

**Address by Jack O'Connor, President ICTU**  
**to**  
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Our conference is taking place during a defining moment in human history. Despite its dramatic collapse in 2008, Liberalism appears to have reasserted itself with a swing to the political right across the western world.

How could an economic model, driven by the imperatives of unbridled greed, the collapse of which wrought such havoc on the lives of so many, win increased support in democratic societies? The answer, of course, is simple - it coincides exactly with the interests of the wealthiest people in the world. The message has long since putrefied but the piper still calls the tune.

But things are not as they seem. The lava thrown up by the volcanic eruption of 2008 is still cascading across the landscape, reshaping the environment in which we live but in a way that is not yet possible to predict. The system is still teetering on its pedestal and history is far from over. The question as to whether the future will be more brutal or benign remains to be decided.

It is noteworthy that the global swing to the right has not manifested itself in Latin America. It has not done so because the devastating consequences of unbridled Neo -Liberalism and its associated "Shock Therapy" are still fresh in the collective memory of the people of these countries. But what is more noteworthy still is that most of the countries in the region, with the exception of Colombia, are each in their own way pursuing better fairer ways and more importantly, proving that they can work.

Things are otherwise in Europe, for the moment at least. Overall, the economy is on a growth trajectory. However, this is overshadowed by the threatened default of one or all of the stressed countries as well as Italy, which carry a combined liability of €3,350 billion, which would sink the global financial system beyond trace.

A Marshall Aid-type strategy is required to rescue Europe both economically and politically. However those in charge have opted for the shock therapy of a reparations course instead, ignoring the lessons of history.

They are applying a supply side remedy to a demand side crisis aggravating the problem rather than alleviating it. They have reduced the once great institutions of the European project to mere debt collection agencies for the

major banks, obstructing recovery and inflicting misery on the citizens of Europe.

They are exploiting the opportunity presented by the crisis to restructure the social landscape, dismantling the last vestiges of the welfare state. Meanwhile, they are setting about imposing an internal deflationary dynamic through the Merkel-Sarkozy inspired Euro-Plus Competitiveness pact, effectively institutionalising austerity. This entails a direct full-frontal assault on collective bargaining, pay and pensions. The undeclared objective is to rid European capital of the obligations of the Post-War settlement. Regressive policies prevail everywhere as the entire apparatus of population management, governments, civil administrative tools, the mass media and academia have been mobilised to facilitate restoring bank balance sheets and “saving” the financial system. It mirrors the agenda that is playing out in Wisconsin and other states in the US and, more brutally, in Colombia and indeed in Palestine, (which I believe is victim to the greatest single injustice in the modern world).

Yet we are not in the mess that we are in because of the absence of a “competitiveness” pact - we are in it because of the absence of proper financial regulation. However, consistent with the interests of those at the top of the banking system - that issue has not been addressed at all.

All this is alienating working people across the continent. The wrong people are running the institutions and they are pursuing a route that will result in the collapse of the entire European project. Increasingly, it appears to be only a free market business club, in which all the key decisions are taken by unelected bankers and the social dimension is only a decorative coating to sugar the poison pill. If that is actually the case, the logic of history deems it should collapse and collapse it will!

It is unlikely the future of the world will be decided in a place as small or peripheral as Ireland. However, due to the gross mismanagement of the economy of the Republic by the last government, even by the standards of their own capitalist creed, for more than a decade, we find ourselves centre stage in the unfolding drama. This is the context for our deliberations here this week because it is equally significant for working people in both jurisdictions.

The Tory/Lib Dem government in the UK shares the outlook of their contemporaries who are running things in Europe. Margaret Thatcher, then leader of the Tory Party once declared “there is no such thing as society” and then went on to spend the best part of two decades trying her best to make it so. Her successors are now back to finish the job, skilfully camouflaging the project under the guise of the ironically deceptive “Big Society”.

They are committed to cutting spending by £80 billion over 4 years. This translates into £4 billion in Northern Ireland. It would entail the loss of 25,000 public sector jobs and a further 15,000 in the private sector or one in

eight jobs in the North.

Here in this jurisdiction the last government embarked on the largest austerity programme ever attempted in a developed country over a similar time frame. It resulted, as David Begg predicted it inevitably would, in failure!

Throughout we challenged the strategy insisting that it could not work and that it risked condemning the country to a prolonged deflationary spiral. We articulated an alternative course producing a 10 point plan prioritising jobs, investment and growth. We envisaged it being delivered through a solidarity pact which would serve as the catalyst for the supreme national effort which emergence from the mess demands. Our efforts were dismissed, even ridiculed, as the outlook which caused the crisis in the first instance prevailed and the Government of the day opted for the course which ultimately led to the loss of national economic sovereignty. The proof of the pudding is in the eating, as they say.

Along with the workers of Greece and Portugal we now find ourselves in the straightjacket of the ECB/EU/IMF diktat. It is a place which is bad for everyone on the island of Ireland and bad for the peoples of Europe as well. It is a recipe for more of the same failed remedy - a growth obstructing cul-de-sac. It reflects the interests of the major European banks, the shareholders to the detriment of the stakeholders, the citizens of Ireland and of Europe.

Of course, the genesis of our problems is not sourced in Europe. We have to look closer to home for that. Indeed we have to come to terms with weaknesses that are more profound than inadequate regulation or greedy bankers or incompetent politicians. We have to address the core value system that underpinned the evolution of the catastrophe which incentivised speculation while starving innovation.

It long preceded the Celtic Tiger and is embedded in a system that has prevailed in Ireland since the wealthy landed, business and professional elites subverted the march to democracy on both parts of this island after the First World War. They created parallel economic and social models that promoted their narrow sectional interests but failed the people of both jurisdictions. This has resulted in the Republic becoming one of the most unequal societies in the developed world.

It is now in the throes of a serious economic crisis for the third time in 60 years with all its contingent unemployment, emigration and misery. One would imagine even its proponents would accept that the time had come to discard the old model and the repugnant value system which underpins it. But no, the outlook which caused the crisis still informs all attempts at resolution.

For example: The planned dismantlement of the mechanisms which protect the pay of the lowest paid 20% of the workforce did not originate with the

recession. It is driven by the same sentiment that drove the race to the bottom during the frothy bubble days - incidentally aggravating the process of overheating the economy. If job creation was really the objective, the issue of upward only rent reviews would have been dealt with long ago, (even if it required a constitutional amendment); the practice of raising prices to coincide with major public events would have been prohibited and those who fail to pass on last weeks generous reduction in VAT rates to consumers would have been told in no uncertain terms that the original rates will be reinstated unless they do so.

No, this is about withdrawing the threshold of decency to facilitate devaluation through internal deflation. It is about more of the same - working people carrying the can while others can carry on as they please.

There is no moral justification for the proposition that we should have to pay the recklessly accumulated debts of those at the top of the banking system. More pertinently there is no possibility of 1.8m people repaying €200 billion within any reasonable timeframe.

We have to extricate ourselves from the straightjacket of the “Troika” agreement which is suffocating any prospect of growth in domestic demand and without which there will be no appreciable recovery. The question is how to trigger re-negotiation? Opinion is divided as to the potential consequences of threatening default and we have not, thus far, supported the call. We may well come to do so and we are conscious that resources are being run down as time passes. However, we cannot anticipate the response of the ECB which could withdraw support from our covered banks. Neither can we assume the way it would play with the global companies, including those in the financial services sector, upon which so many of our people depend for their livelihoods. We can be pretty certain it would mean balanced budgets overnight - which would be devastating for working people and all who depend on public services.

I respect the view of those on the left who hope a better, fairer paradigm would result from the ensuing chaos. Indeed, I dearly wish it would be so, but history, especially the history of Europe, speaks otherwise.

The problem does not lend itself to resolution in a narrow national context. It can only be solved within a European framework which would involve burden sharing and some kind of limited transfer union and a restructured democratically accountable ECB. The European Trade Union Movement could play a critically important role in helping to bring this about. If we and our allies in the social democratic parties and the left generally fail to do so we will sink with the wreckage of the status quo. The mantle will then pass to xenophobic nationalism and the stage will be set for the re-enactment of the conditions which followed the last systemic collapse in Europe.

Meanwhile at home, I believe, it is tactically and strategically wrong to argue that we do not have options within the, admittedly restrictive, Troika

agreement. To adopt that position leaves the field for the architects of the political right to redesign the future.

Ultimately, the real issue is how to achieve a resumption of job generating growth. Even within the shackles of the Troika Agreement there are steps that can and should be taken to construct the all island economy that would secure the future of all the people. This entails simultaneously addressing the bloated savings ratio, the investment deficit and the inequitable distribution of the burden of adjustment.

The savings ratio in this Republic has increased from 2.7% to almost 12% while domestic demand has collapsed. This is partially driven by people's fears of the loss of their homes, their pensions and their jobs. The Minister for Finance's call to spend will ring hollow as long as people are paralysed by fear.

Labour secured a two year moratorium in home repossessions in the programme for government. It is good enough as far as it goes. But, people must receive a firm and absolute guarantee that their homes will never be repossessed as long as they are making a genuine effort to service their mortgages. This is eminently possible in a state owned banking system and the markets have already priced for it. Congress has proposed a comprehensive set of measures to address concerns about the solvency of pension schemes over the past decade and these must be acted upon to remove doubt and instil confidence. The current policy of the Pensions Board is having the opposite effect.

Parallel with this the investment deficit must be addressed. Gross fixed capital investment in the economy has fallen from more than €46 billion in 2007 to less than €19 billion this year. There is still €4 to €5 billion in the National Pension Reserve Fund. It must be utilised to drive a job generating investment programme. There is €78bn in pension fund assets. Today, I am calling on the Minister for Finance to engage with fund trustees to try to develop a scheme to secure 5% of their assets, i.e. €4bn for investment in infrastructure and venture capital in the domestic economy on the basis of exemptions from the recently introduced levy. This would more than offset the deflationary effect of the €3.6bn cut scheduled for budget 2012 and create upwards of 80,000 jobs, providing an enormous boost to confidence.

At the same time the thorny issue of the failure of those with real wealth to contribute in proportion to their capacity to do so must be grasped. We can no longer afford the luxury of subsidising the rich and being one of the most unequal countries in the world.

A national pact for recovery in this jurisdiction centred on this new departure and focused on the redirection of resources into sectors that can sustainably grow could serve as the catalyst for the mobilisation of the entire island in the way that is critical to overcome the awesome problems confronting us all.

It would mean abandoning the shallow 'quick buck' value system that has served the few to the detriment of the many and replacing it with the principles of social solidarity which were key to the success of the great economies of central and northern Europe. These countries did not see equality as some kind of optional extra that could be addressed after the shareholders had been appeased. They saw education, skills development, investment in research and state industry accompanied by social cohesion through public provision as the intrinsic components of their strategy. The result was the creation of innovation societies which regularly top the global productivity leagues delivering the highest levels of progress recorded in all of human history.

It is not yet clear whether the new government will embark on such a course. They may instead settle for the roadmap to the Stone Age laid down by their predecessors. Ultimately, this means allowing public policy to be dictated by the narrow-minded sectoral self-interest which has plagued the development of Ireland since the 1920s. The parties which, respectively, share the legacy of Connolly and of Collins should aspire to more and the people who elected them have a right to expect them to aspire to more.

One way or the other we must concentrate on organising to bring about a better, fairer way, point out the inconvenient truths, and insist on parity of esteem for working people. It entails a multiplicity of actions, campaigning, educating, organising and yes, it means making agreements as well. This is a marathon not a sprint and every crusade entails tactical retrenchment in face of impediments, erecting fortifications, holding ground and preparing for a better day because tilting at windmills only results in defeat and disaster.

In 1918, the people who preceded us in the ITUC and Labour Party, as we were then known, had to stand aside. Consequently, working people were relegated to spectator status, while the other side was designing both jurisdictions in accordance with the image of their interests.

We are living through the most challenging period since the emergence of fascism in the 1920s. Yet, despite all the despondency it also offers the greatest prospect of shifting the balance in favour of working people and civil society in more than two generations. The old model doesn't work. There must be no return to the past. We must provide the vehicle for working people to influence the architecture of a new economic and social model for the future. No one else will do it. The great economies of northern and central Europe were not built by the Trade Unions - but they could not have been built without them. No other economic actor would insist on the intrinsic requirement for the social component and none would have the potential to develop the leverage to balance the power of the shareholders with those of workers, citizens and stakeholders.

We can only achieve this if we radically and rapidly transform our movement. We must:

- Outline a clear vision for a successful equality driven all-island economy underpinned by a comprehensive Bill of Rights which affords working people full parity of esteem
- Resource the expertise, technical and academic skills to defend the proposition against all comers and create the communications capacity to challenge the hegemony of the other side in the dissemination of ideas
- Create a new organising culture shifting resources to challenge those who deny workers their collective bargaining rights and who are setting the pace in the race to the bottom in employment standards
- Fight for investment, education, training and productivity to ensure the success of businesses that recognise their employees' right to organise because this is critical to winning the battle for a decent workplace environment
- Come up with solutions in the public service that put the public first in order to keep public services public
- Fashion a restructured, well co-ordinated, effective movement to drive a progressive workers agenda in every sector of economic activity on this island
- Strengthen our participation in the European trade union movement and ground our activity in support of workers in countries such as Palestine and Colombia in the context of solidarity around the parallel issues that confront working people at home.

Once again, we have arrived at a 'V' in the road on this island. We can choose to remain as we are limiting our aspirations to negotiating modifications on the agenda of the other side. That course would amount to a betrayal of the heroic legacy of those who founded our movement. More importantly, it would be a betrayal of the interests of working people today and indeed of those not yet born.

We must assert their right to a say in the future - a future that works for all on this island in a Europe that works for all of its citizens.

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