

DISPLACEMENT – REAL OR IMAGINED?

The scandal of employers exploiting immigrant workers to replace indigenous Irish workers on much lower pay and employment conditions exploded into prominence in 2005 through the Irish Ferries dispute. Displacement has multiple features. Employers are not a homogeneous group nor are immigrants.

If labour shortages are such that certain jobs cannot be filled, it is inevitable that other workers will congregate in those sectors, just as air fills a vacuum. It is also likely given the very personalised nature of migration that chain migration is established which fortuitously link certain nationalities with certain areas. Thus, Brazilians are linked with Gort, Co Galway because of the meat industry but are linked backwards in the main to a single town Vila Fabril in Brazil where a large meat factory closed thus starting the push of migration to Ireland.

Likewise the staffing of hospitals has become closely associated, in the case of nurses, with the Philippines.

Given that this discussion has been organised in the context of the outcome of the Lisbon Referendum I intend to focus my remarks on the effects of migration to Ireland of people from the ten new states which acceded to the EU on 1 May, 2004.

The numbers of people who came to Ireland and their low expectations in terms of pay and their concentration, despite being highly qualified, in low paid sectors suggested potential for displacement. Yet, at an aggregate level there is no evidence of this. In the three years following enlargement 143,000 Irish people and 129,000 from the EU10 secured employment.

However, when you drill down into separate economic sectors and sub-sectors a more complex position is indicated. In the hotels and restaurants sector 18,000 new jobs were occupied by people from the EU10 countries but Irish employment levels remained static

(McCormick, 2008). If this is not displacement it does suggest some degree of crowding out or Irish workers from the sector. It is sometimes suggested that Irish workers don't want these jobs anymore. It is interesting to note that on 2 October, 2008, the day after the CSO published figures showing unemployment at 6.3 per cent, there were twenty-three advertisements by Irish employers seeking staff on a Polish website www.myireland.pl – in Polish! I do not know whether these jobs were advertised anywhere else in English.

The position in the manufacturing sector is more clear-cut. In the period under review people from the EU10 countries filled 23,000 new jobs while 34,000 Irish people left the sector. In the food processing sub-sector the figures were 5,000 and 9,000 respectively. The average wage increase in food processing was 7 per cent as against 12 per cent in manufacturing generally in the period reviewed. Prima facie therefore it would seem that there has been displacement in manufacturing and that it has served to moderate wage development (ibid).

Back in 2005 when this problem first surfaced it was not possible to argue from the standpoint of empirical data because it did not exist. That did not stop certain agencies from asserting that there was no problem. I recall that on the day we commenced negotiating the *Towards 2016* national agreement we were presented with three reports – from the EU Commission, the ESRI and AIB – all confidently asserting this proposition. One feature of the agreement is a request to the CSO to provide data which would allow a more scientific evaluation. This data has proved to be notoriously elusive.

Personally I think 'Displacement' is the wrong question for this debate tonight. It implies some fault on the part of immigrants and, as already explained, the data is not sufficiently precise to ensure an accurate conclusion. A more useful line of enquiry, for reasons which I will return to, would be whether there is a downgrading of employment standards taking place in the economy.

Looking back to 1 May, 2004 when enlargement happened what it meant was that Ireland, together with the UK and Sweden, opened its labour market of 2 million to one of 72 million. Moreover it was a labour market which at that time was, to all intents and purposes, unregulated. There was no legal framework adequate to the task of preventing exploitation and there were only 17 Labour Inspectors to enforce the little legal protection that did exist. This was not an accident. It was part of the neo-liberal viewpoint that guided labour market policy at the time.

The menu of options for forcing down labour standards is comprehensive. It includes:

- Direct replacement by lower cost workers;
- Outsourcing;
- Off shoring;
- Use of Temporary Employment Agency Workers;
- Bogus self-employment (mainly in construction);
- Bogus educational establishments which are really Employment Agencies.

Congress has used the machinery of Social Partnership to impose some regulation on the labour market. This has had a measure of success with the establishment of the National Employment Rights Authority (NERA), the Exceptional Redundancies Act and the forthcoming Compliance Bill. The EU Directive on Agency Workers is also very helpful. Nevertheless, it has been an uphill struggle with legal counter attacks by employers, for example, the Supreme Court case to prevent collective bargaining brought by Ryanair and High Court cases against decisions by Labour Court bodies in respect of the hotel industry and the electrical contracting industry.

Winston Churchill, no great friend of organised labour, when explaining the need for trade boards to set minimum employment standards to the House of Commons said that their purpose was ‘the protect good employers from the bad, and the bad from the worst’.

This is a distinction to keep in mind because it is the last two types of employers that most concerns about displacement arise. We should therefore distinguish between an inflow of workers into an Irish labour market vacuum and certain types of employers who deliberately seek out foreign workers – especially those with a poor command of English in order to pay them less and treat them worse than the norms established in the Irish economy.

In a recent development the Polish chaplaincy in Ireland secured funding from the Polish Government to fund a rights advice service. In their first quarter’s work 15 per cent of their cases were related to returning to Poland – a small figure if there was, in fact a mass return. The most worrying aspect of their report was that the largest proportion of their queries was about wages and about wages not being paid. This would be inconceivable for Irish workers who in the words of the British historian of the eighteenth century EP Thompson would resort to ‘collective bargaining by riot’ in such circumstances. In my view this shows the widespread displacement of decent employers and of decency among some employers in certain areas of economy.

Recalling that this debate is taking place in the context of rejection of the Lisbon Referendum two findings of the research conducted by Millard Brown (2008) for the Government are of special interest:

- Immigration per se did not emerge as an issue

And

- 40 per cent who voted yes and 55 per cent who voted no identified workers rights as an important issue for them.

It seems to me to follow logically from this that attention must be given to dealing with the underlying reasons for this concern. Securing employment standards for **all** workers and insulating the lower skilled from the effects of an open labour market are central. Upskilling and preventing concentration of immigration into certain sectors are necessary. Part of the solution is to find out what the blockages are to immigrants getting jobs commensurate with their qualification which, on average, are higher than for the indigenous population.

It is necessary also to have regard to a concern voiced by MacEnri and White (2008) relating to the social consequences of allowing a two tier labour market in which immigrants are concentrated in sectors like hotels in which they are widely dispersed in rural Ireland but cannot earn a living wage. The authors observe that while this generation of immigrants may be prepared to accept this treatment their children are unlikely to. They assert that this is contrary to the European social model and is unsustainable.

Those who supported Lisbon but who are concerned about workers' rights are likely to have taken the view that giving legal effect to the Charter of Fundamental Rights would act as a counterweight to the four freedoms in respect of movement of capital, goods, services and labour and the right of establishment of business contained in the existing treaties. An emerging jurisprudence, based on a balance of rights and freedoms, would serve to consolidate employment conditions against the ravages of globalisation.

This may indeed be the case but four recent ECJ cases – Laval, Viking, Luxemburg and Ruffert – have demonstrated an established disposition towards the four freedoms by the Court. The trade union view now is that it is no longer sufficient to leave it to the Court to work out the balance. The ETUC is calling for a social protocol to give the Court guidance about how the provisions of the Charter should be interpreted. It is not likely that this can be done for the Lisbon Treaty at the stage but it could be appended to some future treaty such as the accession of Croatia.

Finally, we need to be conscious that our experience of the labour market effects of immigration has been associated with a period of unprecedented economic expansion and low unemployment. The onset of recession may bring forward more acute challenges.

David Begg

General Secretary

Irish Congress of Trade Unions

European Commission Public Meeting – 6 October, 2008

Bibliography

MacEnri, Piaras and White, Allen (2008) 'Immigration into the Republic of Ireland: A bibliography of recent research' *Irish Geography*. Vol. 41, No 2, July 2008, 151-179

McCormick, Brian (2008) 'Analysis of Irish Labour Market and Immigration since EU enlargement' *FAS Labour Market Analysis*. Vol. 3, issue 1, spring 2008

Millward Brown IMS (2008) 'Post Lisbon Treaty Referendum Research Findings'