it is unlikely that domestic demand will drive economic growth in the short-term. The growth that we are now beginning to see is export driven growth.

(Noonan, Michael, 2011 [September 1st]: Opening Statement by the Minister for Finance. Oireachtas Committee on Finance, Public Expenditure and Reform; <http://www.finance.gov.ie/viewdoc.asp?DocID=6971> - 11/09/2011 1:10 p.m.)

Leaving detailed discussion of such statement aside – one could also seriously question the optimism that is expressed by the minister – an even more fundamental issue may be asked. It is geared to assessing the principle role of

such investment. The question is 'Does FDI matter?'. Severe doubts had been raised from perhaps unexpected angles.

*The longer-term sustainability of Ireland's FDI-oriented development strategy has also been called into question recently by commentators such as Craig Barrett, former chairman of Intel, who argued in a recent speech in Dublin that 'the future is not one where foreign direct investment will drive growth'. Similarly, Robert Shapiro, former undersecretary of commerce for economic affairs in the Clinton administration, advised in a 2008 lecture that 'Ireland must wean itself from dependence on FDI... FDI is a transitional strategy, not an end game strategy that creates a lasting impact.'**

* The texts of these speeches are available at: <http://www.irishtimes.com/newspaper/finance/2010/0212/1224264272768.html> and <http://www.smurfitschool.ie/aboutsmurfit/news/newsarchive/title,20742,en.html> respectively.

(Barry, Frank/Bergin, Adele, 2010: Ireland's Inward FDI over the Recession and Beyond: 2; http://www.nuigalway.ie/ecn/resrch/pdf/event_169.pdf - 09/09/2011 7:12 a.m.)

It is surely of interest in this context that the meaning of the Irish establishments of MNCs is not necessarily central to the overall business (*see Condon, Frank/O'Toole, Ronnie, 2009: Survey of MNCs in Ireland 2009. Results of the Annual Competitiveness Survey; Dublin: Irish Management Institute: 18*)

The lack of a systematically developed infrastructure across the country and across different sectors.

The fact of being a 'lawless state', its governance characterised by clientelism and the lack of a rights based approach to social security. At this point I am not talking about the social protection system in the narrow sense. Instead, following points are of interest when we look at the legal system:

* Ireland is a kind of hybrid in the overall classification of legal systems (positive, Roman, Common, Brahon law etc.)

* at least in terms of the spirit, the social legislation is very much showing its roots: the poor law

* the entirely technical and privatist approach to questions dominates now – communitarian sights go actually well hand in hand with this.

It is important though to present the picture in a concise way, and this means to analyse also the different contradictory aspects. Here, this can only be undertaken in very limited ways – and the following moments deserve special attention.

First and foremost, it would be wrong to say that Ireland remained without a genuine industrial policy. Moreover it would be wrong to say that such industrial policy had been solely a matter of generating foreign capital. Although this played surely a central role, the overall role of the relevant Industrial Development Agencies covered a rather wide range of orientations and activities. Importantly it is a policy that developed over many years, decisively emerging in the 1950s – this had been developed on another occasion (*see page 4; and see later again in the section Income, Consumption – and an Outlook on Working and Living Conditions*).

One of the major structural problems is in my interpretation that this ‘strategy’ (if it can be seen as such and is not actually a bundle of isolated, only loosely connected measures) failed to get the following points right.

(a) The issue of an open versus a closed economy had not been appropriately understood. In industrial politics this had been actually translated into another dichotomy, namely that between local (regional) and national politics.

(b) The question of ‘industrialism’ and the clarification of what kind of industrialism actually had been envisaged.

(c) Not least, and in connection with point (a) the issue of the national accumulation regime and the mode of production.

Of particular relevance in respect of the latter is the fact and question of the relatively large number of small cooperatives and the huge number of small (‘dwarf’) enterprises – ‘dwarf-enterprises’ not meaning one-person-self-employment-undertakings but ‘actual, real’ enterprises, consisting of a though very small number of employees. Though different from this, family business and ‘profit-oriented coops’ have to be mentioned here too.

In close connection with it, we have to see the development of the productive forces and also the lack of any specific resources (leaving time – the widely known joke – aside).

The lack of infrastructure is the second point that deserves special attention. From a critical take on modernisation be even seen as positive, in line with a cooperative, community oriented, self-help and charitable spirit. Of course, all these are issues that are in a sociological perspective marking the edge between pre-modern and modern patterns, but also between modern and, taking it in an emancipatory way, post-modern patterns. Part of the problematique in a developmental perspective is shown by two facts.

The cooperative idea had been taken up in its most pronounced stance from the conservative side: *Muintir na Tíre* played a decisive role – and I dare to say it characterises in a very fundamental way the entire approach by showing in an extreme way what the cooperative idea is about if taken in a conservative perspective. *Muintir na Tíre* – the proximate translation from the Irish language is *People of the Land*. What makes this organisation or movement somewhat unique is the fact that it is grounded in ideological claims, however not in terms of overcoming the system but as instrument of (a) maintaining in general terms the Irish economic and political system and (b) generating a specific instrument in support of the catholic ideology and practice.

The other example refers to the role of the *Credit Unions*. Different from for instance the German *Stadtsparkasse*, they acted more in the realm of private, non-investment issues rather than seeing themselves in the position of ‘public institutions in support of fostering small-scale entrepreneurship’. The meaning of it goes far beyond the question of immediate promotion (private households rather than ‘alternative entrepreneurship’). Such orientation also means that in effect the national economy lacked support from this side, moreover foreign industry and dependency had been fostered because of the money made available for purchasing commodities, for consumption which mostly benefitted foreign economies (due to the high dependence of consumer markets in imports).

It would actually be interesting to look at another feature: the Irish Farmers’ Association (IFA) which still plays an important role as supporting and

regulating agency in the area of agriculture. Unfortunately this has to be omitted here.

Nevertheless, all this contributed to a meaningful extent to the mainstream of a relatively homogenous, cohesive society – put sarcastically: to the widespread, egalitarian ‘poverty of all’.

So we can say that the main political and political-economic failure had been the factually abrupt opening of an up to then closed economy, going hand in hand with maintaining the ‘hidden’ social closures (and the subsequent social structures) of the previous historical stage. It is important to note that previous openings of the economy remained limited – the actual seize of the Irish economy has been further limited by the fact that the British economy functioned until at least into the mid-1970s as gatekeeper. Thus joining the then EC can be seen as a watershed for the development of the Irish economy.

Much had been written on the Irish boom – also criticising it as matter of wrong, short-sighted policy making or even as matter of bad politics. And there is not much point in engaging with the various contributions, many of them providing ex post populist critical views (for instance O’Toole, Fintan, 2009: *Ship of Fools: How Stupidity and Corruption Sank the Celtic Tiger*; London: Faber and Faber). Still, the following remarks may be worth to be considered:

* Too much attention is paid to wrong decisions for which individuals are seen as being personally responsible. Without denying such responsibility it is in the present author’s opinion more appropriate to analyse thoroughly the historical-structural patterns.

* In many analysis, comments and presentations we find a centrality of moral dimensions: it is not only about individuals being seen as responsible but also about defining this behaviour by moral standards, looking for normative frameworks to denounce their behaviour, and also looking for standards of ‘good governance’. This clearly leads to rather short-sighted views on a Ship of Fools – a perspective that in my opinion actually blames the victims – and still manages to get the message across in a populist way, making sure that those who are now victimised from two sides (exploited and blamed for allowing to be exploited: moreover, suggesting they followed the same notion of ‘greediness’) are not feeling that they are fooled and equally avoiding that they are feeling foolish.

* If one still wants to speak of ‘general greediness’ amongst the population at large, one has to look in particular at the backlog demand: substandard conditions, including the need of establishing ‘first-time existence’ by (re-)immigrants have to be seen as part of the story of subprime loans – banks nearly forcing people into the system of easy borrowing. And seen from this perspective, EC/EU-membership meant an opening of a ‘market of needs and wants’.⁴

Part of this is surely reflected in the suggestion that ‘[t]his very sharp economic growth resulted in a rise in Irish income per capita, from around two-thirds of the EU average in the 1980s to above average levels.’ (Department of Finance: *The Irish Economy in Perspective: 4; Economic Review and Outlook; June 2011*; <http://www.finance.gov.ie/documents/publications/economicstatsetc/irisheconomyjune2011.pdf> - 05/09/2011 12:34 p.m.). – Leaving aside how reliable these figures are, the official figures may give some orientation and give good reason to question such optimism (see below, page 55).

* Banks on the one hand, employers in particular of large, multinational companies on the other hand played an unfortunate role by making money easily available and pretending that persisting security would not be an issue in need of investigation – it seemed to be naturally given as before poverty had been an issue that had to be taken as kind of god-given. Of course, this meant not least an individualisation of the question of ‘living standards’. This includes the specific form of anti-syndicalism, the unionisation on enterprise level being one example. Furthermore, the government policy to keep consumption a private matter has to be mentioned as accompanying moment. What may appear as advantageous at first sight – relatively low taxes – is, when seen in the wider framework, a dangerous strategy. It went so far that certain amenities, commonly being considered as public goods, had been and still are financed by private means. – This topic will be taken up at a later stage again.

Door-to-door collections of donations for building sport-halls for public schools are in this light just another form of privatisation, similar to a dangerously underdeveloped public health (care) system, unavailability of childcare facilities

⁴ This may be seen in a wider perspective of the debate on poverty being relative by way of looking at Marx’ elaborations of the historical and moral element of the costs of labour power.

and the early and wide-ranging introduction of toll-roads. – Leaving the pecuniary dimension aside, the issue of building a hegemonic ideology of private responsibility is a major issue. Later discussion will aim on elaborating this issue as core of the entire process – and it will be shown that this goes far beyond what the term austerity policy can grasp.

(B)

In a narrow economic perspective the development rested on three pillars:

* The industrialisation to a large extent based on foreign capital – although recently it had been occasionally claimed that the actual quota of FDI did only make up a small amount of the overall investment it surely is decisive that the sectoral distribution had been shaped by the investment from abroad, in particular from the US, but also from some ‘strong’ European countries.

Furthermore, in terms of sectors it had been also a very narrow range on which the development had been built upon (*see above*).

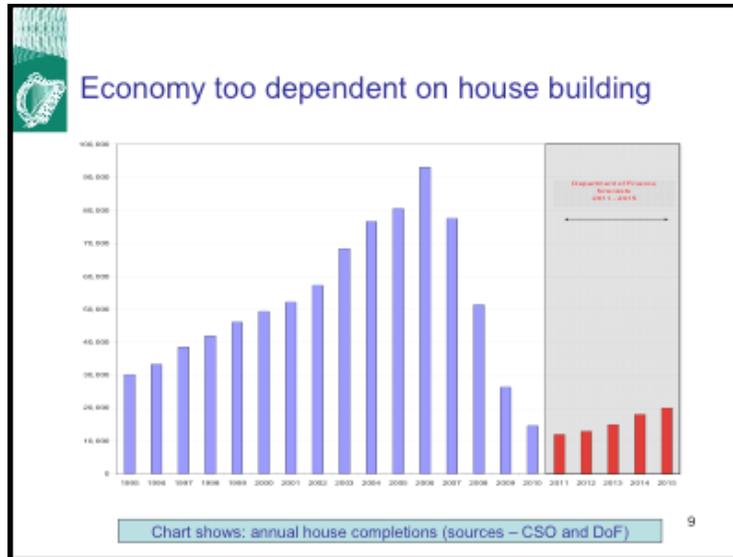
* Importantly this shaped the entire economy in the South of the island. Roughly we can divide this into the following main groups:

- the still for a long time important group of farmers, during some transition phase taking the position of part time farmers, while working mainly in some minor industrial positions, as teachers or other areas which allowed a certain flexibility and adaptation to part-time farming needs
- the workers and employers in small enterprises, many of them run as family business
- (white and blue collar) workers in normal capitalist enterprises, increasingly set up in the new industries as in particular IT (in the widest sense), chemistry/pharmacy and increasingly service industries
- in this overall context an important pattern is an emerging structural rift: a large trunk of the Irish businesses depends in one or another form on large enterprises – and although this is a more or less typical pattern for capitalism in general, it is important in the Irish case this is not a matter of ‘replacement’ and repression but a moment that emerges as the very essence of the entire structure

* An important factor: EU-accession as pragmatic step to open a vista to the world markets for which it had been necessary to bypassing the UK though it took even after joining the then European Communities still some time. It should not remain without mention that over the years there had been frequent debates on Boston or Berlin – currently such question is again claiming attention. Marian Harkin, Irish MEP of the Alliance of Liberals and Democrats for Europe for instance claimed in the Dáil in May of 2011 that ‘we need to review, reappraise, and where necessary, readjust our relationship with Europe, Ireland North and West’ (http://www.marianharkin.com/index.php?id=20&no_cache=1&tx_ttnews%5Btt_news%5D=615-02/09/2011-7:24-p.m.)

Against such background we can see that the problem of financialisation in Ireland had been only a late-born child of the entire process. Ireland’s economy had been based on a treble-external strategy: (i) the conscious engagement in extreme dependency from foreign capital, (ii) the orientation on an export-driven economy, (iii) and dependence on foreign supply for high-skilled workforce. Internally Ireland has to be characterised (a) as low-tax country in particular in the area of higher incomes and definitely in the area of corporate tax and (b) as country with relative limited opportunity for high-end consumption, and ongoing (c) as country with a large layer of low-income households, thus lacking a source of stable mass-consumption in the middle layer. Thus, the course of the curse had been to a large extent predictable and actually by some foreseen:

- 1) at one stage Ireland’s economy became especially prone to financialisation – an area that could for at least for a long time absorb the surplus capital.
- 2) the building sector as a major area of investment could serve – again limited in time – as another collecting pond for excess money; here we have to remind ourselves also about the domestic demand based on the backlog and the need to overcome substandard quality that had been characterising during the previous period. What this meant is shown in the following figure:



(from: Department of Finance: *The Irish Economy in Perspective: 4; Economic Review and Outlook; June 2011: 9*; <http://www.finance.gov.ie/documents/publications/economicstasetc/irisheconomyjune2011.pdf> - 05/09/2011 12:34 p.m.)

Figure 2: House Completions 1995 – 2015

Of course, then it is obvious that

[t]he growing dependence of the economy on house building is evident from the chart above, which shows that by 2006 house completions had surpassed 90,000 units per annum. As a result, the ratio of residential investment to GDP reached nearly 13% that year, compared with a long run average of 6% in Ireland.

The subsequent sharp decline in house completions has had a major direct effect on the country's growth rate. Completions declined by around 80% between 2007 and 2010, subtracting a cumulative 71/2 percentage points from the level of real GDP.

*(Department of Finance: *The Irish Economy in Perspective: 4; Economic Review and Outlook; June 2011: 9*;*

<http://www.finance.gov.ie/documents/publications/economicstasetc/irisheconomyjune2011.pdf> - 05/09/2011 12:34 p.m.)

However, as long as the fundamental issues of the Irish economy will not be changed the construction sector will not show any sound shift of the development.

One point in question will be that the phase of overcoming the backlog came in the meantime to a halt. Furthermore, we have to look at the fact that the housing stock – now the stock of large and modern houses, will keep prices possibly down. What is more important, however, is the fact that new buildings, now more as matter of investment in stock that is not used for private purpose, is increasingly a matter of large developers, including building companies from outside of Ireland.

Finally, any hope for a turn of the development looks unlikely if we look at the development of savings (*see below: the section Income, Consumption beginning on page 54*).

3) A mentionable amount of means of consumption had been also spent abroad.

4) It remains the 'greedy part' – for a short period of time the lower and medium income groups, all at least better-off than in previous periods needed and wanted to catch-up, striving for a 'normal European standard', aiming to be part of Europe as 'centre' rather than accepting to be the social periphery of a county at the world-economy's periphery.

Two explanatory notes are useful:

First, though Ireland surely moved towards the centre of the world economy especially when seen in the light of national wealth and growth of GDP, it remained with its specifically structured economy by and large determined by and depending on external developments and events, this way very much caught in the status of a peripheral nation. It is useful to introduce the concept of structural peripheralism.

This is in fact also admitted by the Department of Finance, stating in the *National Recovery Plan 2011-2014*

Ireland is an open regional economy. Its openness is most obvious in terms of the importance of international trade: exports and imports of goods and services are equal to 175% of GDP. But there

are other dimensions of Ireland's openness that are no less significant. One is its dependence on international capital flows, including flows of foreign direct investment from abroad. Another is the elasticity of its labour supply: the capacity for its labour force to be augmented by immigration and depleted by emigration.

(Department of Finance, November 2010: *The National Recovery Plan 2011-2014*; Dublin: Stationary Office. Government Publications Sale Office: 19 - <http://www.budget.gov.ie/The%20National%20Recovery%20Plan%202011-2014.pdf> - 03/09/2011 1:53 p.m.)

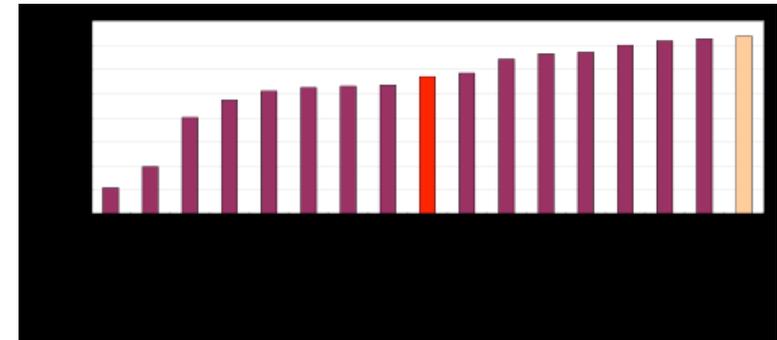
And importantly, the statement that follows indicates that the lessons learned are very limited:

Ireland's openness means that the economy here interacts widely and deeply with the rest of the world and is sensitive to changes in world economic conditions, while its size means that the domestic market is too small to provide the basis for long run sustainable growth. Long-term growth in a small open economy therefore is a function of the export base, the collection of enterprises that are involved in the production of goods and services for international markets.

(*ibid.*)

In the light of economic theory it is in my interpretation more important to highlight this aspect of the structuration of the economy in the light of centre-periphery relationships rather than putting special emphasis on the small and open economy and seeing this as an ineluctable momentum, determining the structuration of the Irish economy.

Second, it had been repeatedly claimed that the level of education is in Ireland exceptionally high.



(Department of Finance, November 2010: *The National Recovery Plan 2011-2014*; Dublin: Stationary Office. Government Publications Sale Office: 24 - <http://www.budget.gov.ie/The%20National%20Recovery%20Plan%202011-2014.pdf> - 03/09/2011 1:53 p.m.)

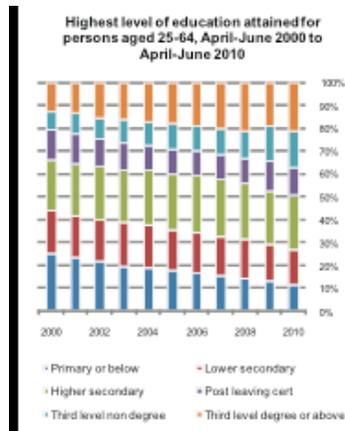
Figure 3: Proportion of population with at least upper second level education

Leaving other issues aside, this does not acknowledge that we are dealing with a very recent development. Data from the *Quarterly National Household Survey* teach us that

[i]n the second quarter (Q2) of 2010, over one third (37%) of 25-64 year olds had attained a third level qualification compared with just one fifth (22%) in Q2 of 2000. When one includes 15-24 year olds (the age group most likely to be still in education), 33% of those aged 15-64 had attained a third level qualification, an increase from 19% ten years earlier.

(Central Statistics Office, 2010: *Quarterly National Household Survey. Educational Attainment. Quarter 2 2000 to Quarter 2 2010*; Dublin/Cork: CSO, December 10th: 1)

This is pictured in the following graph:



(ibid.)

Figure 4: Development of Educational 2000 - 2010

Another mentionable point is that the formal level of qualification does not recognise sufficiently the qualitative dimension. If we look for other sources than the famous OECD-PISA-study, and in particular its early years,⁶ we have to look in particular for those analysis that clarifies the qualitative dimension. And it had been frequently issued that the Irish system is rather rigid, oriented towards recapitulation and repetition of knowledge rather than providing space for independent and creative thinking.

Another point should not be forgotten: The available education had not always been employed after finishing school – and it is surely a highly problematic moment that especially many women received good qualification just to end up as housewife, working on the family-farm or in under-rated positions not least in the retail sector.

Although this trend could be turned to some extent, there remains a major gender-patterned of labour market positions. – When looking at income, we find a remarkable gender gap. Leaving aside that joining the institutionalised Europe surely made a huge difference especially in this area there are still major questions unanswered. When studying these areas, one has to be ready to

⁶ This remark goes back on anecdotal memories, suggesting that – presuming the results would actually reflect the reality the picture showed especially bad results for Germany whereas Ireland, together for instance with the Nordic countries, had been seen as performing extremely well.

engage as well in contradictions as in some areas women had been able to overtake the positions which had been previously occupied by men. – Without engaging in this debate it may be suspected that it is just a matter of manifesting the disadvantaged position: it is the growth of badly paid, precarious jobs (see below page 48).

Therefore it is also worthwhile to remark that we find over the last years a small but remarkable increase of inequality.



(from: Central Statistics Office, 2011: National Employment Survey 2008 and 2009, Dublin/Cork: CSO : 8; http://www.cso.ie/releasespublications/documents/earnings/2009/nes_200809.pdf - 11/09/2011 6:10 p.m.)

Figure 5: Unadjusted Gender Pay Gap (5) by reference period – National Employment Period (NES)

Returning to the issue of financialisation we can importantly conclude that – though surely not unique for Ireland – the general pattern had been extremely pronounced: the fact that the real economy had been marked by an increasing gap that led to increasing financialisation and the financialisation corroborated and furthered this pattern. In other words it is effect and cause at the same time (see in this context Arrighi, Giovanni, 1994: *The long twentieth century: money, power, and the origins of our times*; London/New York: Verso: 314 f.).

Subsequently another factor comes to the fore, namely the question of competitiveness. Ireland aimed on achieving competitiveness on the basis of low taxes, low wages and low wage-related costs. Indeed, this way it had been possible to attract FDI and this way it had been possible to maintain for some

time an extreme advantage, achieving an exorbitant growth. And it is again claimed that the same orientation will be guiding the future policy. Of special importance is a supposed 'part of our international 'brand':

While taxation has to play a part in restoring balance to our public finances, this will not apply to our corporation tax rate. A low rate of corporation tax on export-orientated activity has been a cornerstone of our industrial policy since the 1950s and the 12 ½ % rate is now part of our international 'brand'. The contribution from the corporate sector will be made through the maintenance and creation of high value employment.

(Department of Finance, without date: The National Recovery Plan 2011-2014; Dublin: Stationary Office: 89: 100; <http://www.budget.gov.ie/The%20National%20Recovery%20Plan%202011-2014.pdf> - 11/09/2011 6:47 p.m.)

Highlighting some points may shed different light on this strategy. – As much of the argument is taken from the same report it shows en passant the lack of circumspection of the analysts in question.

Δ There is hardly a direct link between the height of the corporation tax and the attractiveness of a place for investment. Looking at the report *Doing Business 2011* from the *World Bank and The International Finance Corporation* provides the following picture.

DB2011 RANK	DB2010 RANK	ECONOMY	DB2011 REFORMS
1	1	Singapore	0
2	2	Hong Kong SAR, China	2
3	3	New Zealand	1
4	4	United Kingdom	2
5	5	United States	0
6	6	Denmark	2
7	9	Canada	2
8	7	Norway	0
9	8	Ireland	0
10	10	Australia	0

(International Finance Corporation/The World Bank, 2010: Doing Business 2011. Making a Difference for Entrepreneurs; Washington: The International Bank for Reconstruction and Development/The World Bank: 4; <http://www.doingbusiness.org/~media/FPKM/Doing%20Business/Documents/Annual-Reports/English/DB11-FullReport.pdf> - 06/09/2011 7:04 a.m.)

Table 2: Rankings on the Ease of Doing Business⁷

According to these data from a side that will hardly be suspected to easily underestimate the topic of favourable taxation, Ireland is top-ranking – and it is doing so behind for instance Denmark and Norway, well-known for being high-tax countries. If we take the World Bank Data for the three countries in comparison we arrive at the following figures:

⁷ A compilation focussing on the EU, referring to the same source, can be found in European Commission, Directorate-General for Economic and Financial Affairs, 2009: The EU's response to support the real economy during the economic crisis: An overview of Member States' recovery measures [Occasional Papers, 51]; Brussels: European Commission, Directorate-General for Economic and Financial Affairs: 88)

COUNTRY	PROFIT TAX (%)	LABOUR TAX AND CONTRIBUTIONS	OTHER TAXES	TOTAL TAX RATE (% PROFIT)
Denmark	21.9	3.6	3.7	29.2
Ireland	11.9	11.6	3.0	26.5
Norway	24.4	15.9	1.3	41.6

(Compiled from: International Finance Corporation/The World Bank: *Doing Business: Paying Taxes* <http://www.doingbusiness.org/data/exploretopics/paying-taxes> - 06/09/2011 7:35 a.m.)

Table 3: Tax Rates

The problematique of such orientation is obvious – and the Department of Finance is well aware of it, stating in the *National Recovery Plan* that ‘the income tax system is unsustainable if 45 % of tax units pay no income tax. (Department of Finance, without date: *The National Recovery Plan 2011-2014*; Dublin: Stationary Office: 89; <http://www.budget.gov.ie/The%20National%20Recovery%20Plan%202011-2014.pdf> - 11/09/2011 6:47 p.m.). But such insight is not sufficient to be any serious proof as matter of favourable condition for job creation. In this case it is true to speak of austerity if we recognise the fact that the government is ready to accept lowering minimum wage, is accepting the increase of low-income and precarious jobs and is then proposing explicit deregulation, pointing in the *EU/IMF Programme for Financial Support for Ireland*, dated on the 28th of July 2011 after a brief remark on employment policy on its commitment to

[i]ntroduce legislative changes to remove restrictions to trade and competition in sheltered sectors including:

** the legal profession, establishing an independent regulator for the profession and implementing the recommendations of the Legal Costs Working Group and outstanding Competition Authority recommendations to reduce legal costs.*

** medical services, eliminating restrictions to trade and competition on the number of general practitioners (GPs) qualifying and removing restrictions on GPs wishing to treat public patients as well as restrictions on advertising.*

(Department of Finance: EU/IMF Programme for Financial Support for Ireland, dated on the 28th of July 2011: 9; <http://www.rte.ie/news/2011/0729/budget.pdf> - 11/09/2011 7:22 p.m.)

Sure, these are not groups we should worry about most. But it clearly shows the direction – which actually opens up for two distinct ways: (a) pushing these groups also and more towards precarity or/and (b) allowing them to increase prices on an unregulated market which would mean that people who have already financial difficulties when it comes to obtaining of services in question (in particular medical services) are coming even more under pressure. – And it is actually of some relevance that in particular these areas are targeted as this kind of restructuration is structurally more important than the effect of the immediate and in cases without doubt severe pressure on social living conditions.

Again, greediness, frequently having been made responsible for the development, had been far from being cause. Looking at the laws of capitalist accumulation, we can only say that greed played at most a role as consequence of the putrefaction of the system’s fundamental mechanisms. – This does not suggest that individuals are not responsible. On the contrary, it suggests that the responsibility has to be seen as much more serious than being only a matter of personal wealth grab.⁸

Some Schemes and Technical Issues

In my opinion, much of the public debate has actually a shortcoming that is similar to that of the proponents of the conservative side. First, it concentrates to a very large extent on the financial markets and its problems – and thus

⁸ It may be noted here that debates in the ‘Marx-is-relevant school’ (see Magnus, George: *Capitalism is having a very Marxist crisis*; in: *Financial Times* - comments; August 31, 2011 1:30 am; <http://www.ft.com/intl/cms/s/0/a1cd5b74-cfd7-11e0-a1de-00144feabd0.html#axzz1WtB0dDd> - 03/09/2011 2:40 p.m.) are surely disorienting ins some way, not least in those cases where Marxist is seen as providing a different ‘moral stand’.

contemplates about the banking sector, the bail-out policy which is, leaving other moments aside, unquestionably a politically reprehensible way of securing profits and also a short-sighted policy, laying the ground for the next crisis. I want to hold against this orientation the fact that the core of the entire debate should be concerned with the issue of the mode of production and the accumulation regime – in any case with the ‘real economy’. In other words and short: we are not facing a crisis of regulating the economy but a crisis of the economy itself. Second, the argumentation – being caught in the before mentioned orientation on banking issues – easily draws attention away from the political issues, leaning towards moralisation. However, we have to keep in mind the two admittedly general, nevertheless crucial questions: What society do we actually want? And What is economy for and how do we define the role of economy (and economics) within this framework?

– What follows is very much a sketch on different issues, aiming on providing an overview on some core issues – thus containing long passages from official and commentating documents – and also showing the difficulties on finding a sound ground for assessment.

Politics – Rhetoric and Reality

Two moments have to be briefly developed.

First, the presentation from the official side is full of contradictions – and although one may expect this as being normal on the political stage in general, the lack of any sufficiently strong opposition, be it in the Parliament or outside. This may illustrate the remarks that had been made earlier: the traditions that shaped the Irish political culture make it possible that the forbearance of the Irish people is a relatively unswerving ‘resource’ in the contest of hegemonic power – using Parsons’ terminology we may say history as latency, or latent pattern maintenance.

Several detailed illustrations could be given. It may be surprising that the contradictions are characterising even ‘analytical documents’ – and they do so to such an extent that there are hardly any reliable data.

Less surprising, but highly irritating is that the perspective is permanently changing with the time horizon. Promises are made for the future – and there is

apparently no attempt to hide that the future is moving with the same pace as we are approaching it – the really striking part: this ‘move of the future’ rather than a real move towards the future is openly admitted although there are at the same time the celebrations of the successes as we can find them for instance in the Memoranda and the attached letters from the Department of Finance (*Department of Finance: EU/IMF Programme for Financial Support for Ireland, dated on the 28th of July 2011; <http://www.rte.ie/news/2011/0729/budget.pdf> - 11/09/2011 7:22 p.m.*).

Second, critical voices are not entirely missing. But three issues have to be shortly pointed out:

(a) There is no strong opposition in the country – in particular seen in terms of a unified force. Even trade unions can hardly be seen as united power.

(b) The opposition is also very much caught in the patterns mentioned earlier: clientelism and communitarianism.

(c) This did not hinder that we could find especially in the beginning of the crisis an emerging protest movement, gathering different forces, representatives of different ways of life. However, the two factors that had been mentioned before, had been very much in the way of developing a focus which would have allowed to maintain the momentum and constructively develop it further. Thus we have various independent movements, protests and even think tanks that could be supportive. We also find some reflection of a political shift in the Dáil. Not least, we find ‘public protests’ – better: protest as publicity: some people make themselves heard, using strong positions that have had already – the problem with it is that the positions taken are very much characterised by their eclecticism and a kind of populism, presenting insufficient or even wrong analysis – it is a kind of European version of the gimmicky Moore-ionade, not least undermining the need to really engage in systematic analysis.

Budgetary Policies

A rather comprehensive overview of the overall program is in the following presented by drawing attention to what is suggested as key to the overall outlook, the orientation on the core economic strategy.

Competitiveness, Growth and Employment

The Government will:

- * Reduce the minimum wage by €1 to €7.65;
- * Reform welfare system to incentivise work and eliminate unemployment traps;
- * Complete a review to eliminate anomalies in Registered Employment Agreements (REAs) and Employment Regulation Orders (EROs) within three months; and
- * Reinvigorate activation policies to ensure that unemployed people can make a swift return to work.

Cost competitiveness:

- * Promote rigorous competition in the professions and measures to reduce legal costs;
- * Take decisive actions to reduce waste and energy costs faced by businesses including the development of Smart Grids and renewable energy;
- * Enhance availability of technological infrastructure, in particular next generation broadband networks;
- * Lead efforts to reduce office rents in both the private and public sectors; and
- * Increase efficiency in public administration to reduce the costs for the private sector.

Sectoral Policies:

- * Implement sector-specific measures to assist an increase in exports as well as an increase in domestic demand.
- * Support innovation through the innovation fund, other enterprise supports and the tax system, and encourage small business development

(Irish Government, [2011]: The National Recovery Plan. 2011 – 2014; Dublin: Stationary Office: 10; <http://www.budget.gov.ie/The%20National%20Recovery%20Plan%202011-2014.pdf> - 08/09/2011 8:06 p.m.)

Looking at the different documents on the development we are actually not really facing a bleak outlook. As can be expected, the official and mainstream

documents are not addressing the main issues. The most serious general concern is looking at the time frame of paying off the debt. There is occasional mention of the need to span the time for repayment over a longer period so that austerity does not translate into strangulation (see page 41 of the present document). Keeping this in mind the overall figures on savings in the budgetary policy are apparently not too severe and the efforts of repayment seem to be successful, even causing commentators, analysts and of course politicians like Minister for Finance, Michael Noonan and Central Bank governor Patrick Honohan to say that 'Ireland 'may exceed' EU's target for cutting budget deficit' (Business etc, 2011 [July 27th]: Ireland 'may exceed' EU's target for cutting budget deficit; in: Business etc.; <http://businessetc.thejournal.ie/ireland-may-exceed-eus-target-for-cutting-budget-deficit-189521-Jul2011/> - 13/09/2011 9:35 a.m.).

FitzGerald and Kearney provide following overview over the 'austerity package':

	2008-2010	2011	2012	2013	2014	2011-2014
Revenue	5.6	1.4	1.5	1.1	1.1	5.1
Expenditure	9.2	3.9	2.1	2.0	2.0	10.0
of which Capital	1.6	1.9	0.4	0.4	0.4	3.1
Total	14.7	5.3	3.6	3.1	3.1	15.1
Per cent of 2010 GDP	10%	3%	2%	2%	2%	10%

(FitzGerald, John/Kearney, Ide, 2011: Irish Government Debt and Implied Debt Dynamics: 2011-2015; Dublin: ESRI: 14; http://www.esri.ie/UserFiles/publications/QEC2011Aut_SA_FitzGerald.pdf - 9/8/11 9:47 AM)

Table 4: Summary of Actual and Planned Austerity Measures over the Period 2008-2014, €billion

They explain that

[t]his analysis is based on the assumption that the government implements in full its target €9.8 billion (6 per cent of 2010 GDP) austerity package over the three year period 2012-2014. On the basis of this analysis we conclude that, absent any further negative shocks, the level of Irish government debt as a share of GDP will stabilise in 2013 and begin to fall thereafter. While this

package is sufficient to stabilise and eventually reduce the debt burden, it is very far from costless. Building on an austerity package of €20 billion (13 per cent of 2010 GDP) over the preceding four years 2008–2011, these essential further cuts will be very difficult to implement. Furthermore, they will serve to delay recovery in domestic demand within the economy and they will further reduce employment.

(FitzGerald, John/Kearney, Ide, 2011: Irish Government Debt and Implied Debt Dynamics: 2011-2015; Dublin: ESRI: 4 f.; http://www.esri.ie/UserFiles/publications/QEC2011Aut_SA_FitzGerald.pdf - 9/8/11 9:47 AM)

Importantly, looking at the bailout-deal is first and foremost of interest in its own terms – as mentioned elsewhere, this is not directly linked to any national policies and supposed ‘necessary policy measures’ that are strictly implied. The problem with the deal is not primarily bound to ‘unfair consequences’ but to ‘unfair conditions’. As a study which had been published by ETUI, underlines

[t]he terms of the deal are very negative for Ireland: both for economic recovery and for the well-being of its citizens. It is a deal designed to protect the European banking system and to buy time for Europe, rather than to assist Ireland as a member of the euro area in dealing with its solvency issues. If implemented, it will at best consign Ireland to economic stagnation for some time to come, and may force a unilateral default of the unsecured banking and/or sovereign debt.

(Clancy, Paula/McDonnel, Tom, 2011 [February]: From Tiger to Bailout: The Irish Crisis. ETUI Policy Brief European Economic and Employment Policy Issue 1/2011; Brussels: ETUI: 4; <http://etui-old.audaxis.com/research/Media/Files/EEEPB/2011/1-2011> - 09/09/2011 7:25 p.m.)

What justifies speaking of an ‘austerity program’ is not the lack of fairness but the fact that multiple issues had been brought together in an extremely unconsidered way.

Congress has argued that Ireland is suffering from a five part crisis: economic, social, fiscal, banking and reputational. The previous Government focused only on the banking and fiscal elements – doing little or nothing about unemployment. In attempting to resolve the fiscal crisis, it passed four extremely harsh budgets which will take €20.6bn* out of the economy by end 2011.

** Equivalent to over 16% of GNP in 2010 or 2011.*

(ICTU, 2011: Austerity is Not Working. Dublin, April 11, 2011. Briefing not for Congress meeting with IMF/ECB/EU. Dublin: 1; http://www.ictu.ie/download/pdf/briefing_notes_for_imf_ecb_eu.pdf - 09/09/2011 7:57 p.m.)

A problem with this is also that the solution cannot be one that simply focuses on one moment – in particular growth. This mis-match of quantitative and qualitative moments comes up again and again. On the one hand we see, of course, in statements by the government and representative employer organisations the strict orientation on growth, suggesting that lowering costs would be the cure, pleading for a low wage/low tax society. But also the trade unions remain caught in this contradiction. Thus David Begg commits himself strictly on growth as it

can both do the heavy lifting of adjustment and diminish the scale of the problem by increasing the size of the economy. Growth needs time to get a foothold and it needs investment.

(Begg, David, 2010 (October 23rd): Paper Delivered to TASC Economic Conference: 6; http://www.ictu.ie/download/pdf/david_begg_address_to_tasc_conference_oct_2010.pdf - 12/09/2011 5:15 p.m.)

On the other hand he emphasises that it is not just growth as such but there is a qualitative aspect at least insofar that it is about the growth based on indigenous industries (*ibid*). Another important aspect is the strong orientation on the social economy, in particular the proposal that

Social enterprises can be thought of as Public-Citizen-Partnerships (PCP) as opposed to Public-Private-Partnerships (PPP)

(ICTU, 2010 [June 24th]: Investment Vital for Jobs [published in the Irish Times(?)]:
http://www.ictu.ie/download/pdf/congress_jobs_proposals.pdf - 12/09/2011 5:37 p.m.)

In any case, even ESRI admits that

....it is important to note that we have grave doubts over the wisdom of the parameters of an austerity programme where such high levels of savings will be sought in such a tight timeframe...the problem arises because an austerity package of €15bn within four years could damage the potential of the economy to grow its way out of recession.

(ESRI Quarterly Economic Commentary. Autumn, 2010: 63-64 – cited in Begg, David, 2010 (October 23rd): Paper Delivered to TASC Economic Conference: 2;
http://www.ictu.ie/download/pdf/david_begg_address_to_tasc_conference_oct_2010.pdf - 12/09/2011 5:15 p.m.)

Furthermore, such possibility is even seen by OECD-officials. An article by David Oakley refers to Hans Blommestein, head of bond markets and public debt management at OECD who speaks of a

'... cliff effect where markets suddenly fall as investors lose confidence in hitherto safe sovereign assets. This makes it hard to assess reliably the change in sovereign risk and what direction the markets will take.'

...

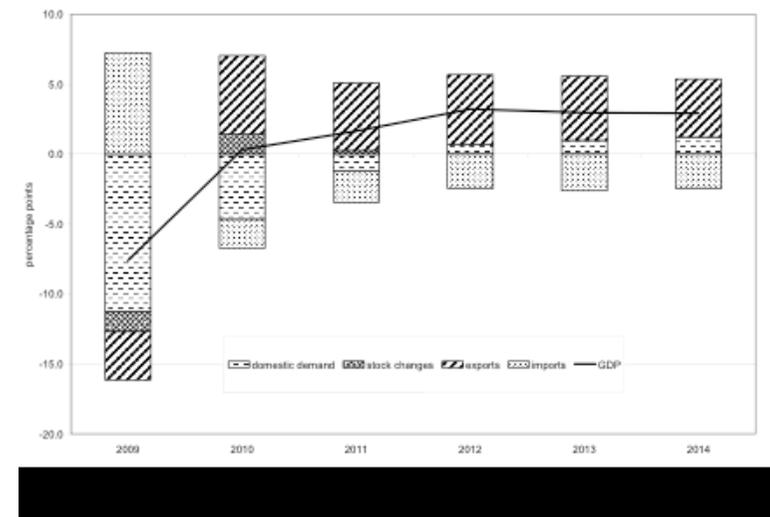
'The market suddenly perceives the debt of some sovereign is a risk, then demands much higher yields, which creates big difficulties for these countries in funding themselves,' he said.

'The markets are creating a situation where countries could be forced to retrench too far and introduce austere fiscal policies that are not good for their economies as it risks stifling growth.'

Mr Blommestein's concern centres on Greece, Ireland, Portugal and Spain, which are introducing aggressive fiscal tightening policies.

(Oakley, David, 2010 [October 10th; 21:39]: Eurozone Bond Investors Accused of Overreacting; in: Financial Times
<http://www.ft.com/cms/s/0/a3c93fac-d4a0-11df-b230-00144feabdc0.html#ixzz1XlLvRF48> - 9/12/11 7:10 PM)

Further light is shed on the qualitative dimension by looking at the *Economic and Fiscal Outlook*, provided by the Department of Finance in the context of the publication of the budget 2011. The following figure is telling insofar as it shows that making the same mistake that are standing to large extent behind the current (depth of) the crises are made again.



(Department of Finance, 2010 [December 7th]: *Economic and Fiscal Outlook*; Dublin: 6;
<http://budget.gov.ie/budgets/2011/Documents/Economic%20and%20Fiscal%20Outlook.pdf> - 9/13/11 9:56 AM)

Figure 6: Contributions to GDP growth 2009-2014

Actually we can see on this occasion that it is the actual aim of the entire bail out process to maintain and foster this structure – and it is suggested by the present

author that this is also the deeper reason behind the readiness of European governments to spend money – the ‘socialisation’ of banks is finally not an Irish but a European project.

Of course, the devil is in the detail. To be completed

Surely promising though that

[i]n the EU Commission’s assessment of the Programmes, a greater emphasis will be placed on fiscal policies for the following year(s) – in other words, there will be more ex ante analysis of budgetary plans as opposed to the ex post analysis that characterised the approach heretofore.

(Department of Finance: Economic and Fiscal Outlook; Dublin: Department of Finance: 24; <http://budget.gov.ie/budgets/2011/Documents/Economic%20and%20Fiscal%20Outlook.pdf> - 13/09/2011)

It remains the admittedly non-academic question: Did we really need such a serious crisis to arrive at such an ‘insight’?

Employment and Social Policy

Though some documents suggest in their outline to speak of employment and social policy, they actually mean something different, namely the development of the labour market and some selected factors that influence this development. Probably it would be more accurate to speak of competition/competitiveness oriented policies around employment.

With all this, social policy is entirely faded out – some issues will be looked at separately but it is appropriate to ask here why under such ambitious heading all other questions are not issued. The only point that allows seeing a wider understanding of social policy is the mention that is frequently made to education: the emphasis laid on the highly qualified workforce. This had been already explored before (*see page 27 ff.*). But the need for highly qualified workforce is acknowledged, why does that not apply to healthy workforce? Why is nothing mentioned that the preschool education is extremely hampered by the lack of widely available child care services and importance given to private childcare – be it that it is about family-support mechanisms or about extremely

expensive private facilities. Also nothing is said even about the social sector as employment-intensive sector, delivering without doubt socially useful and much needed services.

The figures released by the Statistical Office are dramatic not only because of the scale but also because of the two truly dramatic increases since 2006. The seasonally adjusted figures are shown in the following, followed by the latest figures for 2011:

2006	2007	2008	2009	2010
4.4	4.5	6.4	11.8	13.6

(CSO, 2011: Labour Market Statistics. Principle Statistics; <http://www.cso.ie/statistics/sasunemprates.htm> - 10/09/2011 11:55 a.m.)

Table 5: Seasonally Adjusted Standardised Unemployment Rates – Annual Average

January	14.3
February	14.0
March	14.0
April	14.0
May	14.1
June	14.2
July	14.3
August	14.4
Average so far	14.2

(CSO, 2011: Labour Market Statistics. Principle Statistics; <http://www.cso.ie/statistics/sasunemprates.htm> - 10/09/2011 11:55 a.m. and own calculation)

Looking at the very recent situation we learn from INOU, the Irish National Organisation of the Unemployed that

[t]he unadjusted figure has reached an all time high of 470,300 people, while the seasonally adjusted figure is heading back to the record figure of last autumn. 190,062 people have been on the register for more than a year and providing meaningful education

and training options will be a big challenge both for the new service and for the new further education and training body SOLAS.

(INOUE, 2011 [August 4th]: Unemployment still on the Rise; <http://www.inoue.ie/press/2011/08/04/ontherise/> - 10/09/2011 12:33 p.m.)

However, although the figures are surely high enough to raise concern, as usual sadly Bertolt Brecht's words still apply

- There are some who are in darkness

And the others are in light

And you see the ones in brightness

Those in darkness drop from sight -

Of course, we can only refer to estimates and somewhat anecdotal reference.

Thus, for instance we find the following statement in a document issued by the Irish Congress of Trade Unions:

With some 450,000 people jobless, our unemployment levels are some 3 percent over the EU average. And this is almost certainly an understatement: count in those forced abroad, those staying in or returning to education and you are closer to 20 percent.

(ICTU, 2011 [May]: Congress Jobs Proposals. Investment Vital for Jobs: 1;

http://www.ictu.ie/download/pdf/congress_jobs_proposals.pdf - 10/09/2011 9:52 a.m.)

On another occasion we read that

the true rate of unemployment and under-employment arising from the slump is even greater once discouraged and part-time workers (22.6 per cent)** are included. Furthermore, the outflow of migrants has mitigated the rise in the unemployment rate. The "at risk of poverty" rate is stable at 15.5 per cent. However the consistent poverty*** rate is a more meaningful indicator of the deterioration in living standards. This rate rose from 4.2 per cent in 2008 to 5.5 per cent in 2009**** and is likely to increase following the cuts to social transfers announced in Budget 2011.*

Domestic spending has collapsed and the private savings rate has risen from four per cent to 12 per cent.

(Clancy, Paula/McDonnell, Tom, 2011 [February]: From Tiger to Bailout: The Irish Crisis. ETUI Policy Brief European Economic and Employment Policy Issue 1/2011; Brussels: ETUI: 2; <http://etui->

old.audaxis.com/research/Media/Files/EEEPB/2011/1-2011 - 09/09/2011 7:25 p.m., with following references

** Discouraged workers are persons who want a job (and have looked for it in the past 12 months) but are not looking now because either no jobs are available or there are none for which the worker qualifies. Discouraged workers are not included in the computation of unemployment statistics.*

*** CSO (December, 2010). Quarterly National Household Survey, Quarter 3 2010. http://www.cso.ie/releasespublications/documents/labour_market/current/qnhs.pdf*

**** Consistent poverty is an indicator used by the Irish Government. An individual in consistent poverty has an income below 60% of the median and is also experiencing enforced deprivation. This means not being able to afford basic necessities.*

***** CSO (2010). Survey on Income and Living Conditions (SILC), 2009. http://www.cso.ie/releasespublications/documents/silc/2009/silc_2009.pdf*

An issue that is not less of importance is concerned with the working conditions.

By its very nature this topic is also one of the hidden issues as we are in most of the cases dealing with dubious if not (semi-)criminal practices. The before cited ICTU-document states:

Due to the recession employers are undercutting each other and asking their remaining employees to work on conditions less than the legal minimum proscribed by the REAs. The Construction Industry Federation is on record as saying that non-compliant firms from north of the border are able to undercut good employers, even on major projects in the Dublin area.

If the REAs fall - either to legal challenge, through the failure of the parties to support them or through pressure being applied to remove them - an appalling vista is opened for big construction projects. With no universal minimum standard conditions

applying, companies from outside the state - under the terms of the Laval judgment - can bid for these projects and bring labour in on the minimum wage or worse.

(ICTU, 2011 [May]: Congress Jobs Proposals. Investment Vital for Jobs: 4; http://www.ictu.ie/download/pdf/congress_jobs_proposals.pdf - 10/09/2011 9:52 a.m.)

It is not the purpose to undertake an in-depth and detailed investigation of the situation – so it will do suffice to provide a more impressionistic picture for which we refer to a lengthy quote from the *Pre Budget Submission 2012* to Department of Social Protection, elaborated by the Irish National Organisation of the Unemployed (INOUE) – it clearly shows both the actual social meaning and the social differentiation of concern.

Listening to a lot of the debate around unemployment it would be easy to believe that it is affecting young people only. This is not the case: the age group that has been hit the hardest has been those aged 25-34, followed by those aged 35-44. These are also the groups struggling with bigger personal debt burdens. These two age groups account for nearly 60% of those unemployed. However, the unemployment rate for those aged under 25 and in particular those aged between 15-19 is particularly high. The latter group includes early school leavers, a group whose unemployment rate invariably runs at two-three times the national average. Duration of unemployment and discrimination are particular issues for older unemployed people: it is alarming to hear unemployed people in their early forties say they believe they will not get a job again because they are perceived as being too old. On the 14th July the CSO published a special Quarterly National Household Survey report on equality based on Q4 2010. In that report they noted that the second highest rates of discrimination were reported by unemployed people (22%) yet unemployment per se is not covered by the Equality legislation as there is no socio-economic or social origin ground. Other

unemployed people are told they are over qualified and are advised to dumb down their CVs yet there is an implicit assumption in the policy responses to-date that when employment growth returns this group should find work more easily. Will they? Employment growth on the scale required to give unemployed people real hope is a long way off: and will people existing skills still be relevant? Even now with so little employment Ireland is facing the challenge of a skills mis-match with a lack of potential workers to fill some of the 'smart' jobs Ireland has been so anxious to create.

(INOUE, 2011: Pre Budget Submission 2012 to Department of Social Protection; 2011; http://www.inou.ie/download/pdf/inou_2012_pre_budget_submission_to_dept_of_social_protection.pdf - 10/09/2011 12:27 p.m.)

This only underlines a trend that is subtly characterising the development already for some time – the increase of substandard employment: part-time employment, short-term contracts, low-paid jobs and the like are characterising increasingly the development – for instance also reflected in the latest National Employment Survey from which we pick one particularly telling aspect, namely the push of female workforce to the fore and to the margin: although we find more women in employment it only means an increase at the lower end of the scale. The statistical office states:

Looking at this distribution by gender shows us that males are more significantly represented in higher earnings brackets than females. Specifically at the higher end of the range more than one in five males (22%) earned more than €30 per hour compared with 16% of females. At the lower end 12% of females earned less than €10 per hour, compared with 8% of males. A more detailed view of the distribution, as shown in figure 3, highlights these differences even more clearly, whereby females are particularly more heavily represented in the €10 to €20 an hour range, while once the earnings levels pass €20 an hour males are more heavily represented at all levels. While at any given level this difference is

relatively low, the cumulative effect is quite high giving us the 12.8% unadjusted gender pay gap.

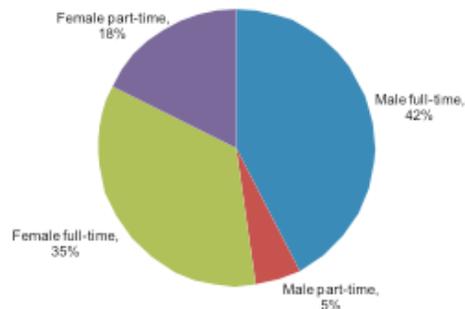
(Central Statistics Office, 2011: National Employment Survey 2008 and 2009, Dublin/Cork: CSO: 11; http://www.cso.ie/releasespublications/documents/earnings/2009/nes_200809.pdf- 11/09/2011 6:10 p.m.)

This expounds the table on the previous page of the report which is in the following reproduced.

(*ibid.*: 10)

Table 6: Distribution of employees (%)¹ by hourly earnings band and mean and median hourly earnings classified by sex, October 2009

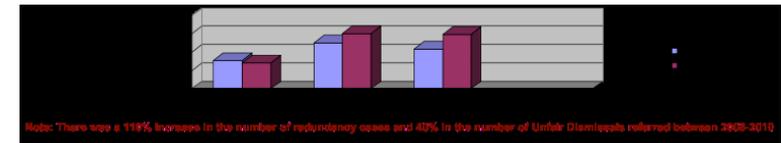
And the general trend is further underscored when we have a look at the composition of the workforce:



(*ibid.*: 12)

Figure 7: Composition of the workforce (employees only) by sex and employment status, October 2009

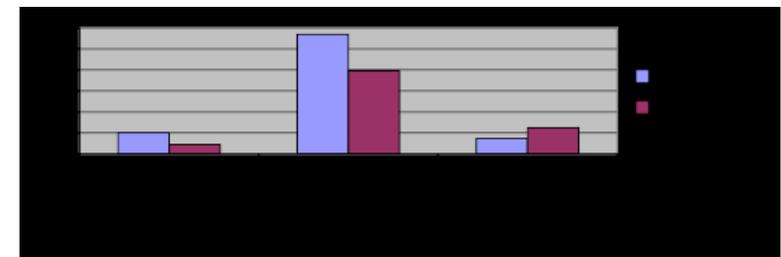
Cases brought to the appeals committee are another indicator, providing some insight in the current situation and the development of the recent period. Though detailed analysis remains pending for the moment, it is of course interesting that the number of cases the Employment Appeals Tribunal dealt with increased with the crisis dramatically although there had been a slight turn again from 2009 to 2010 - the following graph pictures the development.



(*Employment Appeals Tribunal [without date]: Annual Report 2010; http://www.eatribunal.ie/en/annual_reports.aspx - 14/09/2011 9:15 a.m.: 36*)

Figure 8: Claims for Unfair Dismissal and Redundancy referred to the Tribunal in 2008, 2009 and 2010

Interestingly, the representations for unfair dismissals cases did not come mainly from the employee's side but also from the employer's side:



(*from Employment Appeals Tribunal [without date]: Annual Report 2010; http://www.eatribunal.ie/en/annual_reports.aspx - 14/09/2011 9:15 a.m.: 15*)

Figure 9: Representation under the Unfair Dismissal Acts in 2010

Another issue that deserves mentioning though usually not falling under the heading Employment and Social Policy is the development of insolvencies.

Finally though surely not least: some important insight can be taken from the *Report from the UN independent expert on human rights*, Magdalena Sepúlveda Carmona. To be added

Infrastructure and Public Services⁹

It is in this area where we may easily begin with an issue that I see as one of the corner stones of the entire neo-liberalism and austerity-debate:

- (i) privatisation of
- (ii) hugely profitable state assets,
- (iii) economically not belonging to the productive sector in the strict and narrow sense and
- (iv) aiming on reinstalling and maintaining the profitability of a hugely 'social sector', i.e. a section of the organic whole of production that is not producing but which has the role of 'making production' possible by securing the links of the different individual units.

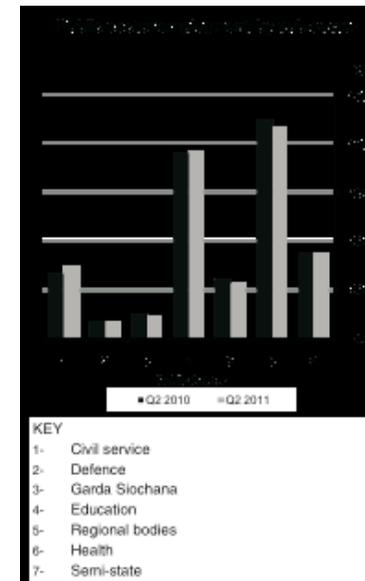
Briefly explaining the latter we can say that capitalist economy means production of commodities by individual entities that is socially knitted together by the instrument of the market. In other words: the market is the 'social means' that brings individual production together. Being originally a matter of direct interaction on the 'physical market' where direct exchange took place between individuals, complex economies and in particular complex global economies depend on instances that socio-economically mediate the interactions of individuals.

Previously public owned enterprises had been privatised – already to such an extent that there is not much movement anymore since 2006. This does not mean that at that stage already everything had been privatised – even today we still find large publicly owned assets and indeed, the *Government Program* states that it 'will target up to € 2 billion in sales of non-strategic state assets' (*Department of the Taoiseach, 2011: Programme for Government: 14; [⁹ See also the section below on Income, Consumption](http://www.taoiseach.gov.ie/eng/Publications/Publications_2011/Programme_fo</i></p></div><div data-bbox=)*

r_Government_2011.pdf - 12/09/2011 7:30 p.m.). And with this government apparently tries to do in a macabre way everything that at least part of what it states becomes true, that we 'now face one of the darkest hours in the history of our independent state.' Such renewed privatisation debates are especially worrying if, as in the case of the currently discussed sale of ESB stakes, a core area is concerned: strategic as a 'service of general interest', strategic in terms of the being central part of the entire national infrastructure and strategic in terms of being profitable. As stated by Mary Lou McDonald

'The ESB is self-financing, has paid € 1.2 billion in dividends over the last nine years and contributed € 2.2 billion to the Irish economy through purchases from Irish suppliers, taxes, rates, wages and dividends in 2010.

(Sinn Féin, 2011 [September 8th]: McDonald opposes sale of ESB stake; <http://www.sinnfein.ie/print/21447 - 08/09/2011 17:47>)



(Central Statistics Office, 2011: Earnings and Labour Costs Q1 2011 - Q2 2011 [Preliminary Estimates]; Dublin/Cork: CSO: 3;

<http://www.cso.ie/releasespublications/documents/earnings/current/earnlabcosts.pdf> - 09/09/2011 2:41 p.m.)

It is worth to mention that lack of infrastructure is also an ongoing issue for managers when asked about investment decisions (see Condon, Frank/O'Toole, Ronnie, 2009: *Survey of MNCs in Ireland 2009. Results of the Annual Competitiveness Survey*; Dublin: Irish Management Institute: 16).

And the answer that had been given over the last years is especially now an answer that may still be satisfying for the corporate sector but that is increasingly problematic for the population: we find huge investments over the recent years, not least financed by an ingenious utilisation of European funds in public infrastructure. And without any doubt there had been urgent need for strict investment. At stake had been – and still are in many areas – basic facilities in sectors as transport, environmental protection and maintenance, energy and others. And it is important to acknowledge that part of it would probably not have been undertaken without external moneys being available and political requirements in particular from the EU. Some major issues, however, remain – five will be mentioned: (i) many of these investments had been centrally geared to the needs of industrial development rather to the needs of the 'general interest';¹⁰ (ii) it means also that some of the investment had been based on available money flows rather than being part of a strategic development; (iii) the investment of some projects had been linked to criminal methods, next to human trafficking: for instance road works completely undertaken by foreign enterprises under substandard conditions (working conditions, pay);¹¹ (iv) most important in the present context is the fact that many infrastructure projects had

¹⁰ For instance, Ireland has a dense network of roads, improved the quality over the last years but is slow in taking up in the improvement of public transport.

¹¹ On the sad fame from the GAMA-scandal WIKIPEDIA informs:

GAMA came to public prominence in Ireland when their subsidiary GAMA Construction Ireland were exposed for paying Turkish workers in the Republic of Ireland €2.20 per hour and working illegal overtime. GAMA were given money for the full wages of workers as part of State contracts (€12.96 an hour), but paid only €2.20 (17%) to their workers, leaving the remainder in Dutch bank accounts which GAMA had access to. GAMA were exposed by Socialist Party elected representatives Mick Murphy and Joe Higgins in the spring of 2005. After a successful strike by its workers there was a settlement. GAMA paid workers all their regular pay at full rates and came to a negotiated settlement on the overtime.
(GEMA Endustri; http://en.wikipedia.org/wiki/GAMA_Endustri - 13/09/2011 4:56 a.m.; cf. High Court, 2005: *Gama Endustri Tesisleri Imalat Montag A.S v Minister for Enterprise Trade and Employment & Anor*; 2005] IEHC 210; <http://www.courts.ie/Judgments.nsf/597645521f07ac9a80256ef30048ca52/c9785c18f0b43e5f802570c4003dea4f?OpenDocument> - 13/09/2011 4:59 a.m.)

been undertaken as PPPs, which are basically instruments of ex-ante socialising costs and privatising gains – the toll roads are an outstanding example. Other important issues are the establishment of waste collection and disposal, the rollout of public water supply systems etc., urgently needed but questionable in terms of the terms under which they are established. Finally (v), with regard to quality of the change process itself it is not unlikely that we experience a confirmation of what Michael Hennigan titles: *Irish Public Service Agreement 2010-2014: It could work or may not; 'It's déjà vu all over again'* (Hennigan, Michael, 2010 [March 31st; 3:41:09 AM]: *Irish Public Service Agreement 2010-2014: It could work or may not; 'It's déjà vu all over again'*; in: *Finfacts. Ireland's Business & Finance Portal*; http://www.finfacts.ie/irishfinancenews/article_1019361.shtml - 13/09/2011 5:14 p.m.).

Income, Consumption – and an Outlook on Working and Living Conditions

There are two approaches towards talking about labour income – and both are important. The one discusses the income and productivity and production; the other deals with income and consumption. There are in both cases important theoretical issues to be considered.

End of February 2008, Sally Anne Kinahan pointed under the heading *The Social Recession* in a press release from ICTU, the Irish Congress of Trade Unions, out that

over the last decade, in particular, we have created thousands of poorly-paid, insecure and low grade jobs. The 2006 CSO National Employment Survey (published Dec. '07) reveals that over 350,000 people earn less than €10 an hour and almost one million earn between €10 and €20 per hour. The median is €15.39 per hour, which means that half of all workers are earning less than this figure. And, of course, the pressure felt by people is intensified by this country's high cost-of-living.

(Kinahan, Sally Anne, 2008 [February 28th]: *The Social Recession*; Dublin: ICTU; <http://www.ictu.ie/press/2008/02/28/the-social-recession/> - 09/09/2011 1:59 p.m.)

Unfortunately, CSO did not undertake a later survey of this kind. The available data on income do not show major changes though a recent CSO-report surely highlights issues that should not be underestimated:

* Across the economic sectors average hourly earnings fell in 6 of the 13 sectors with the largest decreases in the Arts, entertainment, recreation and other service activities (-7.4%), Professional, scientific and technical (-6.6%) and Construction (-6.3%) sectors. See table 1 and graph opposite.

* Average hourly earnings in the in the private sector fell from €19.43 per hour in Q2 2010 to €19.33 per hour in Q2 2011 (-0.5%). In contrast public sector average hourly earnings increased by 0.6% from €28.72 to €28.90 per hour for the same quarters. Over a two year period average hourly earnings in the public sector fell by 3.9% compared with a marginal increase of 0.1% in the private sector.

* An annual reduction of 2.1% was recorded in average hourly earnings for enterprises with less than 50 employees in Q2 2011, while the larger size groups showed little change over the same period.

(Central Statistics Office, 2011: *Earnings and Labour Costs Q1 2011 - Q2 2011 [Preliminary Estimates]*; Dublin/Cork: CSO: 1;

<http://www.cso.ie/releasespublications/documents/earnings/current/earnlabcosts.pdf> - 09/09/2011 2:41 p.m.)

Concrete figures are shown in the following, not least highlighting the difference between private and public employment.

	Private Sector	Public Sector*
Q2-2009	618.08	946.09
Q3-2009	609.61	945.50
Q4-2009	631.31	965.84
Q1-2010	613.86	881.80
Q2-2010	619.16	908.08
Q3-2010	605.16	911.70
Q4-2010	628.40	910.80
Q1-2011	607.22	872.85
Q2-2011	611.88	901.07

Preliminary Estimates

* Includes Census 2011 temporary field staff.

(*ibid.*: 7)

Table 7: Average Weekly Earnings by Public and Private Sector – per Quarter

In any case, these general statements need to be by the following factors:

1) It is meaningful to mention in this context that the 'paid hours per week fall 0.9 % annually' (Central Statistics Office, 2011: *Earnings and Labour Costs Q1 2011 - Q2 2011 [Preliminary Estimates]*; Dublin/Cork: CSO: 2; <http://www.cso.ie/releasespublications/documents/earnings/current/earnlabcosts.pdf> - 09/09/2011 2:41 p.m.) – seemingly not much but in effect for some surely meaningful when it comes to include this into the total income if the latter is calculated on the basis of hourly income.

2) Migration is an issue that is for Ireland probably more characterising than for many other countries. And speaking of characterising means to look at the variety of its meaning. It part of the 'open economy': an open economy that is internally not sufficiently flexible and open nor sufficiently stable in terms of its

own economic identity and independence so that it depended in various different ways on such a buffer as migration.

And against this background, emigration is for Irish people not solely due to economic reasons, namely unemployment (*see Stanage, Niall, 2011 [January 8th]: Emigration: The Next Generation; in: Irish Times.com; <http://www.irishtimes.com/newspaper/weekend/2011/0108/1224287020723.html> - 10/09/2011 7:19 a.m.*). It is a factor that importantly characterises the social mindset of an island-people: on a social latitude striving between being part of the world and even belonging to its very centre versus parochialism, on a social longitude between being rooted in stable social (communitarian) relationships versus flexible adaptation to material conditions.

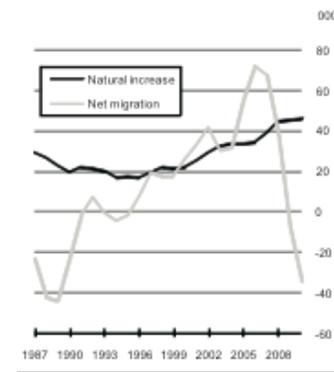
While exact meaningful figures and analysis for migration flows as multidimensional matter cannot yet be found, the most recent figures – the reference is April 2010 – show a rather dramatic picture.

Emigration from Ireland in the twelve months to April 2010 is estimated to have remained broadly constant at 65,300 while the number of immigrants into Ireland fell sharply, from 57,300 to 30,800 over the same period. These combined changes have resulted in an increase in net outward migration from 7,800 in April 2009 to 34,500 in April 2010. This is the highest level of net outward migration since 1989.

While the level of overall emigration remained constant, emigration among Irish nationals increased significantly in the year, from 18,400 in April 2009 to 27,700 this year; over the same period emigration of non-Irish nationals fell from 46,800 in April 2009 to 37,600 in April 2010. Nationals of the EU12 States accounted for the bulk of this decline.

(CSO, 2020 [September]: Population and Migration Estimates April 2010; <http://www.cso.ie/releasespublications/documents/population/current/popmig.pdf> - 10/09/2011 9:32 a.m.)

The following figure illustrates this.



(CSO, 2020 [September]: Population and Migration Estimates April 2010; <http://www.cso.ie/releasespublications/documents/population/current/popmig.pdf> - 10/09/2011 9:32 a.m.)

Figure 10: Components of Population Growth

Whatever the analysis of more different figures will finally show, the social dimension behind it appears to be clear:

But a lack of jobs, particularly for the younger generation, is causing many people who don't want to emigrate to leave their families in search of a new start.

'Most people we deal with don't want to emigrate but simply have no options,' says Joe O'Brien, policy officer at Crosscare Migrant Project, which offers advice at its drop-in centre. 'We deal with a lot of emotional calls and e-mails from people leaving their families . . . It isn't right that people are forced to emigrate to find a decent standard of living.'

(Stanage, Niall, 2011 [January 8th]: Emigration: The Next Generation; in: Irish Times.com; <http://www.irishtimes.com/newspaper/weekend/2011/0108/1224287020723.html> - 10/09/2011 7:19 a.m.)

And on an anecdotal level the political cynicism is shown when a university makes it possible for an English recruitment agency to utilise their mailing list to announce a recruitment meeting:

Usual apologies to those not interested but you may have young people who need help to get some kind of employment.

Job opportunities in London!

Calibre International is now recruiting in Cork.

(e-mail sent via UCC-allexchange-users - Sent: Wed 8/17/2011

10:18 AM)

Being here geared towards the young, there is some special irony in it also and perhaps especially for the older cohort: at an early stage of the crisis the president of the same university mentioned in a speech to the 'university community' that an early retirement scheme would soon be established. A closer look, due to a question from the audience, made clear that in practical terms such scheme would be only available those who have other means to make a living from – the actually pension would be under these conditions even for somebody with a reasonable income too low.

3) A reduction can be found in several areas (*see already the earlier section Infrastructure and Public Services, page 51 ff.*).

Especially worrying is the subtle alteration that is entailed. For instance we find according to CSO that '[t]he largest decreases in public sector employment in the year to Q2 2011 were seen in the Regional bodies (-5.0%) and Health (-3.7%) sub-sectors.' (*Central Statistics Office, 2011: Earnings and Labour Costs Q1 2011 - Q2 2011 [Preliminary Estimates]; Dublin/Cork: CSO: 3; <http://www.cso.ie/releasespublications/documents/earnings/current/earnlabcost.s.pdf> - 09/09/2011 2:41 p.m.*). This is likely to mean that private households are now urged to compensate from private money for withheld or withdrawn public or exchequer-financed health services. Important is to note the difficulty of properly interpreting the data as they can only be read in conjunction with other data (development of employment etc.). The reason for mentioning this at this point is that by simply looking at the figures certain contradictions cannot be easily explained: in the previous subsection information on public sector employment by sub-sector had been provided – and there we see for the

education actually an increase. However, this does not make any sense if we contrast this the following issue arising in reality for schools:

The Department of Education is implementing a cap of 10,575 on the number of SNAs. As the number of full-time SNA posts stood at 10,802 for the 2010/2011 school year this has resulted in the loss of 227 posts. As well as this, Resource Teachers for Travellers have been withdrawn (approximately 600 posts), as have 125 Language Support teachers, 47 rural co-ordinator teaching posts for DEIS schools, and 42 Visting Teachers for Travellers posts. Changes to school transport including increased costs and the possible removal of certain routes have also been introduced.

(Spillane, Alison, 2011 [September 7th]: 'Cruel' cutbacks will cost more in the long-term; in: Irish Politics, Current Affairs and Magazine Archive - Politico.ie; <http://politico.ie/social-issues/7871-cruel-cutbacks-will-cost-more-in-long-term.pdf> - 09/09/2011 4:23 p.m. [typos in original])

Looking at the different reports – the systematic analysis and anecdotal testimonies – and also the statistical data there are many inconsistencies. And there are likely different explanations for this. One that most likely is underrated has to be seen in the fact that we are in many areas, like the one mentioned before, dealing with policy patterns that had been typical for the country's system since a long time: the piecemeal approach in many policy areas, being dependent on special programs, undertaken within the framework of projects, depending on special funds – but barely being part of a strategic and systematic and financially sustainable policy framework. – This, of course, makes it also extremely difficult to keep track with the actual and factual development. Much of the development itself seems to be anecdotal – and when it is frequently said that story-telling is one of the great traditions in the country it appears that this is now celebrated as principle of policy-making.

A further and important issue is that the development of income has to be seen in context with the development of prices as matter of inflation, but not less important is an indirect matter that is usually – and rightly so – not considered in the context of austerity policies. Since some time now, Ireland is undergoing a

change that concerns various dimensions moments: the introduction of technology in the area of environmental protection (in the widest sense), a remarkable change of attitudes and behaviour, the pressure coming not least from EU-bodies and the availability of money. In short, this means a change of public policies by way of various measures to finally establish a system of services and provisions of general interest. However, having written 'in short' means there is a long version to it – and this long version is the actually remarkable. In other countries we find nationally and as matter of EU-policies since the mid-1990s the debate on services of general interest and public services. That debate had been very much about securing public responsibility, a strong case having been made by the left, but also by 'service providers' of different kind for public ownership and public delivery. In Ireland the situation had been rather different. Rather than defending public ownership, two strands came up in an interweaving way:

(1) the need of setting up some kind of modern public system from the scratch – and *some kind of modern public system* has to be read against the background that for instance private wells had been quite common, waste collection had been organised in several ways on an entirely private basis (not even by 'proper private enterprises') and the like.

(2) the possibility of instrumentalising the privatist mentality and combining this with the governments attitude of not-taking-responsibility. Availability of money has to be seen as matter of mobilising resources from private households, and public responsibility had been limited to accept some regulatory duties.

The health sector is another area of importance – actually at such a disastrous state that one may hesitate to include a short note only. The Report '*Implementing Social Health Insurance in Ireland*' highlights four items of urgency, namely the underdeveloped primary care, the crisis of governance of acute hospitals, the area of long-term care for older people and the failing information systems and management processes (see *Stains, Adam (ed.), 2011: Implementing Social Health Insurance in Ireland. Report of a meeting and workshop Dec 6th 2010; Dublin: School of Nursing, Dublin City University*), adding

We have not considered other key sectors, for example mental health, disability services, and social services. This does not mean

that these are unimportant, merely that we had limited time, and a great deal to cover.

(ibid.)

Actually, 'uncovered' could be a headline for this sector in general:

* Politicians refrain from seriously take up the issue: Although the problems are known for a long time and actually frequently publicly issued with scandalous incidents coming to the fore, we see only in very recent times some debates that ventilate a more stringent approach. One of the problems is that issues of the level and quality of provision are discussed without considerations of the system of financing. Rather, financing is dealt with in short term orientations and ad-hoc spending and withholding.

* Potential users or patients are lacking coverage of sufficient security. To be extended

* The system itself is not in a position to sufficiently take up the challenge – and this is without any doubt an area where we find in the current 'austerity-framework', if we want to use the term, massive restrictions. To be extended

* Finally we may return to point one: politicians actually act. And they act even not only by giving promises but by real and increasing action – saying increasing action uses the term somewhat sarcastically as what we find in fact reminds us of what we could see over long time (and still can see) in the area of road-works: filling potholes rather than properly refurbishing the system.

And of course, although one has to be careful with drawing immediate links, it makes some sense to direct from here attention to a statement by ICTU, saying that *Growing Workplace Pressures Increase Risk of Suicide (ICTU, 2011 [September 9th]: Press Release: Growing Workplace Pressures Increase Risk of Suicide; <http://www.ictu.ie/press/2011/09/09/growing-workplace-pressures-increase-risk-of-suicide/> - 13/09/2011 5:53 a.m.)*.

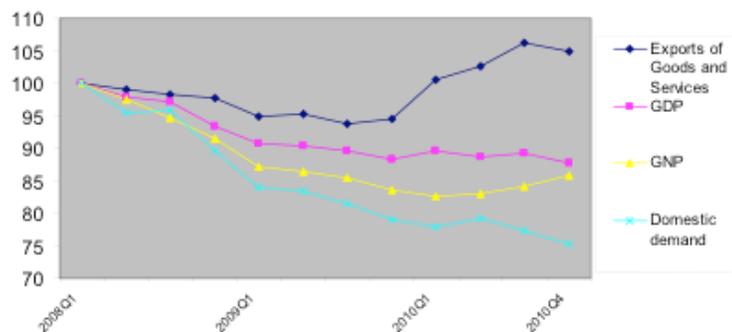
In a presentation to the Office for Debt Resolution we read

Many people hide their debts from friends and family or sometimes even themselves (by not opening statements). The real effects on people's physical and mental health and on family relationships is becoming evident. More people are suffering depression, there are higher numbers at risk of suicide. Womens'

Aid has reported increased rates of domestic abuse and marital breakdown. These represent real costs to a society and economy and should be taken into account. 'All of us are being conditioned to accept a collective guilt over the economic problems and to ignore the human cost to families and individuals' Mairead Bushnell, President of Society St Vincent De Paul.

(ICTU, 2010 [May 18th]: Office for Debt Resolution - A NAMA for the Working People. Presentation to Expert Group on Mortgage Arrears & Personal Debt; <http://www.ictu.ie/publications/fullist/office-for-debt-resolution/> - 13/09/2011 6:01 a.m.)¹²

Looking then more directly at consumption in the narrow sense, we may usefully start with a macro-economic perspective, namely a compilation of selected measures of economic growth.



Source: Irish Times from CSO data

(ICTU, 2011: Austerity is Not Working. Dublin, April 11, 2011. Briefing not for Congress meeting with IMF/ECB/EU. Dublin: 1; http://www.ictu.ie/download/pdf/briefing_notes_for_imf_ecb_eu.pdf - 09/09/2011 7:57 p.m.)

Figure 11: Selected Measures of Economic Growth

Importantly we see that – as we could expect – a major problem is the lack of domestic demand. This underlines another time the fact that FDI is not just a

¹² also of interest is in this context that the perception of inequality, disadvantage, bullying etc. is increasing

matter of capital being invested in another country, in this case in Ireland. Rather, the not less important issues are: (1) the fact that the 'host country' may be used only as hub, as place that allows transfer pricing rather than productive activity (*see page 13*); (2) the lack of interest in investing in developing a genuine domestic industry.

As far as we can consider the previous level of consumption as relatively high we may think back at what had been said earlier: the backlog in private consumption, including the setup of new households – re-immigrants and immigrants and the artificial housing boom. One reason for saying that it had been an artificial boom is simply that it was based to a large extent on easily available loans. A further point in question is the investive consumption coming from the public sector. Here is as well a somewhat problematic side to it: much had been not genuine domestic investment but 'casual investment' made possible by available EU-funding. – To be sure, there is in principle nothing wrong with such externally funded projects. A serious problem however arises under the condition that no serious measures are taken to anchor such investment in a sound way in a strategic plan of developing the national economy itself. Not pleading for perfecting the implementation of capitalism, the fact cannot be disregarded that at the end the cycles of investment have to be made in such a way that they can sustain themselves. – At this point we see in actual fact also a part of the money which is now reclaimed by the banks from Germany and other countries – and for which they have to pay at the same time via the 'virtual Eurobond' (*see Gysi, Gregor, 2011: 'Diktatur des Finanzmarktes'. Zu Haushalt & Finanzkrise, im Bundestag, 07.09.11: about minute 12; http://youtu.be/sRJ_6nI4VQ8 - 10/09/2011 6:24 a.m.*).

Private debt and private savings require a differentiated assessment. To be elaborated

Public Service Reform

One issue that deserves attention in the current context – although it could well be placed elsewhere, as matter of welfare reform – has to do with the fact that public service reforms are without any doubt a crucial necessity. At least in some areas we find excessive bureaucracy, a wide array of rules to be applied, delaying

processes – and possibly also opening loopholes. Thus, a general statement aiming on changes in various areas is quite legitimate.

However, we should not forget two important points:

1) Looking at the *Doing Business* data from the World Bank which had been mentioned earlier (*see page 31 f.*) we see areas which are actually not at all burdened by over-regulation – according to the Irish country report, the administrative ease of doing business when it comes to setting up an enterprise, including the low costs for bureaucracy are one point that are speaking in favour of settling in the island. The actual burden is, as a very common pattern, at the lower end.

2) Thus, reducing and redeployment may well be important not least in the light of the government's promise to maintain quality. However, at this stage it is by no means clarified or even discussed to do so under the aegis of maintaining professionalism. Professionalism would be a matter of concern for the social challenges of the people concerned (in need of welfare payments etc.) but also a matter of accessibility, data protection and the like. The following taking from the Oireachtas speech by John Kelly in June 2011, is at least worrying:

Senator Moloney referred to the transfer of community welfare officers. The system is in crisis because the Department has asked community welfare officers, the most loyal and hardworking employees in the public service, to transfer to a Department about which they know very little. Moreover, they do not know what is in store for them in future. The Minister should meet a delegation of community welfare officers to discuss their future because they are not being kept informed by the Department.

(Oireachtas: Social Welfare and Pensions Bill 2011: Second Stage. Speech given to the House of the Oireachtas by Senator John Kelly. Thursday, 23 June 2011; Seanad Éireann Debate Vol. 208 No. 12. Unrevised;

<http://debates.oireachtas.ie/seanad/2011/06/23/00005.asp> - 07/09/2011 7:28 a.m.)

And perhaps even more worrying is that we find the same Senator saying

[ff]raud in social welfare is rife. Senator Moloney mentioned photo ID, which is a great idea but I do not know why we do not consider fingerprinting all of the citizens of the country. Any law-abiding citizen would be quite willing to be fingerprinted with regard to claiming social welfare. If a person is law-abiding there will be no issue with this. We should consider it.

(ibid.)

This brings us back (*see section Income, Consumption – and an Outlook on Working and Living Conditions, page 54 ff*) – and now forth – to an issue that had been already mentioned in general terms: the matter of political organisation which will be taken up below with regard to employment – taking it in a wider understanding as matter of labour relations (*section Political Organisation and Labour Relations, page 68 ff*).

The following item cannot be unequivocally attributed – at least it would be equally appropriate to see it as a matter under the heading Budgetary Policies (*see page 36 ff*) or the chapter on Politics – Rhetoric and Reality (*see page 35 ff*): The question of centralising and streamlining the administrative and policy mechanisms. Against the background of earlier remarks on the political tradition and culture in Ireland, a characterising feature of the political system has been for a long time its widely fragmented character. Although the Irish political and also socio-cultural system is highly centralised ('all trains run via Dublin' – and already a city like Cork being the second largest city¹³) on the one hand, the political system allowed that a shadow system emerging in form of vast numbers of organisations with various character: as think tanks, advocacy groups, with consulting status, organised within the government or with a semi-independent status. It is not the place to go into detailed analysis but at least it has to be remarked that many of these organisations disappeared – more or less silently

¹³

Dublin	1,045,769
Cork	190,384
Limerick	90,757
Galway	72,729
Waterford	49,213

Based on CSO-data from: http://en.wikipedia.org/wiki/List_of_towns_in_the_Republic_of_Ireland_by_population - 10/09/2011 2:59 p.m.

and in most of the cases this disappearance meant that they practically had been merged with other existing units or emerged with others as new entities. It is surely difficult to properly assess this process – the silence meant in several cases actually that their disappearance actually had not been even recognised, though surely not for the reason of having done such a great job that the reason which at first instance led to their establishment would have been overcome. Surely different scenarios apply, and one reason is that the restructuration actually did not make a real difference in terms of the work undertaken. Previously independent bodies like the Combat Poverty Agency had been dissolved and directly subordinated under the aegis of the department. And as much as one has to appreciate part of the work performed by the CPA one should never overlook that this institution actually only existed because of a preceding organisation (*the National Committee on Pilot Schemes to Combat Poverty*) did not accept sufficiently the directions called for by the Department – consequently the National Committee had been dissolved in and succeeded by the CPA which then had been legally based on the combat Poverty Agency (1986) (*see Herrmann, Peter, 2009: Die Europäische Union als Programmgesellschaft. Das Europäische Gesellschaftsmodell, die Sozialpolitik und der Dritte Sektor; Bremen: Europäischer Hochschulverlag: 101 f.; Herrmann, Peter [without date]: Tíogar Ceilteach - An Enlargement Country of the 70s as Showcase? [William Thompson Working Papers, 7]: 37 f.; <http://www.ucc.ie/en/socialpolicy/WilliamThompsonWorkingPapers/DocumentFile-37827-en.pdf> - 08/09/2011 7:49 a.m.).* In this context we could also look at the urgently needed changes at the former FÁS, which is now working without major changes under the name SOLAS. And we can turn our attention to the National Economic and Social Development Office (NESDO) which

recently underwent significant organisational restructuring, whereby two of the bodies operating under its aegis, namely NESF and NCPP, were dissolved with effect from 1 April 2010. NESDO continues to provide administration and support services for the NESF. It submits to Government all reports, recommendations and conclusions arising from any projects carried out by the NESF, and arranges for the publication of reports.

(National Economic & Social Council, without date: NESDO; <http://www.nesc.ie/en/our-organisation/nesdo/> - 10/09/2011 6:12 p.m.)

NCCP, the (National Centre for Partnership and Performance), is equally part of this process, concrete the development is the following:

In January 2007, the NCPP was placed on a statutory footing as part of the National Economic & Social Development Office (NESDO), together with the National Economic & Social Council (NESF) and the National Economic and Social Forum (NESF). Subsequently, the NCPP was dissolved in April 2010.

(National Economic & Social Council, without date: NCCP; <http://www.nesc.ie/en/our-organisation/nesdo/ncpp/> - 10/09/2011 6:12 p.m.)

One can and has surely and seriously to discuss these developments. There are several good reasons for a restructuration. However, the question remains ‘Why now?’ And why does it go hand in hand with a rather strict and far-reaching overhaul of funding of third-sector organisations? One reason is surely that these agencies meant an enormous burden for the exchequer.

Suggesting that all this is part of an austerity strategy can easily distract the attention from a shift that is far more fundamental, further reaching that a simple, though massive distribution. Instead it seems to be obvious that we are facing a dialectical juncture – later this will be further explored. Tentatively the argument can be outlined by pointing on accumulation by dispossession (Harvey), the limits of centralisation, the re-integration of consumption into the ‘organic whole of production’ (Marx), pushing to such an extent towards a new mode of production that we have possibly to speak of a formational change.

As said earlier, the lack of a clear governance structure is also very much an issue that causes huge deficiencies in quantitative and qualitative terms.

Political Organisation and Labour Relations

It is not the place to lament another time about the general difficulties of political organisation – this had been already done before and what had been said is in general more or less undisputed.

More or less undisputed is also that the Irish political scene is probably more than any other split – and here it is not about the split between political orientations let alone the class conflict. It is more about the huge importance of the voluntary and community sector.

In the meantime, this sector is also recognised (with some qualifications) as part of the ‘tripartite’ system – so that at least part of the entire system is actually a ‘quartopite system’.

‘Part of’ means that looking at the entire Irish system of labour relations we are facing a rather complex and fragmented picture. This is not least due to the fact that the traditional structures – still in place not least as matter of an underlying political culture – are since about the middle of the 1980s incrementally changed. This is a development that has surely two sides. A nearly pre-modern system of paternalist, clientelist relations had been moved towards a ‘modern European standard’ of regulated positions and proceedings.

The industrial relations system has changed quite significantly over the past 20 years or so, with some industrial relations commentators referring to a gradual erosion of voluntarism and growing legalisation of the employment relationship – particularly the growth of individual rights-based employment law resulting from both domestic law and European labour law.

(Dobbins, Tony. European Industrial Relations Observatory (EIRO), (2009): Ireland: Industrial relations profile; Dublin: European Foundation for the Improvement of Living and Working Conditions: 2 f.; <http://www.eurofound.europa.eu/eiro/country/ireland.pdf> - 08/09/2011 12:43 p.m.)

Of course, acknowledging the positive fact of leaving the medieval structures behind, these developments mean at the very same time the establishment of individualism on a new and firmer level.

This is factually underscored by the persisting complexity of the system in place – this is mentioned in the introduction to a consultation paper, also mentioning

[t]he challenge in streamlining the existing mechanisms will be to establish a simpler structure while building upon the recognised strengths of the first instance functions currently performed by the Labour Relations Commission, Rights Commissioners, NERA, the Equality Tribunal and the Employment Appeals Tribunal. Similarly the centralisation of all functions of an appellate or interpretative character in a single upper tier body will represent a significant improvement by bringing together within the same body the different functions currently discharged by the Labour Court and the Employment Appeals Tribunal. The purpose of this consultation is to seek the views of all stakeholders on how change can be achieved while ensuring that the best practice of the existing employment dispute resolution mechanisms is maintained and mainstreamed within the new integrated two-tier structure.

(Bruton, Richard, 2011 [15 August]: Introduction by the Minister for Jobs, Enterprise and Innovation. Consultation on the Reform of the State’s Employment Rights and Industrial Relations Structures and Procedures; <http://www.djei.ie/publications/employment/2011/ReformConsultationPaper.pdf> - 07/09/2011 5:10 p.m.)

Two features are in the current situation of special interest:

* The ‘partnership agreement’ – one may say after they had been initially a somewhat positive means of securing at least to some extent a ‘fair distribution’,¹⁵ they emerged increasingly to pactum de non petendo. The last agreement lays down the following key points. to be completed
Actually the thesis of the partnership agreement being a pactum de non petendo is supported by a look at the real matters of unemployment and the working conditions as they had been presented earlier (*see the section Income, Consumption – and an Outlook on Working and Living Conditions, pages 54 ff.*).

* All this has to be seen against the background of relatively low density of unionisation although ICTU claims – one of the highest rates in Europe.

¹⁵ Of course a highly problematic term

To be extended

It can only be assumed that the fact that '[w]orkplace trade unionism is based on voluntarism, although certain rules regulating union activities are codified by law' is not favouring a strong representation.

Also the bargaining mechanisms in place are showing the problematic. On the one hand we find since 1987 a rather centralised system (see Dobbins, *op.cit.*: 5). However, this allows for many exemptions – showing the parallel work of the 'traditional' and the 'modern' system. Two examples may do suffice.

∞ Although the bargaining system may be centralised it is important to note that

[w]hile wages are set at national level, collective bargaining may also occur 'around this' at company level – for instance, in relation to productivity, restructuring or new work practice agreements (national wage agreements prohibit 'cost-increasing' pay claims).

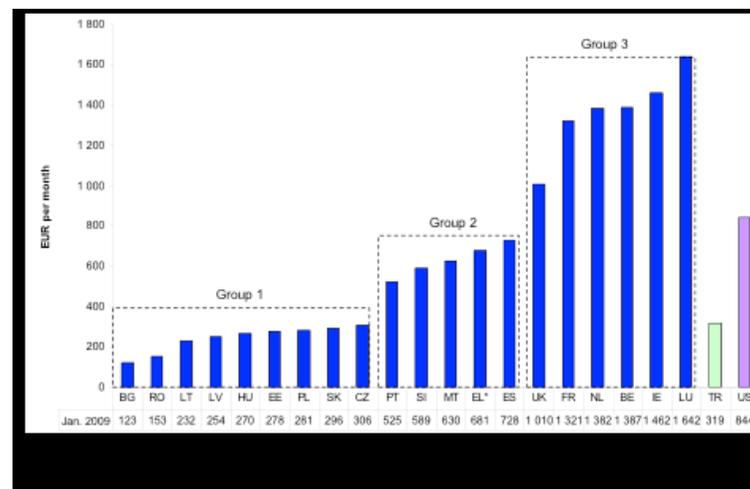
(Dobbins, op.cit.: 5)

Although the coverage of collective bargaining stands by 44% and exceeds the unionisation, it is still rather limited. Taking this limitation together with the before mentioned occasional and potential circumvention of central agreements it is getting obvious that the structural foundation of real power to secure workers interests is rather limited.

It is important to note that previous notions of an extension of the rights-based approach can currently not taken for granted (see below).

∞ Minimum wage

Actually still different to some other EU-countries, Ireland has a minimum wage and with this it is according to data from Eurostat at the upper end:



(Eurostat, 2009: Minimum Wages in January 2009 http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-09-029/EN/KS-QA-09-029-EN.PDF - 08/09/2011 7:05 p.m.)

Figure 12: Minimum Wages in January 2009, in Euro

In Ireland we are talking about an hourly rate, provided for on the grounds of the National Minimum Wage Act 2000. Looking at the figures provided by Eurostat, this looks of course very generous – in particular as it positions the country next to rich Luxembourg. However, the situation is less glorious as the first glance suggests. It is an hourly rate – and it is likely paid to those who are employed in ore or less precarious positions so that a relatively high hourly rate does not really amount to such monthly income – that figures is misleading as it is only a 'would-be-figure', i.e. that would be the rate if in full employment. Another issue is that eligibility is in various forms restricted. So the act refers in part 3 to '2 years of employment after entering employment after, or attaining, age of 18 years.' (National Minimum Wage Act, 2000. Part 3; <http://acts2.oireachtas.ie/en.act.2000.0005.4.html#partiii-sec11> - 08/09/2011 6:33 p.m.). Also it states:

5. —This Act does not apply to the remuneration of a person who is—

(a) the spouse, father, mother, grandfather, grandmother, step-father, step-mother, son, daughter, step-son, step-daughter, grandson, grand-daughter, brother, sister, half-brother or half-sister of an employer, employed by the employer, or

(b) an apprentice within the meaning of or under the Industrial Training Act, 1967, or the Labour Services Act, 1987.

(National Minimum Wage Act, 2000. Part 1; <http://acts2.oireachtas.ie/en.act.2000.0005.2.html#parti-sec2> - 08/09/2011 6:35 p.m.)

The following gives an overview over the different perspectives involved.

	Minimum hourly rate of pay	% of minimum wage
Experienced adult worker	€8.65	100%
Aged under 18	€6.06	70%
First year from date of first employment aged over 18	€6.92	80%
Second year from date of first employment aged over 18	€7.79	90%
Employee aged over 18, in structured training during working hours		
1st one third period	€6.49	75%
2nd one third period	€6.92	80%
3rd one third period	€7.79	90%

(from Citizens Information Board, 2011 [Last updated: 25/07/2011]: Minimum Rates of Pay; http://www.citizensinformation.ie/en/employment/employment_rights_and_conditions/pay_and_employment/pay_inc_min_wage.html - 08/09/2011 17:50)

Overview 4: National minimum wage rates on or after 1st of July 2011

Finally, a point of crucial importance in the context of discussing the crisis is the attempt to sacrifice the minimum wage in the light of the crisis. Although this had not been meant to be a complete abolishment but in the wage array in question, a reduction by one Euro, which actually had been implemented for a short time from February until July in 2011, means a substantial loss for those concerned.

There had been some protest against the reduction – and probably enough to make the government to decide not to retain the plan. However, it is somewhat

typical for the political climate that this had not been celebrated and used to move further with the claims and protests.

Of course, taking this as background, the current push towards a ‘Reform of the State’s Employment Rights and Industrial Relations Structures and Procedures’ can be well understood and it can be seen as important. The consultation document states in Appendix 2 that ‘[f]or the purpose of this Paper, employment rights legislation comprises over thirty statutes or regulations’. – By the way, it is interesting that the list of 34 titles provided contains already 7 documents that are explicitly, i.e. already in their name, ‘European’. In addition, many of them are highly determined by prior European request – we should not fall into the error of wrongly supporting a daemon. Actually many areas of work protection, equality ruling etc. would not be in place without Ireland being pushed by the European Institutions.¹⁶

Also,

[f]or many years, workplace trade unionism was the sole channel of employee representation. This has changed, however, in recent years, as non-union employee representative structures have increased. In particular, for the first time, under Directive 2002/14/EC establishing a general framework for informing and consulting employees in the European Community, Ireland now has general statutory legislation governing employee representation. It is significant, however, that the information and consultation rights contained in Irish legislation have to be ‘triggered’ by groups of workers rather than being automatically applicable.

(Dobbins, Tony. European Industrial Relations Observatory (EIRO), (2009): Ireland: Industrial relations profile; Dublin: European Foundation for the Improvement of Living and Working Conditions: 9; <http://www.eurofound.europa.eu/eiro/country/ireland.pdf> - 08/09/2011 12:43 p.m.)

¹⁶ This includes national policymakers being able to use membership in the EU to push more progressive legislation through.

Again, two points have to be critically mentioned – and at this stage this can only be raised as open issues:

First, the initiative on ‘streamlining’ the labour relations would have been on the agenda for a long time already – however, only right now it is issued. Looking at the consultation document, we see that the official side is well aware of the problems of the current system:

The current system has evolved over a long period of time in a piecemeal fashion in response to EU and domestic legislation and the changing nature of employment. A strong case can be made that a system that was intended to be informal, accessible and speedy has become extremely complex and protracted. For many employers and employees the system is now too complex and onerous, takes too long to navigate and costs too much.

(Bruton, Richard, 2011 [15 August]: Introduction by the Minister for Jobs, Enterprise and Innovation. Consultation on the Reform of the State’s Employment Rights and Industrial Relations Structures and Procedures; <http://www.djei.ie/publications/employment/2011/ReformConsultationPaper.pdf> - 07/09/2011 5:10 p.m.)

Also the fact that the new framework is now obviously pushed through raises similar concerns. Bruton states in his introduction to the consultation document:

I envisage a relatively short consultation phase, during which preparatory work will continue, with a view to implementation of changes commencing in the Autumn. I would like to see as much progress as possible being made on an interim and administrative basis, with any legislative measures following.

(Bruton, op.cit.)

Reading

My proposals are driven by the need to:

- *improve customer service, in light of the acknowledged complexity, backlogs and delays in the resolution of grievances and disputes;*

- *provide greater value for taxpayers’ money, in light of current fiscal constraints;*
- *rationalise institutions in light of the Government’s public service reform agenda*

(ibid.)

may give us some hints. We can translate this into the following:

- * further de-politisation by underlining the customer perspective
- * issuing conflicts as contradicting a claimed ‘public interest’
- * redefining conflicts as matter of economic calculus.

Second, and more serious: the changes in the legislation – at the time of writing not in detail available – of the role and process of the negotiation on pay and working conditions will most likely mean serious limitations of the rights of employees.

This goes back on a High Court Judgement (*Judgment Title: John Grace Fried Chicken Ltd & Ors -v- Catering JLC & Ors. Neutral Citation: [2011] IEHC 277. Date of Delivery: 7/7/2011; <http://www.bailii.org/ie/cases/IEHC/2011/H277.html> - 07/09/2011 7:07 p.m.)*

From here we find as agreed action plan we find the following 9 points:

1. *Reducing the 13 Joint Labour Committees currently in place to about half that number, through a process of abolition or amalgamation.*
2. *Making legislative provision for companies to derogate from the terms of EROs and REAs in cases of financial difficulty (“inability to pay” mechanism – a facility that exists in National Minimum Wage legislation and in past National Wage Agreements).*
3. *Legislating to permit JLCs to set a basic adult rate and two supplementary minimum rates to reflect varying levels of service. This would substantially reduce the number of rates applying across all EROs from over 300 different mandatory rates of pay while acknowledging the freedom of JLCs to establish two higher rates for experienced employees. Sub-minimum rates expressed as fixed percentages of the adult basic rate will apply, as in the case of the National Minimum Wage, to*

employees aged under 18 years, first time job entrants, and employees undergoing training. All other rates of pay e.g. for experienced workers with long service or for workers with particular skills, would be agreed at firm level, based on normal labour market rates and dynamics.

4 The standardisation of benefits in the nature of pay – including overtime – across sectors either by means of a nationally agreed Social Partnership protocol or, failing that, a statutory Code of Practice.

5 Legislating for a comprehensive review of the scope of each individual remaining JLC to be undertaken to ensure that the range of establishments to which they apply remains appropriate, with consequent changes to their Establishment Orders if necessary, with such reviews to be undertaken at regular intervals in future.

6 Legislating for new criteria to be observed in the making of EROs. These will take the form of principles and policies (having regard to the decision of the High Court in *John Grace Fried Chicken Ltd and others .v. The Catering Joint Labour Committee, The Labour Court, Ireland and the Attorney General*, delivered on 7th July) and could include regard for competitiveness factors, average hourly rates set in comparable sectors in Ireland's main trading partners, employment and unemployment rates, etc. Whenever proposals for a variation of the ERO are made, these criteria must be used in determining the validity of any variation.

7 Legislating for changes in the decision making process of JLCs, including obliging the Chairman to have regard to a relevant Labour Court recommendation in the event of a casting vote being exercised.

8 Reducing the record-keeping requirements for employers under EROs and REAs.

9 Legislating to remove provision for a Sunday Premium and other conditions of employment that are already covered by universally applicable standards established under legislation from the scope of EROs while preserving workers' entitlements under Section 14 of the Organisation of Working Time Act, 1997.

(Department of Jobs, Enterprise and Innovation: Bruton announces reforms to JLC/REA systems. Press Release. 28th July 2011; <http://www.djei.ie/press/2011/20110728a.htm> - 07/09/2011 6:52 p.m.)

Leaving details aside – not least as it is difficult to predict – the main issue is the effect arising for Sunday pay. Of course, all this is in the interest of the employees:

“There is no adjustment as traumatic for any worker as the loss of a job, and the sectors covered by these agreements have suffered a haemorrhage of job losses over the past three years. The urgent need to protect and create jobs in these sectors has driven my determination over the past four months to see through comprehensive and radical reform in this area. The recent High Court ruling, which undermined the position of workers in these sectors, created an additional urgency.

“The Duffy Walsh report found that these systems require “radical overhaul so as to make it fairer and more responsive to changing economic circumstances and labour market conditions”. The package of reforms arising from that report which has been agreed by Government represents a fair and balanced solution to that need. It will ensure that proper protection is restored to workers in these sectors, while also radically reforming and streamlining the systems so as to ensure that they are no longer an obstacle to job-creation and job-retention.

(ibid.; ref. to Report of Independent Review of Employment Regulation Orders and Registered Employment Agreement Wage Setting

Mechanisms

http://www.djei.ie/publications/employment/2011/Report_ERO_REA.pdf - 07/09/2011 7:19 p.m.)

Fears about future developments are fuelled by a *judgement of the Supreme Court* in the case of *Ryanair versus The Labour Court (2007)*. Margaret Pilkington in her presentation of the Judgment quotes

If there is a machinery in Ryanair whereby the pilots may have their own independent representatives who sit around the table with representatives of Ryanair with a view to reaching agreement if possible, that would seem to be 'collective bargaining' within an ordinary dictionary meaning. It would seem strange if definitions peculiar to trade union negotiations were to be imposed on non-unionized companies.

(Pilkington, Margaret, 2007: Labour Court Ordered to Rehear Ryanair Case; on: London: International Law Office; <http://www.internationallawoffice.com/newsletters/Detail.aspx?g=57f8c8ba-0ecf-43db-a10a-50c4a9aed90c> - 13/09/2011 2:43 p.m.)

Aoife Bradley reports in a judgment which is presumably the same,¹⁷ and summarises

Ryanair succeeded on appeal. Firstly, insofar as 'trade disputes' are concerned, the Supreme Court found that the Labour Court should have investigated whether there was internal machinery within the company to resolve the problem and whether that machinery had been exhausted. Only then could it determine whether there was a trade dispute.

Secondly, the Supreme Court held that simply because employees unilaterally abandon collective bargaining negotiations cannot mean that it was not the employer's practice to engage in such negotiations. If that were the case, then the jurisdiction of the Labour Court could be invoked at any time simply by employees

¹⁷ Attempts to find the judgement itself failed up to know – and taking it from the given sources there remains some lack of clarity – do the three contributions actually refer to the same judgement? Names of the parties and also the date of the ICTU-address are not really clear on this.

withdrawing from whatever collective bargaining machinery the company has put in place.

Thirdly, the Supreme Court held that it was unfair and virtually impossible for the Labour Court to determine whether there was adequate internal dispute resolution procedures in place without first ascertaining which pilots / employees were in dispute. Throughout the judgment, the Supreme Court criticised the Labour Court for failing to apply fair procedures because, while oral evidence was given by witnesses on behalf of Ryanair, none of the pilots / employees concerned were identified or gave evidence. (Bradley, Aoife, 2007: Flying into trouble; in: LK Solicitors: Home > Publications > Update > Issue 19 - Summer 2007 http://www.lkshields.ie/htmldocs/publications/newsletters/update19/update19_02.htm - 13/09/2011 2:58 p.m.; see in this context Cody, Shay, 2011 [July 5th]: Collective Bargaining a Fundamental Right. Address; Dublin: ICTU; <http://www.ictu.ie/press/2011/07/05/collective-bargaining-a-fundamental-right/> - 13/09/2011 5:01 p.m.)

Rather than suggesting that these changes are meaningless, I want to argue that they are only the tip of the iceberg around a much more fundamental restructuring – and this more fundamental restructuring is very much concerned with a change of the mode of production. To explain what I mean I want to point on two articles which had been published in *Irish Politics, Current Affairs and Magazine Archive – Politico.ie*. They are rather different and their publication did not suggest a link. However, I suggest there is actually a very close link between them. The first article is by Alison Spillane, titled *Casualties of the Crisis* (Spillane, Alison, 2011 [February 25th]: *Casualties of the Crisis*, in: *Irish Politics, Current Affairs and Magazine Archive – Politico.ie*; <http://www.politico.ie/component/content/article/263-crisisjam/7339-casualties-of-the-crisis.html> - 07/09/2011 16:40). It draws our attention to the closure of many small business entities – a saddening presentation, not only as it is written in the form of an obituary but as well because these businesses are some 'familiar' entities – familiar in the sense of apparently family-owned

businesses and also familiar in the meaning of entities 'we know personally'. The other article, by Christina Finn is asking *Are workers' rights a sideline to economic survival?* (Finn, Christina, 2011 [February 25th]: *Are workers' rights a sideline to economic survival?*; in: *Irish Politics, Current Affairs and Magazine Archive – Politico.ie*; <http://www.politico.ie/component/content/article/263-crisisjam/7334-are-workers-rights-becoming-a-sideline-to-economic-survival.html> - 07/09/2011 16:38) and brings some severe issues to the fore. Leaving other things aside, the actually important issue is not so much that the working conditions, income and other employment and work related issues are increasingly worsening especially for women and migrants. In some way the actually more interesting point is the mention of two major international companies that entered 'unfair disputes' of what we may call with David Harvey 'accumulation by dispossession':¹⁸

As illustration on the first case:

The Laura Ashley dispute that began last October spurred 22 workers from the British retailers to stage strike action against unfair redundancy payment at the Grafton Street store. The workers, who are all members of the Mandate trade union, were given one day's notice of the store's closure by the British furniture and fashion retailer. The high profile store offered their employees a statutory redundancy payment (60 per cent of which is paid by the Irish state), even though the company registered profits of over £10.5 million that year alone. The lease of the building has been sold to Disney for a substantial seven-figure sum, but the company claims it can't afford to pay more than statutory redundancy

Laura Ashley refused to engage with either Mandate or the Labour Relations Commission. A Laura Ashley worker who has been prominent in the Irish media since the strike, Berry Fleming, addressed a crowd during November's Dublin protest. She described her experience of standing up to a large multinational company and stated that her employer and the Government have

used the excuse of the economic crisis to drive down workers' wages and to undermine their terms and conditions of employment.

(ibid.)

And the second case is illustrated as follows:

The 3,000 Limerick Dell workers who fought for an improvement to their redundancy package now seem to be caught between a rock and hard place. Originally, the employees were promised six weeks' paid wages for every year of service, capped at 52 weeks. This was later raised to 104 weeks. A € 15 million EU emergency fund was then made available to the Dell workers for retraining. However it now appears many are ready to turn down money from the EU because they have been told they will lose their social welfare entitlements. Each of the redundant workers is entitled to spend up to € 9,000 on retraining, further education or setting up their own business. 'Social welfare officers at the workshop advised them that they would lose their unemployment assistance and other benefits if they took the money. Those that qualify for back to education allowance would not get it if they took the EU funds to go back into full-time education,' said Labour MEP Alan Kelly.

(ibid.)

to be elaborated

It is actually necessary to look at the situation from two perspectives: On the one hand, looking at the entire situation: 1) the public sector reform, 2) the Employment Rights and Industrial Relations Structures and Procedures and 3) finally the JLC/REA-reform, all seem to be driving towards what had suggested to be a trinity of

- * further de-politisation by underlining the customer perspective
- * issuing conflicts as contradicting a claimed 'public interest'
- * redefining conflicts as matter of economic calculus.

On the other hand, if it would be possible to overcome this kind of trinitarian formula, adding as fourth pillar a strong practice – and it has to be one with a

European dimension. Although the problems with the intervention should surely not be underestimated, the main challenge is fourfold: (i) clarifying that much of the current austerity policies is not about austerity but about further redistribution; (ii) clarifying that we are dealing with political-economy and not with technical issues of econometrics and management, (iii) consolidating the knowledge that any debate on finance-market crisis and debts is disorienting as long as it is not moving further to the core: the actual system of production – and with this towards recognising the fact that maintaining the split of the global system in finance centres in the ‘rich countries of the centres’ and production centres in the ‘poor countries of the periphery’ can only perpetuate the crisis and not least (iv) recognising that the national developments on the national level are not substantially caused by the intervention – these are more about making national ambitions easier.

And I think already the little I mentioned showed that the Irish government itself is the most unlikely candidate for developing a sound and sustainable way out of the crisis.

Core Conclusion on EU-Intervention

At this point I want to remind us of what Joerg Huffs Schmid said in his opening remarks on the occasion of the alternative ECOFIN in April 2006 under the heading *Economic Policy for another Europe (Wirtschaftspolitik für ein anderes Europa)* – and I see the crisis actually as confirmation of what he said. Rather than easily rejecting the option of ‘EU-intervention’ we have to look what this intervention is and should be about; and rather than speaking easily of austerity policies we should at least emphasis that such policy is not simply about cutbacks but more severely about a restructuration of hegemonies – what is more important than the ‘harshness’ of reductions is the strategic way of the undertaken. And again, at least for Ireland, a strategic approach is very much needed. Let us follow Joerg Huffs Schmid then:

In Anlehnung an die Fehlerdiagnose für die europäische Politik möchte ich daher folgende große Eckpunkte für eine solche Neuorientierung zur Diskussion stellen:

*1. Erstens sollten wir uns auf europäischer Ebene auf **Regeln für die Konkurrenz** einigen. Es kommt darauf an, diese Konkurrenz wieder in einen gemeinsamen gesellschaftlichen Rahmen rechtlicher und sozialer Standards einzubetten, der das Kaputt konkurrieren ganzer Gesellschaften verhindert. Beim gegenwärtigen Stand der Integration und angesichts der großen Unterschiede zwischen den Mitgliedsländern können diese Standards nicht sofort überall gleich sein. Der Weg zu ihrer Angleichung wäre die Vereinbarung gemeinsamer Mindeststandards, die schrittweise nach oben zu harmonisieren sind und kein Hebel der Standortkonkurrenz sein sollten. Zu diesen Regeln gehört auch die Verständigung darüber, welche Bereiche in den Mitgliedsländer grundsätzlich nicht der ökonomischen Konkurrenz unterworfen werden sollten, sondern als öffentliche Bereiche zu organisieren sind, und zwar nicht als enge und immer umstrittene Ausnahmen vom ansonsten universell gültigen Prinzip der Konkurrenz, sondern als eigenständige Alternativen mit eigenen Rechts- und Organisationsformen, in denen öffentliche Aufgaben zu erfüllen sind und die transparent gestaltet und gründlich demokratisiert werden sollten.*

*2. Zweitens sollte die EU einen **gesamtwirtschaftlichen Steuerungsrahmen** schaffen, der nachhaltiges Wachstum und existenzsichernde Beschäftigung für alle fördert. Die Geldpolitik und Finanzpolitik sollen aus ihrer Beschränkung auf Preisstabilität bzw. Haushaltsausgleich herausgelöst und in einen breiteren Rahmen einer gemeinschaftlichen Wirtschaftspolitik gestellt werden, in dem Vollbeschäftigung, soziale Sicherheit, ökologische Nachhaltigkeit und Gerechtigkeit die entscheidenden Zielmarken sind. ...*

*3. Drittens soll die EU auch in der **Sozial- und Strukturpolitik eine sehr viel aktivere und auch direktere Rolle spielen, um den sozialen und regionalen Zusammenhalt zu fördern.** Dabei*

soll die Unterschiedlichkeit und Vielfalt der sozialen Systeme in den Mitgliedsländern nicht abgeschafft werden. Es ist aber sehr wahlmöglich, den sozialen Zusammenhalt durch soziale Mindeststandards ... zu stärken. Auch direkte Transferleistungen aus einem vergrößerten, demokratischer organisierten und gerechter finanzierten europäischen Haushalt ... könnten eine wesentliche Rolle beim Kampf gegen die Armut in Europa spielen. (Huffs Schmid, Joerg, 2006: Wirtschaftspolitik für ein anderes Europa. Opening remarks on the occasion of the alternative ECOFIN in April 2006; Vienna: 5 f.; http://www-user.uni-bremen.de/~huffschm/docs2009/Eroeffnungsbeitrag-Alternativer_Ecofin_Wien_2006.pdf - 08/09/2011 6:53 a.m.)

Conclusions and Outlook

Throughout the contribution it had been said that a major issue is not that Ireland is a small and open economy. Though there is surely some specific dynamic also developing from this end the more interesting issue is the country's political-economic location at the periphery (a) in general of the world economy and (b) more specifically of the European economy. Though the general aspect is of course concerned with the global economy, it is more specifically the position in relation to the US that counts not least when it comes to the inflow of investment. Taking it as fact that the global economy is importantly shaped by regional interests rather than being really global, this means for Ireland not least that the country is undertaking a split between the two reasons: being torn between the two regions also because it is predestined to act as a bridge between them. As the island nation is institutionally without doubt tied to the one side, even being member not only of the EU but also of the euro area this means that the current situation once again means a strong and specific interest by the EU to control the situation. Georg Vobruba reminds us that the process of enlargement, taking place over the recent years in concentric circles had been based on the political consideration of aiming at consolidation of the 'external orders', the aim of establishing a buffer at the internal periphery, securing against the external periphery (the so-called third countries). He highlights that

this perspective caused governments in many cases to take economic criteria somewhat casual during the negotiations (see Vobruba, Georg, 2011: *Transfer und Revolte. Die EU und das Stabilitäts-Demokratie-Dilemma*; in: *Blätter für deutsche und internationale Politik* 4/2011: 87). He is right saying that during times of stable economic development the 'social question', in which way ever defined, can easily be pushed away: left unanswered – or answered by conservative economic strategies or left to the periphery, as matter of national efforts to cope with. It is relatively easy to lower social benefits and social security standards; to lower private income at the lower end of the scale and to leave it to people to find their 'private solution to social issues' (child- and health-care etc.) during the normal periods of economic cycles. However,

currently the European Union is tied up in a constellation that is anything else than normal. The political stability at Europe's inner and the external periphery is lacking.

The inner periphery of the EU, the southern member states, is ... confronted with the social consequences of massive austerity programs. Social peace can hardly be maintained if the programs of social cutbacks need to be maintained for longer than expected and longer than it had been suggested to the people.

(Vobruba, Georg, 2011: Transfer und Revolte. Die EU und das Stabilitäts-Demokratie-Dilemma; in: Blätter für deutsche und internationale Politik 4/2011: 87 f.)

Another time it proofs true that Ireland belongs to the 'Mediterranean countries'. Of course, if these programs have to be maintained at all is another question and if they ever had been really accepted by the population of these countries. At least they had been more or less tolerated. The really important proposition which can be taken from Vobruba's statement is the following – one that can actually also be heard from the political floors in Brussels: There is indeed serious need to promote coordinated and strategic intervention rather than leaving it to the member states how they want to deal with social issues. Even more, it is necessary that EU-member states put their heads together – not to be the most competitive but to be the most sustainable region – sustainable by way of environmental and social standards. We may read the following statement in

this vein, coming from the European Commission's Directorate for Economic and Financial Affairs:

Relatively little thought has been given to developing longer-term exit/recovery strategies or considering how the crisis could be a strategic opportunity to push forward with ambitious reform agendas. As the deterioration in economic growth bottoms out, and fiscal space diminishes, the emphasis in policy agenda needs to switch accordingly. For example, there are very few measures aimed at improving the sustainability of public finances (e.g. through reinforcing medium-term budgetary frameworks) implying that work on the definition of exit strategies will now have to undertaken urgently.

(European Commission, Directorate-General for Economic and Financial Affairs, 2009: The EU's response to support the real economy during the economic crisis: An overview of Member States' recovery measures [Occasional Papers, 51]; Brussels: European Commission, Directorate-General for Economic and Financial Affairs: 18)

Having quoted this, it remains to be said: as long as the capitalist mechanism is not fundamentally questioned, we will have to live with contradictions of the bloomy speech and gloomy reality; of political proclamations and technical 'solutions'; of pointing on light at the end of the tunnels while the end seems to move further with every step we make towards it.

Of course, we know that this is – at the end – not a matter of wrong promises or intentionally made lies. It is about the fundamental contradictions of the system, having so many dimensions. To the extent to which we can speak of a distinct European share in global crisis a good starting point for the explanation can be made out in at least four facets:

* to begin with, still the orientation on following the path of modernity as it had been established by the USA in the 1950s and being linked with names like Talcott Parsons and Walt Whitman Rostow, thus confirming the move towards an eclipse of reason – in par against its strong potentials from its own tradition;

- * the orientation on improving regional competitiveness, adding ex post a pinch global responsibility to it rather than moving the other way round: looking at the global responsibility, and moving such an agenda forward – if needed in a temporary regional solo attempt;
- * the hope to solve problems with short-term technical individual and individualising solutions rather than moving towards long-term political solutions that are clearly based on social responsibility – the latter is then responsibility taken by the social actors rather than being 'gift' offered for the people;
- * the limitation of rights-based approaches on legalist approaches permanently furthering individualisation rather than seeing this as issue of a fundamental commitment towards societal obligations.

Coming back then to the competition for sustainability, this should not be designed a matter of a predatory competition. Instead, can only succeed if it finds a common ground with others.