

18th March, 2020

Mr Leo Varadkar
Taoiseach
Government Buildings
Merrion Street
Dublin 2

Dear Taoiseach

We acknowledge and welcome the Government's swift actions to date to protect public health from Covid-19 in this unprecedented and rapidly evolving situation.

We also acknowledge that measures to date, which have been taken to try to minimise the impact on workers, their families and the business community. We are continuing to engage with the Labour Market Stakeholder group on an ongoing basis.

My primary purpose in writing to you this evening, is to highlight our belief that there is an urgent need for much more ambitious measures to be implemented to try to preserve workers jobs and uphold their net incomes in the event of lay-offs. An estimated 140,000 workers have already been laid off over the past week or so and business representatives are talking of a further 200,000 or so being laid off over the coming days. This could bring us in a matter of weeks close to the total number of jobs lost in the first 2½ years of the post-2008 crash.

The economic impact of net income reductions for individual workers over the coming months is very grave indeed. For example, a household with two adults and one child with a single income of between €45,000 to €50,000, i.e. close to the average earnings for a full-time worker, could see a fall of nearly two-thirds in their net income, while a single worker with no children earning around €25,000 could see a fall of around half. While it is important to acknowledge that some employers are making strong efforts to uphold wages for their workforce others are making no effort whatsoever.

Last Monday (16th March) the European level social partners organisations encompassing Trade Unions and Employer bodies across the EU issued a joint statement placing on the record their jointly held view that *'all efforts need to be undertaken to help workers, enterprises, economic activities and public services to survive the crisis, so they will be able to come back to their activities when the crisis ends, to keep workers in their jobs meanwhile, to protect from unemployment and loss of income, and to alleviate financial losses'*.

Across Europe there have been varied policy responses and mechanisms developed to deal with this crisis. In Denmark, for example, the social partners have agreed a **temporary wage compensation scheme** for companies with employees that are at risk of lay-off. While the Swedish government and its social partners have agreed a **temporary short-time lay-off scheme** whereby an employee works 40 per cent of their normal hours, receives more than 90 percent of their wage, while employers see their wage costs halved.

While I recognise that the level of public investment required in these circumstances is substantial, we are experiencing a national public health emergency unparalleled over the past 100 years. In our view such an exigency necessitates exceptional financial interventions at this point in time. Workers are not in a position to withstand this economic burden and therefore, we are urging Government to immediately introduce a scheme that subsidises the salaries of workers under threat of lay-off due to the Covid -19 crisis with a view to preserving their net income. We are willing to work with Government and other relevant stakeholders to implement such measures in Ireland.



Patricia King
General Secretary

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