

SOCIAL JUSTICE REVIEW





CHARTING A NEW COURSE FOR POLITICAL ECONOMY

Tom Healy, Director, Nevin Economic Research Institute (NERI)

THE MAN AT THE TOP:-
"Equality of Sac-
rifice—that's the
big idea, friends!
Let's all
step down
one rung!"

THE
UNEMPLOYED
MAN
↓

SACRIFICE?

The Nevin Economic Research Institute (*NERI*) is a trade-union supported think tank on economic policy with a presence in both jurisdictions of the island. Our mission is:

To influence policy outcomes that have the greatest effect on the achievement of equity and fairness in the political economy on the Island of Ireland, to the benefit of working people, their families and communities and the enhancement of the quality of life of all people living on the island of Ireland, through the provision of high-quality macro and micro economic research and analyses, awareness raising and capacity building programmes. Our vision is the achievement of a better and fairer society. Our strategy is to provide high-quality, timely and relevance economic research which can equip trade unionists, civil society organisations and others to understand, to work for alternatives and to play an active role in the debates and struggles to change society. Part of our remit, also, is to provide 'provide education, training and capacity building programmes to increase understanding of economic and social science policy among the general public'.

While our ethos reflects that of the wider trade union movement we are a separate legal entity with its own governance structures. Our output in terms of peer-reviewed research and policy recommendations is not subject to prior approval of the ICTU or those trade unions that sponsor us. Our work programme is agreed with a Steering Committee representing unions funding us.

Where are we coming from?

Understanding economics is about understanding politics is about understanding our shared moral norms. Writing in *The Spirit Level* Richard Wilkinson and Kate Pickett (2009: p4) comment:

As voters, we have lost sight of any collective belief that society could be different. Instead of a better society, the only thing almost everyone strives for is to better their own position – as individuals – within the existing society.

The current economic crisis in the Republic of Ireland is as much a crisis of morals allied to social class interests as it is about 'markets' or 'debt'.

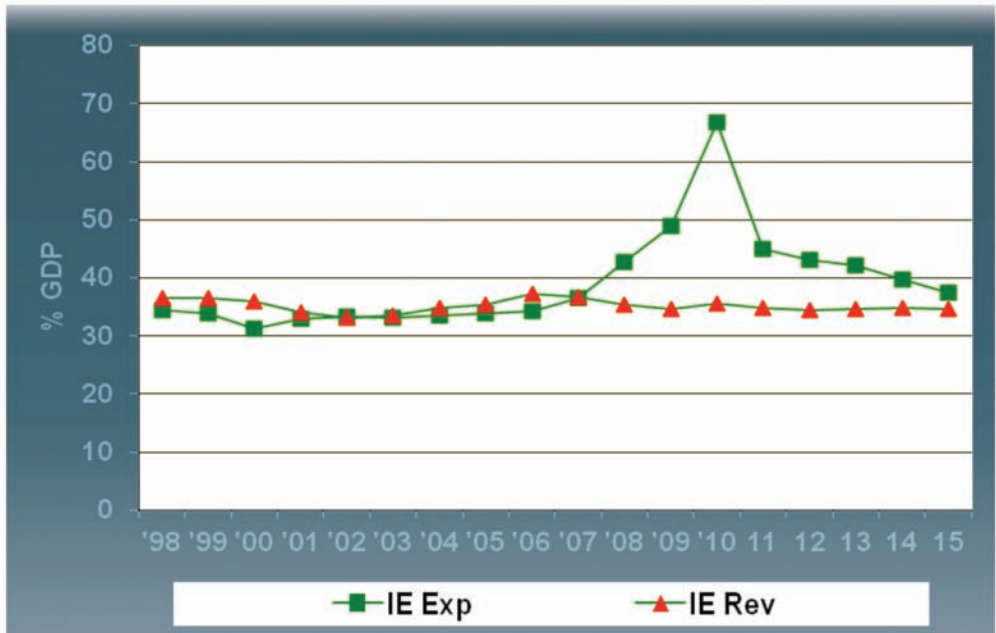
There is an agreement involving the 'Troika' that projects a sharp contraction in the size of State expenditure as a % of GDP over a four year period which is largely a transposition of the four-year fiscal plan published in November 2010. The Chart, below, presents data on trends in total Government expenditure and revenue in the Republic since the late 1990s and projected forward to 2015 in line with the most recent data contained in the Department of Finance's Economic and Fiscal Outlook (EFO) released in December 2011. The data include the one-off jump in total expenditure arising from the bank recapitalisation in 2010. Three points are worth noting:

1. Total spending and total revenue were close to each other as a percentage of GDP for the entire period 1998-2007.

2. Expenditure increased sharply as a percentage of GDP in 2008 and 2009 because (i) GDP contracted sharply in these two years and (ii) the surge in unemployment significantly added to expenditure as the numbers of welfare recipients escalated.

3. The entire adjustment towards fiscal balance (to less than 3% of GDP by 2015) is on the expenditure side.

Chart 1: Trends in Total General Government Expenditure and Revenue Republic of Ireland (1998-2015)



It is important to acknowledge that the drive towards a smaller State and one that resembles more our neighbours to the East and centre of Europe is a domestic choice and not an externally imposed one. Our creditors in the ECB, EU Commission and IMF are more interested (by varying degrees) in (i) saving the Euro (ii) saving and consolidating the European project and (iii) getting their money back – than in the specifics of how we model ourselves – whether on Scandinavia, or the UK or the some of the new accession Member States.

WHERE ARE WE HEADING?

The call for ‘adjustment’, ‘reform’ and ‘austerity’ issue on a daily basis from on high – literally. I am reminded of a poster from the 1929 UK General Election (Pictured). Change some of the details of this poster (like unemployed man and woman) and you are looking at Europe, the UK, the Republic of Ireland and Northern Ireland in 2011.

In recent years the think tank TASC has published, in association with the Irish Congress of Trade Unions, data on the distribution of income in the Republic. The data are startling. One need to climb many times the height of Windsor House in Belfast to reach the highest levels of income! Inequality is a plague on society and economies and perpetuates social and economic discrimination as well as a denial of human rights. Without a fundamental change in the direction of social and economic policy a generation of young Europeans are condemned to unemployment, insecure employment and, in many cases, acute poverty and deprivation.

ARE THERE ANY SOLUTIONS?

People need hope. People also need a set of policy alternatives and strategies to oppose austerity and move to a better, fairer society. Research is vital but not enough! Recently the

SACRIFICE ?



From "PLEBS" (the Organ of the N.C.L.A.)

Irish Congress of Trade Unions submitted a proposal for a different budget to the Government in the Republic. Our Unit helped provide much of the material and analysis for that submission.

IT ENCOMPASSED THREE KEY MESSAGES:

1. An end to fiscal austerity
2. Investment in infrastructure and jobs
3. Higher taxes on the wealthy and those on high incomes

The submission provided a stark contrast to the line taken by Government and the Troika: Any savings arising from public sector reform, reduction in regressive expenditure and reductions in unemployment costs arising from Congress's investment programme, should be reinvested back into public services and social protections (page 16)

Investment – public, private and community is an urgent necessity. This may take many forms including investment in new green technology, alternative sources of energy and insulation and retro-fitting of buildings. Wise and timely investments are an act of solidarity with people today – to involve them in a national drive of economic and social asset building. They are also an act of solidarity with the next generation – as we are building assets that they will be able to use and improve upon. However, an investment stimulus and a strategy to re-distribute wealth and income through a fairer taxation system is not enough. We must question the basis on which our current society is organised and production and consumption managed. There is a profound disillusionment across the world with systems and ideologies that have failed to deliver what they promised. This includes models of neo-liberal capitalism but, also, models of state socialism that collapsed as a result of corruption and repression. In between models of social democracy such as those developed in some Scandinavian countries have offered better outcomes than those in other parts of the world. Yet, there is a need to move forward, to re-think and to re-organise. I would suggest that the Wobblies got it right:

Organise, Mobilise, Educate!





ALL THE PIECES MATTER

tracing the decisions
that shaped the
southern Irish Economy
1922-2008

Conor McCabe, Historian

The move to protect the Irish banks in September 2008 was not an economic decision but an exercise in power. It was done to protect a certain way of conducting business in the

Republic – a way that has developed over decades, one with deep social and political roots. The continued protection of private banks – via the extended bank guarantee, NAMA (*the National Asset Management Agency*), and recapitalization – is vigorously defended by the State regardless of the detrimental effects that such a policy has inflicted on the citizens of the Republic. The true nature of business in the Republic has revealed itself in the past three years. And it is not pretty.

The current policy of protecting private banks at all cost is hardly a consequence of the Troika as it pre-dates their arrival by two years. The dominant business interests within the Republic are not in production but in facilitation. It is a middleman class – they have carved a role for themselves as intermediaries between the foreign capital (*industrial and financial*) and the resources of the State.

This role is the basis of their economic wealth, and it is this role they have sought to protect. It is a situation that did not develop overnight. When we look to the past, not as a series of events, but as a stage which enables us to watch deep social forces in motion, we begin to see the dynamics which drive the forces that saturate our present lives. And for this reason, the past is where we must go.

At the time of its independence, the Irish Free State was a fully-integrated part of the UK economy. Its role within that economy was primarily agricultural, more specifically, the provision of livestock for the finishing farms and slaughterhouses of England. This

relationship, not surprisingly, benefited livestock breeders and traders, who had come to prominence in the post-famine era, with land cleared and secured for grazing rather than tillage. This became a source of conflict within Irish rural society, between small farmers and graziers. Upon independence, however, it was the graziers who were in the ascent and Irish economic policy developed with their interests very much at heart.

The end of formal political links with Westminster meant that the Free State was now an independent country without an independent economy. In order to secure its future, it needed to expand its industrial base and develop new markets. For this it needed credit, something that a central bank based around a national currency could provide. The Irish banking system, however, was entirely focused towards the London financial markets, and resistant to the development of a national currency focused on the economic demands of the state. The need to expand agricultural and industrial output, in order to provide an economic base for sustainable communities, was pushed to one side. The result was increased emigration, with the Free State providing not only cattle and finance to the UK, but also a steady stream of labour.

The emergence of Fianna Fáil as a political force in 1927, followed by its rise to power in 1932, saw a change in aspects of economic policy, with greater use of tariffs to encourage industrial growth. These initiatives were soon hampered by self-inflicted blows. The party kept the parity link with sterling. It also decided to focus on the expansion of production for the home market only. The structural deficiencies within Irish agriculture remained untouched, as did any attempt to expand exports to anywhere except Britain. The demands placed on the Irish economy in



order to maintain parity included periodic deflations and an obsessive concern with inflation at home. By the end of the 1940s the Irish state was more dependent on Britain than it had been at the time of independence. In 1952 the Irish government commissioned a report from the American consultancy firm, Ibec Technical Services Corporation. Its authors simply could not understand why the state persisted in exporting livestock to Britain, given the potential for industrial growth which the slaughter and processing of animal produce would provide. Similarly, the practice by Irish banks of investing in British securities with the full support of the central bank and Irish government seemed bizarre, given the fundamental need for credit and investment in Ireland.

Such was the lack of concern about developing indigenous growth that the country's natural resources were sold off wholesale without a second thought. In Ireland, the handshake did not secure the deal, the handshake was the deal.

Its calls for an expansionary policy, with a fully-funded central bank using deposits to underwrite the Irish pound and provide credit, as well as an agricultural policy which would see the creation of a viable and profitable food processing industry on Irish shores, were dismissed in favour of the pursuit of foreign investment. Such a move allowed the Irish state to appease the banking sector and its cheerleaders in the

Department of Finance. It allowed credit and foreign investment to enter the Irish economy without a revaluation of the Irish pound – something that was needed in order for indigenous businesses to attain the level of credit needed for sustainable growth.

The state was on a path to industrial expansion, but one which was centred on tax breaks and financial incentives to multinational companies, and not necessarily the development of local industry and Irish-sourced exports.

The expansion in financial investment, construction, and land sales, gave rise to a particular type of Irish capitalist entrepreneur. There was money to be made by providing services to foreign investors. Construction, banking, insurance, property, road haulage, and legal services – these were the areas of commercial activity that gained a commanding presence in the Irish economy, all of which directly benefited from the influx of American, German, British and Dutch companies.

At the same time, there was also money to be made by speculating on the boon to the economy which foreign investment brought.



In the 1960s and 1970s the state started to provide these entrepreneurs with a similar range of grants and tax incentives as those offered to multinationals. In the case of office blocks in the 1960s, the state not only funded the speculation, it acted as tenant as well. The PAYE system, first introduced in the late 1950s, became a cash faucet for the government. The revenue generated through the direct taxation of ordinary workers was fed directly to speculators and foreign investors via the litany of tax havens which propped up these new industries.

The Irish entrepreneur as middleman was firmly, and fatally, entrenched in the way the economy functioned. Construction and services can only work as an aid to growth – in Ireland they had become growth itself.

Such was the lack of concern about developing indigenous growth that the country's natural resources were sold off wholesale without a second thought. In Ireland, the handshake did not secure the deal, the handshake was the deal. The type of local business interests which expanded on the back of foreign finance were all about making the deal happen. Construction, finance, land and law: this was the four-leaf clover, the new lucky charm for the modern Ireland of Lemass. By the 1970s the trick of foreign investment, and speculation on same, was running out of steam. Growth in the Irish economy relied more and more on construction, both commercial and residential. The notion that exports needed to be linked to the wider economy was given lip-service but little else. The growth in building societies and the entry of banks into the private mortgage market took place alongside moves to strangle public housing as a viable option for working people

and the increased use of tax incentives to bolster owner-occupancy as the only real option open to families. Housing was increasingly portrayed as a cure for all social ills, a bulwark against inflation, a nest-egg for retirement, a full-proof pension plan for the honest worker. It was also a multi-billion pound industry, where standards and security played a very minor role.

The 1974 Kenny Report into the price of building land was shelved precisely because it threatened to upset the speculation machine. It threatened the livelihoods of the various politicians, bankers, builders and landowners who profiteered from the rezoning game. By 1981 only eight per cent of all materials used by foreign companies in Ireland were sourced from Ireland. This was in spite of repeated calls by foreign companies for the development of secondary industries to act as feeders for production.

The Irish entrepreneur as middleman was firmly, and fatally, entrenched in the way the economy functioned. Construction and services can only work as an aid to growth – in Ireland they had become growth itself. In the late 1980s, the widening of Ireland's tax relief schemes to include financial services helped to turn the state into a glorified offshore bank. Incredibly, it became a tax haven for Irish financial and commercial businesses. Ireland had become its own tax haven. The decision by the Irish government in 2008 to guarantee almost the entire deposits and liabilities of the Irish banking system was everything people saw it as at the time: a bailout of finance, speculators, builders and lawyers- the dominant strands of Irish economic and political life. The present crisis has enabled us to see the social forces which dominate the Republic, but it has not yet given us the ability to effectively challenge them. This is starting to change. It is the beginning of a long process to transform the Republic into a State which works for the collective protection of its citizenry, instead of the present situation where the state serves simply to benefit foreign capital and the Quislings that flatter it.



THE
ALTERNATIVE

CRISIS

CRISIS

MOVING LEFTWARD?

MAPPING THE OPTIONS FOR IRELAND

Peadar Kirby

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The February 2011 general election and the October 2011 presidential election signalled a major breakthrough for the left in Irish politics. Over 60 left-wing deputies now sit in Dáil Éireann

while the election of Michael D. Higgins as President of Ireland with the highest vote ever received by a candidate in Irish electoral history has made one of the country's leading left-wing critics its head of state. This level of breakthrough would have been impossible to imagine even a few years ago.

Yet, now that the left has a far stronger voice in Irish public life, it seems not to know what it wants to say. Instead of developing an alternative analysis of Irish society and its future, the main contribution of those on the left has been to criticise what the government is doing, sometimes demanding actions that lack credibility and have little substance. In many cases, the left seems to be in denial about the seriousness of the country's indebtedness and seems to believe that simply refusing to bale out banks or to service debts offers a solution.

Meanwhile, the serious task of educating the public that the roots of our crisis lie in the extreme free-market model of development followed with ever greater intensity since independence is largely neglected. Central to this model is instinctive and constant deference of the Irish state and public authorities to private economic interests, both national and global. Yet, amid all the proposals to reform our political system, this central feature of our model does not feature at all, and the left makes no reference to it.

If the cause of our woes lies in a particular model of development, what is most urgently

needed if we want a more sustainable, fair and equitable society is to move to a new model of development. This, of course, is precisely what the left, with its traditions of critical thinking about the way power is structured, and the dominance of capital over society, should be offering to public debate and policy-making. Yet, the silence is deafening.

What is required therefore is a political economy analysis of where Ireland now finds itself, north as well as south. This would focus on the central issue of how the state and the market relate to one another, as it is the form of this relationship that largely determines social outcomes. As we know all too well from studies of varieties of capitalism, it is those liberal market economies in which the state handed enormous power to the free market that display high levels of inequality and the many social ills that accompany these. Paradoxically, it was a very neoliberal politician who introduced this recognition into Irish political debate when the former Progressive Democrats' leader, Mary Harney, spoke about Ireland being closer to Boston than Berlin.

The irony of the PD attempt to move Ireland towards a strongly US-style free market political economy is that it has resulted in the country becoming dependent on financial life-support from Berlin. Here lies the heart of the option now facing the country; yet the very politicians of the left who should constantly be highlighting this option and developing practical ways in which a more social model could be developed seem oblivious to this central choice now facing us. The real fear is that, if decisive steps are not taken now to move in that direction, we will find the neoliberal model being strengthened by the

addition of some stabilising features and emerging intact from the crisis. Debate therefore needs to centre on what alternative models of development are available to us and how do we move in their direction. In our new book **Towards a Second Republic: Irish Politics after the Celtic Tiger** (*Pluto Press, 2011*), Mary P. Murphy and I map out two alternative models being espoused by different sectors of Irish civil and political society, though we recognise that much of civil society still implicitly supports the dominant neoliberal model as revealed by the continuing strong support for a low-tax model of development.

The principal alternative being espoused, particularly by leaders of the trade union movement and by key sectors of the community and voluntary sector is what we call a developmental social democratic model. We see this as requiring fundamental changes to the dependence of the economy in the Republic on multinational investment and of the economy in the North on the British state. Instead, it requires building a dynamic sector of small and medium sized enterprises in cutting-edge areas of new technology and of alternative energy which could grow to become centres of innovation in the Irish economy. Only in this way, can the state hope to generate the resources to invest in high-quality and universally accessible public services and infrastructure, something more urgently needed in the Republic than in the North. This model would prioritise values of equality and sustainability, values badly neglected in the political economy of both Irish states.

A fundamental requirement if we are to move to such a developmental social democratic model is the transformation of the Irish state, north and south, creating a state with real developmental capacity, something that has never featured on the agenda of most political parties. But, as the new left in Latin America is showing us, equally important is the challenge of developing new forms of democratic participation and deliberation, thereby also

transforming the quality of our democracy. While this is the principal alternative model that can be identified, we also recognise that sectors of Irish society are mobilising around a more radical model, one that seems very utopian right now but that may quickly enter the realm of political possibility as the need to face the challenges of climate change and peak oil dramatically change the incentive structures for state and market. For the need to reduce drastically our carbon emissions over a short space of time and the fact that the fossil fuels which have provided the cheap energy on which our economy and society depends, particularly oil, are growing more scarce and therefore more expensive, can no longer be neglected in considering what models of development are going to be viable. We therefore identify what we call an ethical or ecological socialism, the central task of which will be to wean us off our addiction to economic growth and move us towards a steady state economy, in which distribution of what we produce takes the place of the current urge to produce more and more. As the latest Human Development Report of the United Nations Development Programme (UNDP) puts it so starkly, 'our development model is bumping up against concrete limits', both our dependence on fossil fuels and our emission of greenhouse gases. Such a model will need to develop economies much more based on local resources, but also investing in such sectors as renewable energies and ICT to ensure that a low-carbon economy can ensure a real quality of life for all. Introducing such huge changes will require a strong state, with the sort of power it assumes in wartime, but subject to strong democratic control in case it becomes too authoritarian.

Moving away from our current model of development will require such a fundamental reform of our state, our economy, and our political system that we label it a second republic. We discuss throughout the book whether a second Irish republic will incorporate the whole island or whether the division into two states with distinctive

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political economies will continue. Mapping out alternatives for Irish society is, of course, only one part of what is needed. The second is to identify which sectors of society might be the bearers of such an alternative. In this regard, we identify that we are in a very weak situation in Ireland as those sectors of society from which we might expect alternatives to emerge are ill-prepared for this task. Our universities, which should be the sources of new ideas for how we organise our economy, our politics and our society, have been with ever greater determination bludgeoned into serving the dominant neoliberal model and the critical voices within them pushed to the margins with little power. Our media has been largely seduced into serving commercial interests rather than providing a badly needed forum for democratic debate about the future direction of our society.

Similarly, the principal actors in civil and political society from which one might expect alternatives to emerge are very weak. The trade union movement and the community and voluntary sector, though largely supportive of an alternative, have become far too dependent on the state and greatly weakened as a result. The political left is divided into at least three major groups with different origins – social democratic, nationalist and Marxist – which often seem to see one another as the greatest enemy rather than capitalism.

The major sign of hope is that we live in a time of enormous change when the dominant

model of financial and speculative capitalism has revealed itself to be not only socially destructive but economically irrational. Meanwhile, as the western powers which have dominated the global order for 500 years collapse into a deep economic and financial crisis, new global powers are emerging such as China, India and Brazil that espouse a much stronger role for the state and a much more managed economy. Finally, the sudden emergence of the indignados as they are known in Spain where they can mobilise millions on to the streets, and its spreading to US and other European cities, shows that today's capitalism has lost its legitimacy so that the battle for the hegemony of ideas is now opening again as a space to be contested. Yet, while we face a capitalism in crisis, the only intellectual tradition that can offer an alternative, namely socialism, seems to have lost its nerve and its belief in its own rich tradition of analysis and struggle. And the other tradition that sees clearly what is happening around us, namely the Greens, remains too partial and devoid of a robust critique of capitalism. We live at a moment when everything is up for grabs; the big question is how are we going to grasp it.



SECTARIAN **HARASSMENT** AND DISCRIMINATION IN **EMPLOYMENT**

Joe law and Stephen Nolan



The majority of research on sectarianism and the workplace has often focused on differentials in employment between Catholics and Protestants in Northern Ireland and has long been a focus of controversial debate.

The difficulty of understanding....employment [in Northern Ireland]...has deterred many academics, researchers and policy practitioners from carrying out research in the past.
(*Goodwin 1997:167*).

There are unsurprisingly two broad approaches, one which identifies state and employer discrimination as the cause the other which points the finger at the Catholic population itself. However some of the debate has questioned the very existence of discrimination at all. Hewitt argues that discrimination in housing, labour market and the electoral system is much less than conventionally thought (*Hewitt (1981; 1983: 1985)*). O'Hearn in turn accused Hewitt's arguments against the existence and extent of discrimination against Catholics as "academically useless", "racist" and "bigoted and sectarian". (*O'Hearn 1985:94*) Whyte gave a strongly qualified acceptance of discrimination suggesting:

It would be a mistake, however, to conclude that the shortfall of Catholics in the public service was due entirely to a reluctance to serve. (*Whyte 1983:144*)

In later work he suggests that discrimination has at least been exaggerated or overstated converging on a conclusion that sees discrimination as having only a "subordinate part to play in explaining the degree of Catholic economic disadvantage" (*Whyte 1990*). Cormack and Osborne (*1985*) whilst highlighting Catholic under representation in skilled jobs and professions did not regard it as systematic (*Cormack and Osborne, 1985*). Promoting an academic

version of the 'breeding like rabbits' argument Compton (*1985*) argued that the higher Catholic birth rate was the reason for higher Catholic unemployment.

More recently Gudgin has argued that "although the instances of discrimination against Catholics in the public sector were of both political and individual importance the numbers involved were very small". (*Gudgin 1999*).

Smith and Chambers (*1987*) in a major study that focused on the relationship between a range of socio-economic variables concluded that religion was a main determinant of employment and that the employment differential between Protestant and Catholics remained significant and that:

...apart from discrimination or unequal opportunities, no adequate explanation of how they are confined within such sectors has yet appeared.
(*Smith and Chambers 1987:31*)

Nonetheless the difficult and hazardous task of talking about discrimination continued into the nineties with Gallagher (*1991*) noting the ongoing lack of agreement among researchers on the continuing significance of direct or indirect discrimination (*Gallagher 1991*). In 1996 Shirlow and Shuttleworth criticised a Gudgin and Breen study in a government funded report (*Gudgin and Breen 1996*), which they claimed overemphasised low Catholic migration and high birth rates as a reason for Catholic underemployment. Shirlow and Shuttleworth argued that after taking account of migration and birth-rates on their own, Catholic unemployment would still remain almost twice as high as that of Protestants (*Shirlow and Shuttleworth 1996*). Yet the issue has remained live as Dignan in a study for OFMDFM found that:

The main conclusion drawn from the foregoing review of differentials across key policy areas is that the labour market

continues to be the primary source of disparities between the two main communities

.The controversy remains of course because:

Employment equality research is political and because economic issues remain important in political conflict in Northern Ireland. (*Shirlow and Shuttleworth 1996*)

Nonetheless, despite the apparent lack of robust evidence, contemporary research affirms the acceptance of an unfair differential in Catholic access to the labour market, and whilst there is not total agreement regarding all of the factors that have created that differential, it is accepted that discrimination is part of the landscape of disadvantage and plays a part in establishing and sustaining that disadvantage (*Breen 2000*).

Therefore, whilst improvements in Catholic representation can be seen, unemployment differentials remain and new ones may also be emerging. Alongside the continued likelihood of Catholics remaining more likely than Protestants to be unemployed there is an emerging under-representation of Protestants in the health and education sectors (*Osborne and Shuttleworth 2004*). Whilst it may be problematic to quantify the extent of direct sectarian discrimination and its relationship to historical, ongoing and emerging differentials in access to the labour market there is still of course considerable interest in identifying the impact of sectarianism on workplaces, and access to them. Two of the most significant dynamics are those of workplace segregation and the existence of sectarian chill factors in which partisan cultures, discriminatory practices, and harassment and intimidation contribute to the maintenance of the overall imbalance.

SEGREGATION IN EMPLOYMENT

Segregation in employment is one of the key factors which make up the landscape of discrimination in Northern Ireland. The highly segregated work landscape that emerged from Northern Ireland's particular historical context was reinforced by the increased threat of intercommunal tensions and violence which has led to a significant degree of self-segregation along ethnic and sectarian lines. (*MacGinty et al, 2007*)

The industrial and occupational structure of Northern Ireland's employment, based as we have seen on complex historical dynamics that have include discrimination, has meant that even during years in which employment rose, Catholics "did not obtain a foothold in bastions of Protestant privilege" (Maguire 1989:23) and when an increase in the service sector occurred it was largely the availability of unskilled low paid work to which Catholics had access (Eversley 1989). Even those reluctant to admit the existence of discrimination in employment are willing to acknowledge that "a pattern of job segregation was also common in many areas", suggesting that these patterns were not necessarily linked to institutional or state discrimination but rather

Stemmed from shop-floor antagonisms between Catholic and Protestant manual workers. These antagonisms have a long history, including sporadic outbreaks of violence. (*Gudgin 1999*)

In regards to the actual levels of workplace segregation Mitchell (*1987*) showed that up to 80% of the workforce were described as consisting of a majority of one identity with 20% per cent of workplaces overwhelmingly comprised of one community identity. The survey also suggested that larger organisations were less likely to be segregated, and that there had been a decrease in segregation over the years (*Mitchell 2006*). Whyte states that due to

the impact of fair employment legislation **"segregation at work is one of the least acute forms of segregation in Northern Ireland."** (*Whyte 1990:37*) Indeed most commentators agree that there is evidence for greater mixing in workforces in the 1990's and an increased ability of some employers to recruit workers from both communities. Whilst the numbers of mono religious workplaces is said to be decreasing Heaton and Teague placed them at 60% in as recently as 1997. (*Heaton and Teague 1997:274*)

Attitudinal surveys have supported the findings that workplaces are more integrated and indeed that support for integrated workplaces is also reflected in research into the attitudes of workers towards shared workplaces. Sheehan and Tomlinson found a willingness amongst both communities to work in places where they might form the minority in the workplace. However this changed significantly when that workplace was in an area perceived to be the territory of the 'other'. (*Sheehan and Tomlinson 1998*)

In 2004 an Equality Commission review found that there had been considerable increase in the numbers of people who work in integrated workplaces (*ECNI 2004*). This was most marked in the public sector but not solely confined to it. More recent research has again found that a majority of people said they prefer to work in a mixed workplace. (*OFMDFM, 2007*)

Nonetheless Hughes et al (*2003*) suggest that whilst the majority of the population expresses a preference for mixed religion workplaces there are still preferences amongst a significant minority in favour of workplace segregation. He also argues that despite the peace process and the impact of equality legislation:

there is evidence that Northern Ireland has become a more divided society since the

Belfast Agreement....The overall picture is one of (still partial, but nonetheless significant) retreat into single-identity environments. (*Hughes, Donnelly, Robinson, and Dowds 2003:19*)

This suggests that continued segregation in employment may be supported by residential segregation; given that many private sector firms tend to recruit from their immediate surroundings it may be that religious polarisation in the labour market is being fuelled by these new residential patterns (*Heating and Teague 1998*). Most research finds that there is still 'considerable divergence, with domination being possible in neighbouring territories' (*Jarman, 2005:10; also Horgan, 2006; Knox, 2011; Mac Ginty et al 2007*).

The dynamic of localised employment reflecting segregated living is unlikely to improve the overall patterns of imbalance as firms will tend to reflect the demographics of local areas. These patterns of employment are based upon Extended Internal Labour Markets (*EILM*) where recruitment from local communities into SME's can still be highly informal. Manwaring helpfully points out that this situation holds benefits for employers as it creates worker discipline as "new recruits...are eager not to undermine the operation of the EILM by behaving badly", he doesn't explain what constitute 'behaving badly'. Closer analysis of EILM's in the context of Northern Ireland also describes a situation open, not just of the undermining workers rights generally, but for the perpetuation of ethnic and religious discrimination and the emergence of sectarian and partisan workplace cultures (*Manwaring 1981*)

This kind of labour market exclusion and employment monopoly is compounded by the absence of a legislative requirement to monitor religious and ethnic intake if the company employs less than 10 workers. Considering that micro businesses and SME's



account for accounted for 87.8% of the Northern Ireland private sector it suggests that significant numbers of people in Northern Ireland are employed in areas which favours localised patterns of employment in which there is greater potential for the emergence and indeed maintenance of sectarian harassment and intimidation:

Monitoring covers around 72% of employee jobs in Northern Ireland, and does not include those private sector concerns with less than 11 employees, school teachers, the self-employed, the unemployed, nor those on government training schemes. *(ECNI Monitoring Report 15)*

Significantly, Shirlow in a study of private sector employers suggests that the absence of adequate monitoring data has led to an underestimate of the extent of workplace segregation and prevents a more sophisticated study of ethnically territorialised spaces and the related reproduction of ethno-sectarian conflict. *(Shirlow, 2006)*

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This situation is further compounded by the fact that trade unions continue to have no legal right to recognition in small companies and it is often these workers who are in need of the most protection. Smaller businesses often have lower rates of pay, poorer health and safety records, bigger gender pay gaps than larger unionised companies

fact that trade unions continue to have no legal right to recognition in small companies and it is often these workers who are in need of the most protection. Smaller businesses often have lower rates of pay, poorer health and safety records, bigger gender pay gaps than larger unionised companies *(TUC Law at Work 2009)*. Minorities working in smaller businesses compared to larger companies continue to be denied adequate protection and are more vulnerable to exploitation and harassment. Recent research by the TUC in GB has shown however that many small to

medium businesses are in fact signing voluntary agreements which provides strong evidence both of the benefits of union recognition to business and the need to end the exclusion of employees of firms employing fewer than 20 people which disproportionately employ women and people from ethnic minorities. (*TUC Annual Survey 2009*)

Recent research has also suggested that union recognition can improve relationships in the workplace, improve personnel procedures, ensure a better trained workforce, and safer and more inclusive work environments (*Trademark 2009*). As a result non-partisan workplaces are likely to emerge with the added benefit of employees and employers more likely to resolve potential cases of harassment in the workplace.

The general picture emerging is of less pandemic segregation whilst also recognising that labour mobility can in places remain highly localised and territorialised (*Green, Shuttleworth and Lavery 2005*). It is in part the existence of these ethnically territorialised workplaces that gives rise to what has become known as a sectarian chill factor in the workplace which has a range of impacts on the maintenance of both segregated workplaces and indeed partisan workplaces where sectarian intimidation and harassment of minorities can be part of workplace culture. The term itself attempts to capture the reluctance of individuals from one community to join organisations where the other dominates the workforce due to the threat of intimidation, personal injury or in the extreme case, death (*Heaton and Teague 1997*) White suggests that fear of discrimination and intimidation as a genuine reality and can seriously inhibit choice:

Many West Belfast residents do not even apply for jobs outside their immediate area even though they believe they may be suitably qualified. They believe they will encounter discrimination, intimidation and inequality of

opportunity due to their community background or their postal code. (*White 2002:01*)

Green et al. (*2005*) in a study which focuses on access to work for young people highlight the persistence amongst the study group that are often seen as “inaccessible or unsafe”. They suggest that this perception creates a chill factor which occurs alongside other more complex spatial decision making processes which are affected by neighbourhood identity, gender and social class (*Green, A, Shuttleworth I and Lavery S 2005*). They also suggest that claiming the existence of a chill factor is possibly an ‘excuse’ to cover for lack of confidence in venturing further afield and that policies which enhance the mobility of disadvantaged people in the labour market by increasing their confidence in using available public transport and in venturing into new areas should be implemented.

It is clear that accessing work can still be problematic due to perceptions of the potential for sectarian intimidation and fear of the ‘other’. Many are wary of working in an area dominated by the other community, and decisions on where to apply for a job are still based on territory and the perceived existence of majority workforces and partisan cultures. The evidence in the research of the extent and impact of the chill factor on employment and access is mixed and not overly robust. Whilst workforces have become more mixed in the public sector and indeed has seen significant shifts, the picture in the private sector remains somewhat obscure.

Sectarian Harassment

The extent to which sectarian harassment in the workplace maintains an imbalance in employment figures and contributes to both workplace segregation and chill factors is an area which has largely been ignored by researchers and academics. SAHCR in a review to the Secretary of State mentioned

chill factor as a factor in perpetuating differentials “the fear...of being subjected to intimidation or hostility by a predominantly Protestant or Catholic workforce. Finlay also notes:

...even the fair employment agency which conducted and commissioned much valuable research into patterns of inequality between Catholics and Protestants and explored some of the factors giving rise to these patterns did not consider the role of tension, hostility or conflict in the workplace. (*Finlay 1993:85*)

More recently Dickson et al. (2003) remarked that there was little research on the scale of sectarian harassment in the workplace (*Dickson, Hargie, and Nelson 2003*). Hargie and Dickson further suggest there has been “a paucity of research conducted into cross-community relationships in organisational settings” as a whole (*Hargie and Dickson 2005*). Though Jarman in a study on sectarian violence notes that it remains a problem in the workplace (*Jarman 2005*). Hargie and Dickson’s research is somewhat limited as it rests primarily on the individual and indeed ‘employees’ not as the object of discrimination and harassment but rather as its source:

It is essential for organisations to monitor inter-group communication and assess employee views about how organisations currently deal with any sectarian problems that arise. (*Hargie and Dickson 2005:04*)

More recently Dickson et al (2006) in a qualitative study of sectarianism in four organisations suggest that there was some sense of positive changes in the workplaces in the years previous to the study being carried out. In discussing their findings the authors suggest that whilst the legacy of the conflict is still very visible, with segregation in education, sport and housing still evident, in terms of the workplace they noted that:



...projected against the community background just sketched our findings are slightly surprising...sectarianism is not perceived to be a significant problems in the organisations included in this study. (*Dickson and Hargie 2006:50*)

They argue that perceived neutrality in the workplace, promoted through equality legislation has been important in encouraging young people to venture into other areas to seek work. Hargie et al (2006) highlights how the legislation was felt by employees to have been beneficial in ensuring appropriate action could be taken when any complaints of sectarianism were registered and thus contributed to a culture or “sanctuary of neutrality” whereby the vast majority of employees left sectarian divisions outside the factory gate (*Hargie, Dickson and O'Donnell, 2006*)



The research focuses on the individualist nature of sectarianism referring to perpetrators are “shadowy faceless figures” (*ibid*: 51). The authors’ analysis presents an extremely positive view of the workplace environment: work may even be seen as a neutral sanctuary where endemic sectarian tensions of tribalised residential areas can be escaped from for a while. (*ibid*, 50)

The focus on individualist manifestations of sectarianism situates these studies within a Unitarist paradigm in which workplace conflict of any kind is seen as acting against the interests of ‘corporate functioning’ (*Hargie Dickson, 2005:03*) and in which positive inter-ethnic group relations are desirable for corporate success rather than worker and community solidarity.

Alternatively Eyben et al (1998) have suggested that in order to combat discrimination it is

crucial that the culture of organisations is taken into account when addressing sectarianism. Workplace cultures are not established and maintained solely by workers but also by the structures, policies and decisions taken by owners and managers (*Eyben, Wilson, Morrow 1997*).

In a partnership with Counteract the anti-intimidation unit of the ICTU they developed a framework for addressing sectarianism which sought specifically to address the informal and hidden cultures that allow discriminatory attitudes and behaviours to exist. In this context, sectarian harassment emerges not solely from individual workers but from at best, complacent and at worst, complicit employers. (*Eyben, Wilson and Morrow 2002*)

Clearly workplace segregation and separation is part of a complex historical process in which sectarian harassment and sectarian chill factors plays a significant role. The relative absence of studies on sectarian intimidation and harassment would suggest a serious lacuna in the provision of robust evidence on the extent and characteristics of sectarianism in the workplace and therefore its related impact on policy and practice:

If we are to better understand sectarianism in the workplace and its effects on equality of opportunity then more research is needed. We need to monitor incidents of sectarian harassment, intimidation and conflict...we also need in-depth, historically informed case studies of ‘work places in which incidents have occurred. (*Finlay 1993*)

The provision of such evidence is of course a challenge for those interested in challenging sectarianism in the workplace and in 2012 Trademark will be addressing that challenges with a series of research papers that will attempt to tell the often hidden story of sectarian harassment and intimidation in the workplace in Northern Ireland.



AN ALL IRELAND ECONOMIC AREA

DOES IT MAKE SENSE?

Peter Bunting, Assistant General Secretary, Irish Congress of Trade Unions

Discussing an all-Ireland economy is a bit like discussing a European-wide currency. On the surface, we can talk the economist talk about synergies and strategies, about linkages and leakages, but not far below the surface of the discussion is politics. We cannot even talk about the politics of investment and planning, or market forces and market failure, but about the blood and soil stuff – sovereignty, citizenship, participation, ownership. We could, and others hopefully will, talk about transport corridors, health synergies, shared education, welfare reform, clusters of research and development, shared innovation, workers' rights, state aid, taxation policy, the cuts and austerity programmes on both sides of the border, the role of the EU and the global impact of what is now commonly called the Great Recession.

The great difference in the present crisis is that south of the border, debt and the economy are the issues. In the UK, and by extension, Northern Ireland, the economy is the problem. When one wants to look at how grim things are about to get up North, it is instructive to consider the comments of one of its most prominent economists, Alan Bridle, chief economist of the Bank of Ireland in NI. Alan was speaking to the business brains of the region, the CBI Economic Luncheon in *May 2011*. The title of his presentation was bleak: "A recovery as painful as recession." Gatherings such as that are good to eavesdrop upon, by those of us not on the CBI's usual invitation list. Alan Bridle had no reason to spin or to boost the figures. He was brutally frank. Growth in the UK economy will barely escape 2% for the next few years and NI will be at half of that level. The block grant is facing a four-year reduction of 8% in day-to-day spending and 42% in capital spending – a total loss to the local economy of £4 billion over four years. We estimate that at

least 20,000 public sector jobs are on the line, with 12,000 collateral job losses in the private sector. NI as a region will be the second-worst affected in the UK by the cuts. The private sector has contracted at twice the rate of the UK average.

The 'squeezed middle' is more than a slogan. Personal insolvencies have tripled since 2006, housing values have crashed and inflation is triple the rate of wage increases. Ideologically-based pension and welfare reforms are adding to the squeeze, and there is one vacancy for

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every 12 people on the live register, the official rate of unemployment which excludes another 50,000 deemed 'economically inactive' but who are also looking for work.

The young are facing a squeeze of their own. A Quarter of the under-25s are unemployed. Students are preparing for graduation in a state of indebtedness and uncertainty. A generation gap is opening within workplaces and families, with the young having to work longer, for less money and with less job security – and they know it. They will be worse off than their parents or their older colleagues – and they resent it.

The future for NI is as bleak a picture as the past three years have been in the Republic. The summary above is worth repeating to Southern audience who may not have been aware about what faces the North. One lesson is clear. One part of the island cannot lift the other. There are important differences between the recessions on both sides of the border, and they are because of the structural differences between the two economies. The North has been protected to some degree by its long tradition of manufacturing. The UK welfare state plays its part. The largest single employer in Northern Ireland, as in the UK, is the National Health Service, with 10 per cent of the entire working population.

The biggest long-term problem with the NI economy is that most of its private sector is too small. 95% of businesses employ fewer than ten people. It is too timid, with low rates for start-ups and innovation, and one of the lowest spends on R&D in Europe.

Now, we are faced with the Secretary of State, Owen Paterson, who is determined to make Northern Ireland an onshore tax haven. His oft-stated top priority has been to cajole and lobby for cutting Corporation Tax in Northern Ireland to the 12.5% rate enjoyed by companies and corporations in the Republic.

What has been made abundantly clear is where real political influence lies in Northern Ireland. Our political class reassures us that they will not be swayed by violence. Good. However, the debate on Corporation Tax has revealed what sways their actions and who sways their thinking.

Such an insider's view was expressed recently by Kate Barker, the chairperson of the Economic Advisory Group, which doles out 'impartial' and 'independent' advice to the NI Executive, just as she gave 'impartial' advice to the Confederation of British Industry, the CBI, from 1994 until 2001. Kate Barker admitted "there would be no mechanism put in place to stop companies retaining the savings or paying them back to shareholders as dividends, rather than reinvesting in the economy". The implication being twofold. It is still worth the risk of taxpayers money, and there is nothing

government can or should do about it anyway. A huge cut in Corporation Tax will not guarantee a single new job – the CBI admitted so. It will guarantee big increases in profits for large businesses. The only other consequence we can be sure of is that hundreds of millions more will be cut from public services and investment and procurement.

This is not a 'cost' however, according to Neil Gibson, whose 2006 model showing the nirvana which awaits Northern Ireland as a tax haven has been replicated by all of the boosters. In the current issue of Agenda NI, he chides those of us who worry about taking £300 million off the block grant annually and punting it on a horse called "Lichtenstein on the Lagan". This concern is "short sighted", writes Neil Gibson, because "it is a transfer of money from the public to the private sector, not a straight 'cost'."

One would love to debate neoliberal ideologues with exactly that logic applied in the opposite directions. If we tax the rich until their pips squeak and spend all of the revenue on council diversity officers and mansions for asylum seekers, it is not a straightforward 'tax' – just a transfer of money from the private to the public sector. That is, and has been, the level of economic debate in Northern Ireland. It is a straight upward transfer of wealth – no stealth required. Almost every spokesperson for that campaign, with the exception of a few academics, will materially benefit from this transfer, as company directors or as tax consultants.

There are more sensible and fairer means of expanding the private sector than handing out a deadweight bonus to big business: By promoting investment in Research & Development through intelligent and EU-compliant tax credits, by rewarding innovation, by generating quality jobs in manufacturing and services and by encouraging exports. We are at the heart of the campaign for a Green New Deal and are constantly promoting uptake of EU programmes such as the Globalisation Adjustment Fund.

Instead, we are very likely to get a cut in Corporation Tax. Another neo-liberal solution



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to the problems caused by neo-liberalism. In other words, we are firmly back in the realm of politics. We are likely to have a unified rate of Corporation Tax on this island within five years. It would be far sooner if the Tories and their local cheerleaders had their way, but I suspect that the EU Court of Justice could delay matters.

This prediction is based on the present willingness to carry them out in the corridors of power.

The Superficial differences in the economic structures of both economies and consequent effects on trade have been expertly outlined by John Bradley. There is an excellent summary of his research and that of his colleague Michael Best in the most recent edition of the *Journal of Cross-Border Studies*. If I may summarise, however, the trading situation at present could be described as 'a lot more than a few years ago, but not nearly as much as we expected or

hoped'. The article also notes that "the decade following the Agreement was characterised by excessive optimism on the part of Northern policy makers, often accompanied by a benign passivity on the part of Southern policy makers, when facing into the challenge of repairing the human, social, and economic ravages of three decades of violence."

This is a common theme for those of us who have worked to bring about deeper links between South and North, not necessarily for nationalist purposes, but for simpler reasons such as economic efficiency and simple human communication. There exists what could be called a 'benign partitionism' at play in the South. Many people in Dublin and Cork and Galway have enough on their plates already, and that is understandable. But the lack of interest in the details of daily life in Northern Ireland is all too common among senior policy makers as well as the general public.



Since the foundation of the German Federal Republic in 1949, there was a small office in Bonn whose sole task was the planning for Germany's hypothetical reunification.

Let me offer this as an example from Germany, a country divided for decades. On November 28th 1989, the then Chancellor Helmut Kohl addressed the Bundestag and outlined a ten-point plan for German unification – a process which would be ratified by referendum one year later. This was two-and-a-half weeks after the shock of the collapse of the Berlin Wall, but was not scribbled in haste.

Since the foundation of the German Federal Republic in 1949, there was a small office in Bonn whose sole task was the planning for Germany's hypothetical reunification. A similar discreet office exists in Seoul, and operated even when South Korea was a military dictatorship and the public advocacy of Korean unity meant a long prison sentence for being a stooge of the North Korean regime.

There has never, in the history of the Irish civil service, been a single such plan or proposal, despite sixty years of Articles 2&3 and Proclamations in every classroom.

A rare exception arrived at the end of the boom,





...effectively NAMA sets the level of the Northern Ireland property market so every move it makes is carefully watched and scrutinised. We have much, much more to learn about NAMA and its ultimate impact on the value of not just these properties, but every home, office building, and piece of land in Northern Ireland.”

when a report called Infrastructure for an Island Population of 8 Million was prepared by the Irish Academy of Engineering and Engineers Ireland, with the facilitation of InterTradeIreland, one of the more successful cross-border bodies.

It is, indeed, a document of rare beauty, advocating quite radical methods of social engineering, as much as physical engineering, aiming to address climate change as much as demographics and economics. The report proposed a focus on eight City Regions, increased urbanisation, a Dublin-Belfast corridor along the lines of Copenhagen and Malmö, development of Dublin airport as an international hub and “the use of innovative financing to fund infrastructure development.” That last one caught my eye, and predictably enough, it proudly advocates using Public-Private Partnerships (PPP), or the Private Finance Initiative (PFI), for this bold remoulding of the land and people of this island. Last week the House of Commons Public Accounts Committee endorsed the long-standing trade union view that the Private Finance Initiative was a boom time for financiers with chump change for the public. For all its worthy intentions, this master plan for the island was firmly within the narrow confines of neoliberalism.

That is not to dismiss the report out of hand, but I suspect that there are two reasons why very few people ever heard about this report.

One is political will, on behalf of the benign partitionists south of the border and the harder partitionists in the Unionist parties with possession of the economic ministries in Stormont. The other is money. PPPs and PFIs depend upon raising the initial money from the banks and the lenders of credit have been on strike for the last four years.

But in the meantime, an even bigger economic player has come to dominate the fledgling all-island economy.

Many in this room do not realise this, but taxpayers in the South own Dromore. Almost every blade of grass in this sleepy townland just after Banbridge on the M1, is owned by you, compliments of NAMA.

Earlier this year, the National Asset Management Agency published its list of Properties Subject to Enforcement Action. Northern Ireland takes up five pages and 78 properties, of which 49 are in county Down, all the results of one developer, Sam Thompson, whose speculation was bankrolled by Anglo-Irish Bank. If you are quick, you could snap up a seven bedroom palace in Dromore for £400,000 – down from £1 million.

According to Jim Fitzpatrick, BBC NI's Economics Editor, this is the tip of an iceberg worth £3.5 Billion. “The property market in Northern Ireland is in a huge slump. NAMA controls more property here than anyone else – by a mile. The big worry for local politicians was that NAMA might sell everything at a

knock-down price.

“That is not happening - because it is not in NAMA’s interests to do so. But effectively NAMA sets the level of the Northern Ireland property market so every move it makes is carefully watched and scrutinised. We have much, much more to learn about NAMA and its ultimate impact on the value of not just these properties, but every home, office building, and piece of land in Northern Ireland.”

Unionists got terribly exercised a few months ago when the ESB started talks about buying out Northern Ireland Electricity, because, as Tom Elliot said, “the ESB is owned by the Irish Government.” That may sound a bit ‘extreme’ for sensitive Southern ears, but Dromore is far more ‘extreme’. It elected to the local council a member of Jim Allister’s TUV, rejecting the DUP as ‘sell-outs’ to Sinn Féin.

And yet, there has barely been a peep about £3.5 Billion of the land and buildings of Ulster in the hands of NAMA, a body impressively described by Conor McCabe as a “gentlemen’s club” which would achieve one thing: “the decisions surrounding Irish banks would remain the preserve of Irish bankers.”

By the way, the head of credit risk of NAMA’s Northern Ireland operation is a former credit risk executive at the Ulster Bank, itself part of the Royal Bank of Scotland, which is, in turn, 84% owned by the British taxpayer.

Perhaps that is a sign of the times and the way in which the two economies are converging, Manufacturing used to be the backbone of the Northern Ireland economy, now it is the poor relation, despite performing better than most sector of the economy during the Great Recession – far better than property, construction and retail, those great white hopes who proved to be white elephants after all the hype.

Why? Perhaps the structure of power and influence in the Republic of Ireland and Northern Ireland has shifted, especially in the North, from manufacturers to middlemen.

Culturally, Northern Ireland has a political class which has been out of power for 35 years, and is striving with mixed enthusiasm and results at





**They are rentiers,
middlemen, greasers of
palms and flatterers of egos.
They have held sway for
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collective noun for vultures.**

replacing the permanent secretariat at top of Civil Service in making the key decisions. For example, Sammy Wilson demanding a say in NAMA, as no Republic of Ireland politician has dared. Perhaps the big question is on power relations and who really has clout. Who can change things? Who can get things done? It could be said that we on the left have been looking in the wrong direction, but for all the right reasons. Michel Foucault remarked some 40 years ago that it took us until the 19th century before we understood the real nature of exploitation. The challenge for us now is to understand the nature of power.

The answer to that quandary is easier to understand in the South, as Conor McCabe remarks in his recent book, *Sins of the Father*. The book's central argument holds up so well because it reminds us of the old wisdom of IF Stone: "A scandal isn't an interruption of business-as-usual; rather it is a revelation of it." The creation of NAMA, the bungled EU/IMF bailout and the granddaddy of all policy blunders, the blanket bank guarantee, all ensured that "the logic was to cushion Ireland's financial vested interests from the fall." Those vested interests were the "financial dealers and property developers, the glorified Ma tres who meet and greet multinationals as they arrive on our shores, aided and abetted by the main political parties, who are unable, or unwilling, to see any alternative."

What McCabe is describing here as Ireland's "controlling forces" are a ruling class who differ quite markedly from those in other western democracies. They are not big landowners, haute bourgeoisie or large industrialists.

They are rentiers, middlemen, greasers of palms and flatterers of egos. They have held sway for decades in Ireland, from the cattle exporters to Haughey's Golden Circle and beyond the realm of the senses, with the millions being made by NAMA's platoons of consultants, property valuers and legal eagles. 'Committee' is the collective noun for vultures.

The rise of the rentier has become a global trend, amplified by the current Great Recession which the same shysters caused. "Consciously

or not, policy makers are catering almost exclusively to the interests of rentiers – those who derive lots of income from assets, who lent large sums of money in the past, often unwisely, but are now being protected from loss at everyone's expense," noted Paul Krugman recently. "This is the class which makes big campaign contributions, it's the class that has personal access to policy makers, many of whom go to work for these people when they exit government through the revolving door." The Northern Ireland variant of this class was described a few years ago by Congress as "The Cash Nexus." Another way of saying the same thing was said last week by Laurence Crowley in that incredibly revealing interview with the Irish Times. Dean Swift could not have done better than pearls such as this: "You'd normally be hesitant to choose somebody you'd never heard of," he said of the process of appointing new directors, adding that selecting the wrong person can mean "risking the cohesiveness of the board"... Last year, a report by think tank TASC found that between 2005 and 2007, Crowley was one of 11 directors in the country's top 40 private companies and State-owned bodies who had 10 or more links – via multiple directorships – to other companies in the network.

As some might say: Your Country – Your Call. Without naming names, that reminds me of a few powerful figures north of the border, despite the image of the northern capitalist and his enablers as dour but honest. All you have to do is look at the personal interests of many – not all, but many – who are declaiming loudest for a cut in Corporation Tax in order to attract foreign direct investment. Taking Northern Ireland on the route to becoming an onshore tax haven within the UK, and taking investment not from the south – Northern Ireland could never offer Google the chance of 3.4% effective tax – but other regions of the UK.

In fact, an argument could be made why the south's establishment could whinge about partition from one side of its mouth for 80 years while never thinking of planning for the evil day when the British announce that they are leaving one million protestants to their fate



in a United Ireland.

Could it be that the rentier class held a dark nightmare? That the border would collapse, that partition could not be blamed for our problems and backwardness, just as dozens of corrupt and now tottering oligarchs and tyrants across the Arab world blamed Israel for the misery of their subjects, and that they would face competition from Northern Ireland's ruling classes to be top dogs? That is conjecture, of course, but worthwhile nonetheless.

Still there must be some institutional memory of the fate of Patrick Gallagher, how he was nabbed by the Royal Ulster Constabulary (RUC) in Northern Ireland for using his Merchant bank as a personal piggy bank, and jailed in Crumlin Road in 1990. There were no such charges brought in the Republic. Instead, Tony O'Reilly paid the school fees for Gallagher's son. Gallagher told the Moriarty Tribunal that his



That this corrupt, and corrupting, figure was imprisoned at all, is one of the great credits to the justice system of Northern Ireland. That Gallagher, like almost all of his ilk, remained scot-free in the streets of this Republic speaks volumes about ownership, entitlement and citizenship.

payment of £300,000 to Charlie Haughey, two days after he became Taoiseach in 1979, was made “out of a sense of duty.”

That this corrupt, and corrupting, figure was imprisoned at all, is one of the great credits to the justice system of Northern Ireland. That Gallagher, like almost all of his ilk, remained scot-free in the streets of this Republic speaks volumes about ownership, entitlement and citizenship.

Of course, one of the reasons why he remained free and respectable in the South was that no-one blew the whistle. They too, had their sense of duty, such as Laurence Crowley. He was receiver to the Gallagher Group, and discovered a £300,000 payment made some years before by Mr Gallagher to then (and future) Taoiseach Charles Haughey. I shall, on legal advice, simply quote the Irish times report of his own account of events:

“The Revenue Commissioners had been unaware of the transfer, until Mr Crowley informed its chairman, Séamus Páircéir, of its existence. A “brilliant letter” came back in return, outlining Páircéir’s belief that it wasn’t in the national interests to pursue Mr Haughey through the courts but that the liability should instead be assessed as a capital gain. A lengthy pursuit ensued, with the receiver and man who had kicked it all off standing by as polite observer.”

“In the end, Crowley decided he had done enough accountancy and, with offers of non-executive roles in no short supply, he exited the business, with no regrets.”

The issue is not sovereignty, but ownership. The amount of cross-border economic activity which is under any democratic scrutiny is minimal. That represents a failure of those we elect to watch over us, and watch over those whose decisions affect all of us.

There is one political party in both parliaments on this island, but the policies they oppose in the Dáil are very similar to the policies they impose in Stormont.

The great failure for progressives on this island is the dearth of functioning all-island civil society bodies which promote the interests and inclusion of active citizens working for their communities and for the common good.

Business organisations and networks proliferate, with over 50 such bodies. If the ‘other side’ can manage this, why can’t we?

That is the challenge for progressives, for trade unionists and for people who are serious about uniting the people of Ireland, challenging the real partitions of power and pomp and privilege.

We are still divided by religion and politics, by life chances and life experiences, and they are crucial parts of the barriers to an all-island economy, let alone a shared society.

That legacy of failure will define the all-Ireland economy for years to come, and how we as citizens of Ireland, rather than being passive subjects to forces beyond our control, respond to the state of our states.



STATE OF THE UNION

Tommy McKearney

Member of the National Executive of the
Independent Workers' Union

How permanent is the union between Britain and Northern Ireland? The answer is that, like a hologram, it depends very much on how you look at it. Viewed from one angle, the

political connection between London and Belfast has never been stronger or safer. Looked at from a different perspective, it may be in its last and not extraordinary lengthy phase.

Intriguingly, yet another view poses the opinion that in an era of globalisation, the union may be practically irrelevant anyhow.

Let's look first at the how the union has been strengthened in the recent decade. For the first time since the 1800 Act of Union, an overwhelming majority of Ulster's Catholic population is content to accept and even administer government from London albeit somewhat modified through a devolved administration. Many may not see it as their preferred choice. Some may believe that by making the place look a little less English – erecting Irish language road signs, referring to the area as 'the North' or painting mail boxes green – they no longer really live in the United Kingdom. Reality, nevertheless, is different. All of those who vote for parties supporting and operating the Good Friday Agreement are endorsing the agreement's fundamental premise; that there will be no change to the constitutional status of Northern Ireland, or the North if you prefer, until a majority of its electorate vote for change.

At least one of the parties in Stormont may disagree with this interpretation. Still, if a political party administers a region in accord with central government regulations, supports policing and judiciary while upholding the economic status quo, they can hardly be considered as seriously undermining the

current constitutional arrangement between Great Britain and Northern Ireland. As Marxists have long been fond of pointing out; one class can't just move into and take over an existing state apparatus and expect it to be anything other than what it was originally designed to be. Disaffection among the Catholic community appears minimal. Relations with unionist neighbours are not perfect but were they ever? What matters is that insurrectionary opposition to the state is miniscule, ineffective and isolated while every significant Catholic institution, from the Church to the GAA, is strongly pro-settlement and supportive of the institution of state.

So, should the unionist constituency rest content in the sure and certain knowledge that Lord Edward Carson can sleep peacefully in a corner of the empire on which the sun will never set? Well, maybe not. Admittedly, support for the union remains strong among Northern Ireland's Protestant community and this is unlikely to diminish any time soon.

Nevertheless, there are several potentially destabilising factors that could put the security of the union in jeopardy. Factors both internal and external such as a democratic deficit in the 6-Counties, regional disenchantment with London and the impact of globalisation are inimical to an unchanging relationship with London.

Take the democratic deficit first. In spite of lavish promises about a new dawn for Northern Ireland, the Six County state remains an undemocratic entity. Non-jury trials, 28-day detention, indeterminate sentences and imprisonment based on privileged evidence or "closed material" are still in place and being used. It may be argued that this type of security legislation only impacts on a limited number but it still undermines the democratic fabric of

a state that was long known for its less than wholesome repressive legislation. In a different theatre and one that certainly does affect the great majority of people; legislation relating to the work place is heavily biased in favour of wealthy employers in both the private and public sectors. In the absence of legal aid for the claimant, those with the deepest pockets have a distinct and unfair advantage in an arena imbued with Thatcherite hostility to organised labour. Moreover, conditions for workers are set to get worse as London seeks to impose on all regions of the UK recommendations contained in venture capitalist Adrian Beecroft's report on industrial relations, commissioned by David Cameron. Not only does the democratic deficit in Northern Ireland question the union but events in Scotland pose an equally serious threat and in another field, that of regional self-determination. Scottish independence is no longer a fond dream for an insignificant group of romantics. Alex Salmond's SNP has a majority in the Scottish parliament and the party is committed to breaking the link with London. This is recognised by no less an observer than the former head of Britain's civil service, cabinet secretary Sir Gus O'Donnell, who recently wrote in the Daily Telegraph that he fears the challenge Scottish separatists will pose to a unified Britain. Should Scotland opt out of the UK (and many argue that this is when rather than if) there would undoubtedly be an impact on Northern Ireland. Not only would it unsettle the Ulster Unionist community psychologically but in practical terms there is a distinct possibility that English public opinion would demand fundamental change in its relationship with the Six Counties. Some in England would question the financial cost of subsidising a fringe region. Others would press for a more contained, 'England for the English' arrangement. Moreover, a Labour Party deprived of its Scottish numbers and faced with a pro-Tory DUP block, would be tempted to raise the Mid-Lothian question, only then it would be known as 'the North Antrim question'. Apart from the above-mentioned threats to the union, there is the growing realisation that

As Marxists have long been fond of pointing out; one class can't just move into and take over an existing state apparatus and expect it to be anything other than what it was originally designed to be.

globalisation is making it almost irrelevant in economic terms. Already, the 19th century model of a nation state is becoming increasingly obsolete as contemporary technology, including travel and communications, undermines the old notion of absolute national sovereignty and independence. The commitment to free movement of goods and services on which the EU places ongoing emphasis, significantly dilutes the economic case made so powerfully by Irish unionism at the beginning of the 20th century in favour of remaining within the economic zone provided by union and empire. In spite of the EU's difficulties, there is little prospect that the concept of greater European integration and a common economic zone will end in the foreseeable future. Nor is there any possibility that the impact of globalisation can be reversed ever.

Taken together, the factors outlined above make for instability at best. If Northern Ireland or the North or the Six Counties is to remain a viable long-term entity, under whatever auspices, this uncertainty has to end and replaced with an agreed strategy for the future. The material basis that gave rise to sectarianism (and therefore division) in the past, i.e. the Orange state, has been dismantled only to be replaced with a devolved administration that designates its members as either nationalist or unionist. In other words it has set the foundation for an Orange and Green state where at best we shall live as equal but separate. At worst we are parking our difficulties until another round of hostilities break out. The current political settlement, regardless of how necessary it may have been to break a cycle of state repression

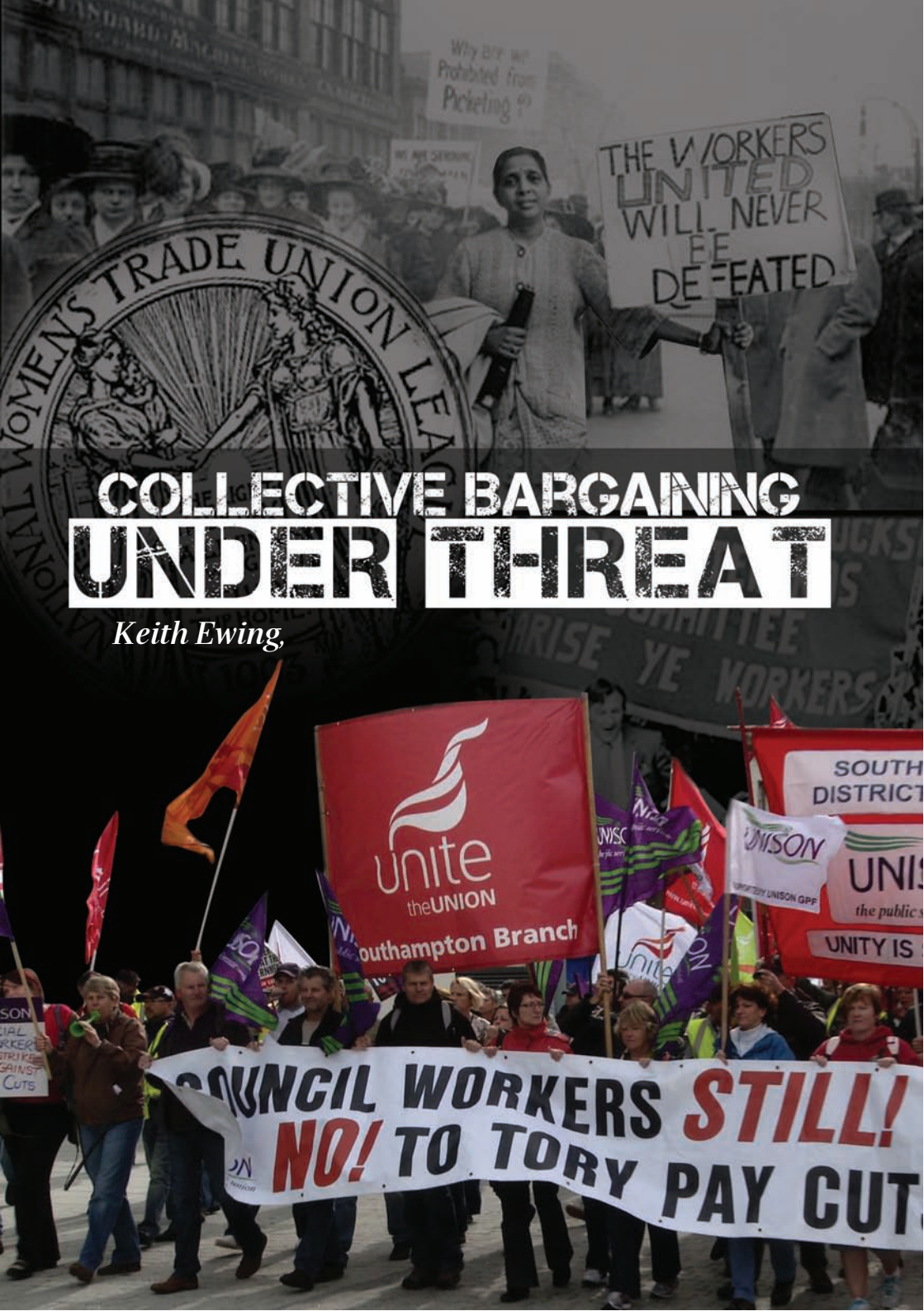


and republican insurgency, is not capable of securing the future of the area. The Good Friday Agreement was a holding or stabilising measure that has now to be superseded if we are to make meaningful headway.

In light of the sectarian nature of current Northern Irish politics, non-unionists are reluctant to return to rule by simple majority. This alone almost ensures the continuation of the D'Hondt system and paradoxically, the ongoing instability inherent in a process based on division. The only solution to this problem lies in creating an entirely different politic in Northern Ireland. A politic based on class rather than on obsolete communal divisions and there needs also to be an acceptance that at such a stage, there will be changes in the relationship

between the Six-Counties and; all other parts of the island of Ireland, all other parts of what we now know as the United Kingdom and that entity that may still be called the European Union.

Cynics and placemen will of course deride and decry the notion that this 'unique' little part of the world could ever produce a political system based on class. Sadly, there is some evidence to support their claims. The point, however, is that if humanity only ever set itself the task of doing what is handy and convenient rather than what is necessary, we'd still have the Stuarts (advised by the Vatican) reigning as absolute monarchs. A correct and necessary task shouldn't be avoided just because it is difficult. A means of overcoming the difficulty has to be found.



COLLECTIVE BARGAINING UNDER THREAT

Keith Ewing



Danny Boyle's brilliant display at the opening of the London Olympics has rightly been widely acclaimed. It represented the real history of these Isles – a history of exploitation, class struggle and political achievement; rather than a history of stately homes, King's and Queen's, and the National Trust.

But above all it was a celebration of workers – the workers who toiled in the fields, who moved to the towns and cities to labour in the smoke-stacks and the mines, and the workers who now sustain the NHS despite the attempts by Andrew Lansley and his cronies to undermine their best efforts.

What was missing from this great celebration of humanity – at least as televised by the BBC – was the contribution of trade unions. True, the suffragettes had a conspicuous part, while the CND symbol was also on display. It is also true that the founder of Liberty was seen carrying the Olympic flag. But as one Guardian correspondent pointed out, trade unions were nowhere.

This is a pity, if only because the great social progress that alleviated the plight of workers during the industrial revolution was due entirely to trade unions, not the suffragettes, the peace movement or the NCCL (founded by Ronald Kidd in 1934). It was trade unions that struggled for better working conditions, and trade unionists who made huge sacrifices for their families and fellow-workers.

It was trade unions that campaigned for better legislation to protect workers from the horrors of the truck system, the unsafe factories and mines, and the long hours and low pay in sweated industries. And it was the trade unions that were ultimately responsible for the creation of the Labour party, inspired by a vision of a better tomorrow based on liberty through equality.

This of course is known to everyone of a certain age, labour history proudly taught once upon a time in school classrooms throughout the land. But we live in a country where the trade union contribution is

gradually being erased from collective memory, as modern generations no longer learn about the role of trade unions in protecting workers and building a fair society. That memory is being lost on the movement itself, racked by four decades of neo-liberalism, and now struggling to recall what it is for. Trade unions perform many functions, but central to what they do is to bargain collectively on behalf of workers. When Margaret Thatcher became Prime Minister in 1979, collective agreements negotiated by trade unions reached 72% of the workforce. Now it is 32% and falling.

I would call this a crisis for the Movement. But it is only a crisis if we agree that collective bargaining is important. It is true that we can always find other things for trade unions to do. We can secure legislation from a Labour government, such as the National Minimum Wage. And we can provide valuable services to members when employers fail to pay the minimum wage, or fail to comply with other legislation we have persuaded a friendly government to pass.

But this is a dead end to nowhere – displacement therapy and not much else. Not only is collective bargaining density in freefall. Trade union membership is also in decline, though there are welcome signals now and again bucking the trend. Trade unions will not survive as a protest movement enforcing the rules that have been made by someone else. It is essential for the very soul of trade unionism that trade unions make the rules (with employers) by which workers are governed, and that trade unions police compliance with these rules.

But it is not only in the United Kingdom that collective bargaining is under threat. Once the bastion of trade union activity, the great social democracies of the EU are also yielding to the forces of neo-liberalism fuelled by the dogma of austerity. Earlier this year, I attended a meeting of trade unionists in Rome along with my colleague Daniel Blackburn from the International Centre for Trade Union Rights. The hospitality was warm, but the

conversation was chilling.

We heard of how in countries like Greece, Portugal and Spain there is strong pressure on employers to decentralise their collective bargaining activities down to the level of the enterprise, giving more power to employers. We heard of how in new member states like Bulgaria and Romania, various anti – union strategies are being deployed by governments and employers, and of how even in countries like Germany companies are looking for ways to escape from sector wide collective bargaining.

We also heard from Cypriot trade unionists, awaiting nervously the arrival of the Troika (the European Commission, the European Central Bank and the IMF), fresh from its blitzkrieg of the national economies of other member states. They have every right to be nervous, the ILO having recently sent a High Level Mission to Greece, the report of the Mission lamenting that the effect of the Troika has been to bring the industrial relations system in Greece close to collapse.

What was also striking about the meeting in Rome was the total failure to apprehend what is likely to happen. Returning to Danny Boyle's vision of British history, it is like being on the innocent threshold of a great and bloody war with no capacity to imagine just how brutal it will become. It is only when the lesson has been taught by the great 'Professor Experience' that the lesson will be learned. By then of course it will be too late, much too late. We have been there and have much to teach the rest of Europe. With us collective bargaining decentralisation started in the 1960s, partly because of the demands of employers, and partly because of our own hubris. We have learned a bitter lesson, and we need to put together again that which has been destroyed. If trade unionism is to recapture its historic role, we need to raise our ambitions with strategies that will ensure that every worker is covered by a collective agreement.

That does not mean a strategy for trade union

recognition in which we demand some tinkering with the statutory recognition procedure, though that would help. On the contrary, it means a strategy for collective bargaining in which we rebuild the sector wide national agreements that were once as prevalent in this country as they were until recently in most of the EU member states. That will require government support. But is that not why trade unions support a Labour government?

One of the most shocking features of 13 years of Labour government was the failure to engage with this agenda, which is essential to the future of trade unionism.

It is all the more shocking for the fact that there were several opportunities to have that engagement – the first with the proposals for sector forums which were promised at Warwick in 2004, and secondly after the decision of the European Court of Justice in the Laval case in 2007 and the related dispute at East Lindsey in 2009.

There is so much that is good to come out of a collective bargaining strategy. Restoring the fortunes of trade unionism is not an end in itself, but a means to an end. Higher collective bargaining density will lead to higher wages and a more equal society, which it turn will aid economic recovery by stimulating demand. As a result it will create more jobs and lead to less unemployment, and in the process will reduce the welfare bill while also increasing the tax take.

It is not clear to me what we are waiting for. Eventually the penny will drop, as it did when in the 1930s a Tory-led government embraced collective bargaining as a key lever in the journey from misery to happiness.

Labour talks a good game about reflation and growth. But it is about time it proclaimed the virtues of trade unionism and collective bargaining in order to get us out of the current mess. And it is now time for trade unions to do the same, with the same boldness and confidence we saw on display in the work of Danny Boyle.

Tommy McKearney

Tommy McKearney, a native of Co Tyrone and now living in Monaghan, was a senior member of the Provisional IRA from the early 1970s until his arrest in 1977. Sentenced to life imprisonment, he served 16 years during which time he participated in the 1980 hunger strike in the Maze. He is now project manager of the Conflicts of Interest project delivered by Expac Ltd and throughout that period has overseen the delivery of a number of innovative projects. The cross community and cross border magazine 'The Other View', ground breaking research into the impact of long term imprisonment and now the Conflicts of Interest project. Tommy McKearney is also an active trade unionist and a member of the national executive of the Independent Workers Union. He has written extensively on matters relating to the Northern Ireland political situation over many years. He also has an MSc in Future Technology from the University of Ulster.

Prof. Keith Ewing

Keith Ewing is Professor of Public Law at King's College, University of London. Before then he worked at the Universities of Edinburgh (1978–83) and Cambridge (1983–89) and has also held visiting positions at various institutions overseas, including the Universities of Sydney and Queensland. He is co-author of two of Britain's leading textbooks in constitutional and administrative law, and labour law. Keith is recognised as a leading scholar in public law and labour law. His most recent work relates to reforming labour law to strengthen trade union freedom, constitutional reform, relating to public participation in the political process and the status of social and economic rights. He is the President of the Institute of Employment Rights (a trade union funded think tank), and Vice President of the International Centre of Trade Union Rights.

Joe Law

Joe Law has been a Co-director of Trademark for the last ten years with responsibility for its community based programmes, particularly the accredited 'Community Leadership and Political Education Programme which includes

modules on human rights, history, conflict and equality. He previously worked for Counteract, the anti-intimidation unit of the ICTU for over seven years and was the lead facilitator in a number of high profile communities and work-based sectarian disputes where he was instrumental in bringing about a resolution. Joe has extensive experience in working in community relations within communities and with 'hard to reach' groups. This ability to reach out to a range of different bodies is exemplified in Joe's secondment to the Bill of Rights Forum in 2008, during which time he conducted extensive consultations with a wide range of organisations, particularly those from the Protestant/ Unionist/ Loyalist background. He also has extensive experience of working with minority ethnic groups and transnational migrant worker groups. Joe has been a member of the Belfast Trades Council for over twenty years and is a life long Trade Unionist and labour rights activist. He is also an active panel member of the Industrial Tribunals Boards.

Dr Stephen Nolan

Dr Stephen Nolan has been a Co-director of Trademark for the last ten years. He previously worked for Counteract, the anti – intimidation unit of the ICTU where he had responsibility for anti-sectarianism and anti-racism in the workplace. He also worked in the former Yugoslavia during the conflict as a refugee worker and as the coordinator of Sava - The Service Civil International working group on Ex-Yugoslavia. His PhD was on the theme of Republican and Loyalist political discourse. Stephen's research and training experience is complimented with his strong facilitation skills which have been applied in both organisational and community settings. Stephen has a Masters in International Human Rights Law and represented the ICTU on the Bill of rights Forum. He is a Gaeilgeoir and was a trustee of Ion-taobhas na Gaelscolaíocta for three years and is an active trade unionist and member of UNITE.