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CHAPTER TWELVE

The Wages of Fear (with Roland Erne)

Early 2006 witnessed two apparent efforts by opposition politicians to test the waters of anti-immigrant populism. The first was widely received as a cynical effort to amplify fears of Irish workers being displaced by immigrants. After a period when immigrant worker exploitation had come under scrutiny – notably those employed by Gama in the construction sector and by Irish Ferries – the tone of the political debate seemed to shift abruptly. The issue of protecting overall employment standards became central to the 2006 social partnership bargaining between the government, the Irish Congress of Trade Unions (ICTU) and the Irish Business and Employers Confederation (IBEC).¹ The broader context was the fraught negotiations between trade unions and the government on the EU Services Directorate. The trigger was a proposal by Pat Rabbitte, then leader of the Labour Party, to consider reinstating a work permit system for migrants from the new EU countries. The second, an effort to advocate welfare ethnic nepotism, one that backfired, took the form of Fine Gael's criticism of giving childcare allowance payments to the dependants of EU migrants living in the Republic of Ireland.

In a sense both debates were the fallout of the 2004 decision to open up the Irish labour market to the ten EU accession countries. The Republic of Ireland belongs – together with the UK and Sweden – to the group of initially only three EU member states that did not impose any restrictions on the free movement of workers from the eight new central and east European EU member states.ⁱⁱ But only 25,000 workers migrated to Sweden. The UK counted 290,000 arrivals between May 2004 and September 2005. Ireland, with less than one tenth of its population, issued about 160,000 new social security numbers between May 2004 and November 2005; some 86,900 to Polish migrants, 29,500 to Lithuanians, 14,600 to Latvians and 29,900 to those from

other new EU member states.³ In less than two years some of Ireland's largest immigrant communities had established themselves from scratch.

THE EXPLOITATION OF IMMIGRANT WORKERS

In April 2005, Joe Higgins, a socialist member of parliament, exposed how the Turkish corporation Gama, which had won several tenders for large public construction projects, paid wages to its Turkish employees of €2.20 per hour, far below both the national minimum wage and the then Registered Employment Agreement for the construction industry hourly rate of €12.95. The Gama workers had to stage a seven-week strike before they were awarded a settlement of €8,000 each in back money.⁴ On Friday 9 December 2005 more than 100,000 trade unionists demonstrated against Irish Ferries' plan to dismiss their 550 Irish employees and replace them with employees from eastern Europe who would be paid an hourly rate of €3.60. At the same time, SIPTU seafarers and dockers blocked all Irish Ferries vessels on the Irish Sea and ICTU postponed talks on the new Irish social pact until the government had published the blueprint for legislative changes that would lead to improved implementation of agreed conditions of employment.⁵ This dispute was resolved when the company agreed to protect the jobs and conditions of employment of those seafarers who wished to continue working for Irish Ferries. The company agreed to pay no less than the Irish minimum wage to all its new eastern European employees, even though it had reflagged its vessels to Cyprus. However, the issue of employment standards remained on the agenda as one of the most contentious topics in the 'Towards 2016' negotiations.⁶

Irish trade unions invoked the Irish Ferries incident in debates about the draft EU Services Directive, described by SIPTU as a monstrous 'Frankenstein directive'.⁷ SIPTU characterised the first draft of the proposed EU Services Directive as a potential 'exploiters' charter' and an attempt to set in train a race to the bottom in terms of pay and conditions of employment:

The magnificent trade union demonstrations of recent weeks were not only protesting against the race to the bottom currently being pursued by Irish Ferries management against its workers, but also against the same agenda being pursued through the EU's proposed Services Directive. If the former is the most glaring example of

how exploitation is being facilitated by the 'law of the sea', the latter is an attempt to advance the same aims by introducing the 'law of the jungle' on land.⁸

The government argued, somewhat disingenuously, that such responses to the EU Services Directive were irresponsible and alarmist. Nevertheless, the union campaign, which included the participation of an Irish delegation at a European Trades Union Congress demonstration in Strasbourg, proved to be effective. In February 2006, most Irish members of the European Parliament backed several Social Democrat and Christian Democrat amendments aimed at securing the primacy of employment standards and collective agreements of the host country in which a company is providing its services.⁹

THE BLAME GAME

On 3 January 2006 Pat Rabbitte called for a debate on the re-introduction of a work permit regime for migrant workers from the new EU states. His intervention was widely portrayed as 'political opportunism', 'appealing to the basest instincts' and as shifting the debate from one on exploitation of immigrant workers to one about protectionism. As put by one Sinn Féin councillor: 'Whether by design or accident – and it is hard to tell the difference – he has managed in one fell swoop to shift the blame for the Irish Ferries debacle and the continuing problems of worker displacement away from the policies of the Government and the employers and onto the heads of migrant workers from both within and outside the EU.'¹⁰

An *Irish Times* opinion poll (cited by Rabbitte) suggested that almost 80 per cent of voters wanted a system of work permits to be reintroduced for citizens from the ten new European Union member states coming to Ireland.¹¹ The findings were that immigration restrictions on workers from the accession states appealed to some members of all the main political parties except the Progressive Democrats. Insofar as all the parties were pro-immigration, the poll suggested a gap between party elites and some grass roots members, one ripe for political exploitation. While the poll did not identify racist or ethnocentric attitudes, it did suggest potential support for anti-immigrant political populism that would play to the kinds of views expressed by two trade union supporters of Rabbitte's comments in a blog debate:

People whose jobs are under threat and whose wages and conditions are being undermined do not want to hear diaper Marxist

fantasies about uniting to overthrow capitalism ... What they are interested in is practical measures, and these must include immigration controls and strict regulation of the use of migrant workers.¹²

It's about time the Labour Party in this country woke up and remembered that they are the Labour Party in this country and not a pan-European labour party. Their concern should be with Irish workers, not foreign workers (who seem to have no end of advocacy groups to defend them). This is the first glimmer of hope for the future of the party that I've seen for a while. The fact is that workers doing other workers out of jobs by undercutting their wages are no different from scabs.¹³

Rabbitte argued that the findings of the *Irish Times* poll of strong cross-party support for reinstating work permits made it feasible for the social partners to extract concessions on employment standards within the 2006 revised social partnership negotiations.¹⁴ A Labour Party report entitled *A Fair Place to Work and Live* claimed that his remarks were 'made in the context of the revival by Commissioner McCreevy of the EU's draft Services Directive'.¹⁵ The report advocated a series of measures aimed at improving protections for Irish and migrant workers alike. These included improved legal protection, employer sanctions, emphasising the right of all immigrant workers to join trades unions and ratification by Ireland of the International Convention on the Rights of Migrant Workers. There was no reference to reinstating work permits.

THE LIMITS OF ETHNIC NEPOTISM

In early 2006 an attempt by Fine Gael to politicise the receipt of a new once-off childcare payment of €1,000 by dependants of EU migrants still living in their countries of origin backfired. Fine Gael claimed that child benefit plus the childcare payment for non-resident children could cost €150 million, of which €50 million would be for the childcare payment; the Taoiseach, Bertie Ahern, claimed that the total annual expenditure on the childcare allowance might be as little as €1 million.¹⁶ In a 'robust Dáil debate' Ahern said to deny such payments to the children of migrant workers from the new EU member states amounted to 'a Scrooge mentality'. Another member of the government, Brian Lenihan, criticised what he described as 'an ugly outbreak of Fine Gael racism'.¹⁷

During the debate Ahern 'clarified' for the first time that citizens from all EU countries (but not other migrants) would be exempt from

the two-year residency eligibility criteria introduced under the 2004 Social Welfare (Miscellaneous Provisions) Act introduced to coincide with EU enlargement. The Act removed rights from new immigrants to Unemployment Assistance, Old Age (Non-Contributory) and Blind Pension, Widow(er)'s and Orphan's (Non-Contributory) Pensions, One Parent Family Payment, Carer's Allowance, Disability Allowance, Supplementary Welfare Allowance (other than once-off exceptional and urgent needs payments) and Children's Allowances.

Arguably the 2004 Act was a political feint aimed at countering potential anxiety about the decision to allow migrants from the new EU-ten to work in Ireland. The main group who lost out under it were new migrants from outside the EU. In February 2006 the government acknowledged that EU law (EEC 1408 of 1971) imposed reciprocal obligations on EU states to recognise the entitlements of citizens from other EU countries resident in their own countries. This meant that the removal of entitlements set out under the 2004 Act could never have applied to immigrants arriving from the new EU member states. Throughout 2004 and 2005 it was generally presumed by government departments and NGOs that the 2004 Act applied to all immigrants. In one fell swoop Ahern demolished the opposition for being so mean-spirited as to back the presumed aim of an Act his government had passed.

It seems ironic that the Irish government hosted a conference entitled 'Reconciling Mobility and Social Inclusion' as part of its EU presidency in April 2004, just one month before legislation limiting welfare entitlements was introduced. However, the report from the conference, while couched in the rhetoric of social inclusion, placed little emphasis on welfare rights and entitlements.¹⁸ Rather, the focus was on labour mobility and equitable access to labour markets:

Mobile workers, and especially those who migrate from other regions and countries, are particularly vulnerable to social exclusion. Mobility can involve leaving behind the supports of family, friends, local community and one's own culture, and experiencing much difficulty in finding comparable supports in the host country. This demands that, in solidarity, we work to provide them with the supports they need to achieve social inclusion and integration. It is clearly also in our interests to do so. The social exclusion of migrants can result in their working well below their potential as well as high rates of unemployment. This has negative consequences both economically and in relation to social cohesion. Two key goals of the Lisbon agenda, greater economic competitiveness

and social cohesion, are well served, therefore, by reconciling mobility and social exclusion.¹⁹

Within 'Reconciling Mobility and Social Inclusion' immigrants tended to be portrayed as economic actors with little claim upon Irish welfare goods and services. The case of the 2004 Social Welfare Act suggests that Irish politicians can benefit from giving lip service to welfare ethnic nepotism and that such welfare chauvinism can limit the scope of debates about integration through social policy.²⁰ Ethnic nepotism is a term used in social policy debates to refer to the case for excluding immigrants from welfare solidarities developed around citizenship. The perspective is a socio-biological one which offers a deterministic account of the workings of ethnic bonds in the United States.²¹ The portrayal of ethnic nepotism as 'natural' – rather than as a hypothesis about how groups might behave – is part and parcel of a larger culture of anxiety that now impedes the integration of immigrants. In the United Kingdom David Goodhart has influentially argued that there is an inevitable conflict or trade-off between social solidarity and diversity.²² Diversity, Goodhart and some socio-biologists argue, serves to undermine the moral consensus on which a large welfare state rests.²³ However, in practice, the restriction of welfare rights to 'nationals' seems unfeasible, at least in the case of European migrants, because of EU law and *realpolitik*. Diplomatic considerations aside, the value of EU-wide welfare reciprocity is exemplified by the remittance in 2005 alone of more than €420 million from the United Kingdom for people now in Ireland, many of whom were returned emigrants who had built up entitlements in the UK.²⁴

For similar *realpolitik* reasons the reintroduction of work permits advocated by Rabbitte was improbable from the onset. The main opposition parties, no less than those in government, were pro-Europe and had never opposed opening the Irish labour market to the new EU states. Irish 'competitive corporatism' has bound the state, business and the trade unions to one another in the pursuit of economic growth.²⁵ The unions, no less than the other social partners, have repeatedly signed up for a 'competitive corporatist' national project, rooted in a half century of developmental ideology and policy formation.²⁶ Trade unions are deeply embedded in such decisions.

THE BENEFITS OF SOLIDARITY

By the summer of 2006 the controversies about worker displacement had died down. David Begg, general secretary of ICTU, ebulliently portrayed

the outcome of the various negotiations on worker protection as very positive, 'the single biggest leap forward in social policy initiated in this country'. These included new standards of compliance with labour laws which made the exploitation and abuse of any worker a de facto criminal offence, changes in the work permit to include the right of non-EU nationals to apply and reapply for their own work permits, legislative changes to prevent Irish Ferries-type collective redundancies, new public procurement arrangements aimed at preventing the exploitation of immigrant workers (in other words the taxpayer would no longer subsidise exploitation or sharp employment practices) and a Labour Relations Commission (LRC) Code of Practice to protect people working as domestic servants. Together, he argued, these amounted to the single biggest leap forward in Irish social policy.²⁷ Collectively these addressed many of the causes of immigrant worker exploitation and risks of Irish workers being displaced by immigrants on lesser working conditions. *Towards 2016* included a range of other measures, including the collaboration of the Revenue Commissioners, Social Welfare and the new Office of Employment Rights through Criminal Asset Bureau-style investigation units to target serious abuses of employment standards.²⁸

The negotiations that bought this about were described by Begg as 'the most difficult project Congress has ever undertaken both in terms of its complexity and in overcoming opposition to it'.²⁹ As these unfolded, the Irish labour movement was faced with the apparent task of quelling internal 'dissident' xenophobic voices opposed to solidarity with immigrant workers. But the clear rationale for such solidarity prevailed. Continued exploitation of migrant workers and a corresponding ethnic layering of the labour market would erode not only overall labour standards, but, crucially, also undermine the strength of organised labour, especially in sectors such as construction, parts of manufacturing and private services. Irish workers could not but lose from the exploitation, through lesser pay and conditions, of immigrants. Rabbitte's intervention rankled because it seemed to provide a platform for xenophobic anxieties that risked undermining what Congress were trying to achieve in the 2006 negotiations.

The perspectives that prevailed potentially signal a new 'inclusive corporatism' that differs from the old economic nationalist 'competitive corporatism' of Ireland Inc. Ethno-nationalistic trade union strategies, which aim to protect domestic workers through the exclusion of migrant workers, frequently produce the opposite of the desired 'protectionist' effect. Labour standards are hardly enforceable if migrant

workers do not enjoy a secure status. Undocumented immigrants will hardly make themselves visible, make claims or even co-operate with a trade union if they fear being deported. Within the Irish open economy unions have everything to gain from enlisting immigrant workers. Immigrants in turn benefit from trade union protection.³⁰ The number of unionised non-citizen employees rose from 24,800 to 37,100 between 2005 and 2007, an increase of over 50 per cent. Yet during this time the proportion of immigrants who were union members fell (from 13.9 per cent to 12.6 per cent) because recruitment did not match the rate of increase of the labour force.³¹ Clearly unions could be more proactive in reaching out to immigrant workers.

So did it all turn out well in the end? Trans-EU welfare solidarity seemed to trump the politics of welfare ethnic nepotism. A proposal to debate the imposition of restrictions on migrants from the new EU countries was smacked down. There was, it seemed, little to gain from whipping up Irish nativist anxieties about European migrants taking Irish welfare or jobs. Europeans, it became clear, could not be stripped of benefits to which Irish citizens were entitled. Nevertheless, non-EU migrants continued to be subject to the 2004 Act. The unspoken reality was that any restrictions on immigration, any work permits revoked, could only be applied to them. They most likely will take the brunt of any future Irish antipathy towards immigrants and of any political attempts to exploit such feelings.