

NEVER GIVE UP!

**Address by David Begg, General Secretary,
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to
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Tomorrow, October 7th, is World Day for Decent Work. It is a noble aspiration and a worthy ideal, even if it seems to mock the reality of work for many people today.

This is a reality which has been the subject of your deliberations this week. No doubt many of you feel that the odds are heavily stacked against you. Perhaps you find it hard to carry on in the face of such adversity. But your work is of vital importance and this morning I will try to explain why.

There was once an aspiring politician – an American who was notoriously unsuccessful.

- He ran for the State legislature and lost;
- He ran for Congress and lost;
- Three years later he got in – only to be turfed out at the subsequent election;
- He had a nervous breakdown and was in bed for six months;
- He ran for the Senate of the United States and lost;
- He sought the Vice Presidential Nomination – only got 100 votes;
- He ran for the Senate again and lost.

But, eventually, against all the odds, he was elected President of the United States. Even then he continued to disappoint. The most important speech he ever made was judged a

failure. It lasted less than five minutes. Yet in time it came to be seen as one of the finest pieces of oratory in the English language.

It was of course the Gettysburg Address and the man was Abraham Lincoln. Today his memory is revered in his country and beyond. The most important thing about him is that he never gave up. Despite extraordinary adversity he kept going. He never gave up. Nor must we. These are terrible times, beyond the life experience of anyone in this room.

Still we must keep going because, for all our shortcomings as a movement, we are all that stands between the workers of this country and servitude. You and I, we are the leaders of this movement – we might have chosen a better time to be in this position – but in it we are and we must never give up.

Two years ago I recall a press conference to launch our pre-budget submission. The journalists present were sceptical. I suppose it's their job to be sceptical, but after a lot of sceptical questions about our approach to fiscal correction I remember posing a question to them: "What if we are right?" I could see that they didn't consider it likely. Trade unions are not generally regarded as a reliable source of economic commentary.

Perhaps the reason is that we ourselves do not consider the discipline of economics to be the be all and end all of affairs. We believe instead in bringing to bear a political economy analysis.

What does that mean? It means that the economy is meant to be the servant of society not the other way around. We believe that capitalism does not exist independently of society, and that it is proper for the democratic will to be asserted over business and private power. We believe all of us are morally equal; that we have an equal entitlement to self-determination; that all life chances should be as equal as possible; and that social justice is a condition of liberty. It is a way of looking at things that is known as social democracy.

Social democracy has never taken root in Ireland. This can be explained in the context of our history in which every issue since the foundation of the State was conceptualised in

terms of independence. Even membership of the EEC was sold as a means of enhancing our independence notwithstanding the loss of sovereignty inherent in that decision. This militated against the emergence of a class based politics similar to other European countries. It explains perhaps why the Labour Party, which will be 100 years old next year, has never managed to lead a Government in this country.

But because it is difficult and people are unreceptive to particular ideas does not mean that we should stop trying to bring about a better fairer way of confronting the problems life throws up. We must never give up trying to do that.

You know, there is much talk in political circles these days about making sacrifices to save the country. It is reasonable to ask though what kind of country are we trying to save? It is a sobering thought that three times in the last sixty years Ireland has looked into the abyss of economic catastrophe. In the mid 1950s we were rescued by the designs of the first programme for economic expansion and the adoption of export orientated industrialisation. In the mid 1980s we avoided the clutches of the IMF by embracing Social Partnership and by 1994 the economy was on the road to recovery. But before this recovery many people began to question whether Ireland was a viable political entity at all. Such thoughts were quickly discarded as the country began the most sustained period of economic expansion in its history.

Now that we are in difficulty again these troubling questions return. They will be less easily discarded on this occasion.

I have not the slightest doubt that the deflationary policies currently being pursued here and in Europe will fail. They are, after all, nothing less than more extreme versions of the liberal market ideology that got us into this mess in the first case.

I thought it ironic that on the same day that the Chief Economist of the IMF, Olivier Blanchard, was warning European Governments that they better get their act together and get growth going because the global economy was entering "a new and dangerous phase."

Mr Peter Sutherland was on RTE calling for more austerity. Mr Sutherland is distinguished by his leadership of Goldman Sachs and I can think of no financial institution more culpable in bringing about the crisis other than perhaps Lehman Brothers. We must never give up reminding people why we got into this crisis and who led us there.

While great efforts have been made here at home to obfuscate and to create a narrative suggesting that the roots of the crisis lie with public servants or joint labour committees or welfare recipients, there is a clear enough understanding of the reality abroad. This was captured with clarity in a report on the crisis prepared by the Schuman Foundation in February – actually a centre right Brussels think tank – which said:

“Ireland’s problem is very different from that of Greece. In Athens the bankruptcy of the state and of public finances brought down the banks; in Ireland it was the banks and the private sector that brought down public finance”

According to an audit of Irish debt published by the University of Limerick in mid September, between NAMA, guarantee deposits, promissory notes, emergency liquidity assistance and bond holders, the total liability of the banks ultimately backed by the State is €279 billion. Direct Government debt is €91.8 billion, bringing the total scale of the Irish national debt at 31 March, 2011 to €371.1 billion.

This is more than two and a half times our gross national product. It is quiet simply an impossible burden for a country of our size and population.

The only sustainable outcome is for debt to be handled collectively across Europe through a system of Eurobonds. This would be sustainable because the totality of debt shared would be still less than that of the United States. It would be fair because the banking system in Europe is so interconnected that no country can completely isolate itself from contagion. It would be fair too because what was done to us by the banks could not have happened without the deregulation of capital markets which was central to the creation of the EU single market. This is something we have argued with the ‘Troika’ on every occasion we have met them and we will never give up doing so.

From a distance it is hard to figure out what is really going on in Europe. One gets the very strong impression that policy is being made via intense inter-governmentalism with the Commission constantly running to catch up. Perhaps Angela Merkel will bow to the inevitability of Eurobonds as an end game. The price will be twofold: a 'German Europe' rather than a 'European Germany' and deeper European integration.

Deeper European integration presents perhaps the hardest decision for Ireland. The recent visits of Queen Elizabeth and President Obama were, in a way, a manifestation of a foreign policy that sees Ireland as a multi-interface peripheral country. We are in Europe but not necessarily of it. We balance our Eurozone involvement with equally important economic, and indeed cultural, relationships with Britain and the US. At the moment we have the same relationship to Europe as a hen has to the full Irish breakfast – we are involved! Shortly we may become more like the pig, fully committed! We will have to buy in to a European social model rather than an American one. Whether by that time, liberal free market ideologues will have eviscerated the model remains to be seen.

The agreement this country has with the EU and IMF to restore fiscal consolidation requires the Government to remove €9 billion from the economy over the next three years. Taken together with the €20.6 billion taken out since 2008 this means that at the end of the process the economy will have been reduced in size by one fifth.

Common sense dictates that an outcome like that is bound to leave us much poorer. Of course the effects are not evenly distributed. Without doubt the most seriously damaged are people who are pushed into long term unemployment, or lose their homes or are deprived of vital public services like that provided in schools by special needs assistants.

Nevertheless, we all feel it in a way that can be summed up in the loss of personal economic security. People fear for their jobs or for their pensions or for their ability to handle debt. If not worried about themselves they are worried about their children.

Since the onset of this crisis we have adhered to one consistent proposition, that there is a better fairer way of dealing with it. Events have vindicated the first part of the proposition because anyone with an eye to see must realise that as layer after layer of

austerity has been imposed the economy has gone from bad to worse. The question of fairness is perhaps less obvious. Nevertheless, it can be seen in figures for unemployment. More than half of the 14.4 per cent on the dole are now long term unemployed with a heavy concentration among those under 25. The potential for a lost generation is very real here.

Unfairness can also be computed from the effects of fiscal consolidation on wage income and profits respectively. According to the IMF a 1 per cent contraction in GDP reduces wage income by 0.9 per cent while profits and rents fall by only 0.3 per cent. Moreover, the effect on profits and rents is short lived whereas wage reductions carry on into the long term.

Three years ago we started the campaign for *A Better Fairer Way* of handing this crisis. It was based on an analysis of the problem which concluded that:

- There could be no possibility of debt sustainability without growth;
- Deflationary budget policies would prevent growth from taking hold;
- Austerity would be self defeating on its own. Unless we could spread fiscal consolidations over a longer time – we proposed 2017 – and combine that with investment, the domestic economy would stagnate.

Even during the period of unprecedented growth in the 1990s when thousands of jobs were created, only 14 per cent of them were in the exporting sector. Exports are vitally important for our economy but the potential for serious job creation is in the domestic sector.

Every other day we are told there is no alternative to the particular austerity programme being imposed upon us. How often have we heard the time worn metaphor about the country being like a household that must balance its budget. It is not!

A much more compelling image is to liken what is happening to the 'blood lettings' prescribed by doctors in the days of old. When the specialists arrive from Washington, Brussels and Frankfurt they go into a huddle and decide that the patient can only be cured by the removal of a sufficient quantity of blood. When the treatment doesn't work, they repeat it over and over again.

Medical science has moved on. Economics, it would appear, has not.

The only way to get growth in the domestic sector is through investment. Private investment has all but collapsed so other sources have to be found. In fact it is worth recalling that the private sector has never been a key driver of productive investment in the domestic economy. In the period of the boom between 2000 and 2008 capital stock expanded by 157 per cent but most of it went into housing. It was the State or Semi-State sectors that accounted for such increase in productive capital stock that took place including:

- €14.5 billion on roads;
- €9 billion on schools, hospitals and equipment related to public administration;
- €7 billion on gas and electricity infrastructure;
- €3 billion on water works and waste management.

By contrast the private sector invested only €14.5 billion over eight years. If that was the best that the Irish entrepreneurial community could manage in the good times, what can be expected of them now?

I fully endorse SIPTU's innovative proposal to incentivise pension funds to invest in the economy. There are plenty of people willing to find reasons why creative ideas won't work but you are right to push them strongly and must never give up doing so.

In fact the trade union movement is called upon to constantly advocate for the kind of progressive policies that will give people hope for a better future. These policies must be rooted in a vision of a future which is sustainable and just. They must be rooted in a social democratic polity which has as its core value the realisation that people live in communities and not in markets.

In a sceptical world it is not enough to simply articulate these ideas in broad terms. The detailed means of achieving them must be set out and the intellectual arguments supporting them must be marshalled to withstand, not just sceptical enquiry, but outright ideological attack as well.

That is why, during Jack's presidency, Congress was substantially reorganised and an Economic Research Unit with three people at PhD level recruited. We will never give up advocating for a society based on the core values of our movement. This is indeed a terrible time but it is not without opportunity either.

How might one summarise what those core values are? Its not so hard.....it really boils down to one word – Solidarity!

Solidarity is a firm and persevering determination to commit oneself to the common good, to the good of all and of each individual, because we are all really responsible for all. Solidarity is what you do every day. Every time you try to protect a person from unfair treatment....every time you try to save a job..... every time you insist on a member's entitlement to proper pay and conditions.....every time you expose exploitation of a vulnerable person.....that's solidarity in action.

Finally, let me just say to those people who believe you should not miss the opportunities presented by a good recession. Do you think we will fail to assimilate the lessons of this experience. Some day this nightmare will be over and what you sow now you will reap then.

Colleagues, the trade union work you do every day is invaluable.

Be encouraged in the knowledge that times of trouble best discover the true worth of a person; they do not weaken him but show his true nature.

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**Irish Congress of Trade Unions,
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