How are trade unions in Ireland faring during the crisis?

Sofia, 23rd June 2014

Rory O’Farrell
NERI (Nevin Economic Research Institute)
Dublin
info@NERInstitute.net
General overview of recession

1. Two causes of recession – bursting of construction bubble and austerity

2. One in seven jobs lost, construction employment went from 250,000 jobs in 2008 to 100,000 in 2013.

3. Investment fell to a historic low (11% of GDP compared to a long run average of 21%)
Austerity programme

1. Austerity programme began in 2008 (but started to take effect from 2009)

2. Total ‘consolidation’ about €32bn, or about 20% of GDP.

3. 66% spending cuts, rest tax increases

4. Various estimates show €3bn in ‘consolidation’ reduces deficit by €1bn (on average for Ireland)
1. Trends in union membership
## 2. Trends in union membership

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Managers, directors and senior officials</td>
<td>23.1%</td>
<td>22.0%</td>
<td>19.5%</td>
<td>18.6%</td>
<td>16.3%</td>
<td>16.9%</td>
</tr>
<tr>
<td>b. Professional</td>
<td>50.2%</td>
<td>50.3%</td>
<td>50.6%</td>
<td>52.4%</td>
<td>49.5%</td>
<td>48.4%</td>
</tr>
<tr>
<td>c. Associate professional and technical</td>
<td>34.1%</td>
<td>34.2%</td>
<td>32.9%</td>
<td>34.1%</td>
<td>32.1%</td>
<td>29.9%</td>
</tr>
<tr>
<td>d. Admin and secreterial</td>
<td>35.2%</td>
<td>38.6%</td>
<td>39.5%</td>
<td>38.8%</td>
<td>38.3%</td>
<td>36.0%</td>
</tr>
<tr>
<td>e. Skilled trades</td>
<td>26.7%</td>
<td>27.5%</td>
<td>23.6%</td>
<td>21.5%</td>
<td>24.1%</td>
<td>20.5%</td>
</tr>
<tr>
<td>f. Caring, leisure and other service</td>
<td>27.3%</td>
<td>27.9%</td>
<td>28.7%</td>
<td>27.2%</td>
<td>25.7%</td>
<td>25.4%</td>
</tr>
<tr>
<td>g. Sales and customer service</td>
<td>15.9%</td>
<td>16.8%</td>
<td>16.5%</td>
<td>15.9%</td>
<td>15.9%</td>
<td>13.3%</td>
</tr>
<tr>
<td>h. Process, plant and machine operatives</td>
<td>35.6%</td>
<td>36.7%</td>
<td>34.9%</td>
<td>33.6%</td>
<td>31.3%</td>
<td>28.6%</td>
</tr>
<tr>
<td>i. Elementary</td>
<td>25.1%</td>
<td>25.0%</td>
<td>23.7%</td>
<td>23.1%</td>
<td>21.9%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Also</td>
<td>31.8%</td>
<td>33.0%</td>
<td>32.5%</td>
<td>32.4%</td>
<td>31.1%</td>
<td>29.5%</td>
</tr>
</tbody>
</table>
Change in patterns of bargaining

1. In 2009 the system of national level bargaining broke down.
2. Wage cuts were unilaterally imposed in the public sector, and an agreement was subsequently achieved following a ‘go slow’ and ‘work to rule’ (the Croke Park agreement - 2010)
3. Further cuts were negotiating through Haddington Rd agreement - 2013
4. The unions’ aim was to minimise harm
5. Sectoral minimum wages for low paid workers (e.g. fast-food) were found to be unconstitutional, and had to be redesigned.
Trends in pay

- In general, though jobs have been lost, pay has not been cut.
- The public sector is the (major) exception
- The reason given for public sector pay cuts was to balance the government’s budget (not an ‘internal devaluation’, though this may have been on the mind of government).
- Minimum wage was reduced from €8.65 to €7.65 in 2011, but this was soon reversed (with the election of a new government).
Union premium

Walsh (2013)
Trends in pay

- Private sector
- Public sector

Chart showing trends in pay from 2008Q1 to 2014Q1.
A historical comparison
1931-1940
Conclusion

• Overall unions can be said to have had a successful retreat

• There were cuts in pay and also social expenditure

• However union density remains relatively high, giving unions a solid base for any turnaround in the economy.