

# Recession and the New Resistance

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Two questions have dominated discussions about the economic crisis in Ireland.

One is, ‘Where will you get the money to close the 18 billion deficit?’. This crops up any time a left wing critic appears on television or radio. Once asked the ‘show me the money’ question, they are ‘put on the spot’ about the figures. Any hesitancy in tone or claims about fleecing the rich is met with howls of derision. Even modest proposals to write down debt payments are branded as ‘unrealistic’. Reducing living standards of the majority is deemed inevitable but nothing can be done to upset ‘investors’. The rhetorical trick consists of getting the Left to provide a detailed alternative within the two minute time slot, while ruling out any encroachment on the power of capital. It only works when resistance is so low that it is difficult to see how the wealthy could be forced to pay up.

Which brings us to the second question: ‘Why have the Irish not resisted?’ This question arises because of the contrast between the Irish experience and that of Greece and, to a lesser extent, Spain. The political elite revels in the contrast because their economic strategy is based on ultra conformity to the IMF-EU-ECB troika. At one stage, Finance Minister, Michael Noonan, joked that he would print T-Shirts with the slogan ‘We are not Greek’, while Eamonn Gilmore has said. ,

‘Remember that the route that Greece has followed is the kind of route that some of the ‘No’ campaigners are recommending for this country. That is not a direction that we want to follow’.<sup>1</sup>

The fact that Greece was one of the first countries to ratify the Treaty does not bother Gilmore. The propaganda technique is to associate his opponents with the suffering that, ironically, his fraternal allies in PASOK imposed.

Various explanations have been offered for Ireland’s supposed passivity. Fintan O’Toole has pointed to a generation that grew up in the boom years, claiming they were ‘Thatcher’s children’ because their ‘consciousness was formed by the dismantling of the post-war social democratic consensus and the rise of neoliberalism’<sup>2</sup>. Others have suggested that Irish passivity is a feature of post-colonial societies. However, these explanations fail to locate the problem in the specific political and economic forms of rule that have characterised modern Ireland.

The central plank of ruling class strategies since 1987 has been social partnership. At a superficial level, this involved a ‘political exchange’ whereby the leaders of organised labour restricted industrial action in return for a voice within the corridors of power. Advocates claimed this was designed to compensate for the political weakness of social democracy by expanding the political remit of the unions. However, the unions’ influence was premised on their own acceptance of the neoliberal strategies of Irish capitalism. They effectively supported Ireland’s status as a tax haven and its niche position as a centre of light regulation. Symbolically, ICTU general secretary David Begg sat on the board of the Central Bank while it turned a blind eye to bank gambling.

The legacy of social partnership has

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<sup>1</sup>Tánaiste: Greek situation a ‘clear picture of Ireland after ‘No’ vote’, *Irish Examiner*, 12 May 2012

<sup>2</sup>‘Indebted generation must find their voice’, *Irish Times*, 4 April 2011

had a major impact on the Irish workers.

On a political level, it aligned the labour movement with the priorities of national capital. Before social partnership, there was a strong current of economic nationalism amongst Irish workers. This arose from the decay of radical republicanism as it made its peace with the system and the Fianna Fail party was its main embodiment. The party started out with a left republican rhetoric in the 1920s but then argued that the expansion of Irish capitalism would bring benefits to workers<sup>3</sup>.

Social partnership built on this tradition and developed a dense institutional network to integrate the union leaders. Union leaders interacted with top civil servants and employers' leaders in the National Economic and Social Council to develop a consensus framework for partnership agreements. During the Celtic Tiger years, they agreed some benefits for workers while minimising the costs to capital. Thus, tax breaks were used to subsidise low wage rises and the unions did not press employers for minimum pension contributions even when profits were high. Partnership structures were also created at local level to promote greater productivity from workers. This experience ideologically disarmed workers and made them ill-prepared for the crash of 2008.

But the damage was not confined to the ideological sphere. Acquiescence meant union organisation was significantly run down during the partnership years. Union density fell from 61 percent of the workforce in 1985 to 32 percent in 2007. In the private sector, density fell to 20 percent overall and to only 11 percent in the multinational sector. Alongside shrinking union density came a calamitous fall in union participation. Attendance at branch meetings shrunk to handfuls and the union

machine came to be increasingly dominated by leadership hacks who were rewarded with small privileges. Invariably, they adopted a pro-employer stance and were incapable of organising serious resistance when it was necessary. This process was further exacerbated in SIPTU with the disbandment of branches and their replacement with 'sector committees' which were elected by tiny numbers of activists.

When the crash occurred, the employers pulled away from partnership agreements but the union leaders sought to inveigle them back. They organised one public sector stoppage to gain leverage to reopen talks with the state. The resulting Croke Park agreement represented a major defeat for workers. Resistance to pay cuts were dismantled on the promise - which was subsequently broken - that those below €35,000 would receive compensation from savings gained through increased productivity. Sanction was effectively given to the pensions' levy which represented a 7.5 percent cut on gross pay. This was imposed on the public sector in February 2009 and was then followed in December 2009 with further pay cuts of 5 percent on the first €30,000 of salary, 7.5 percent on the next €40,000 of salary and 10 percent on the next €55,000. Under Croke Park, a new system of performance management was also established to remove a right to automatic increments. Employment contracts were also re-written and long standing agreements on rostering and overtime were torn up. Initially the unions gave their assent to the loss of 17,000 public sector jobs but this target was subsequently increased to 35,000.

The attacks on public sector workers were designed to have a 'signalling effect' for the private sector. As it was state policy to cut wages, it became easier for employers to impose cuts on their work-

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<sup>3</sup>See K.Allen, *Fianna Fail and Irish Labour*, (London: Pluto Press 1997)

ers. In 2008, the average annual income for those at work stood at €29,240 but by 2010 this had dropped to €28,144<sup>4</sup>. Findings from the Fifth European Survey on Working Conditions have shown that Irish and Baltic states workers were among those most likely to have experienced a pay cut in 2010. Some 48 percent of Irish workers have experienced a pay cut, compared with 16 percent of all European workers<sup>5</sup>.

Beyond these immediate defeats, the Croke Park agreement had an even deeper effect. An understanding was effectively reached that the unions would not provide a focal point for mass opposition to austerity. The ICTU would not call any mass demonstrations to the Dail and would seek to defuse any serious opposition. The SIPTU leader, Jack O Connor, acknowledged this when he told the *Financial Times* that ‘Croke Park took the best organised section of the workforce out of the equation for social protest’<sup>6</sup>. Once the Labour Party joined the government, this understanding was deepened. Union officials were warned to watch out for the ‘ultra-left’ lest they bring about Greek-style confrontations. Every effort was made to spin a line that Labour ministers were doing their best to soften the blows that Fine Gael was intent on inflicting. When Richard Bruton changed the JLC and REA system, for example, SIPTU put up the mildest of protests. At all costs there was to be no rocking of the boat.

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<sup>4</sup>Central Statistics Office, *Survey on Income and Living Conditions 2010* (Dublin: CSO, 2011) Table 1

<sup>5</sup>Workers in Ireland and the Baltic states hit most by pay cuts, *Industrial Relations News*, No. 42, 17 November, 2010

<sup>6</sup>‘Political Stability helps drive Irish Recovery’ *Financial Times* 27 January 2012

<sup>7</sup>Whelan, K. (2011) *Ireland Sovereign Debt Crisis*, Dublin: UCD Centre for Economic Research , Working Paper Series

<sup>8</sup>CSO, Quarterly National Accounts, Quarter 4, 2011, Year 2011

## The New Resistance

The Irish government has taken 24 billion out of its economy since 2008 in a series of five harsh budgets. That is the equivalent of 16 percent of its GDP and represents the biggest fiscal adjustment of any advanced country in the past 30 years<sup>7</sup>. Successive governments thought that foreign investors would come to their rescue. However, the over-optimistic predictions about growth have come unstuck and Ireland’s debt is rapidly becoming unmanageable.

This becomes clear if we use GNP rather than GDP as the measure for the size of the Irish economy. In most countries, it makes little practical difference but in Ireland GDP is inflated by the transfer pricing practices ( multinationals pretending that higher profits are made here to benefit from low corporate taxes) and so it suffers from a high level of profit repatriation. If GNP is the measure used, then Ireland is still stuck in recession. Last year, GNP shrunk by another 2.5 percent<sup>8</sup> and the Irish debt to GNP ratio is scheduled to peak at 150 percent by 2013. Even the latter figure is based on modest expectations of some growth.

As the recession continued, workers’ hopes that they could ‘keep the head down’ until recovery started, gave way to an intense anger. The first sign was the ‘riot at the ballot box’ when Fianna Fail were decimated in the General Election of 2011. Those who saw this as simply a switch from one right wing party to another missed the point. Fianna Fail has had deep roots in Irish society for over 75 years and the rise

of Fine Gael could never match this. They only won mass support because they appeared to offer the quickest and most effective way to get rid of Fianna Fail.

A year later opinion polls were telling a different story. The upper professional groups had overwhelmingly remained with Fine Gael but Fianna Fail's working class base had moved left.

Here is how Damian Loscher describes the finding of a recent opinion poll:

'Fine Gael, you could say, owns austerity and this makes the party near bullet-proof among pro-austerity voters. For example, the party's greatest gain in recent years, not surprisingly, has been among the middle classes.

The left has seen huge gains in recent years as the impact of spending cuts and higher taxes has been felt on working, low-to middle-income families. In today's poll, Sinn Fin is the number two party in Ireland, and is the most popular party among working-class voters, with 28 per cent support, compared to just 22 per cent for Fine Gael. Labour attracts just 14 per cent of votes among working-class Ireland, behind Independents/Others who enjoy 18 per cent support<sup>9</sup>.

This big shift in political attitude forms the backdrop to the emergence of the most important resistance movement of today - the anti-household charges campaign.

## Household Charges - We Won't Pay

The European elite have a long term strategy of cutting taxes on profits and reducing income taxes in order to subsidise lower wage rates across the continent. They want to use more indirect taxes to finance the state.



Sometimes this is given a more progressive veneer, particularly when applied to property taxes. The TASC think-tank, for example, argued that a shift to property taxes would be progressive as long as it was 'equality proofed'<sup>10</sup>. But this ignores the wider context whereby the lower and middle income strata pay a greater share in taxes. Ireland has a home ownership rate of 76 percent and, even if property tax bands were introduced, the bulk of the estimated 1 billion revenue to be raised would come from PAYE workers who have already suffered a severe cut in living standards. In this context, it was absolutely right to oppose the household charge.

<sup>9</sup>'Government parties feel the pain', *Irish Times*, 20 April 2012

<sup>10</sup>Tasc Submission to the Intergovernmental Group on Property Taxes, [www.tascnet.ie](http://www.tascnet.ie)

The campaign to resist was initiated by the radical left, in particular by parties like the Socialist Workers Party and the Socialist Party. From an early stage, it was agreed that the best tactic was a mass boycott campaign and that Left TDs in the Dail would openly call on people not to pay. Significantly, Sinn Fein refused to endorse this call and at some early meetings of the campaign played a negative role because their spokesperson tried to frighten people about possible consequences of a non-payment campaign. The republican tradition has often counterposed the 'heroism of the few' to mass action. So it was not entirely surprising to hear them say that while their TDs and councillors would not pay, the mass of people would not be able to break the law and face the consequences. Whatever the public justifications, however, another agenda was also at work. The party has a long-term eye on entering government and did not want to be branded as promoting 'illegal' actions. This stance, however, was entirely at variance with the public mood. In Donegal, for example, where Sinn Fein have two TDs in neighbouring constituencies, they were almost marginalised by more left wing forces who embarked on a strategy of mass action.

Opposition to household charges began in the autumn of 2011 and initially drew very small numbers of people. In Dublin, where experience of a defeat on the bin charges was still fresh in people's memory, the turn-out at local meetings was tiny. The poor level of participation led to a more top-down structure as far left groups negotiated over who would take responsibility for particular areas. This only began to change after 1 January 2012 when people were presented with the reality of having to register and pay by 31 March. It also occurred in ways that were not foreseen by many on the left.

The first surprise was that the main resistance came from the more rural areas outside Dublin. One reason was that the government had simultaneously imposed inspection fees for septic tanks and had made individual households shoulder the full costs of remediation. But there was also a deeper resentment in rural Ireland against the neglect they had suffered. Many connected their anger about charges to the withdrawal of basic facilities such as schools, hospitals and post offices. Some of the farming population had benefited from the rise in food prices but rural Ireland today is host to a much more diverse population. The high property prices during the Celtic Tiger meant that many working people could not afford to live in Dublin and had been forced to re-locate to rural towns. The consolidation of farms and the shrinking in the numbers employed mean that rural Ireland is now composed of public sector workers, factory or office workers and those who are forced to eke out an existence on the dole. The dialectic of history shows that there is never a set 'vanguard' in the workers' movement. Those who have been scarred by the defeats of earlier resistance often cede their place to others, and they in turn are often surpassed in militancy by late comers to struggles.

The meetings outside Dublin were huge. Seven hundred attended a meeting in Waterford and 400 in Athlone, for example, while thousands turned up to smaller local meetings in Donegal and Wexford. Those who attended were attentive to the arguments of the left, and attempts by Fianna Fail supporters to separate opposition to septic tanks from a general fight against household charges were easily brushed aside. Many felt they had been handed a weapon to hit back against the bail-out of banks and speculators and that mass non-payment was the way to do it. The resistance in rural Ireland eventually

fed back into opposition in Dublin. As the deadline for registration approached, there were large turnouts in the manual working class areas in Dublin and in the suburbs where white collar workers had moved.

The second surprise was the manner in which the movement outran the schemas drawn up by some of its mentors. The original conception of some political activists was that the campaign would be built purely as a boycott movement and that slow systematic work needed to be undertaken in housing estates to sign people up to the campaign. Mass demonstrations were to be avoided lest they divert from this tactic. This approach was based on the experience of the far left in Dublin during the bin charges campaign. At that time, the response of workers was often highly localised and did not involve mass demonstrations. Meetings of over 600 were held in areas like Crumlin or Ballyfermot in Dublin but attendance at mass protests in city centres was often far smaller. Against this background, some argued that the best way to win support was to suggest that people did not have to do very much - just refuse to pay.

It soon became clear that the movement would go beyond these limited perspectives. From an early stage, local demonstrations began to be organised in Donegal, Wexford and Carlow. Moreover, it was found that the more visible the local protests, the more they fed back in to individual enlistment in the campaign. In order to resolve the issue of whether or not to have a national demonstration, a campaign conference decided to refer the issue back to local meetings. When it was raised, support for a national demonstration was overwhelming. The first national mobilisation was called for the Fine Gael Ard Fheis and the turnout surpassed all expectations. Some 15,000 people marched in the angriest and liveliest protest Dublin

had seen for a long time. The next mobilisation was the Labour Party conference; 4,000 people turned up and a significant minority broke through police lines to take the protest right to the door of the conference. This move was not initiated by any section of the far left but was predominantly led by a new layer of middle-aged activists. It would have been far larger had not some organisers taken fright and urged a retreat from the doors of the Labour conference.

The third surprise was the depth of the political generalisation. The deadline for registration ended just as the referendum on the fiscal treaty was beginning. The political establishment was shocked by the scale of the resistance, as over a half of all households refused to pay. Instead of proceeding with the bully-boy tactics of visiting the homes of non-payers, they did a quick change of tack. As one ministerial source explained, they were afraid of 'upsetting the people' before the vote. They also thought that a period of social peace might help to defuse the campaign. Once again they got it wrong.

The organisational structures of the campaign held together after the deadline. In many towns, activists continue to meet every week or fortnight to organise. The participants are normally middle-aged people with roots in their community. The dominant political outlook is a left populism that is targeted at bankers and the super-rich. Sometimes there are a few seasoned political activists from the left but these are a minority. A new seriousness and talent for organising is present and there is a real thirst to produce leaflets and get them around local areas. The most recent national conference of the campaign was just one expression of the energy involved. About 350 people attended to debate over 70 motions.

But it is not just about organisation

- a dramatic political generalisation is occurring. The anti-household charges campaign has come out openly for a NO vote on the Fiscal Treaty. This reflects a spontaneous move at the grassroots towards a wider anti-austerity agenda. For political activists who have been shaped in the decades of defeat, this was not the predicted schema. A 'single issue' campaign, which confines itself to the specific item at hand, and which presents itself as 'non-political' was thought to be the recipe for success. Yet the new layers of activists who have emerged during a global economic crisis have a different outlook.

This tension between schematic formulae and a reality that shoots beyond these boundaries was further evident in debates about whether the campaign should link up with other anti-austerity movements. A motion to call another mass demonstration to the Dail and to invite everyone who was fighting cutbacks won overwhelming support at a national conference-despite the opposition of some left activists.

Real movements throw up new problems and opportunities for the radical left. The left is often crucial to initiating such movements and in providing its ideological back bone. But the left is never simply the teacher while the movement acts as the pupil. A genuine dialogue is required and the left itself has to be renewed through the real experience of struggle. The household campaign provides an important arena for doing this.

## Occupations

The anti-household charge movement is the largest and most dramatic focus of resistance - but it is not the only one. A small but highly significant wave of workers' occupations has also taken place.

At the start of the recession, two large occupations occurred at Waterford Crys-

tal and Visteon. The latter learnt from the former and used the sit-in as a base for generating more active solidarity. But the tactic seemed to recede after that.

Then the Labour Minister for Social Protection, Joan Burton, introduced a measure in the last budget that appeared to be aimed at employers but had important side effects. Up to this year, employers received a 75 percent write off of the statutory redundancy payments they paid to workers. This system emerged as a way of quelling anger and it allowed the employers to grant workers more than the statutory payment when they faced possible resistance. During the Celtic Tiger period, workers often expected to receive six or seven weeks pay for every year of service and this diffused resistance.

Burton's move, however, boomeranged on workers because the employers became far less generous in redundancy payments. Some even ran down their business so much that they had nothing left to even pay statutory redundancy. Workers were then supposed to wait for up to a year to just get a legal minimal payment from a special state insurance fund.



The result has been a new wave of worker occupations. The Vita Cortex sit-in was the first and it generated a wave

of sympathy across the Cork labour movement. It was soon followed by an occupation of La Senza Senza shopping chain and then another sit-in at the Cork Unemployed Centre followed. When the Game retail chain closed down, the managers of these non-union chain shops helped to organise the occupation.

The demands that workers made in these dispute were most moderate. They did not demand their jobs back - only that they receive their legal entitlements, or slightly over above in the case of Vita Cortex. But while the demand is moderate, the tactic strikes at the fundamentals of capitalist legality. And it has such a copycat effect that the RTE industrial correspondent Ingrid Miley suggested that they may be becoming the norm.

The laws of capitalism treat human labour merely as a commodity. It is to be used for profit and disposed of when this cannot be realised. Moreover, as a mere commodity, workers have fewer rights than other capitalists who supplied a bankrupt firm with goods or credit. They are literally last in the line - even though their sweat and intelligence helped to create the company in the first place.

Sit-ins represent a total rejection of this inhumane logic. They represent a temporary seizure of capitalist property and an assertion that workers cannot be treated like disposable hankies. But they also create space for a different form of organising. An occupation can become a base for discussion and for the active participation of workers in the running of their struggle. They politicise workers and help to spread organisational skills<sup>11</sup>. Although they have started on a small scale in Ireland, they are an important augur for the future.

## Prospects

The weary traveller who traverses a desert will easily discover oases that turn out to be mirages. It would be easy to exaggerate the scale of the change in resistance that is occurring in Ireland.

The reality is that the Irish anti-austerity movement is starting at a much lower level than those in Greece, Spain and Portugal. The absence of the organised workers' movement means that, at this stage, left populism is probably the dominant viewpoint. Hatred of bankers and speculators is almost universal but there is a gap between this and an ambition to uproot a capitalist system. Even amongst those elements who openly call for revolution, there is still a lack of clarity about what that revolution might entail. But despite this undoubted political weakness, something new and fundamental has entered the equation. Networks of resistance have emerged that will help to stimulate much wider confrontations and will renew the left itself.

Organised revolutionaries have a key role to play in this process. They can accelerate the politicisation that is already underway and ground it in a firmer anti-capitalist framework. But they will be more effective at doing this if they understand that they too must change. Specifically, they must break from conservative habits that have grown up during the years of defeat. Instead of a top-down model where they seek bureaucratic control in order to shift the movement onto a mainly electoral terrain, the aim should be to encourage self-organisation and win the argument for revolutionary change. The more demonstrations that build confidence, the better. The more the movement resists the power of the state through mass action against police lines or water bailiffs,

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<sup>11</sup>See D. Sherry, *Occupy: A Short History of Workers' Occupations* (London: Bookmarxs,2010)



even better. The left should not shrink when the heat is on from the corporate media but understand that it must prove, in deeds as well as words, its determination to overthrow this rotten system. A few things follow from this approach.

One is that the strategic goal must be to link the energy of the anti-household campaign and other social movements to the strength of organised workers. The connections are not always obvious. During the anti- bin charges campaign, council refuse workers who were charged with collecting only from compliant payers, were sometimes treated as oppressive agents. The betrayals of the union leaders have also produced such contempt among activists for 'the unions' such that even left officials like Mick O'Reilly of the Dublin Trades Council were heckled at an anti-household charges gathering. But the power of any social movement is limited to either mass boycotts or street mobilisations. The economic terrorism of capital can only be defeated by a force that is equal or superior to it in power. Strikes, stoppages and even calls for mass mobilisation from organised labour give a dimension to protests which no social movement can substitute for.

One focus for the household charges campaign should be to use its militant energy to awaken the sleeping giant of organised workers. A key condition for doing that is to challenge the hold that Labour Party officials have over the unions. This can be difficult at the level of the official branch structures because they are so bureaucratic. But this is not the case at workplace level. The proposal to initiate a movement to withdraw union subscriptions from the Labour party is an excellent start. There needs to be a sustained campaign to take up petitions to withdraw union subscriptions from Labour and to demand real political representation.

A second goal must be to create a space that gives political expression to the emerging anti-austerity movement. Some are drawing the conclusion that they should join revolutionary organisations like the SWP and this should be actively encouraged. But there are many more who want a broader political alternative that relates more closely to an outlook that is characterised by left reformism and left populism. The experience across Europe shows that there is a growing space for formations of the radical left that seek to do just this.

However, there can be some confusion about what exactly that entails. In France, for example, those who have put an emphasis on the purity of the programme and the need for incessant debates between the fragments of the far left have seen the New Anti-Capitalist Party experience serious decline [See Lorcan Gray, 'Letter from France', in this issue]. Real socialist democracy does not consist in receiving up to ten e mails a day but rather engaging properly with working people and, in that context, debating the best way forward. The key to doing that is a break from a sectarian defensive methodology that talks left about the 'socialist programme' while warning against premature confrontations that might damage electoral prospects.

The United Left Alliance can make a shift to this type of open, non-sectarian radical left organisation that is able to pull in hundreds of new activists who are being politicised. But it will have to change - and change quickly. As a basic minimum, it will have to move beyond a structure that gives the founding organisations a veto and open itself up to full membership democracy. It will also need to make more serious efforts to draw in other elements of a principled left to broaden its base.

In the meantime, People Before Profit, which is part of the United Left Alliance,

provides an important vehicle for advancing such a project. The tradition of People Before Profit, of which the SWP is one component, is to base itself on more open grassroots organisation and to pro-

mote a less dogmatic form of left politics. Its growth and expansion will become an important element in developing a radical left that can rise to the challenges posed by the new resistance.