

The Last Post: Unpalatable issue of public sector pay can't be ignored

Pressure on TDs to share the financial pain could eventually result in all public sector workers taking a pay cut

Matt Cooper

The politicians have their answer ready when pressed on why they haven't taken pay cuts as a response to the financial crisis besetting us.

Their pay is linked, following legislation brought in after the last recession, to the entire public sector. If their pay is to be cut then everyone else working directly for the state has to take the same percentage hit, and vice versa. No exceptions, legally, can be made, although there is room for TDs to agree to gift a proportion of their salary back to the state.

But the pressure is not going to go away – and here's the rub: it may be extended in time to all public sector workers.

Nobody wants to discuss this right now, not when the most valuable people in the country – healthcare workers – are risking their lives to protect everyone against the effects of Covid-19. It would be impossible, and wrong, to demand that doctors and nurses and all the others providing such essential public services be subjected to a pay cut. Many would actually pay them more and it is likely that the unions representing nurses are already prepared to make their claims to a new government.

However, the issue of public sector pay can't be ignored – even if few want to bring it up for fear of highlighting a 'public versus private sector' divide.

The reality, however, is that yet again, as happened in the financial crash of 2008 to 2012, but now on a far greater scale, the private sector is being hammered more than the public one. Jobs in the private sector are lost quickly and many of those lucky enough to keep their roles have been forced to take immediate, and hopefully just temporary, pay cuts. The state is making a sizeable contribution towards income protection for many of those people, but that will not continue indefinitely.

Meanwhile, state employees not involved in the Covid-19 frontline continue on full pay and with job protection. That's as it should be, but how long can that protection continue if the benefits paid to those in the private sector are tailed off, or stopped, even if still required?

No government wants to be responsible for another round of pay cuts in the public sector, replicating the austerity that followed the financial crash. The cuts back then, and the introduction of a two-tier pay system for new entrants, were designed to give us a permanently lower cost base and more affordable public sector. That has been long forgotten. But that intention unravelled over time because of political pressure – and, even if some of the pay cuts that were introduced back then have not been fully reversed, the expectation continues that they will be and pay parity restored.

How will that happen if the government's revenues have collapsed so much that borrowed money will have to pay most of the future bills?