

# The fight against redundancies and mass unemployment

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**T**he spectre of mass unemployment is returning to Western capitalism. The Covid-adjusted rate of unemployment in Ireland—which takes account of those on the live register, those on the Pandemic Unemployment Payment, and those on the Emergency Wages Scheme—now stands at 15 percent of the workforce. Amongst those aged between 15 and 24, it has hit 19 percent.<sup>1</sup>

These figures give the lie to the glowing reports circulated in the mainstream media that Ireland has recovered better than most countries. The reality is that there is a dual economy with an enclave composed of Big Pharma and medical device corporations making huge profits while the domestic economy is on the floor. The success story of the former is boosted by massive tax dodging through a strategy known as ‘onshoring’, whereby profits are artificially declared in Ireland to benefit from extremely low tax rates. The Irish pattern of growing unemployment conforms to broader OECD (Organisation for Economic Cooperation and Development) patterns according to which about 10 percent of the workforce will be unemployed in the short term. According to the *Financial Times*:

More than 25 million people in the euro area and the U.S. are officially unemployed....But economists say the true number of people who have lost work because of the pandemic is far higher, after taking account of those whose jobs are temporarily protected by state-subsidised furlough schemes, those who have dropped out of the labour force and those who cannot work as many hours a week as they would like.<sup>2</sup>

In the background there are deeper concerns. Even before Covid-19 emerged in early 2020, there were signs that the global economy was in difficulties. Investment levels were comparatively low and a trade war between the U.S. and China triggered even more wor-

ries. Levels of corporate debt were high and a number of countries also had significant debt-to-GDP ratios. All of this means that Covid-19 could be a trigger for a deep global recession.

In the longer term, major changes in labour markets are also occurring as a result of automation. The stock of industrial robots in Europe has already grown by 400 percent over the last 25 years, with Germany in the lead as it is responsible for 40 percent of them. The OECD claims that 14 percent of jobs are now highly automatable and that another 32 percent are substantially automatable.<sup>3</sup> Routine jobs are those most under threat and this could presage a further longer-term pattern of unemployment.

The way in which unemployment rises dramatically when humanity experiences a pandemic tells us something about our current economic system. Capitalism is driven by a dynamic of continual growth because it is based on what Marx called ‘the self-expansion of capital’. Capital is only deployed for profit, and if the rate of return is not sufficient for its owners, they will seek other outlets in speculation or financial engineering. At a national level, a country needs to grow at the rate of about 3 percent a year to be designated as in a normal, healthy state. When growth rates shrink, all sorts of schemes of quantitative easing are devised to push up the rate of inflation, or more simply, to get the economy to expand. Covid-19, unfortunately, conflicts with this logic. It requires a slowing down of all social activity—including that of the economy—to give us an opportunity to crush the virus. It requires a massive diversion of funds from the profit-making sectors to the public health system. Neoliberal capitalism, with its special emphasis on the freedom of markets, is singularly unable to cope.

Similarly, in a rational society, automation would be a boon to humanity as it would enable us to reduce the number of hours spent on routine tasks. It could let us

have a shorter four-day working week and open possibilities for a re-skilling of sections of the workforce. Under capitalism, however, the benefits of automation are monopolized by big corporations while suffering is inflicted on others through unemployment.

The experience of mass unemployment is not new, but it may have faded from memory in recent times. Despite comparatively slow rates of growth in many Western economies, the rate of unemployment has fluctuated around 3–5 percent. As there is always a certain friction in labour markets—from people changing jobs and being out of work for short periods—this is close to the official figure for full employment. The main reason for the low rates of unemployment has been that the neoliberal offensive has driven down the cost of labour. Wages in Northern Ireland, for example, are so low that even when profit rates are modest workers are taken on. In addition, the bosses' offensive has led to the widespread existence of precarious working conditions, zero-hour contracts, and bogus self-employment. When all of these are combined with a low rate of universal credit, many have been forced to work for highly exploitative rates. This pattern has been particularly evident in the British economy, with one report indicating that:

The UK's high employment rate has been accompanied by an increasingly insecure and 'casualised' labour market. Fifteen per cent of the workforce are now self-employed, with an increasing proportion in 'enforced self employment' driven by businesses seeking to avoid employer responsibilities. Six per cent are on short-term contracts, and almost 3 per cent are on zero hours contracts. More workers are on low pay than 10 years ago. Insecure and low-paid employment is increasing physical and mental ill-health.<sup>4</sup>

If that is the pattern for the wider British economy, the position of Northern Ireland is even worse. The broad picture is that the average wage for workers in Northern Ireland is nine percent below the British-wide average. This average, however, disguises as much as it reveals because it includes top earners as well as the best paid workers. The reality is that Northern employees work longer than their British counterparts but still come out with less pay. There has also been a big increase in temporary work. The comparison is also complicated by the fact that public sector wages are broadly

equivalent to those in Britain, and this helps to even up the picture. In 2019, Northern Irish public sector earnings were just £7 lower than in the U.K., while earnings of private sector employees in Northern Ireland were £92 lower than in the U.K.<sup>5</sup> This means that private sector wages are shockingly low—at least for those who are not in the top managerial grades. So while the category known as 'managers, directors, and senior officials' are earning £800 a week, workers in call centres are getting about £360 a week, and those in social care are getting £388.<sup>6</sup> Pre-Covid 'full employment', therefore, came through very low wages and precarious employment.

### **Unemployment affects your health**

There is an old socialist question that asks, 'What is worse than being exploited under capitalism?' The answer: 'Not being exploited'. There is a vast research literature that documents the adverse effects of unemployment. It shows that unemployment leads to a loss of earnings—but not just in the short term. It suggests that people who are made unemployed during a recession will experience an earnings drop of the order of around 20 percent on average for between 15 and 20 years.<sup>7</sup> This occurs for a variety of reasons: Sometimes skills become obsolete as whole industries get wiped out or heavily reduced. Mature workers who are aged over fifty may also find it hard to get another job. There is also 'cyclical downgrading', where workers take up worse jobs and get stuck in them.

Hardships caused by job loss can also have a serious impact on health. In the short term, unemployment leads to heightened level of stress and a higher incidence of heart attacks, but data from the U.S. also suggests that an increased mortality rate can persist for up to twenty years afterwards. As a result, a prolonged period of unemployment is closely related to a decline of between one and 1.5 years in life expectancy.<sup>8</sup> The key factor is money because, broadly speaking, the poorer you are the harder it is to maintain a healthy lifestyle. But linked to this is the more complex interaction with higher stress levels. Contrary to popular perception, stress is not a condition that is primarily suffered by high-flying corporate executives. It tends to disproportionately hit the poor and those in the most subordinated job positions.<sup>9</sup>

In some sense, the greater tragedy is the way in which unemployment affects families and children. Research has found, for example, that there is a negative impact on children's educational performance when parents are unemployed. One U.S. study found that parental job loss increases the chance of a child repeating a grade by 15 percent.<sup>10</sup> Another Swedish study found longer-term effects on children's well-being. Surprisingly, the loss of earnings did not just affect the long-term mortality of the parents, but that of their children as well.<sup>11</sup>

These findings—which are mainly drawn from an economic literature that examines quantitative data—capture some of the most salient external features of unemployment. The classical sociological text on the subject was published by Marie Jahoda in 1933. Entitled *Marienthal: the Sociography of an Unemployed Community*, it told of the social effects of mass unemployment on a factory village in Austria during the Great Depression.<sup>12</sup> The research combined quantitative data with participation by the researchers in the community and an examination of life histories. It particularly focussed on the psychic effects of unemployment on well-being. Writing nearly fifty years after *Marienthal* was published, Jahoda summed up the central thesis:

Employment of whatever kind and at whatever level makes the following categories of psychological experiences inevitable: it imposes a time structure on the waking day; it compels contacts and shared experiences with others outside the nuclear family; it demonstrates that there are goals and purposes which are beyond the scope of an individual, but require a collectivity; it imposes status and social identity through the division of labour in modern employment and, last but not least, it enforces activity.<sup>13</sup>

The absence of work, she argued, removes these vital psychological life supports and disorients individuals. There may be an element of romanticism in Jahoda's argument, as not *all* work provides the type of support that Jahoda describes, but many of the key salient points remain.

The loss of employment uproots the basic 'time structures' around which individuals pattern their lives. These small daily timetables give meaning and purpose, and help to organise our mental life. Once they are removed, resignation and purposeless can take their place.

Ironically, although the unemployed have far more spare time on their hands, they often find their time is wasted. There is a sense of drift, a pattern of more aimless pursuits, and with it a decline in self-esteem. There is a tendency to withdraw from participation in wider social activity and a decline in 'social capital'—links with individuals outside the immediate family.<sup>14</sup> The effects on the individual of this pattern of social isolation and disorganisation are manifold. Research points to a higher incidence of alcohol disorder,<sup>15</sup> depression, divorce, and family conflict.<sup>16</sup>

David Graeber's book *Bullshit Jobs* raises interesting questions about the nature of work in society.<sup>17</sup> He makes a distinction between 'bullshit' jobs and 'shit' jobs, with the former being defined as completely unnecessary and the latter as hard but necessary work. A bullshit job is often well paid and might involve many forms of paperwork, while the latter might include cleaners or, more directly, maintenance of the sewerage system. Graeber claims that the pressure to create bullshit jobs comes from both the left and the right. He sees it as a form of political pressure that is not specifically functional for even the capitalist system. However, many of what he describes as bullshit jobs come with the type of neoliberal capitalism which puts a premium on the measurement of 'outputs', managerialism, and the creation of internal pseudo-markets. In other words, while it may be immediately dysfunctional, it serves a wider purpose of cementing a style of management that creates working class division and insecurity. In a decent society, there would be no need for legions of bean counters whose primary purpose is increasing the rate of exploitation. Necessary jobs, however, need to expand in the context of breaking down the division between mental and manual labour. There is no good reason, for example, why someone should spend all their life as a cleaner while some else spends their life as a professor.

Given these wider considerations, how should the radical left approach the coming wave of redundancies and mass unemployment?

In the face of redundancies, workers should be encouraged to resist. Redundancies illustrate one of the most brutal aspects of modern capitalism, specifically the way in which workers are treated like disposable

hankies. As long as a worker is of no further use in terms of profit making, they can be removed. There is no sentimentality, no concern for the worker's suffering or for how a sudden loss of income can have devastating consequences. Quite literally, the worker is just a unit cost. Redundancies are presented as an inevitability, the result of a 'market mechanism' over which no is supposed to have any control.

Socialists encourage resistance to this brutality. Ideally, workers should fight to keep their jobs—even if they decide at a later stage to re-configure them. Sometimes that resistance will take the form of an occupation and there can be a demand that state intervenes to save jobs. During the Chavez regime in Venezuela, a host of factory occupations placed this demand on the left-wing government. Similarly, Ireland has a long history of occupations to save jobs. In the 1980s, for example, workers occupied the Clondalkin Paper Mills, the Talbot cars assembly works, and the Ranks Flour mills with varying degrees of success. One of the main demands of these occupations was nationalization, which means that the state funds an enterprise while workers organize to continue production. When an enterprise is producing a good or service that is no longer needed, workers should be given a chance to re-orientate production.

Sometimes workers might seize the assets of a bankrupt company and try to run it as a co-operative themselves—as occurred in a case in Argentina, made famous by the Naomi Klein film *The Take*. Crannac furniture in Navan was an example of an occupation that sought to continue work as a co-operative. Different options will be decided on by workers themselves, and while socialist may favour the call for nationalisation, the main thing is that the logic of capital is broken. Capitalist property relations should be suspended when they mean inflicting extra hardship on workers.

Sometimes workers will not want to keep their job but to extract proper redundancy payment from the boss. In the not-so-recent past, workers could get up to seven weeks pay for every year of service, but there has been a concerted attempt by employers to push this down to the statutory minimum of just two weeks for every year's service. It is not uncommon for a company to declare bankruptcy and claim it cannot even pay that sum—in which case workers must queue up to get

it from the state, which can be quite a lengthy process. Militant action, such as occurred at Debenhams, is often necessary to force a company to pay up; in that case, KPMG is trying to play hardball because they, as a liquidation company, know that Debenhams workers could set a precedent for others. This is why they have gone to the courts to try to break the workers.

While militant union action is often necessary to force even minor concessions from employers, it is also important to press for legal changes. Under company law in Ireland, the workers whose efforts built up a company are the last on a long list of creditors to be paid off. This issue came to a head in Clerys, where the company wanted to liquidate the company and leave nothing for the workers. The state had to pay out €2.5 million in redundancy payments and the shareholders thought they could walk away into the sunset. However, a major campaign mounted by SIPTU and supported by left wing parties eventually forced them to make a 'goodwill' payment of €1 million. The case illustrated the sheer injustice of how a company going into liquidation could try to get away with paying nothing to its staff. There is a need for legal change to put workers at the top of any creditors list.

However the main way to win any concession is through workplace occupations. An occupation has three main advantages:

- It stops the employer moving out stock and machinery, and gives workers a bargaining lever against their employer
- It provides a focal point that enables mobilization, and workers can receive delegations, put on public pressure, and develop solidarity networks
- It stops the atomization of a redundant workforce, as workers can stick together, generate new ideas, and spread the word of their resistance

As mass unemployment grows there is also a need to respond to the many who are forced to sign on for basic welfare to stay alive. Socialists need to oppose the 'labour activation' strategy by which the state seeks to intimidate the unemployed into taking up low-paid, precarious work. This is part of a wider effort to depress the wages of the whole working class. The 'labour activation' approach was introduced into Ireland in 2015 by Joan Burton, the former leader of the Labour Party. She hired private firms Turas Nua and Seetec, and gave

a bounty for every worker they ‘placed’ in employment. By 2018, they had received €149 million from Irish taxpayers, yet the figures don’t bear out any success rate. Out of 190,000 people referred to Job-path by November 2018, just 9 percent had secured employment which lasted one year. The reality is that these schemes were not primarily a genuine effort to re-skill workers and help them find alternative jobs. The primary aim was to intimidate the unemployed off social welfare and into very lowly paid work.

Socialists also call for the state to guarantee a right to work. Where there is mass unemployment, the state cannot simply step aside and claim that it can do nothing. The current pandemic shows that all talk of ‘closing the fiscal deficit’ has been defeated as the Irish state gets ready to borrow €21 billion. But while this appears as a shift towards Keynesian economics, the neoliberal mindset has not gone away. Private businesses are still seen as the main agent to create and preserve jobs, and in the recent budget they are now entitled to claim a weekly grant of up to €5000. This is on top of a wage subsidy scheme and a halt on commercial rates to local authorities. In almost every sentence that flows from a government politician, the word ‘business’ is mentioned. Yet despite all this state generosity, there is little systematic oversight of how the money is spent. Employers who receive the wage subsidy scheme, for example, are not even obliged to top it up so that a worker gets their full pay.

A different approach is required—direct employment by the state. The country needs a proper, permanent test and tracing system. We should not allow companies like CPL to recruit such staff on a zero-hours or short-term contract basis with no sick pay scheme—there should be proper jobs. Our schools need more teachers, more SNA staff, and more cleaners—they should be direct employees. We need to mobilize a huge construction corps to create extra class rooms and to ensure that rooms are properly ventilated. We need a massive expansion of our health system, and it should be done by workers hired directly. To cope with climate change, we need a major retrofitting program. We need green jobs, directly employed by the state so that

instead of handing responsibility over to competing private companies, workers are taken on by public authorities.

All of this runs directly counter to the tax-haven model of capitalism that exists in Ireland. It will require major pressure from below and the formation of a left government to bring it about. Even then, it will need huge mobilization to break the resistance of a capitalist class who are addicted to soft hand-outs from the state.

#### Endnotes

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