

***“Social Dialogue in the
context of the Troika-led
financial assistance
programme:
- the Irish case”***

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Social Dialogue Before the *Troika*

- An Established Tripartite Centralised Collective Bargaining Process
- 1987 – 2009 – credited in part with delivering Irish economic success
- Preceded by a decade of low growth, inflation, high taxation, high unemployment and high emigration
- The key players in social partnership:
 - Government / Dept. of An Taoiseach
 - ICTU – 41 Unions – 19 Public Service
 - IBEC/CIF – Employers Confederations
 - Government / Dept. of Finance – as employer
- *Programme for National Recovery (1987 - 1990)* based on moderate wage increases, tax cuts, industrial peace, change management – Private & Public Sectors
- Followed by six similar centralised collective agreements regulating industrial relations and government pay and taxation policy
- The most recent *Towards 2016* was to run until 2010

Collective Bargaining & Employment Rights Infrastructure pre *Troika*

- National Implementation Body – NIB
 - Depts. of An Taoiseach & Finance
 - IBEC/CIF
 - ICTU
- State's Industrial Relations Bodies
 - Labour Court
 - Labour Relations Commission
- Sectoral & Employment based IR Structures
- National Employment Rights Agency – NERA – Labour Inspectorate
- Joint Labour Committees – JLCs
- Registered Employment Agreements
- National Minimum Wage

Characteristics of Social Partnership pre *Troika*

- Voluntarist tripartite bargaining between social partners at national/central level
- A highly formalised bargaining structure embedded in Government policy and practice evolved over 22 years
- Engagement between social partners in plenary and informal settings
- Government at most senior level provides “an open door “ to the social partners
- Secretary General of Dept. of An Taoiseach co-ordinates , facilitates and instigates developments
- Dept. Officials provide logistical, administrative and research resources.
- National Agreements underpin and regulate sectoral and company/employer based industrial relations practice.
- State’s IR bodies set decisions and recommendations within the parameters of the Agreement

And then....

“The first casualty of the economic crisis in Ireland was social partnership and centralised wage bargaining. Despite the fact that a consensual approach to socio-economic policy was the default position of the country’s economy for 23 years, the Irish Government has so far pursued a unilateral rather than negotiated adjustment”

Regan, A. (2012), *The impact of the Eurozone in Irish social partnership: A political economic analysis*, ILO, Geneva.

The *Celtic Tiger* bubble bursts...

- The last centralised Agreement *Towards 2016* under pressure in 2008 amid financial crisis...negotiations on a *Transition Agreement*
- Recognition economy in trouble -Exchequer Deficit over €20bn
- Construction sector in difficulty
- Unemployment heading to 12% (from a low of 4%)
- March 2009 Government unilaterally imposes 5/6% pension levy on public sector workers
- June 2009 public service *transition* talks break down
- December 2009 Private Sector employers withdraw from Agreement.
- Unilateral imposition of Public Sector Pay cut 6/8% in Budget
- The 'Open Door ' to Social Partnership/Irish style Social Dialogue is firmly closed.

Social Partnership is dead... long live social dialogue...

- Extended period of embedded and highly structured social partnership ends leaving a void in collective bargaining arrangements
- Trade Unions and Employers unused to free collective bargaining model at employer/company level
- Attempt in December 2009 to broker a Public Service Agreement failed amid Budget Pay cut
- Private sector employers cut jobs, reduce working hours , increase in unpaid hours, some pay cuts in certain sectors
- IBEC & ICTU agree Protocol in 2010 on pay bargaining at company level in Private Sector
- Public Sector unions and Management enter 'social dialogue' talks on a Public Service Agreement in March 2010 ending in Croke Park 1 Agreement.

The *Troika* comes to town....

- The Croke Park 1 Public Service Agreement delivered a 3 year no further cuts/pay freeze to 2013, no compulsory redundancies, enhanced exit arrangements to cut staff numbers, a route to restore earnings of €35,000 or less dependant on economic recovery.
- Deal was in place before *Troika* Bailout package imposed in December 2010
- *Troika* recognised the agreement – monitored closely to ensure delivery of public service expenditure cuts in Memorandum of Understanding
- National Minimum Wage cut in 2010 as part of package of measures to satisfy *Troika* but reversed in 2011
- Sectoral Wage settlement mechanisms reviewed such as JLC's and REA's - legislation amended
- Changes to State's IR/Employment Rights Bodies expedited

More public service cuts

- Despite delivering €3.5 bn in payroll savings by 2012 a further €1bn in payroll savings sought early 2013.
- ICTU Public Sector Unions enter talks Feb/March 2013
- Revised Agreement – Lansdowne Road Agreement rejected by unions in aggregate ballot
- Labour Relations Commission brokers individual agreements with unions known as Haddington Road Agreement or HRA to run to July 2016 delivering
 - Cuts of up to 10% in pay above €65,000
 - Short term freeze in annual pay increments
 - Minimum additional 2.25 hours a week without pay
 - Cuts in overtime and premia rates
 - No further cuts
 - Pay restoration provisions strengthened
- Majority support only achieved through use of FEMPI

Outcomes under *Troika* programme

- Return to company level negotiations in unionised companies with wage cuts largely avoided
- Between 2009/13 wages down 0.4% against 15/20% in public sector incl. pension levy.
- Jobs cut in Public Sector by 10% saving €100m annually
- Public Sector Pay Bill down from €17.5 bn in 2009 to €14.1 bn in 2013 or 17.7%
- Demand for services rise at same time – More done with less
- More Public Sector workers lower paid now - 40% less than €40k by 2013.
- Clerical Officer after 18 years service was €39,558 in July 09 now €35,357 down 12%
- Range of additional taxes & charges – Property Tax, Universal Social Charge (6/7%), Increased VAT, etc.
- Minimum Wages cut 2010 but reversed in 2011
- Industrial Action – Strikes fell between 2009 and departure of *Troika* to a record low

Characteristics of IR in *Troika* era

- Two Phases 2008 – 2009 and 2010 – onwards
- Government Unilateralism brought end to Social Partnership
- *Financial Measures in the Public Interest Act* - FEMPI
unprecedented following 23 years of Social Partnership
- Orderly decentralisation of Collective Bargaining in Private Sector
to company level – managerial unilateralism – IBEC/ICTU Protocol
- Power shift from Dept. An Taoiseach to new Dept. Public
Expenditure and Reform
- Meetings with the *Troika* less than satisfactory - formal, set piece
- no sense of engagement
- National Recovery Programme 2011 – 2014 underpins *Troika*
Financial Support Programme
- Mass demonstrations of workers confined to a small number of one
day protests – strike days fell rather than increased
- Private sector impact has been uneven – construction and retail
have suffered but ICT and Pharmaceutical have escaped worst

What now?

- DPER says 75% of €1bn target savings under HRA achieved by end 2014.
- Pay down another €500m to €13.66 bn by end 2014
- Modest Growth forecast 1.6% in 2014, 2.1 % in 2015
- Current A/c running a surplus of 6.6% GDP
- Exited bailout December 2013. Servicing debt annually and Bond Markets Ratings Recovering
- Scope for pay increase to boost domestic demand
- Evidence of pay deals at company level in Private Sector
- Public Service Union Conferences have all voted for pay and conditions restoration claims
- Union resistance to blanket tax cuts inevitable
- Continued economic improvement will see claims by mid 2015 in Public Service

And social dialogue?

- Trust at all time low – Government needs to deliver confidence building measures to signal an end to Unilateralism
- Government moving to amend Industrial Relations legislation to restore bargaining rights to workers in non-union/anti-union companies
- Significant dialogue with ICTU to restructure and reorganise membership currently in 47 different unions
- Repeal of elements of FEMPI legislation committed to by Government but worrying suggestion that some parts may need to be kept
- Government has still to embrace EU Social Dialogue and join EUPAN – a positive move would be a welcome initiative.
- Engagement between social partners needed to develop a renewed social dialogue to meet the challenges and inevitable pitfalls of anticipated recovery

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Thank You !

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