

A Study of Centralised Bargaining in
Ireland 1922-1997:
The Evolution of Corporatism

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ABSTRACT

This paper demonstrates that the centralised collective agreements negotiated in Ireland over the past ten years are, in fact, corporatist arrangements. This is done by reference to the agreements themselves and the literature available on corporatism as a theoretical model.

By studying the history and development of centralised bargaining in Ireland, it was established in the course of this dissertation that these agreements represent the latest step in an evolutionary process which has taken place in centralised bargaining since the end of the Second World War. This evolution has been gradual, with each new agreement reached at the national level bringing something more to the process. What began as a basic framework agreement in 1948 has slowly led to the adoption of corporatism in Ireland as it became the next logical step in national-level bargaining.

The issues currently facing the social partners in the operation of the current agreement and in the negotiations for any future such arrangements are explored and analysed. This has led the author to conclude that the corporatist agreements should be continued, but there needs to be more focus and meaningful action in the areas of long-term unemployment, marginalisation, and the development of a partnership approach between unions and employers at the level of the individual firm.

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- Sarah, for obvious reasons
- The Family

ABBREVIATIONS

<u>Full Name</u>	<u>Abbreviation</u>
Above-the-Norm	ATN
Annual Delegate Conference	ADC
Below-the-Norm	BTN
Common Agricultural Policy	CAP
Confederation for Irish Industry	CII
Construction Industry Federation	CIF
Consumer Price Index	CPI
Deutsche Mark	DM
Economic and Social Research Institute	ESRI
Employer-Labour Conference	ELC
European Monetary System	EMS
European Monetary Union	EMU
European Union	EU
Exchequer Borrowing Requirement	EBR
Federation of Irish Employers	FIE
Federated Union of Employers	FUE
Global Agreement on Tariffs and Trade	GATT
Gross Domestic Product	GDP
Gross National Product	GNP
Irish Business and Employers Confederation	IBEC

Irish Congress of Trade Unions	ICTU
Irish Farmers Association	IFA
Irish Small and Medium Enterprises Association	ISME
Irish Trade Union Congress	ITUC
National Economic and Social Council	NESC
National Economic and Social Forum	NESF
National Farmers Association	NFA
National Wage Agreement	NWA
National Wage Recommendation	NWR
Pay-As-You-Earn	PAYE
Programme for Competitiveness and Work	PCW
Programme for Economic and Social Progress	PESP
Programme for National Recovery	PNR
Provisional United Trade Union Organisation	PUTUO
Services, Industrial, Professional, Technical Union	SIPTU
Special Delegate Conference	SDC
United Kingdom	UK

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For Mam and Dad

CHAPTER ONE

INTRODUCTION

1.1: Objectives

Since 1988, wage determination in Ireland has been negotiated at national level under a series of three-year agreements (See Table 1.1). This began with the negotiation of the Programme for National Recovery (PNR) in October 1987 which became the first in a series of national-level agreements which continued with the ratification of Partnership 2000 by the Irish Congress of Trade Unions (ICTU) on 30 January 1997.¹ Each of these agreements was a tripartite arrangement between the government (acting in its capacity as employer and as the executive), the trade union movement as represented by ICTU, and employers' associations. The farmers, as represented by the Irish Farmers Association (IFA) and Macra na Feirme have also been present at the negotiations to bargain on behalf of those in agriculture.

It is the primary objective of this paper to study these agreements and to show how they are the latest form of centralised agreement to emerge in an evolutionary process which can be traced back to the years immediately following the Second World War. In order to do this, the history of centralised bargaining as it has taken place in Ireland since the foundation of the Irish Free State in 1922 will be traced.

¹ See, for example, Irish Times, 31 January 1997

It will be determined whether or not these agreements can fairly be labelled 'corporatist.' In order to do this, the theory of corporatism and its modern origins will be discussed. The outcome of the discussion of the theoretical model will then be used to assess whether or not the social partnership agreements can be held to be truly corporatist.

In order for these agreements to be identified as corporatist, it must first be proven that Ireland could support a neo-corporatist system of interest intermediation. The Irish political and industrial relations systems will be examined so that whether or not they fit well with the ideal conditions for corporatism as described by various theorists can be assessed. The implications of this fit, or lack thereof, will be fully debated.

Table 1.1: National-Level Agreements Reached in Ireland Since 1987

<i>Name of Agreement</i>	<i>Duration of Agreement</i>
Programme for National Recovery	1988-1990
Programme for Economic and Social Progress	1991-1993
Programme for Competitiveness and Work	1994-1996
Partnership 2000	1997-1999

The benefits the current range of agreements have had for the Irish economy and society in general will be examined, and it is intended that this assessment will enable the author to demonstrate which groups have benefited most and least from the negotiation of these arrangements. The issues currently facing the

social partners will also be discussed so that the areas upon which the social partners should concentrate in the course of the present and future arrangements may be illustrated. This information will then be used to determine whether there should be any more neo-corporatist agreements negotiated, or if Ireland would be better served by a return to the decentralised, free-for-all bargaining which preceded these agreements.

It is important to stress that the period studied in this dissertation ends on 30 January 1997, the day that the Partnership 2000 agreement was ratified by the ICTU.

1.2: Structure

In order to best meet the above objectives, it has been decided that this paper will be divided into seven chapters. The first chapter will serve as an introduction to the topic as a whole, outlining the objectives and structure of this paper.

The second chapter will outline the methodology used in preparing this paper and will reveal why this methodology was preferred to the available alternatives.

The third chapter will provide a theoretical overview of centralised bargaining and neo-corporatism. It will define what is meant by these and other terms, and will discuss the development of modern corporatist theory while answering some of the criticisms which have been levelled at the concept. The attributes which a

society should possess if a successful, continued corporatist system is to take root will be discussed. Whether or not the Republic of Ireland could support a corporatist system of industrial relations will then be determined.

Chapter Four will go on to discuss the history of centralised bargaining in Ireland from the foundation of the Irish Free State in 1922 up to the decision to abandon a decade of continued centralised bargaining in 1981. It will review the agreements negotiated at national level since the foundation of the Irish Free State in 1922. This information will then be used to demonstrate how centralised agreements evolved in Ireland over the period discussed.

Developments in the years 1981-1997 will be discussed in Chapter Five. It will be demonstrated how the economic turbulence of the years 1981 to 1987, allied to the previous experiences of the social partners with centralised bargaining, led to the negotiation of the PNR, which came into effect in 1988. This was to be the first of four such arrangements negotiated back-to-back. This programme and its successors will be studied in detail, and their major characteristics and clauses will be catalogued. The benefits of these agreements to the Irish economy and to Irish society at large will then be discussed. In addition, it will be demonstrated that these agreements represent the continuation of the evolutionary trend in centralised bargaining discussed in the previous chapter. The earlier theoretical debate will be revived so that the question of whether or not these arrangements can be considered corporatist can be answered.

Chapter Six will discuss the major issues which now face the social partners in negotiating and implementing the present and future social contracts.

Chapter Seven then goes on to catalogue the conclusions of the paper with regard to the theoretical model of neo-corporatism, the corporatist nature of the national agreements negotiated in the last ten years, the evolution of centralised bargaining in Ireland, the benefits of the social partnership agreements negotiated in Ireland since 1988, and the issues currently facing the social partners. It will be determined which interest groups have benefited most and least from these arrangements. There will then follow a brief discussion on how the Irish system of social partnership can be held up to criticisms of corporatist theory, with reference to trends in economic and social data and the issues currently facing the social partners.

CHAPTER TWO

METHODOLOGY

2.1: Introduction

The methodology used in the research performed for this paper will be detailed in this chapter. The reasons for choosing this methodology over the available alternatives will be explained with reference to the advantages of the method used over those alternatives for the purposes of meeting the objectives of the research.

2.2: Methodology

Bell (1993. p. 63) makes it clear that it is necessary for a researcher to first define the objectives of their research and then to decide what methodology will best meet those objectives. The author adhered to this advice when pursuing this work. In order to best meet the objectives of this research as outlined in Section 1.1, it was determined that the following research methods be used. A systematic critical review of the literature on corporatism as a theoretical model would take place. It was decided that a similar literature review would take place with regard to collective bargaining, and more particularly, centralised agreements as they have developed over the years since the foundation of the Irish Free State in 1922. The texts of the social partnership agreements negotiated in Ireland over the past ten years were also to be reviewed, as were the reports of the National

Economic and Social Council (NESC) upon which the agreements were based. Reports and articles which comment upon the social partnership agreements would also be reviewed so that a full picture of the issues facing the social partners at the time that each of the agreements was negotiated could be ascertained.

The opinions of each of the social partners were to be ascertained through field work, and these views would be examined and analysed. This field work was to take the form of qualitative interviews with employers, government and trade union officials, and farmers' representatives. Further field work included the attendance of the author at a seminar where the social partnership agreements were the topic of discussion. The employers, trade unions, and the marginalised and long-term unemployed were represented at the seminar. This helped the author to attain a clear overview of the main issues facing the social partners in the immediate future, and of the achievements and failings of the agreements.

The conclusions and recommendations of the paper are formed on the basis of both the literature review and the field work.

The author believes that this methodology is the best way in which to perform the necessary research for this dissertation. The literature review of the theoretical framework of centralised bargaining and corporatism is necessary for one to be able to determine the nature of the national agreements operating in Ireland since 1987. The literature review concerning the history of centralised

bargaining in Ireland is the best method employable in an attempt to determine whether or not there is an evolutionary trend discernible in centralised agreements as they were negotiated in Ireland over the years.

Similarly, the interviews with the representatives of the various social groupings were relatively unstructured so that all the views held by the various parties to the agreements could be determined. The same topics were covered in all interviews and there was a list of questions prepared for each interview. It became clear, however, that the use of this list as a type of questionnaire whereby the author asked each of the prepared questions in the order listed regardless of the answer given by the respondent would not be effective in getting to the heart of the topics discussed in the interviews. Nor would it reveal anything of depth about the opinions held by the respondents on the performance of the agreements and on the issues facing the social partners at this time. As Allan (1991. pp. 177-178) argues, 'a core feature of qualitative research methods is that satisfactory explanations of social activities require a substantial appreciation of the perspectives, culture, and 'world-views of the actors involved.' The use of a quantitative method of research, such as a large survey would have been useless in ascertaining such views, and a case study method would in no way come close to achieving the objectives of this paper given the nature of the topic and the timeframe involved.

There was also a quantitative element to the research. This took the form of what Skinner (1991. p. 215) terms 'secondary analysis,' whereby the researcher

analyses 'data from secondary sources, such as government surveys.' This was an important element of the research in tracing trends in levels of employment and unemployment, economic growth and public expenditure. The pursuit of this part of the research was necessary if the author was to demonstrate some of the achievements of the agreements and some of the issues which currently face the social partners.

It was decided that for the purposes of clarity and in order to fully investigate the agreements so that the objectives of this paper could be reached, to limit the scope of this research specifically to centralised bargaining as it has occurred in Ireland. This is in keeping with the majority of corporatist studies which tend to be country-specific due to the 'complexity and high variability of the phenomena of organised interest intermediation...added to [which] are considerable difficulties of measurement and data collection' (Lehmbruch. 1982. p. 2).

Corporatist literature has been attacked in the past for not taking enough account of the historical developments of the countries studied which may or may not have led to the adoption of a corporatist system of interest intermediation (for example: Almond. 1983. p. 252). In order to prevent this charge being levelled at the current work, it was decided that the historical development of industrial relations, particularly at the national level, would be studied and any precedents of centralised bargaining would be analysed and their contribution, if any, to the evolution of the social partnership agreements which have dominated the political economy in Ireland for the last ten years.

2.3: Confidentiality

The author interviewed employer representatives who had been involved in the negotiation of the agreements as well as employers whose position would suggest that their view should be taken seriously in these matters. When certain employers were interviewed as part of the research for this paper, they requested to remain anonymous so that they could freely express their views with regard to the issues discussed. As a result, where reference is made to the opinions of employers with regard to any of the issues discussed, there will no reference made to the actual identity of those employers.

The author also interviewed officials from the Department of Finance and the Department of the Taoiseach who played a role in the negotiation of these agreements. Again, the author was allowed to record and refer to these interviews in return for a guarantee of anonymity. Therefore, when a point or a reference is made in the course of this work which is based on these interviews, a footnote will be inserted to the effect that interviews with government officials form the basis of that point or reference.

CHAPTER THREE

NEO-CORPORATISM IN THE IRISH CONTEXT

3.1: Introduction

In the course of this chapter the neo-corporatist model of collective bargaining will be described and discussed. In order to ensure clarity, the following terms will first be defined: collective bargaining; collective agreements; and centralised bargaining. Several definitions of neo-corporatism will then be presented and the development of that model will be discussed. Those attributes of an industrial relations system which lend it to the neo-corporatist model of collective bargaining will be analysed. The question of whether or not the Irish system displays such characteristics will then be answered. Finally, the conclusions of the author with regard to these issues will be presented.

3.2: Definition of Terms

3.2.1: Collective Bargaining

Collective bargaining may be defined as 'a method or process of conducting negotiations about wages, working conditions, and other terms of employment between an employer, or group of employers, or employers' associations on the

one hand, and representatives of workers and their organisations on the other, with a view to arriving at collective agreements' (Marsh. 1979. p. 54).

3.2.2: Collective Agreements

A collective agreement may be defined as 'an agreement arrived at by collective bargaining as contrasted with an agreement arrived at by individual bargaining at whatever level in the industrial hierarchy about procedural and substantive terms, and whether a fixed-term agreement or an open-ended agreement' (Marsh. 1979. p. 54).

3.2.3: Centralised Bargaining

Centralised bargaining takes place when collective bargaining takes place between employers and labour with a view to arriving at an agreement which will set the wages and terms of employment for an entire region, industry, or country. For the purposes of this dissertation, centralised bargaining can be taken to refer to negotiations taking place at the national level. When such negotiations take place, government may be present, but it acts purely in its capacity as an employer in the bargaining process.

3.2.4: Neo-Corporatism

Corporatism may be defined as 'a political structure within advanced capitalism which integrates organised socio-economic producer groups through a system of representation and co-operative mutual interaction at the leadership level and of

mobilisation and social control at the mass level (Panitch. 1979. p. 123). Concertative wage bargaining or neo-corporatism occurs where '[centralised] bargaining over pay and conditions is no longer conducted by autonomous unions and employers or employers' associations, who guard their mutual dealings against encroachment from the state.....Unions and employers admit the government as a negotiating partner in what becomes an essentially tripartite process of bargaining' (Roche. 1994a. p. 129). Tripartism may also be defined as a system under which 'major economic decisions are discussed and agreed upon between the state and the major employers and trade union bodies' (Chubb. 1982. p. 138). In other words, the government acts in its capacity as executive as well as that of employer in such negotiations. In return for ceding some influence over the process of wage determination to government, the employers and trade unions gain influence over public policy in those areas which are of interest to them; for example, in the areas of taxation and social welfare. Corporatism may be distinguished from centralised bargaining by demonstrating that not only do interest associations to influence the state toward a certain course of action, but the state exerts a reciprocal influence on the same groups (Panitch. 1979. p. 123). Indeed, in some cases, it is not the advice of unions or employers which the government is trying to secure, but 'their acquiescence and approval' for decisions which may already have been reached (Panitch. 1979. p. 138). Because of the manner in which the three parties, known as the social partners, reach agreement in Ireland (See Section 3.9.1.2), it is unlikely that such manoeuvrings would take place on a regular basis.

3.3: The Development of Neo-Corporatism

In order to allow ease of reference, it has been decided to represent the main authors to which references are made in this chapter in Table 3.1. This is so that the reader will have an easy guide to the commentators discussed and will be able to quickly ascertain to what this dissertation is referring when the findings of these authors are mentioned.

Table 3.1: A Quick Guide to Neo-Corporatist Theorists

<i>Name</i>	<i>Label</i>	<i>Role</i>
PC Schmitter	Father of Neo-Corporatism	Provided theoretical basis for modern corporatist thought. However, his definition is that of an ideal state which is not achievable in liberal democracies
G Lehmbruch	Contemporary of Schmitter	Modified Schmitter's definition somewhat so that the presence of corporatism in liberal democracies could be identified.
C Crouch	Political economist	Discussed reasons for the revival of corporatism in the 1970s; viewed corporatism as a class issue.

H Wilensky	Political historian	Defined democratic corporatism, a form of corporatism which may be clearly demonstrated to have evolved in a modern polity.
N Hardiman	Political economist	Studied national agreements in 1970s Ireland. Defined three categories of political and industrial relations conditions which made it possible to measure whether or not corporatism could emerge in a particular polity.
L Panitch	Political historian	Described the development of corporatism in a range of European countries
A Cawson	Political scientist	Defined the various levels of neo-corporatism.
J Goldthorpe	Political scientist	Discussed the place of concertative wage bargains in liberal democratic theory

While the rise of corporatist thought can be traced back to the latter part of the nineteenth century, corporatism as a model died out following the end of World War II, having been discredited through its association with the European axis

powers (Williamson. 1989. pp. 24-27; Schmitter. 1974. p. 85; Panitch. 1979. p. 121). It has also been suggested that due to the 'unprecedented economic growth and mass prosperity' of the 1950s 'the concept of corporatism became of declining relevance as an element in the analysis of contemporary politics' in all but a handful of countries (Crouch. 1979. pp. 18-19). However, Panitch (1979. p. 121) noted that 'in the postwar period, these tendencies toward corporatist structures have accelerated and been more systematically developed in liberal democratic society.'

Corporatism as a political model re-emerged in 1974 with the publication of PC Schmitter's essay entitled 'Still the Century of Corporatism?' This was part of a search for alternative political and economic theories which came as a response by political scientists and economists the world over to try to explain the economic problems of the 1970s. The dominant theories of pluralism and Keynesianism could provide no answers to 'the combination of inflation, slowdown of growth and rising unemployment in advanced industrial societies' (Almond. 1983. p. 248; Crouch. 1979; Hardiman. 1992. p. 331). Indeed, while pluralist writers were in widespread agreement that 'overloaded government' caused by the increasingly impossible demands for better living standards from an increasingly affluent populace was the underlying cause of this problem, there was no consensus about how these demands could be satisfied (Crouch. 1979. pp. 14-15; Crouch. 1983).

Several authors before Schmitter had traced the emergence of corporatist trends in various European countries after the end of the Second World War. However, the accounts of these authors are purely descriptive, and contribute little, if at all, to the body of corporatist theory (Williamson. 1989. pp. 9-10). In addition, many of these authors were of different political ideologies and were advocating a corporatist structure that had little to do with the true concept and spirit of corporatism itself, and more were advocating corporatism while terming it something else. Still others were suggesting that corporatism existed only as 'part or a particular product of a particular political culture' (Schmitter. 1974. pp. 88-89).

Schmitter was the first author to define corporatism in institutional terms, 'focusing more on the basis of organisation than on what the organisations did,' rather than viewing it purely as a form of policy-making (Williamson. 1989. pp. 9-10). As such, he was the first theorist of what has become known as neo-corporatism.

In his 1974 essay, Schmitter presented a definition of corporatism which may be taken as that of the ideal corporatist system: 'Corporatism can be defined as a system of interest representation of which the constituent units are organised into a limited number of singular, compulsory, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories

in exchange for observing certain controls on their selection of leaders and articulation of demands and supports' (Schmitter. 1974. pp. 93-94).

As such, it is different from pluralism, 'a system of interest representation in which the constituent units are organised into an unspecified number of multiple, voluntary, competitive, nonhierarchically ordered and self-determined (as to type or scope of interest) categories which are not specially licensed, recognised, subsidised, created or otherwise controlled in leadership selection or interest articulation by the state and which do not exercise a monopoly of representational activity within their respective categories.' The two systems do, however, 'share a number of basic assumptions' (Schmitter. 1974. p. 96).

Within neo-corporatism, Schmitter (1979. p. 22) has contrasted two subtypes of corporatism, which he labelled state corporatism and societal corporatism. State corporatism occurs when the institutional factors which constitute corporatism are established and controlled by the state. Societal corporatism, on the other hand, came about because of the 'imperative necessity for a stable, bourgeois-dominant regime, due to processes of concentration of ownership, competition between national economies, expansion of the role of public policy and rationalisation of decision-making within the state to associate or incorporate subordinate classes and status groups within the political process' (Schmitter. 1979. pp. 24-25). In the period between the end of World War II and the re-emergence of interest in the corporatist model, the vast majority of experiments with neo-corporatism were carried out 'within the framework of the maintenance

of liberal political freedoms...and state coercion...played a secondary, or at least sporadic and indirect, role in the process' (Panitch. 1979. p. 121). As Ireland is a liberal democracy, this dissertation is primarily concerned with that form of corporatism which emerges due to societal pressures rather than that which is state-imposed.

Schmitter provided an important foundation for further development of corporatist theory, but his definition of societal corporatism 'did not offer much on the specific operation of, and power structures associated with' this system (Williamson. 1989. p. 12).

It is for this reason that the term 'societal corporatism' was not used when it was explained which type of corporatism would be that focused upon within this dissertation. Of more relevance in this regard is the work of Lehmbruch, who focused more on the role of corporatism in regulating material conflicts between capital and labour, and the possible role of incomes policies within this agenda (Lehmbruch. 1979a. pp. 151-152). It was Lehmbruch who defined 'liberal corporatism', whereby corporatism is characterised by a system of interest representation in which organised interests participate in the formation of public policy while accepting the 'interdependence between the interests of conflicting social groups in a capitalist economy' (Lehmbruch. 1979b. p. 55). Liberal corporatism 'has remained embedded in a system of liberal constitutional democracy, comprising institutional rules such as the freedom of association.' As such, there is no question of 'compulsory' membership of any economic unit

(Lehmbruch. 1979a. p. 148). Without actually using the term liberal corporatism (preferring the label 'democratic corporatism'), Wilensky (1981. p. 345) offers a definition of that system which the author believes to capture it perfectly: 'the capacity of strongly organised central economic groups interacting under government auspices within a quasi-public framework to produce peak bargains involving social policy, fiscal and monetary policy, and incomes policies - the major interrelated issues of modern political economy.' This was also described by Panitch (1979. p. 119) as a limited organisational pluralism, generally operating under the aegis of the state as the supreme collective community.' It will later be demonstrated that Ireland has been operating under a system of liberal (or democratic) corporatism since 1988, when the terms of the PNR came into force (See Chapter Five).

Crouch (1979. pp. 19-20) believes corporatism to be somewhere between the two extremes of societal and state corporatism. He views the adoption of corporatist policies to be an issue of state control 'when it cannot adequately subordinate labour by preventing its combination and allowing market processes to work,' while at the same time stating that 'it is important to regard the state's activity as *part*² of a wider pattern of developments which reduce the fragmentation, atomisation and competition among economic units which characterised classical capitalism). However, he gives no indication as to how the state is supposed to perform this delicate balancing act, and appears to fall on the side of state corporatism in his views of corporatism as a class concept involved in the

² His italics

subordination of labour. Indeed, his main concern in framing the question of future developments is 'how successful [capitalism can be] in retaining control of corporatism' (Crouch. 1979. pp. 45-46). This idea of subordination and control does not sit easily with the concepts of participation, interaction and interdependence advanced by Wilensky and Lehmbruch or the determination by Panitch (1979. p. 119) that the major value of corporatism is social harmony..

3.4: Levels of Neo-Corporatism

Cawson (1985. pp. 10-18) has distinguished three different levels of corporatism: the macro-level, the meso-level, and the micro-level. He also pointed out that corporatism could be sectoral or trans-sectoral at various levels.

3.4.1: Macro-Level Corporatism

'The characteristic feature of corporatism at the macro-level is the involvement of peak organisations in global policy concertation' (Cawson. 1985. p. 15). This dissertation studies agreements which occur at the macro- or national level, in other words, if it is found that conditions for corporatism exist in Ireland and that the national agreements which have been negotiated in that polity are corporatist agreements, Ireland can be said to have been operating under a system of macro-level corporatism since 1988.

3.4.2: Meso-Level Corporatism

‘Meso-corporatism refers to the fusion of the processes of interest representation, decision-making and policy implementation with respect to a more restricted range of issues than the ‘system steering’ concerns of macro-corporatism’ (Cawson. 1985. p. 11). Meso-level interest organisations are those which ‘operate between peak national level associations and individual firms and members’ (Cawson. 1985. p. 12).

3.4.3: Micro-Level Corporatism

This takes place at the level of the individual firm, and has not been widely studied, though examples of its occurrence do exist (Cawson. 1985. p. 16).

3.4.4: Sectoral or Trans-Sectoral Corporatism

As well as occurring at a number of levels within a polity, corporatism may also be sectoral or trans-sectoral. Sectoral corporatism is that which takes place within only one economic or industrial sector, and this can take place at either the meso- or micro-level of decision making, but not the macro-level. Trans-sectoral corporatism is that which affects a number of sectors, and this can occur at any of the three levels (Cawson. 1985. p. 12).

3.5: Neo-Corporatism and Parliamentary

Democracy

‘In classic liberal democratic theory, parliament plays a key role in the democratic process. The people elect a parliament, to which the government is accountable.’ In practice, however, the government is free to act as it will, within reason (Gallagher. 1993. p. 126).

According to Cawson (1978. p. 184), there exists a dual relationship between government and interest organisations in a corporatist system, comprising ‘both interest articulation (the classic pressure group role) and the responsibility for delegated enforcement of government policy.’ In other words, while the interest organisations are acting as negotiators of corporatist agreements, they are also expected to police them to ensure that their members comply with the terms of the arrangements. In return, ‘the state will devolve upon or share with these associations much of its...decisional authority’ (Schmitter. 1974. p. 111).

‘Relations between the state and these organised interests are therefore always likely to be subject to characterised by bargaining: something has to be exchanged for the social peace which the organisations are expected to deliver’ (Crouch. 1979. p. 23). Despite Schmitter’s assertion that these bargains are subject to the authority of Parliament, there can be little doubt that there is a definite diminution in the importance of Parliament as the main decisions regarding economic and social policy are made outside Parliament in negotiations with the social partners. Indeed, Crouch (1979. p. 47) openly

dismisses the idea that 'the electoral process alone determines the personnel who decide public policy in a corporatist state.'

This dismissal is especially valid in either of two situations. Firstly, in those instances where the government which negotiates a corporatist agreement holds a strong parliamentary majority, they can, to a great extent, ignore Parliament when making their decisions. Alternatively, in a situation where there is little ideological difference between the main parties in a polity, as long as the agreements are seen to be working well, the election of the opposition to power need not necessarily lead to the termination of the agreement.

3.6: Strengths of Neo-Corporatism

In a corporatist agreement, 'organised labour undertakes, in its negotiations with employers, to restrain industrial militancy and to hold back on maximising its short-term wage gains [in order to] improve medium-term economic performance in ways that would benefit both workers and employers' (Hardiman. 1992. p. 334). In other words the focus of the negotiations is to achieve a positive-sum outcome whereby each of the parties to the agreement gain in the medium term (Goldthorpe. 1992. p. 428). Under a neo-corporatist system, all parties put aside some of their differences and try to work together to achieve consensus and stability in public policy. 'The distinguishing trait of liberal corporatism is a high degree of collaboration among [interest] groups themselves in the shaping of economic policy' (Lehmbruch. 1979a. p. 150). The main focus of the agreed

policies is whatever is held to be in the national interest by those representing the various interest groups of the economy at the national level. This 'insistent emphasis on 'the national interest' reflects a holistic social theory in which the interests of society as a whole are argued to transcend the narrow sectional interests' (Cawson. 1978. p. 179). This represents a definite advantage over the pluralist system of interest representation where each of the interest groups are caught up in distributive bargaining, and negotiations become a zero-sum game, whereby if one section of the economy wins something, another feels it has lost. Because corporatism is based on consensus, the distribution of resources at the national level becomes a positive-sum game, whereby everybody gains something, and there are no real 'losers.' However, as Cawson (1985. p. 11) points out, for corporatism or tripartism to work, it is necessary for each of the parties involved to believe in a 'non-zero sum outcome.' Equally, it is necessary for the agreements to provide each participant with 'a credible means of advancing at least some of the interests that are of most importance to its members' (Hardiman. 1992. p. 335). Otherwise, the agreements will falter.

Because of its holistic nature, corporatism does not suffer from the weaknesses attributable to the other political theories of pluralism and Marxism. 'Pluralism has proven to be deficient because of its underlying assumptions of a competitive political marketplace....and its portrayal of a neutral state which is disengaged from interest conflicts at the same time that it preserves an institutional and ideological boundary between public and private boundaries' (Cawson. 1985. p. 2). The belief of Marxists that class conflict is endemic to a political system and

that this will be expressed through both political and industrial conflict (Schienstock. 1981. p. 180), allied to 'the large number of rival factions that exist within the corpus' (Crouch. 1979. p. 25) undermines Marxism as a theory.

3.7: Criticisms of Neo-Corporatism

Given that the concept has such a short theoretical modern history on which to draw, and the confusion which preceded Schmitter's work, the concept is still a little disparate and has not yet acquired the same cohesiveness of ideas displayed in older theoretical political models, such as pluralism or Marxism. This can be seen in the amount of different labels that have been employed by different authors to describe what is essentially the same concept; there is, for example, no difference between Wilensky's 'democratic corporatism' and 'liberal corporatism' as defined by Lehmbruch. In recent years, however, there has emerged a trend towards greater clarity in the theoretical debate (Williamson. 1989. pp. 4-5).

One of the reasons offered for this diffusiveness of ideas is that before Schmitter's work, several authors were describing 'corporatism' as a phenomenon in a specific country, while others were identifying a completely different type of interest intermediation in another country as corporatist (Lehmbruch. 1982. p. 2). There was, as has been discussed in Section 3.3, much confusion and controversy surrounding the whole concept of corporatism prior to the work of Schmitter.

As discussed in Section 2.2, corporatist studies tend to focus on the development or existence of corporatism in only one country. One of the weaknesses of corporatist literature in the past has been the failure of authors doing this 'monographic' research to adequately review the prior experience of interest groups operating in the country which they study (Almond. 1983. p. 252). As has been noted in Section 2.2, in order to ensure that this dissertation does not suffer from the same weakness, the emergence of interest intermediation at the national level as it has evolved in this country since the foundation of the Irish Free State in 1922 has been traced.

Corporatism has been criticised for being a 'fair-weather creature' which is of use to an economy during a period of continued growth, but cannot be used as a 'counter-recessionary strategy' (Cawson. 1985. p. 11). This is patently untrue. In reviewing Berger's book 'Organised Interests in Western Europe,' Almond (1983, p. 259) found that each of the essays in that corporatist volume were concerned with 'the role of corporatist 'intermediation' in the solution of the crises of contemporary political economy.' As discussed in Section 3.3, the emergence of the neo-corporatist model was a direct result of the inability of traditional political and economic theories to provide solutions to the economic crises of the 1970s. Further, it will be demonstrated in Chapter Five of this dissertation that corporatism was used in Ireland to help rescue the public finances and the economy at large from a crisis position, and then to build a strong, growing economy.

Cawson (1985. p. 11) suggests that meso-level corporatism is superior to that which takes place at the macro-level on the basis that meso-level corporatism allows for greater representation of interest groups when policies which directly affect them are being discussed. When the Irish agreements of the last ten years are discussed in Chapter Five of this dissertation, the validity of this criticism will be called into question.

Given that the development of corporatism in a state leads to a diminution in the importance of parliament in the policy-making process, this gives rise to fears of the parties to a corporatist system being unrepresentative of the population of that country (Crouch. 1979. p. 46). This in turn leads to the prospect of social partnership serving only a few vested interests instead of being to the benefit of society at large. Panitch (1979. p. 124) also suggests that corporatists are too ready to presume that those negotiating corporatist agreements are doing so for the public good in the absence of any evidence. In order that this dissertation is not subject to the same criticism, the benefits and issues facing those who negotiate Ireland's social contracts will be examined in Section 5.9. The question of the representativeness or otherwise of those at the negotiating table will be discussed in Section 6.9.

Panitch (1979. pp. 124-126) also criticises corporatist theory for not assessing whether or not the state has a systematic bias towards capital in the pursuit of the agreements, the assumption of equal bargaining power between the employers and the trade unions, and the tendency of the literature to ignore the high degree

of instability which usually marks corporatist structures. Each of these criticisms will be discussed with regard to the Irish case in the final section of this dissertation.

3.8: Societal Attributes Conducive to Neo-Corporatism

According to Chubb (1982. p. 140), only two conditions need to be fulfilled if tripartism is to be successful. 'Relationships between the social partners must be good enough and their immediate objectives close enough to get agreements [and] leader-follower relationships must be good enough to enable the accommodations that leaders reach to be sold to the membership' and to be honoured and/or enforced without undue problems. These conditions are vague, and offer no specific, measurable information to demonstrate what exactly students of neo-corporatism should be looking for in an industrial relations system in order to assess whether or not a neo-corporatist system of wage bargaining is likely to be successful within that system.

Niamh Hardiman examined the Irish National Wage Agreements (NWAs) and the National Understandings of the 1970s in her book 'Pay, Politics and Economic Performance in Ireland 1970-1987.' In so doing, she identified three major categories of conditions which facilitate neo-corporatist agreements: organisational facilitating conditions, institutional facilitating conditions, and party political conditions. Each of these will now be dealt with in turn. In

Section 3.9, the institutions and conditions of the Irish political and industrial relations systems will be examined so that it can be determined whether or not Ireland could support a neo-corporatist system of interest intermediation.

3.8.1: Organisational Facilitating Conditions

The peak federations of both unions and employers 'must have adequate authority to be able to formulate and advance a concertative strategy in collective bargaining' and 'there should be a single peak [trade union] federation [which] should have a monopoly on representation of trade unions' (Hardiman. 1988. p. 19). These conditions are not unlike those of Chubb, but are presented in more concrete, measurable terms.

3.8.2: Institutional Facilitating Conditions

While neo-corporatism is held to be based on consensus, the agreements themselves are negotiated as is any other collective agreement. 'The public household in the twentieth century is not a community but an arena, in which there are no normative rules (other than bargaining) to define the common good' (Crouch. 1979. p. 50). However, consensus is necessary to define the economic problems with which the agreements are intended to deal and to set the performance targets of the agreement. 'The distinctive feature of concertative agreements is the role of the state in the mediation of conflict between employers and labour through its input to centralised negotiations' (Hardiman. 1988. p. 21). In other words, the government allows the other social partners some influence

over public policy in return for a negotiated pay and social policy agreement based on consensus.

3.8.3: Party Political Conditions

‘The governing party must be willing to make various commitments both in the shape of immediate fiscal commitments and in terms of more general and long-term policy priorities’ and ‘a low level of ideological polarisation of the political system may be important for the possibility of a stable understanding with both the union and the employer federations...A relatively stable and continuous set of policy priorities, even with changes in government would clearly be more advantageous than the dramatic oscillation of policies with the advent of opposing parties to power’ (Hardiman. 1988. pp. 22-24; Hardiman. 1992).

The nature of the relationship between the trade union movement and the remainder of the parties operating in the political system may also be of some importance (Hardiman. 1988. p. 24).

3.9: Could Ireland Support a Neo-Corporatist System?

Taking Hardiman’s three categories as the basis for scrutiny, this section will examine whether or not there exists a solid basis for neo-corporatism within Ireland’s political and industrial relations framework. It will go on to measure the system of interest representation existing in Ireland against Schmitter’s

definition of an ideal corporatist state quoted in Section 3.3. It will then assess whether the conditions for the emergence of neo-corporatism as defined by Schmitter were prevalent in Ireland in the lead-up to the negotiation of the first agreement, the PNR, in October 1987.

3.9.1: Hardiman's Facilitating Categories

3.9.1.1: Organisational Facilitating Conditions

3.9.1.1.1: The Trade Unions

Both public and private sector employees have been represented at the negotiation of all four agreements by ICTU, which is the major trade union federation of Ireland. ICTU was founded in 1959, following the amalgamation of the Irish Trade Union Congress (ITUC), which was founded in 1894, and the Congress of Irish Unions (CIU), a group which had broken away from the ITUC in 1945 (Hillery. 1987. p. 49). Over 97 per cent of union members are part of an organisation which is affiliated to the ICTU (Incomes Data Services. 1996. p. 161). As well as acting as the representative body at the negotiations for the national tripartite agreements, ICTU acts as the co-ordinating body for the trade union movement in Ireland. It is also 'represented on government advisory bodies and nominates representatives of labour for appointment to a number of bodies' such as the Labour Court (Department of Labour. 1987. p. 47). In addition, 'it consults and is consulted by the government of the day on matters affecting industrial relations and trade unions' (Hillery. 1989. p. 5).

This would suggest that there is a strong basis for neo- corporatism in Ireland on the part of the trade unions as there is a single peak federation to which almost all trade union members are affiliated, fulfilling Hardiman's first condition.

However, less than fifty per cent of the Irish workforce is unionised, and constituent numbers fell dramatically between 1981 and 1987, though there has been a small rise in numbers since then (Incomes Data Services. 1996. p. xxi, 161; Hillery. 1989. p. 3). Further, ICTU has no real powers to force members to accept the terms of the agreements, even after they have been ratified by a Special Delegate Conference (SDC). The most that can be done is that the member union which refuses to do so can have its membership suspended or withdrawn (Hillery. 1989. p. 5). This considerably weakens the notion that the organisational conditions which facilitate the development of neo-corporatism are strong enough in Ireland for that system of interest intermediation to emerge. There are, however, some mitigating factors.

Firstly, it must be considered that ICTU is very powerful at the national level through its presence on government advisory bodies and its nominations to labour bodies. The development of these consultative and labour bodies and the government invitation of ICTU to join them has been described by one commentator as the first phase of Ireland's drive towards corporatism (Roche. 1994a. pp. 153-154). It must also be emphasised that ICTU considers itself representative of the rights of all workers in Ireland, not just those that are

members of its affiliated unions. This position is unequivocally stated in Sections II and III of its constitution (ICTU. 1995a. pp. 4-5).

O'Brien (1981. p. 236) makes the point that although unions are free to disagree with the position of ICTU on matters such as the negotiation of corporatist agreements, they 'do not have such political influence as might forestall an aggressive legislative reaction' to a refusal to be bound by the terms of the agreements. A precedent for such legislation exists in Ireland. In the 1970s when the banking unions, which were not affiliated to Congress at the time, successfully negotiated wage rises in excess of those agreed in the NWAs with the banks, the government had no hesitation in threatening to introduce punitive legislation unless the terms of the agreement were revised downwards to respect the terms of the NWA. This threat was successful in having those agreements revised (Roche. 1994a. p. 161). It is not beyond the realms of possibility that a government of today could adopt a similar position.

One must also consider the strength of the voluntarist tradition in Irish industrial relations, whereby 'the parties to the industrial relations process are free to agree, or not to agree, on the substantive principles which are to govern their mutual rights and obligations and to regulate their behaviour' (CSO. 1981. p. 10). The parties to collective agreements tend to comply with the terms of the agreements voluntarily and in the period studied, no trade union has refused to be bound by any of the social partnership accords because it did not agree with or vote for the agreement, but has accepted the democratic decision made at the ICTU SDC at

which the agreement was debated. Compliance with the terms of the agreements has been found to be 'consistently high' (Incomes Data Services. p. 159), with between 90 and 95 per cent of private sector firms adhering to the pay terms of the agreements (NESC. 1996. p. 105). This demonstrates that Ireland has fulfilled the condition for successful corporatism laid down by Crouch (1979. p. 22) whereby the dominant elites which negotiate corporatist agreements ensure that their members are bound by the terms of the agreements, and act in accordance with them.

3.9.1.1.2: The Employers

3.9.1.1.2.1: The Government

As well as negotiating on social issues in its role as executive, the government also negotiates wage rises for public sector employees, acting in its role as employer.

3.9.1.1.2.2: The Private Sector Employers

For the PNR negotiations in October 1987, the private sector employers were represented by the Federated Union of Employers (FUE), the Confederation for Irish Industry (CII), and the Construction Industry Federation (CIF). By the time that the Programme for Economic and Social Progress (PESP) was negotiated three years later, the FUE had been renamed the Federation of Irish Employers (FIE). The Programme for Competitiveness and Work (PCW) and Partnership 2000 were negotiated by the Irish Business and Employers Confederation (IBEC) and the CIF.

The CIF is totally responsible for all aspects of industrial relations within the construction industry. IBEC and its predecessors represent all employers and negotiate on issues concerning social policy, industrial relations and new forms of work organisation at the national level (O'Brien. 1989. p. 73).

The FUE was founded in 1942. This was the first national employers association, and was an amalgamation of various regional associations such as the Cork Employers Federation and the Dublin Employers Federation. The founding of a national employers association was an attempt to counterbalance the power and cohesiveness of the trade union movement, but was also made necessary by the terms of the 1941 Industrial Relations Act which required that the employers associations obtained a negotiating license and were registered (Daly. 1994. pp. 110-111). The FUE was renamed the FIE in 1989 (O'Brien. 1989. p. 74). IBEC was formed when the FIE and CII merged in January 1993 (Daly. 1994. p. 110).

In addition to negotiating the social partnership agreements, IBEC 'provides economic, commercial, employee relations and social affairs services to some 4000 companies and organisations from all sectors of economic and commercial activity.' (IBEC. 1997). It also acts as a representative organisation, lobbying government, state agencies, and the European Union on behalf of its members (IBEC. 1997). This is in stark contrast to its predecessor, the FUE, which was essentially founded as an employers union to protect employers from

encroachment by the trade unions (Daly. 1994. p. 111). This shows how the representation of capital at the national level has evolved over the last fifty years from narrow sectional concerns to a representative and advisory role in all issues affecting employers at every level of economic activity.

The consolidation of employers associations and the expansion of their activities and duties shows that the peak federation of employers is similarly positioned to that of the trade unions in its appropriateness for corporatism. It must, however, be admitted that IBEC suffers from the same weaknesses as those of ICTU with regard to disciplinary action against dissident members, and this author would venture that the reasons for this weakness are equally similar. As such, it is again necessary to stress that surveys carried out by SIPTU and Industrial Relations News have found that between 90 and 95 per cent of private sector firms have adhered to the pay terms of the agreements.

3.9.1.1.3: The Farmers

Because of the importance of agriculture to the Irish economy, and in order to make the talks more inclusive,³ the farmers were admitted to national level bargaining for the first time in 1987 when the IFA and Macra na Feirme were invited to take part in the PNR negotiations, and have also represented agricultural interests in the negotiation of the three ensuing arrangements.

³ Interviews with various employers; interview with Con Lucey, IFA, 10 June 1997

The IFA and Macra na Feirme share headquarters at the Irish Farm Centre in south County Dublin. Macra na Feirme was founded in 1944, based on a number of young farmers clubs. 'The organisation was aimed at those who lived and worked in rural Ireland as farmers and agricultural labourers' (Curran. 1996. p. 5). Macra na Feirme founded the National Farmers Association (NFA), which was eventually to become the major part of the IFA (Curran. 1996. p. 5). Both of these organisations have negotiated on behalf of those involved in agriculture in the social partnership agreements of recent years.

The IFA was founded in 1971, following a merger between the NFA, the Irish Sugar Beet Growers' Association, the Irish Horticultural Association, Leinster Milk Producers and Cork Milk Producers. It currently boasts around 85,000 members. In addition to negotiating the social partnership agreements, the IFA lobbies the government and the European Union for Irish farmers' interests and the protection of living standards of those working in agriculture, while also acting in an advisory capacity to its members (Bourke. 1997). The IFA are responsible for negotiating roughly 90 per cent of the content of the agreements with regard to agriculture.⁴

The farmers' interest groups have been described as 'a heterogeneous assortment of conflicting interests' (O'Halpin. 1993. p. 199). However, this cannot be held to be true when the farm organisations enter the negotiations for the national programmes as they present a united front, having agreed their aims at earlier

⁴ Interview with Con Lucey, IFA, 10 June 1997

meetings of a forum of the farm organisations (Curran. 1996. p. 13). Further, given that those organisations which represent the agricultural community at the social partnership negotiations were established by one organisation and share headquarters, there are obviously close links between them. Given these circumstances and the size of the membership of these organisations, it is fair to say that the agricultural community is also represented by strong peak federations which allows it to play a full part in the negotiation of the social partnership agreements, but also makes conditions ideal for it to be party to a corporatist system of interest representation.

3.9.1.2: Institutional Facilitating Conditions

The concertative agreements reached in Ireland since 1988 have been just that - *negotiated* agreements. They have, however, been based on the reports of the NESC, which is a consensus-based body upon which sit representatives of the government, the social partners, and academic institutions. Within these reports, the NESC identifies the major social and economic issues facing Ireland in the medium-term and suggests strategies to try to cope with or deal with these questions. The social partners then use this report as the basis of a three-year plan in which they make commitments to act in certain ways to prevent or solve those problems identified and foreseen by the NESC. Employers have stated that they believe the concept of consensus in national policy to be of the utmost importance,⁵ while ICTU believes that the work of the NESC is vital to the

⁵ Interviews with various employers

agreements, as the social partners agree to implement the strategies necessary to meet the objectives set by the NESC.⁶

This system fits perfectly with that defined by Hardiman as the ideal facilitating institutional conditions for corporatism.

3.9.1.3: Party Political Conditions

The two largest political parties in Ireland, Fianna Fáil and Fine Gael, are both centre-right parties. There is no great ideological difference between them or their policies. This is underlined by the support which Fine Gael gave to a minority Fianna Fáil government on economic issues following the general election of 1987 (Hardiman. 1988. p. 232). The differences between the parties are based on history rather than ideology, with both parties representing either side of the split in the Sinn Féin government of 1922 which led to the Civil War (Hardiman. 1988. p. 33).

As there is no great ideological difference between the two main parties, and it would be impossible to form an Irish government without one or the other being the dominant party, it is this author's conclusion that the party political conditions for corporatism in Ireland are excellent.

⁶ Interview with Paula Carey, ICTU, 23 June 1997

3.9.2: Do Conditions for Corporatism Exist in Ireland?

While it is true to say that 'the system of employee relations [in Ireland] is founded on a pluralist tradition' (Incomes Data Services. p. 160), it is also certainly true to say that there exists an excellent foundation for corporatism given that it strongly exhibits the conditions identified by Hardiman as necessary if corporatism is to operate successfully in any industrial relations or political system. According to Panitch (1979. p. 127), there are three governing ideologies in the development of corporatist thought in modern liberal democracies - 'Catholicism, liberal-conservatism, and social democracy.' There can be little doubt that Ireland perfectly fits this agenda, with each of these ideologies being considered pillars of Irish society. The Irish political system 'does not reflect or generate basic political conflict over the aims or direction of economic policy' because of the dominance of the nationalist issue and the power of the Catholic church (Morrissey. 1986. p. 80).

It will now be determined whether or not the system of interest representation operating in Ireland displays any of the characteristics of the ideal corporatist system as defined by Schmitter. It is first necessary to again present that definition.

'Corporatism can be defined as a system of interest representation of which the constituent units are organised into a limited number of singular, compulsory,

hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports' (Schmitter. 1974. pp. 93-94).

Due to the voluntarist system of industrial relations which operates in Ireland, there is no question of membership of interest organisations being or becoming compulsory. In any case, the emergence of liberal corporatism as a model has dispensed with this as a prerequisite for a corporatist system of interest intermediation. Roche (1982. p. 48) argues that the success of 'corporatist integration in British and Irish industrial relations involved structures which operated on the basis of voluntary commitment, and as alternatives to coercive state action embodied in legislation.' While this commentator does not share the view that the industrial relations system as it operated at that time in Ireland can fairly be termed corporatist (See Section 4.5.8), this is an important argument which stresses the viability of corporatism in a voluntarist system.

Given the fact that the agreements are concluded at the level of the corporation or umbrella body of interest associations, it is possible to limit the system of interest representation to a small number of 'singular, hierarchically ordered and functionally differentiated categories.' ICTU alone represents labour at national-level negotiations, while IBEC alone are responsible for negotiating on behalf of the employers on social policy issues. The IFA and Macra na Feirme's close

links ensure that they act in concert within the negotiations that take place with regard to agriculture by holding a forum to decide the way forward for agriculture within the negotiations (Curran. 1996. p. 13). In the negotiations for the latest agreement, Partnership 2000, the number of bodies represented around the table was extended to nineteen. This calls into question the idea of a 'limited number' of organisations being involved in the negotiations, but the number of bodies involved was due to the nature of the agreement, focusing as it did on marginalisation and unemployment in Irish society. It became necessary to have a number of bodies which work to combat these problems in different areas if a meaningful, practical anti-poverty strategy was to be initiated.

Each of these institutions are recognised 'by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their...articulation of demands and supports.' Again, because of the voluntarist system, it is unrealistic to expect that the government could hope to have any input upon the election of leaders in any of the representative organisations.

It is the author's conclusion that the system of interest representation in Ireland is as close to Schmitter's ideal as can be the case in any voluntarist system of industrial relations. It should also be noted that it is not always possible to fit people in any society into a given class (Crouch. 1977. p. 4). The author therefore feels that it is unlikely that it would be possible to place every member of society into one of a limited number of compulsory functional groups and to

still have their interests fully represented. To underline this, it has been found that 'the relationship between social class and voting behaviour is very weak in Ireland compared to that which can be found in almost every other European country' (Laver and Marsh. 1993. p. 120).

Schmitter (1974. p. 108) also identified four factors which added to the likelihood of corporatism being adopted in a particular polity. It will now be discussed whether or not Ireland can be held to be subject to any of these factors, taking each in turn.

3.9.2.1: Secular Trends Towards Bureaucratisation and Oligarchy Within Interest Associations

While this author remains unconvinced of a move towards greater bureaucratisation of interest associations, there does exist a limited oligarchy within the interest associations as the negotiations are handled exclusively by select members of the government, IBEC, certain anti-poverty organisations, the farmer associations and the Executive Council of ICTU. Although the outcome of the discussions is subject to the approval of an ICTU SDC, ICTU is the only social partner that ballots all its members for approval of the negotiated agreements.⁷ In addition, the relationship between the government and parliament has been described as 'oligarchical' (Garvin. 1993. p. 256).

⁷ IPD News. February 1997. p. 12

3.9.2.2: Prior Rates of Political Mobilisation and Participation

As will be seen in Chapter Four, there had been prior agreements at the national level between the social partners, most notably in the 1970s when a period of continued centralised bargaining led to a brief flirtation with corporatism in 1980 and 1981 (See Chapter Four). Therefore, it can be held that Ireland does have a history of political participation. Further, each of the social partners admits that the experience of the 1970s influenced the content of the current agreements, and the way in which they were negotiated.⁸

It must be admitted, however, that there has been little political mobilisation in Ireland since the end of the Civil War in 1923. In fact, Irish political mobilisation has tended to manifest itself through party politics. There are few cases of mass demonstrations against public policy, such as the unemployment marches of the 1950s and the mass protests against the inequity of the taxation system which took place in 1979 (Hardiman. 1988. p. 75). In fact, there is a high degree of political consensus in Ireland that the legitimacy of the political system is well-established and quite stable' (Morrissey. 1986. p. 79).

3.9.2.3: Diffusion of Foreign Ideologies and Institutional Practices

An unusually large number of foreign-owned multinational firms have operations based in Ireland following the decision of the government during the 1950s to

⁸ Interviews with several employers; interview with Con Lucey, IFA, 10 June 1997; interview with Paula Carey, ICTU, 23 June 1997

change the macroeconomic policy of Ireland from one of protectionism to a free market strategy, based on attempting to attract foreign direct investment (O'Malley. 1989. p. 3). In fact, O'Malley (1989. p. 4) has gone so far as to suggest that 'foreign direct investment on a large scale has been primarily responsible for the apparent transformation of Irish industry since the 1950s.' In 1994, some 90,000 people were employed by multinational companies; this being out of a total labour force of 1.4 million. This is an unusually high proportion of employment to be taken up by such firms (Income Data Services. 1996. p. 159). These organisations import with them their own culture and ideology which impacts upon their human resource strategies. For example, many of these firms are either non-union or anti-union, and, thus far, have been able to resist attempts at unionisation (See Section 6.7).⁹

3.9.2.4: Impact of International War and/or Depression

'Corporatism may be a political-institutional, as well as an ideological response to stress in economic affairs' (Wassenberg. 1982. p. 83). The six years prior to the negotiation of the PNR saw Ireland enter the throes of a recession which was caused by the impact of the oil crises of the 1970s and the international economic downturn of the early 1980s (Hardiman. 1988. p. 217; Kennedy. 1992. p. 22; See Section 5.2). The feeling of crisis pervading the Irish economy at this time contributed directly to the negotiation of the PNR in October 1987 (Pickard. 1996. p. 24) following dialogue between the unions and the government on how best to manage public spending cuts which were then essential for Ireland's

⁹ Interview with Paula Carey, ICTU, 23 June 1997

economic survival.¹⁰ Thus, it can be held that international economic events had a strong impact upon Ireland which led directly to the emergence of the current agreements.

The author concludes, therefore, that a very strong basis for the adoption of a corporatist system existed in Ireland at the time of the negotiation of the PNR. Whether or not the PNR and the agreements which followed it can be held to be corporatist agreements will be discussed in Section 5.8, following a discussion of the contents and the background to each of the agreements.

3.10: Summary

- There are some similarities between corporatism and centralised collective bargaining. Both are forms of interest intermediation, both occur at a similar level, be that at the meso- or macro-level, and both types of agreements would deal to some degree with wages and conditions of employment. However, there the similarities end. Centralised bargaining consists only of such quantifiable elements while corporatist agreements consist of these and much more, be they trading conditions or social policy. In addition, centralised agreements tend to be bilateral, while corporatist agreements are at least tripartite.

¹⁰ Interview with Paula Carey, ICTU, 23 June 1997

- There are two possible types of corporatism, that which is state imposed, or that which emerges from a system of interest representation in response to a political or economic crisis.
- The re-emergence of corporatism as a model in the 1970s can be directly linked to the lack of success which the dominant politico-economic theories of the time had in dealing with the macroeconomic problems of that time. As such, corporatism must be seen as a practical response to an economic crisis to which more traditional theories, such as pluralism cannot provide a satisfactory solution. The author concludes, therefore, that there is no question of corporatism being a 'fair-weather creature.'
- The emergence of corporatism in a polity inevitably leads to some diminution in the importance of Parliament as the main decision-making body of that polity.
- If certain conditions exist within a polity, then there is a much greater likelihood of a corporatist system taking hold successfully. These conditions include organisational facilitating conditions, institutional facilitating conditions and party political conditions.
- Conditions in Ireland for corporatism are excellent. In fact, this author concludes that the conditions for a corporatist system to exist and flourish are as ideal in Ireland as they can be in any voluntarist system.

CHAPTER FOUR

THE EVOLUTION OF CENTRALISED BARGAINING IN IRELAND 1922-1981

4.1: Introduction

In this chapter the development of centralised bargaining in Ireland from the time independence from British rule was won in 1922 to the conclusion of the second National Understanding in 1981 will be reviewed. For the purpose of clarity, and in order to properly trace this development, the years reviewed will be divided into defined periods during which it is possible to trace a definite trend in public policy with regard to Irish industry and collective bargaining. As such, it has been decided that the time period reviewed be partitioned in the following fashion:

- the years 1922 -1940 will be dealt with in Section 4.2;
- the 1941-1946 period will be reviewed in Section 4.3;
- the wage rounds of 1946-1970 will be focused upon in Section 4.4;
- finally, the national agreements of the period 1970-1981 will be examined.

The centralisation or otherwise of industrial relations in Ireland within each era will be examined. Whether or not there has been an evolutionary trend in the negotiation of centralised agreements during the total time period studied will

also be discussed. The reasons for the abandonment of centralised bargaining in 1981 will be explored.

4.2: 1922-1940

Up to 1922, Ireland was under British rule. In the early 1800s, Ireland 'had a population and labour force about two-fifths as large as Britain's, with quite a high proportion employed in industry' (O'Malley. 1989. p. 2). However, in the latter half of the nineteenth century, emigration and Ireland's lack of mineral ore sent the Irish economy into decline, so that only the north-eastern corner of the island was in any way industrialised upon the foundation of the Irish Free State in 1922, and this area continued to be ruled directly by Westminster (O'Malley. 1989. p. 2; Whitaker. 1983. p. 1). 'The new state...which emerged from the United Kingdom (UK) in 1922 was in touch with the rest of the world through emigration rather than through exports' (Whitaker. 1983. p. 3).

A bitter Civil War broke out after the foundation of the Irish Free State in 1922, over 'a largely symbolic constitutional issue' (Farrell. 1993. p. 170). This meant that the first government of Ireland was not formed until 1923. This government was formed by the Cumann na nGaedhael party, the precursor to the modern-day Fine Gael. Given that there had been a two-year War of Independence immediately preceding the Civil War, this government faced a 'huge problem of pacification and reconstruction.....which left little time in the early years for measures designed to secure economic development' (Fitzgerald, 1968, p. 6). In

addition, the war had led to 'the collapse of general unionism in small towns and on the land, and contraction elsewhere.' Between 1924 and 1929, Congress membership dropped from 175,000 to only 92,000 (O'Connor. 1992. p. 117).

In 1932, Fianna Fáil came to power and responded to the world-wide depression by introducing a series of protectionist measures. This in turn led to a mini-industrial revolution taking place in which Irish firms were founded to supply goods and services that it was no longer economical for foreign-based firms to provide. This 'had a profound effect on employment growth [and] the revival of union membership' (Roche. 1994a. p. 141). However, lack of open competition meant that few of these firms were run to optimal performance and many of the features of these firms meant that they would not be able to survive were there no tariffs on foreign trade. 'Fostering native industry behind tariff walls intensified the cycle of high production costs leading to high wage rates, low profit margins, high prices, and low real incomes (O'Connor. 1992. p. 118). Protectionism was ended in 1938, but World War II broke out before the Irish economy had any chance to adjust to normal trading conditions (Fitzgerald. 1968, p. 7).

Thus, it may be said that there was no need for any form of centralised bargaining in these years because Irish industry was so under-developed in the first decade of independence, and the number of unionised workers was in serious decline. Centralised bargaining was equally irrelevant in the 1930s because Irish industry was protected from external economic conditions by a range of punitive tariffs on imports.

4.3: 1941-1945

Following the outbreak of World War II, it was decided by the Irish government to freeze wage levels during what was referred to as 'The Emergency.' Thus, in 1941 the Emergency Powers Order Number 83 was issued, banning any rise in wage levels. This was the first time that the level of wage increase had been determined at the national level in the history of the state. This Order was repealed in 1942, but wage rises continued to be determined by the government through statutory wage tribunals until September 1945 (Roche. 1994a. p. 148). A series of 'wage rounds' then took place. The Emergency was a bruising time for real incomes as the cost of living increased by two-thirds while wages increased by only one-third (O'Connor. 1992. p. 137).

4.4: 1946-1970

Between 1946 and 1970, wage levels in Ireland were, for the most part, decided through decentralised or free collective bargaining between individual employers and trade unions, though there were some isolated agreements negotiated at the national level during these years. The collective bargaining of these years took place in negotiations roughly every two years which became known as wage rounds. In all, twelve wage rounds were negotiated between 1946 and 1970.

'Though the State tried - through general economic policies and postures, and sometimes through direct threats to legislate - to influence the conduct of collective bargaining over pay, it refrained from direct intervention in pay

determination' (Roche. 1994a. p. 148). Irish trade unions, particularly craft unions, were very strongly in favour of free collective bargaining between trade unions and individual employers. In the course of these years, the government made several attempts to influence the level of wage increases through such measures as threatening to introduce a statutory incomes policy, but these were invariably resisted by ICTU and the employers' confederations (O'Brien. 1981. Chapter 1). This was done through recourse to collective bargaining at the national level. 'This simple 'threat-response' pattern of state influence over collective bargaining was to be a characteristic feature of state-union interaction' (Roche. 1982. p. 52). Each of the efforts made at setting wage levels through agreements at the national level will be dealt with in turn as this era is discussed.

Because of the turmoil of the years preceding this period, with the civil war, protectionism and the Second World War rapidly following one another, it was only at this point 'that the independent Irish economy can be said to have settled down to 'normal' conditions' (Fitzgerald, 1968, p. 8). It could be argued, therefore, that the Irish industrial relations system was, for the first time since independence, able to begin free collective bargaining without operating in the shadow of a wider economic problem. 'Collective bargaining was resumed in almost all employments in a reasonably orderly manner and with no more disputes than could have been expected in the circumstances' (O'Mahony. 1965. p. 15).

However, following the end of the Second World War, the Irish economy entered a slump, and 'industrial growth slowed almost to a halt in the 1950s' (O'Malley. 1989. p. 4). It was realised that protectionist measures were inadequate to deal with these economic circumstances, and the Irish focus 'switched to an 'outward-looking' free market strategy' (O'Malley. 1989. p. 3), through which it tried to woo foreign direct investment. This became, and has remained, the major government strategy for industrial development.

4.4.1: Common Features of the Decentralised Wage Rounds

Although there are difficulties discerning any consistent leaders in the series of decentralised wage rounds (Roche. 1994a. p. 149), it is possible to identify several features which these agreements have in common.

In each of the decentralised agreements, wage increases took the form of flat cash increases rather than as a percentage of basic pay (Roche. 1994a. p. 149), though in some cases the clerical and administrative workers negotiated for percentage increases (O'Mahony. 1965. p. 25). It has been held that the reason for the preference for a flat cash increase was to improve the relative standard of living of those on lower pay (O'Mahony. 1965. p. 17). Each of these agreements were open-ended with the exception of the eleventh and twelfth rounds of 1967 and 1970 which were of a fixed, though not standard, duration (Roche. 1994a. pp. 150, 152). There were no clauses contained in the agreements to 'ensure union or employer acceptance or set down procedures to regulate industrial disputes' (Roche. 1994a. p. 150).

The first wage round was a decentralised one, with negotiations taking place between the ending of government controls on wages in 1946 and Spring 1947 (O'Mahony. 1965. p. 15). The next wage round was to be of great significance to the future development of industrial relations in Ireland, involving as it did the first nationally negotiated pay deal between the central union and employer bodies.

4.4.2: The 1948 National Wages Policy

The first attempt to centrally control incomes in peacetime came in 1947 when the government announced on October 15 of that year that it was considering introducing price controls and temporary statutory wage regulation because of the rapid rise in the cost of living and in wage levels since the ending of the war wage regulations. In that time, cost of living had increased by 10.8 per cent and wage levels had risen by a quarter (McCarthy. 1977. p. 536). As it turned out these proposals came to nothing because of the impending general election, but it created an important precedent in that it showed that the government was willing to enact regulatory legislation in the face of rapidly rising wage levels during peace time because of prevailing economic conditions.

As a result of the proposed introduction of this legislation, the FUE and the two trade union congresses¹¹ met in order to voluntarily agree reasonable wage levels, and in March 1948, the terms of Ireland's first ever national wage agreement,

¹¹ The rift in the trade union movement had not yet been healed, so it was necessary that both the CIU and the ITUC were present to negotiate on the part of labour in these negotiations.

named the National Wages Policy was cleared by both sides (McCarthy. 1977. pp. 536-537). It was an open-ended arrangement, and if either side wished to end the arrangement, it was necessary for them to give three months notice to the Labour Court. In addition to the substantive terms of the agreement, there were commitments given by both sides to try to avoid excessive wage or price increases, and, interestingly, it was agreed that there could be no recourse to industrial action by either side unless all possible conciliation and arbitration procedures had been exhausted (McCarthy. 1977. p. 537). This 'industrial peace' clause was to become a mainstay of all agreements negotiated at the national level in Ireland.

It is also interesting to note that the main reason for the negotiation of a national agreement, at least on the part of the trade unions, was resistance to the idea of wages being determined by government as opposed to free collective bargaining between unions and employers. The employers' main concern was that the second wage round, coming so soon after the first, took place with as little disruption as possible (O'Mahony. 1965. p. 17).

The 1948 wage agreement ended in 1950, when both union congresses withdrew from the arrangement following a failed attempt at brokering a new deal. This took place against the backdrop of particularly poor economic forecasts for the 1951-1952 period (McCarthy. 1977. p. 539). As a result, pay was determined through decentralised collective bargaining in the third wage round, which took place between 1950 and 1951 (O'Mahony. 1965. p. 21).

4.4.3: The Fourth Wage Round (1952)

In 1952, the CIU negotiated another national agreement along similar lines to the 1948 arrangement. Although the ITUC was not a party to this agreement, its member unions 'broadly followed the pattern' of the 'agreement (McCarthy. 1977. p. 540). This was the first agreement in which reference was made to the need to increase the efficiency of Irish businesses in a national agreement. This was to become a recurring theme of national agreements. 'However, it made no provision for implementing the clauses relating to efficiency' (O'Mahony. 1965. p. 22).

The fifth wage round was again a decentralised affair, and it took place between late 1954 and 1956 (O'Mahony. 1965. p. 23).

4.4.4: The 1957 Joint Agreement

The sixth wage round began in 1957, and was negotiated between the FUE and the Provisional United Trade Union Organisation (PUTUO). The PUTUO was the forerunner to the ICTU which was formed when the two trade union congresses formally ended their split in 1959. The result of the negotiations was the Joint Agreement on Guiding Principles Relating to Wage Claims and the Present Economic Situation (O'Mahony. 1965. p. 23), which followed the pattern of the 1952 centralised agreement. The Labour Court announced for the first time that it would be applying the terms of the centralised agreement to the

resolution of any disputes which came before it, regardless of whether or not the parties to the dispute were signatories of the agreement (O'Mahony. 1965. p. 24).

The sixth wage round did not actually end until early 1959 when clerical and administrative workers were granted the increase due under the agreement, a full two years after the agreement had been negotiated. In July of that year, the seventh wage round began, again taking the form of decentralised collective bargaining (O'Mahony. 1965. p. 24). The eighth wage round was also negotiated at the level of the individual firm and it took place between late 1960 and 1961 (O'Mahony. 1965. p. 25).

4.4.5: The 1964 National Wage Recommendation (NWR)

In 1964, another centralised agreement was negotiated. This was named the National Wage Recommendation (NWR). The 1964 ICTU Annual Delegate Conference (ADC) accepted the agreed 12 per cent maximum increase with a minimum increase of twenty shillings per week without dissent (O'Brien. 1981. p. 36; O'Mahony. 1965. p. 26). This was the first time that negotiated wage increases for the general population of workers took the form of a percentage of basic pay with a cash floor rather than a flat cash increase. This was to become a prevalent feature of national agreements in the future.

The agreement was to last two-and-a-half years, and negotiations on a successor to the agreement were to be opened in two years. This was the first time that an agreement had been negotiated which was to be of definite duration (O'Mahony.

1965. p. 26). It was also the first time that it was explicitly stated in an agreement that an effort to negotiate a follow-up accord would be made. It appears that this agreement was intended to usher in a sustained period of wage determination taking place at the national level.

There were, however, problems with the operation of two of the clauses in the agreement, and there was no clause for interpretation in the agreement. As a result, the credibility of the agreement suffered, and attempts to negotiate a second NWR in 1965 failed (O'Brien. 1981. pp. 12, 36). The NWR made an important contribution to the development of centralised bargaining as it led directly to the inclusion of interpretation clauses in future national-level agreements, including the NWAs.

The remaining three wage rounds were all negotiated at the level of the individual firm. Both the eleventh and twelfth wage rounds were to be of fixed, though not standard, duration (Roche. 1994a. p. 152). The negotiations for the twelfth round in 1969 were to be one of the causal factors for the emergence of a prolonged period of centralised bargaining in Ireland in the 1970s.

4.5: 1970-1981

The period from 1970 to 1981 was characterised by a series of seven NWAs in the years 1970, 1972, 1974, 1975, 1976, 1977, and 1978 (O'Brien. 1981. pp. 5, 145) which were then followed by two National Understandings in 1979 and

1980 (Hardiman. 1988. p. 53). 'Irish industrial relations during the 1970s reached levels of centralisation never before known in peacetime' (Roche. 1994a. p. 164).

Both the NWAs and the National Understandings were negotiated at the Employer-Labour Conference (ELC) with the ICTU on the labour side of the Conference, and the FUE on the side of capital. The government was involved in the negotiation of the NWAs purely in its role of employer, although, as shall be demonstrated, this was to change with the negotiation of the National Understandings.

The ELC was established as a tripartite consultative body in the early 1960s, though 'most of the work of the ELC during the 1970s centred on the negotiation of the centralised pay agreements' (Hardiman. 1988. pp. 36, 52). In the course of the 1970s, it was to grow in importance with the continued negotiation of the national agreements. The importance of the ELC to the agreements can hardly be understated. As well as providing the forum for the negotiation of the agreements, it became responsible for the interpretation of the agreements should a dispute arise over the meaning of the precise wording of certain terms of the agreements, and for deciding whether or not industrial action by one side or the other in the case of a dispute where there was an apparent breach of the terms of the agreements was justified. The ELC acquired these extra responsibilities through the establishment of a number of various sub-committees, such as the

Interpretation Committee, the Steering Committee and the Adjudication Committee (Hardiman. 1988. pp. 54-55).

4.5.1: Reasons for the Emergence of Centralised Bargaining in Ireland in the 1970s

According to Durkan and Harmon (1996. p. 1), the emergence of these agreements was a direct result of concern with the operation of industrial relations in Ireland following the maintenance craftsmen's' dispute of 1969, which ended only when employers ceded in full to the union claim of a wage increase of 22 per cent over eighteen months (O'Brien. 1981. p. 16). 'The shock effect of the maintenance craftsmen's strike became the catalyst for a more unified approach to wage policy on both the labour and employer sides' (O'Brien. 1981. p. 47).

However, it is only partly true to say that this dispute was the only causal factor in the development of the National Wage Agreements. 'The move towards centralised pay agreements in Ireland, as elsewhere, arose from the problems of economic growth' (Hardiman. 1992. p. 338). As can be seen above, there were prior attempts at reaching centralised agreements in Ireland in response to prevailing economic conditions. Therefore, the maintenance craftsmen's strike, and the fallout from it, cannot be seen as the sole catalyst for the development of a continued era of national-level bargaining in Ireland. There were several other reasons for this change in the approach to Irish industrial relations, not least the

general concern over the level of inflation and the increasing consciousness of the part that wage rises played in determining competitiveness during the 1960s (Roche. 1994a. p. 157).

Hardiman (1988. p. 31) argued that the 'growing openness of the Irish economy in the course of the 1960s and 1970s provided a strong incentive to devise new patterns of collective bargaining.' Roche (1994a. p. 157) has traced 'a clear drift towards centralism' on the part of both the trade unions and the employers in the course of the 1960s. This line of thought is borne out by the existence of the earlier framework agreements and the intention for the 1964 NWR to be the first of many such agreements.

At its 1969 ADC, ICTU rejected the proposals of the tripartite National Industrial and Economic Council on a prices and incomes policy as it was felt by trade unionists that the proposal to allow the government to evaluate the wage raise negotiated and to have some influence in setting that norm was unacceptable. The way, however, was left clear for the possibility of negotiating a national-level arrangement with the employers on a bipartite basis (Hardiman. 1988. pp. 49-51). Such an agreement was to emerge during 1970 through negotiations at the ELC, following employers' initiatives (O'Brien. 1981. p. 41).

4.5.2: The National Wage Agreement, 1970

The most important factor which led to the NWA of 1970 was the government threat in late 1970 to introduce an incomes policy which would limit wage raises

to 6 per cent if no general agreement was forthcoming between unions and employers (O'Brien. 1981. p. 45). This came after the original negotiations for a national pay agreement had broken down, mainly due to sectionalist pressures and unrealistic expectations from within the trade union movement (Hardiman. 1988. p. 57). There was outrage from ICTU at this prospect and sustained union resistance watered down the government proposals to some degree by the time they were presented to the Dáil (O'Brien. 1981. p. 46). At the same time, national-level negotiations resumed in earnest, and the first NWA was ratified on 21 December 1970.¹² This agreement was to be of 18 months duration with a flat two pounds increase to be paid in the first month followed by a 4 per cent increase with an additional 15 pence rise to be paid for every point rise in the Consumer Price Index (CPI) over the final six months of the agreement.¹³ There was a commitment given in the agreement that the parties to it would meet again in January 1972 to review the 'terms and operation' of the agreement.¹⁴

The NWAs were bilateral agreements, the terms of which contained only measures dealing with wages and conditions of employment. The first NWA became the model upon which each of its successors was based (Hardiman. 1988. p. 57). Each NWA made provision for the following:

- above-the-norm pay claims in respect of anomalies;
- interpretation of clauses of the agreement in case of dispute;

¹² National Wage Agreement, 1970. p. 11

¹³ National Wage Agreement, 1970. pp. 5-6

¹⁴ National Wage Agreement, 1970. p. 10

- industrial action was ruled out on the part of both sides until all possible conciliation and interpretation procedures had been exhausted, though the 1978 NWA allowed industrial action in a limited number of cases;
- from 1972 on, the agreements contained a clause allowing below-the-norm increases in the cases of employers who could demonstrate an inability to pay the agreed norm.

Source: Hardiman. 1988. p. 54; O'Brien. 1981; NWA, 1970.

4.5.3: The National Wage Agreement, 1972

ICTU voted overwhelmingly to enter a second successive NWA for the first time in the history of the state at a SDC in 1972. The government were strongly in favour of a follow-up agreement, and while the private sector employers had been unhappy with the operation of some clauses of the agreement, such as those governing anomaly claims, they hoped that the continued negotiation of the NWAs would have the benefit of dampening the very high expectations of employees with regard to wage rises (O'Brien. 1981. pp.53-59).

The economic outlook for 1972 was particularly poor, and the Economic and Social Research Institute (ESRI) suggested that were there to be another national agreement, then it should be 'pitched at a much less inflationary level' (O'Brien. 1981. p. 61). The final package agreed was again divided into two phases, the first being one year long, and the second of six months duration. The rise agreed in Phase I was as follows:

- 9 per cent on the first £30.00 earned;

- 7½ per cent on the next ten pounds, and;
- 4 per cent on the remainder.

This was subject to a cash floor of between £2.50 and £2.70 for male workers and between £2.25 and £2.45 for females. In Phase II, there was to be a 4 per cent pay rise for all with an extra 16 pence to be paid for every percentage point rise in the CPI (O'Brien. 1981. p. 273).

As it happened, output growth was extremely strong between 1972 and 1973. However, following the buoyancy of that period, Ireland was to enter a recessionary period. Despite this, earnings continued to rise unabated (Bacon *et al.* 1982. pp. 1-2).

4.5.4: The National Wage Agreements, 1974 and 1975

In 1974, there was another agreement negotiated, again consisting of two phases, but each phase was only of six months duration. It was agreed that during Phase I, the wage raises paid would be:

- 9 per cent on the first £30.00;
- 7 per cent on the next £10.00;
- 6 per cent on the next £10.00, and;
- 5 per cent on the remainder, plus an additional 60 pence per week.

In the second phase, for every percentage rise in the CPI above 10 per cent, wages were to rise accordingly (O'Brien. 1981. p. 273). The 1975 NWA was

made up of four phases of three months each, and the raises agreed in the first two phases was based on the forecasted rise in the CPI in that timespan. The final two phases were purely index-linked. In other words, workers were to be compensated for any movements in the CPI over the duration of those phases.

Both the 1974 and 1975 agreements contained increases which were index-linked. The employers saw this as a useful way of 'containing inflationary expectations of employees' (Hardiman. 1988. pp. 58-59). Unfortunately, inflation during this time exceeded expectations, and the government felt it necessary to introduce a supplementary Budget in June 1975, explicitly linking a downwards renegotiation of the terms of the 1975 NWA with the introduction of government measures to offset the cost of living. 'This was the first time that budgetary provisions were explicitly used to offset the terms of a centralised wage agreement...this innovation in the relationship between fiscal policy and collective bargaining opened the way' for similar arrangements to be negotiated at a later date (Hardiman. 1988. p. 59).

4.5.5: The National Wage Agreements, 1976 and 1977

The 1977 NWA represents the first time that a centralised agreement was explicitly linked from the outset to budgetary provisions (Hardiman. 1988. p. 64). This occurred both as a result of the attempts at renegotiating the 1975 NWA and because there was mounting pressure from both the trade unions and the employers for the government to become more involved in the negotiation of the agreements. This reached a head after a bipartite agreement was defeated at an

SDC in mid-1976. Following the defeat of that arrangement, both the trade unions and the employers saw the entrance of the government to the negotiations as the only possibility for the continuation of centralised negotiations. This was achieved through the agreement of an employer-labour interim pay agreement while negotiations on a tripartite 'social contract' were ongoing (Hardiman. 1988. p. 65). This interim agreement was to be seven months in duration, of one phase only. The agreed rise was 3 per cent, plus two pounds, subject to a floor of three pounds and a ceiling of five pounds. These rises were paid over a five month period and were to be followed by a two month pay pause (O'Brien. 1981. p. 273). This agreement coincided with an economic recovery and manufactured exports increased by 20 per cent in the 1976-1977 period (Bacon *et al.* 1982. p. 4).

The Budget in 1977 'increased the main tax-free allowances by between 7 and 9 per cent, cut the scale of income tax rates considerably and held excise duties at their existing levels' (O'Brien. 1981. p. 46). As it turned out, there was no specific reference to budgetary measures in the 1977 NWA, 'but it was generally recognised that the pay agreement alone did not compensate for the increase in the rate of inflation, and that the Budget input had been an important consideration in ICTU's acceptance of the package' (Hardiman. 1988. p. 68). The agreement was to be of fourteen months duration, the first three of which were to be marked by a pay pause. There was then to be a first phase of seven months, during which increases of 2½ per cent plus £1.00 were to be paid, subject to a floor of £2.00 and a maximum of £4.13. The same terms were to

apply in the second phase, which was four months long, except that the maximum payable was increased to £4.23 (O'Brien. p. 146).

'The links between the Budget and the NWA in 1978 were somewhat looser than in the previous year, but the expenditure commitments and tax concessions contained in the [Budget] were introduced on condition that an acceptable pay agreement was negotiated' (Hardiman. 1988. p. 70). 'The 1978 NWA was ratified seven weeks later' (O'Brien. p. 148). This agreement was to last fifteen months and consisted of two phases, the first being of twelve months duration, and the second lasting three months. A wage increase of 8 per cent was to be paid in Phase I, subject to a minimum of £3.50. In Phase II, there was to be an increase of 2 per cent with a further 2 per cent negotiable at local level (O'Brien. 1981. p. 148).

4.5.6: The National Understanding, 1979

The first National Understanding emerged in 1979 because both the trade unions and employers' confederations were putting pressure on the government to take a more proactive role in the negotiation of concertative wage bargains. It appeared that the centralised bargaining system was in danger of collapse upon expiry of the 1978 NWA. As a result, the Fianna Fáil government proposed the formulation of the National Understanding (Hardiman. 1988. p. 70). This agreement coincided with another international recession and Ireland's payments deficit rose from £200 million in 1978 to £725 million in 1979. This rise was, in the main, due to the oil crisis (Bacon *et al.* p. 4).

The National Understanding was made up of two parts. The first was a pure pay agreement which took the form of the NWAs which had preceded it. The second part was drawn up following tripartite negotiations between the government as such, the trade unions, and the employers on economic issues such as the need for reform of the income tax system, and social issues such as housing, health provisions, and unemployment (Hardiman. 1988. p. 56).

The 1979 pay agreement was to be of fifteen months duration, divided into two phases of nine months and six months respectively. In the first phase, 9 per cent, or at least £5.50 was to be paid. In the second, 2 per cent was due, but there was to be an indexation of wages so that employees were fully compensated for rises in the CPI between 7 and 12 per cent. This was to be reduced to 60 pence per percentage point between the rates of 13 and 16 per cent. This higher rate of indexation was subject to a maximum of £2.40, and the overall minimum for the second phase was to be £3.00 (O'Brien. 1981. p. 151).

4.5.7: The National Understanding, 1980

The second National Understanding was negotiated in 1980, and it took the same form as the original. Again, this agreement was to last fifteen months and was conducted against the background of international recession (O'Brien. 1981. p. 273; Bacon *et al.* 1982. p. 6). It began with a pay pause of one month, followed by a first phase of eight months duration, during which 8 per cent of wages plus £1.00 was to be paid. In the second phase, which lasted six months, 7 per cent was to be paid (O'Brien. 1981. p. 273).

4.5.8: Criticisms of The National Understandings

O'Brien (1981. p. 233) is highly critical of the National Understandings on the grounds that ICTU had attained too much influence over government policy without being prepared to practise true wage restraint. This was especially worrying considering that the government of the day had a very significant parliamentary majority. This cast doubt on the ability of an Irish government to reduce unemployment and to undertake a programme of fiscal correction.

O'Brien observed another major shortcoming of the National Understandings when he noticed that such an arrangement meant that the government negotiated twice for wage restraint by negotiating in this way. It ceded ground to the trade unions on a wide range of policy issues in return for wage restraint while negotiating with them on policy issues as government, but simultaneously and separately acquiescing to demands for wage rises and improvements in conditions of work for the same level of wage restraint when negotiating as employer (O'Brien 1981. p. 246). This could be related to O'Brien's first point about the relative influence of ICTU over government.

While O'Brien's criticisms of the National Understandings are valid, these agreements were very important, in that they represented the first attempts at tripartism in Ireland. Morrissey (1986. p. 83) has traced the developments which led to the tripartite negotiations to the late 1950s, when protectionism was formally ended and 'the principle of giving interests other than those in the state bureaucracy some say in the reorientation of the economy was [then] established'

with the foundation of tripartite government advisory bodies such as the Irish National Productivity Committee. While the NWAs were 'technically bipartite, they were part of the general trend towards tripartism which had its roots in the process of economic development which began in the late 1950s' (Morrissey. 1986. p. 91).

However, tripartism did not emerge in the 1970s through a desire to 'facilitate the macroeconomic management of inflation, unemployment and growth.' The original objective of the NWAs was to negotiate increases in employee incomes in a more orderly way than hitherto' with the minimum of state involvement. However, government became involved in an attempt to exert more influence over the level of the public service pay bill (Hardiman. 1992. pp. 338-339; Goldthorpe. 1992. p. 426). As shall be demonstrated in the next chapter, it was not until the negotiation of the PNR and its successors in the late 1980s and 1990s that Ireland successfully adopted a fully corporatist system, with economic management as a central tenet. However, the National Understandings represent a major stepping-stone towards the development of that system and it is hard to imagine that the social partnership agreements would ever have come about in the form they did were it not for the National Understandings.

4.6: Centralised Bargaining Discontinued

When the second National Understanding expired, there was no desire on the part of either the employers, the government, or the trade unions to negotiate another

centralised agreement. The employers were disappointed with what they saw as excessive use of above-the-norm (ATN) bargaining by the unions, and with the increasing levels of industrial strife during the 1970s (Hardiman. 1988. pp. 90-98). This occurred despite the industrial peace clause present in each of the agreements. The trade unions were not willing to moderate their demands in the face of rising inflation, unemployment and the high proportion of the tax burden being shouldered by the PAYE sector (Roche. 1994a. p. 172). The government as employer was concerned about the level of wage increases negotiated in the agreements and when the Fine Gael/Labour Coalition came to power in 1982, their primary concern was control of the public finances. Of necessity, this meant severely limiting the level of wage increases to be paid in the public sector (Roche. 1994a. p. 172). This did not appear to be possible through the continued negotiation of the centralised agreements. Negotiations for a third National Understanding did take place, but a deadlock quickly emerged between unions and employers over the levels of wage increase which was negotiable. Due to its commitments on public spending cutbacks, the Fine Gael-Labour coalition government proved unwilling to intervene to try to smooth the way for a new agreement (Hardiman. 1988. p. 78; Roche. 1994a. pp. 168, 172). As a result, there took place a return to local-level bargaining for the next five years, at least for the private sector (See Section 5.1).

It is the author's opinion that the reason that such widespread disillusionment existed with the centralised agreements of the previous decade was that the potential of national level wage bargaining had not been realised during the

1970s because of the pursuit of narrow short-term goals by all parties concerned. Most of the blame in this regard must be apportioned to the trade union movement, which had caused great wage inflation in two ways. The first cause of wage inflation was the pursuit of ATN increases which were 'very much greater than the increases warranted under the basic terms of the centralised agreements' (Durkan and Harmon. 1996. p. 2). The second was the aforementioned shortcomings of the National Understandings which, in effect, meant that the trade unions were able to negotiate higher wage rises than were desirable because of the incredible level of influence in which they were allowed to wield.

4.7: The Evolution of Centralised Bargaining, 1922-1981

As has been noted in the discussion of each of the agreements negotiated, each agreement, or type of agreement in the case of the later arrangements, contributed to the style or content of the next. The National Wages Policy of 1948 was very much a framework arrangement, but the industrial peace clause contained therein became a feature of all agreements negotiated at the national level.

The 1952 arrangement was a direct successor to this agreement in that it was developed along exactly the same lines. Only the amount of the wage raise negotiated was different. However, this agreement also contained provisions on the negotiation of measures designed to increase the competitiveness of Irish firms. Again, this was to become a staple of future national agreements.

The 1957 agreement was also a simple framework arrangement. The Labour Court announced that it intended to apply the terms of this agreement to any disputes which came before it regardless of whether the parties to the dispute were signatories of the agreement. This gave extra authority to the terms of the agreement, and greatly enhanced the standing of this and future agreements. The Labour Court continued this practise of applying the terms of centralised agreements through all future centralised agreements.

The employers and the trade unions entered another centralised agreement in 1964. This was the most important of the pre-1970s agreements in terms of the influence it had on the provisions of the NWAs and National Understandings because it was the first agreement to explicitly state that there would be an attempt to negotiate a follow-up arrangement. It was also the first agreement in which percentage wage rises with cash floors were negotiated. Both of these properties were to be features of the agreements of the 1970s. A follow-up agreement to the NWR failed to emerge because of problems relating to the interpretation of two of the clauses of that agreement.

This led to the inclusion of interpretation clauses in the NWAs and the National Understandings. Hardiman (1988. p. 46) has suggested that the NWAs were more sophisticated than the NWR as a result. Certainly, those negotiating the NWAs learned from the problems that had led to the downfall of the 1964 agreement, and the inclusion of these clauses on interpretation, along with those

on issues such as ATN and below-the-norm (BTN) claims, lent the NWAs an air of sophistication not previously encountered in centralised collective agreements in Ireland. Roche (1994a. p. 160) has described the earlier agreements as 'rudimentary.' While they certainly did not have the sophistication of the NWAs or the National Understandings, it must be admitted that there was an increasing level of sophistication becoming apparent in the agreements with each of the agreements negotiated since 1948 adding either extra clauses or gaining extra authority. The NWAs were the next logical step, as were the National Understandings which followed them. The NWAs in the form that they took would have been inconceivable were it not for the earlier experience of both employers and trade unions with centralised bargaining.

4.8: Summary

- Between the years 1922 and 1940, Irish industry was so underdeveloped that there was no need or demand for any form of centralised bargaining or progression towards a corporatist system.
- The Wage Standstill Order, which came into operation in May 1941 represents the first attempt by an Irish government to control wage raises through determination at the national level.
- Following the end of the Second World War, wage levels in Ireland were determined by a series of twelve wage rounds. These nearly all took the form

of local, decentralised, free-for-all bargaining, though there were some wage rounds negotiated at the national level.

- There is an evolutionary trend discernible in those wage rounds which took place at the national level. Each of the agreements negotiated were to form the basis of the next.
- As time went on, these became more sophisticated, eventually leading to the emergence of a continued era of centralised bargaining in the 1970s with the negotiation of the NWAs.
- By threatening to introduce legislation limiting the possible wage increase negotiable at different periods, the government became the primary influence in the shift to centralised bargaining from the old local-level free-for-all bargaining. By the 1970s, the government knew that a threat to introduce an incomes policy would more than likely lead to the negotiation of a voluntary centralised agreement between the representatives of employers and employees, and so made several such threats in order to achieve agreement, especially in the course of the 1970s (Hardiman. 1988. p. 58).
- As the 1970s progressed, it became necessary for the government to become more involved in the negotiation of the agreements in its role as executive in order to facilitate such a voluntary agreement.

- This eventually led to the emergence of two corporatist-style arrangements, the National Understandings.
- The era of centralised bargaining came to an abrupt end in 1982 when there was no great desire on the part of any of the social partners to negotiate a follow-up arrangement. Each of the parties to the agreements had become disillusioned with centralised bargaining for their own reasons.

CHAPTER FIVE

THE EMERGENCE OF SOCIAL PARTNERSHIP IN IRELAND

1982-1997

5.1: Introduction

This Chapter will describe the major economic events of the years between 1982 and 1997. These were characterised by a return to decentralised bargaining and an international economic recession caused by the oil crises of 1973 and 1979.

This recession caused a deep crisis in the public finances in Ireland. In order to encourage an economic recovery, there took place a return to centralised bargaining, albeit in a much changed style from that of the 1970s. The original three-year 'social partnership' agreement was held to be so successful that three more agreements of similar duration have since been negotiated back-to-back. In other words, collective bargaining in Ireland has occurred at the national level at three year intervals since 1988. When the current agreement, Partnership 2000, expires at the end of 1999, Ireland will have been operating under a centralised system for twelve years. This is remarkable when one considers that the NWAs and the National Understandings operated for a similar duration and Ireland

operated under a system of local-level bargaining for an interim period of only five years. In other words, when the current agreement expires, Ireland will have spent twenty-five of the previous thirty years setting wage levels by agreement at the national level. In fact, those in the public service have had their pay determined by national-level negotiations since 1970 as public sector pay continued to be determined centrally during the 1982-1987 period through the Conciliation and Arbitration Schemes described by McGinley (1994). During these years, the lack of tripartite bargaining in the public sector was a major issue for ICTU (Roche, 1994a, p. 173).

Each of the national agreements negotiated in the last ten years will be described in full and the background to each of the agreements will be discussed. The main benefits accruing to the economy and to various interests in Irish society as a result of the agreements will also be discussed. The NWAs and National Understandings negotiated in the 1970s and early 1980s will be compared and contrasted with the more recent agreements so that it may be determined whether the evolutionary trend discernible in the centralised agreements of between 1948 and 1980 can be said to have continued with the negotiation of the latest arrangements. It will be determined whether or not the social partnership agreements can be termed corporatist in the light of the theoretical debate that took place in Chapter Three. The conclusions of the author with regard to the issues discussed in this chapter will then be presented.

5.2: 1982-1987

There was little, if any, support for another centralised collective agreement to follow the second National Understanding (See Section 4.6), and there took place a rapid return to local free-for-all bargaining following the lapse of that agreement in 1982. Collective bargaining continued to take place at industry or firm level in the private sector until 1988.

The Irish economy fared particularly badly during these years due to the effects of the 1970s oil crises and the international economic downturn (Hardiman. 1988. p. 217; Kennedy. 1992. p. 22). Gross Domestic Product (GDP) grew at only 1.8 per cent per annum on average in the period 1980 to 1985, compared with an average 4.6 per cent per annum in the years 1975 to 1980, while unemployment, which had averaged 8.1 per cent in the late 1970s, rose to an average 12.6 per cent in the early 1980s (NESC. 1986. p. 1). In agriculture, farmers underwent a 'cost-price squeeze' as the price of farm inputs rose by 2.5 per cent more than the price of farm outputs between 1980 and 1985 (NESC. 1986. p. 30). While 1983 was the last year in which inflation was in double figures, Irish interest rates did not move towards European levels, and remained stubbornly high (NESC. 1986. pp. 291-292). 'This period is recalled as one of very poor economic performance on almost all counts: slow growth, rapidly deteriorating public finances, stagnation of per capita disposal income, huge balance of payments deficits and industrial relations turmoil' (NESC. 1996. p. 9).

These problems were compounded by the reaction of the Irish government to this economic downturn. According to the NESC (1996. p. 84), if the reaction of a government to a recession before which 'the condition of the public finances is already unsatisfactory [is to] increase tax rates or reduce expenditure, this can have the effect of intensifying the recession and moving the economy into a vicious circle. This was the position of the Irish economy in the first half of the 1980s.'

To compound matters further, the Fine Gael and Labour coalition government which was in power during this period had a difficult relationship with the trade unions and there was no public consultation between the government and ICTU during these years (Hardiman. 1988. p. 235). This was despite the nominal affiliation of several unions to the Labour Party (Incomes Data Services. 1996. p. 162) and the historical link between the Labour Party and the ICTU (McCarthy. 1977. p. 22).

According to Hardiman (1988. pp. 207-213), the Irish trade union movement maintained close links with Fianna Fáil over the years. In fact, of all centre-right parties in Europe, 'none has enjoyed such close links with the organised trade union movement' as Fianna Fáil (Mair. 1993. p. 88). This closeness is based upon the Fianna Fáil tendency to seek an active role in industrial relations compared to other parties or coalition governments, and its ideological position as the 'national' party (Roche. 1994b. p. 42) Therefore, it should come as no surprise that the return to power in 1987 of a minority Fianna Fáil government

acted as the catalyst for the return of centralised bargaining in Ireland, especially considering the emergence of a corporatist tendency in the policies of that party over the post-war period (Roche. 1994a. pp. 154-164; Mair. 1993. p. 98). The first agreement, the PNR, emerged from dialogue between ICTU and the government concerning the public spending cuts which the government saw as necessary to try to secure economic recovery.¹⁵ This agreement was similar to the National Understandings in that there was a pay and social policy element to the arrangement. However, the new agreements were to be more comprehensive and for a longer duration than their predecessors of the 1970s and early 1980s. They were also to prove more inclusive, with the farm organisations joining the trade unions, the employers, and the government around the table from the outset. This inclusive approach was slowly extended, and a total of nineteen organisations were involved in the negotiations for the Partnership 2000 agreement.

5.3: Common Factors in Each of the Programmes

Each of the agreements has been preceded by, and based upon, the reports of the NESC, a consensus-based body which identifies the main economic and social issues facing Ireland at the time of the reports and recommends a strategy to deal with them. The agreements are designed to put that strategy in place by ironing out the details of the strategy and the resources to be allocated to the various sub-programmes of the agreement.¹⁶ In addition, some account is taken of the

¹⁵ Interview with Paula Carey, ICTU, 23 June 1997

¹⁶ Interview with Paula Carey, ICTU, 23 June 1997

incumbent or incoming government's Programme for Government, and the policies and targets contained therein.¹⁷

In each of the Programmes, the private sector pay terms of the contracts were negotiated by the trade unions as represented by the Executive Council of ICTU and by the employer organisations. The level of public sector pay increases was agreed between the government acting in its role as employer and the Executive Council of ICTU.

In each of the social partnership contracts with the exception of the PNR, an entire Section of the programmes was given over to agriculture.¹⁸ Indeed, agriculture and the issues facing those involved were considered important enough to be given its own sub-programme of the PCW, the Programme for Competitiveness and Rural Development.¹⁹ However, given that agricultural policy is now very much decided at European level, these sections of the agreements can be seen as little more than agreements on objectives for which the government is to negotiate when agricultural policy is being set in Europe.²⁰

All of the agreements were based upon a policy of first achieving and then maintaining macroeconomic stability. The primary concern of the early agreements was the reduction of the debt to Gross National Product (GNP) ratio

¹⁷ Based on discussions with employers.

¹⁸ It must be emphasised that agriculture and the concerns of those involved in agriculture were dealt with in the PNR.

¹⁹ PCW, p. 39

²⁰ Based on interview with Con Lucey, IFA, 10 June 1997

and of the Exchequer Borrowing Requirement (EBR). Economic growth was to be encouraged through a combination of low inflation, low interest rates, and the maintenance of a strong exchange rate policy within the EMS.

5.4: The Programme for National Recovery (1988-1990)

5.4.1: Background

‘The agreements were developed initially because the economy was in crisis after six years of a free-for-all’ (Pickard. 1996. p. 24). In the years 1980 to 1986:

- the proportion of tax payers paying tax above the standard rate trebled, from 15 per cent in 1980 to 45 per cent in 1986.
- employment fell by 100 000;
- Living standards declined by seven per cent

(Source: Duffy. 1996. pp. 2-3)

By the time the PNR was negotiated:

- GDP per capita was only 64 per cent of the European Community average;
- the National Debt was over £25 billion, one and a half times GNP;
- the EBR was 10.7 per cent, one of the highest in the EEC;
- the unemployment rate was 18.5 per cent, and 30 per cent of those without a job were under 25 years of age;
- employment in agriculture was falling at a rate of almost twice that of the European average;

- employment in agriculture was falling at a rate of almost twice that of the European average;
- emigration occurred at a level equivalent to the natural increase in population, and;
- there had been no growth in the volume of equipment between 1982 and 1987 compared with an increase of 20 per cent in the rest of the EEC.

Source: PNR. 1987. p. 5

Given these circumstances, it is hardly surprising that the NESC in 1986 announced that 'fiscal correction and other policy changes were then *imperatives*, not choices' (NESC. 1986. pp. 26-27).

The government was anxious to secure a national pay deal so that it could try to control the level of public expenditure, of which public sector pay is a major element, so that Ireland could 'remain within the European Monetary System (EMS) and aspire to economic and monetary union (EMU)' (Incomes Data Services. 1996. p. 167).

The trade unions wanted to negotiate at the national level again because they had seen their bargaining power eroded in the return to decentralised collective bargaining, and a similar erosion took place in the real value of wage rises negotiated during those years, especially in the early 1980s when inflation was spiralling out of control. The taxation system also played a part in preventing real wage levels rising to any appreciable level (Roche. 1994a. p. 177). There

was some recovery in the mid-1980s, with married people faring better than those who were single, but these could not make up for earlier losses (See Table 5.1). In addition, there was great concern with the level of unemployment and the absence of cash floors in decentralised agreements was leading to a high level of wage dispersion which ‘threatened progressively to undermine the cohesion and solidarity of the trade union movement’ (Roche. 1994a. pp. 177-178).

Table 5.1: Changes in Real Take-Home Pay in Ireland 1980-1987

<i>Year</i>	<i>Single (%)</i>	<i>Married (%)</i>
1980	-6.15	-7.03
1981	-4.21	-6.06
1982	-5.02	-4.94
1983	-3.98	-3.35
1984	-0.67	0.91
1985	-1.0	1.53
1986	4.66	3.48
1987	-0.14	0.32

Source: NESC. 1996. p. 106

The unions were also anxious to avoid the fate of the trade unions in Britain whose power had been broken by the Thatcher government in the course of the early 1980s (Incomes Data Services. 1996. p. 167). Unlike the 1970s, the trade unions did not enter national-level negotiations in a particularly powerful

situation. In 1970, union density was 52.6 per cent, and 408,600 workers were members of trade unions. This had grown to 55.4 per cent or an all-time high of 527,200 employees by 1980. However, there was a severe decline in both the level and density of trade union membership in the 1980s so that when the PNR was negotiated, union membership was only 457,300, representing only 43.5 per cent of all employees (Roche and Larragy. 1989. p. 22). In addition, there had been no consultation with the coalition government of 1982 to 1987 (Hardiman. 1988. p. 235), and there was a feeling that it was necessary for the trade union movement to negotiate again at the national level were it to continue to be able to bring any influence to bear on government policy.²¹

In spite of some initial reluctance to return to national level wage bargaining, the employers were convinced to do so when the grave economic situation concerning the public finances became clear.²²

5.4.2: The Agreement

The PNR was negotiated in October 1987. The objectives of this agreement are clear from its title and from its very first sentence, in which the social partners state that 'conscious of the grave state of our economic and social life [they had agreed] to seek to regenerate our economy and improve the social equity of our society through their combined efforts.'²³

²¹ Sunday Press. 20 September 1987

²² Interviews with various employers

²³ PNR. p. 5

Public expenditure restraint was very much a part of this agenda and it was agreed that both borrowing and the numbers employed in the public service would have to be drastically reduced. In addition, it was accepted that inflation would have to be brought under control.²⁴ At the same time, tax reform was very high on the agenda, not least so that a more equitable taxation system could be produced. In all, the government committed itself to introducing income tax reductions of a total cumulative value of £225 million.²⁵

In the area of social policy, the government committed itself to a policy of greater social equity which involved, among other things, protecting the real income of those on social welfare and commitments in the areas of health, education and housing.²⁶

It was also of great concern that the numbers at work be increased. It was with this in mind that the government was formulating its fiscal, taxation and social policies.²⁷ There was to be an increased emphasis on the encouragement of indigenous firms, and there was a sector-by-sector analysis of the possible increase in employment which could take place in the economy in the lifetime of the PNR.²⁸ In addition, it was felt, as with all the programmes, that the moderate pay increases granted under the programme would play their part in employment creation by keeping labour costs low.²⁹

²⁴ Ibid. pp. 9-10

²⁵ Ibid. p. 11

²⁶ Ibid. pp. 13-15

²⁷ Ibid. p. 16

²⁸ Ibid. pp. 17-26

²⁹ Ibid. p. 17

There were also special sections given over to proposals for labour legislation to be introduced by the government and to the arrangements for reviewing the agreement and the adherence of each of the social partners to its terms while there was an appendix dealing with proposed major programmes within the state and semi-state companies.³⁰

Both the public and private sector pay terms of the agreements were to be the same, though not of a similar duration. It was agreed that 3 per cent would be paid on the first £120 earned, and 2 per cent would be paid on any income above that level. There was no cash limit on these rises, but it was agreed that there would be a minimum cash floor of £4.00 per week. The public service agreement was of 36 months duration, running from January 1988 to December 1990, while the private sector agreement lasted from the end of 1987 to February 1989 (NESC. 1996. p. 104).

5.5: The Programme for Economic and Social Progress **(1991-1993)**

5.5.1: Background

The PESP was negotiated as it was felt that the PNR had worked so well in getting the economy to a less precarious position than had been the case in 1987, that a follow-up should be negotiated so that the good work could continue and so that the economy could attain a position of stability and growth.³¹ 'Each of

³⁰ Ibid. pp. 27-32

³¹ Interviews with government officials

the Programmes aimed to build on the success of the previous [agreement]' (Carey. 1996b. p. 1). It was prudent to negotiate another agreement given the changes in the macroeconomic environment which were to occur in the lifetime of the agreement; namely, the Global Agreement on Tariffs and Trade (GATT) agreement, the reform of the Common Agricultural Policy (CAP) which would follow that agreement, and the move to the Single European Market which was to come into effect in 1992.

5.5.2: The Agreement

The main objective of the PESP was to achieve 'sustained economic growth and the generation of greater income to produce a narrowing of the gap in living standards between Ireland and the rest of the Economic Community.'³² In order to do this, it was necessary to focus on long-term unemployment, to create a sustainable increase in employment to reduce the debt to GNP ratio, and to maintain a low level of inflation. Other social issues such as health, education, and housing were also of importance. Worker participation and equal rights were dealt with in the context of the national agreements in the PESP.

The pay terms of the PESP were as follows:

- four per cent up to a limit of five pounds in the first year;
- three per cent up to a limit of £4.25 in the second year; and
- 3.75 per cent in the third year of the agreement, up to a limit of £5.75.

Source: PESP. p. 91

³² PESP. p. 7

In addition, there was a clause (Clause Three) negotiated in the agreement which allowed for up to an additional three per cent to be paid to employees in return for changes in work practices. It was intended, certainly on the part of the employers, that this increase would only be negotiated in circumstances where there were real and extensive changes in work organisation or where the company in question was doing exceptionally well,³³ and would 'take full account of the implications for competitiveness, the need for flexibility and change, and the contribution made by employees to such change.'³⁴

5.6: The Programme for Competitiveness and Work (1994-1996)

5.6.1: Background

When the time came to negotiate a successor to the PESP, it was doubtful that there would be a new agreement for a variety of reasons. The employers were deeply unhappy with the way that Clause Three of the PESP had been interpreted by the unions. In the final analysis, agreement to pay some or all of the extra three per cent occurred in 77 per cent of all private sector firms (ICTU. 1995b. p. 2), though the employers claim that no more than 50 per cent of employees benefited.³⁵ While concessions, such as working towards ISO 9000 and the elimination of tea breaks to improve productivity (ICTU. 1995. p. 2) were granted in return for this three per cent, the employers were deeply unhappy with

³³ Turlough O'Sullivan, IBEC, speaking at *The Future for Social Partnership Seminar*. Dublin. September 1996

³⁴ PESP. p. 92

³⁵ Interviews with various employers

what they saw as deliberate misinterpretation of the clause by the unions.³⁶ Indeed, many of these concessions have been described as little more than 'cosmetic flexibility measures' agreed by the employers in order to ensure industrial peace.³⁷ There was to be no local bargaining clause in the PCW.

In addition, the introduction of a one per cent income levy on PAYE taxpayers in the 1993 Budget along with a range of social welfare cuts provoked such a serious reaction from the trade unions that there appeared no chance of any sort of deal being done while this levy was in operation (ICTU. 1995b. p. 3).

Following a SDC on 30 September 1993, the Executive Council of ICTU entered into negotiations with the government to try to secure agreement for a new package. However, agreement to enter full negotiations was conditional upon the elimination of the 1 per cent income levy and upon a reversal of the social welfare cuts of the 1993 Budget. The Executive Council negotiated with the government on this basis but failed to reach agreement. As a result, in November 1993, the Executive Council instructed the affiliated unions to prepare for a return to bargaining at local level following the end of the PESP that December. The government then returned to the Executive Council offering to phase out the 1 per cent income levy and to review the situation with regard to social welfare reform. The PCW was then negotiated and was approved by a SDC on 22 March 1994 (ICTU. 1995. p. 3).

³⁶ PESP. p. 92

³⁷ IPD News. October 1996. p. 6

5.6.2: The Agreement

The wage rises agreed in the PCW for both the public and private sector are displayed below. There was a pay pause of five months before the terms of the agreement came into effect for the public sector.

5.6.2.1: Private Sector Pay Agreement

- two per cent of basic pay in the first twelve months;
- 2.5 per cent for the following year;
- 2.5 per cent for the first six months of the final year of the agreement; and
- one per cent for the final six months of the agreement.

5.6.2.2: Public Sector Pay Agreement

- 2 per cent for the first year;
- 2 per cent for the second year;
- 1.5 per cent for the first nine months of the final year, and;
- 1 per cent for the remaining three months.

Source: PCW. p. 77; NESC. 1996. p. 104

The increases of 2.5 per cent were subject to a cash limit of £3.50. There was no ceiling on either the first or final phase of the agreement.³⁸ The private sector agreement was of 39 months duration, compared to 42 months for the public sector (NESC. 1996. p. 104).

³⁸ PCW, p. 77

5.7: Partnership 2000 (1997-1999)

5.7.1: Background

It became clear in the final months of the PCW that tax reform was the main union priority if a new agreement was to be negotiated. Indeed, at one stage, the Minister for Finance was not 'terribly optimistic' about there being a successor to the PCW for this very reason, while Peter Cassells, General Secretary of ICTU made it clear that tax reform would be an essential element of any such agreement following the 'mistake' of the 1996 Budget in which the Minister 'had the opportunity to give real tax reform to PAYE workers.'³⁹ The leadership of the Services, Industrial, Professional, Technical Union (SIPTU), which is by far the largest union in Ireland with 197 000 members, or roughly 40 per cent of ICTU membership in the Republic (Incomes Data Services. 1996. p. 162; White. 1996. p. 23), made it clear just before the negotiations on Partnership 2000 commenced that they would not be seeking to continue negotiating at the national level unless very clear and quantifiable promises on tax reform in the region of £200 million to £300 million per year over the three years of the agreement were forthcoming (White. 1996. p. 21). While a SDC on October 23 1996 voted by the largest margin yet to enter negotiations on a new agreement,⁴⁰ it was clear that without radical tax reform, no agreement would be forthcoming. This was the first time that such a demand had been made by the union movement.⁴¹

³⁹ Irish Times, 25 April 1996

⁴⁰ IPD News. October 1996. p. 6

⁴¹ IPD News. February 1997. p. 13

There had been a commitment for a greater development of partnership at the level of the individual enterprise in the PCW, but there was little progress made in this area. The NESC identified the need for the development of so-called employee involvement practices and of a national training policy as essential in its *Strategy into the 21st Century* report (NESC. 1996. pp. 293; 303).

5.7.2: The Agreement

In the end, a package was agreed whereby £900 million in income tax cuts are to be delivered in the lifetime of Partnership 2000. An additional £100 million is to be made available for the reform of corporate taxation.⁴² The pay terms of this agreement came to a cumulative rise of 9.65 per cent, extremely close to ICTU's opening position of 10 per cent, and an improvement on the terms of the PCW, which had delivered a cumulative wage increase of 8.25 per cent. It was calculated that the average worker paying Pay-As-You-Earn (PAYE) tax would receive a total nominal cumulative increase in income of 14 per cent, which would translate in real terms into an increase of 2 per cent per annum.⁴³

Given the increasing disquiet of the private sector employers with the growth in current public expenditure (See Section 6.8), there was a firm commitment by the government that current public expenditure would be kept as close to 2 per cent per annum as possible.⁴⁴ There were also commitments given on the reform of

⁴² Partnership 2000. p. 15

⁴³ Irish Times, 19 December 1996

⁴⁴ Partnership 2000. p. 10

the public sector in order to make it more competitive and responsive to the rapidly changing demands placed upon it.⁴⁵

There was great emphasis in this agreement on competitiveness through flexibility. This was to be achieved through increased partnership at the level of the individual firm through schemes such as new forms of work organisation. This move towards greater partnership at local level is discussed in greater detail in the next Chapter. This greater local-level partnership was to be developed through a National Framework which would act in a consulting role to firms wishing to develop new forms of work organisation.⁴⁶ In addition, ICTU won a government commitment to review the thorny issue of union recognition.⁴⁷

5.8: Are the National Agreements Corporatist?

‘Depending on the sector, the issue, the circumstances and the time, policy making in Ireland can fairly be described as pluralist, as corporatist, or as a combination of the two’ (O’Halpin. 1993. p. 205). It was established in Chapter Three that conditions for the emergence of corporatism exist in Ireland and that Ireland is as close to Schmitter’s ideal state for the establishment of a corporatist system as is possible in a voluntarist scheme of industrial relations. It must now be debated and decided whether the agreements discussed above are in fact corporatist, or if they are merely another type of centralised agreement.

⁴⁵ Partnership 2000. pp. 67-71

⁴⁶ Partnership 2000. pp. 62-64

⁴⁷ Partnership 2000. p. 65

Few would argue that the social partnership contracts do not hinge to a very large extent on the agreement of the pay terms of the agreements. Indeed, both employers and government officials are of the opinion that if a deal on pay failed to emerge, the arrangements would flounder.⁴⁸ The current series of arrangements must be distinguished from the simple national pay agreements of the 1970s in order to demonstrate that they can be accurately termed neo-corporatist.

Through the negotiation of these agreements, each of the social partners has agreed that they have the ear of government on issues that it feels to be important to its constituency. However, as Lehmbruch (1979a. p. 150) argues, 'liberal corporatism should not be confounded with simply more consultation and co-operation of government with organised interest groups which is, of course, common in all constitutional democracies with a highly developed capitalist economy.' It is equally true to say that the employers and trade unions would have enjoyed some influence above the ordinary at the level of the executive during the 1970s when the government was anxious to continue to secure NWAs. This anxiety eventually led to the government as executive becoming a negotiating party to the National Understandings (See Chapter Four).

Hardiman (1992. p. 348) suggests that the essential difference which allowed the PNR to emerge as a more far-reaching agreement than the National

⁴⁸ Interview with employers and government officials.

Understandings was that 'a firmer consensus on the problems of the economy appeared to have been reached during the 1980s.' 'The distinguishing trait of liberal corporatism is a high degree of collaboration among these groups themselves in the shaping of social policy' (Lehmbruch. 1979a. p. 150). This is clearly the case in the current agreements where the major issues facing the economy are discussed at the multi-lateral, consensus-based NESC. The NESC makes broad recommendations about how to tackle these issues and the social partners then negotiate an agreed detailed strategy on this basis in the form of the agreements.⁴⁹

If the definition of democratic corporatism offered by Wilensky (See Section 3.3) is re-examined at this point, it can clearly be seen that this definition, which precedes the negotiation of the PNR by a full four years, encapsulates the Irish social partnership agreements perfectly; that is the coming together of 'organised central economic groups interacting under government auspices within a quasi-public framework to produce peak bargains involving social policy, fiscal and monetary policy, and incomes policies - the major interrelated issues of modern political economy' (Wilensky. 1981. p. 345).

Clearly, there was no aspect of social policy negotiated in the NWAs, and the National Understandings, while covering aspects of social policy, were nowhere near as definitive and encompassing as the current arrangements. In addition, the

⁴⁹ Interview with Paula Carey, ICTU, 23 June 1997

social action plan of the National Understandings were very much a labour-government document. In other words, employer involvement in the negotiation of these plans was minimal. It should also be remembered that representatives of those in agriculture and other areas of the Irish economy were not invited to take part in the formulation of these documents. Therefore, in order to differentiate the current agreements from their predecessors, and to truly demonstrate their corporatist credentials, it is necessary to emphasise the increased role of the social partners in guiding social and economic policy. An example of this would be the section of each of the agreements dealing with agriculture. Given that agricultural policy now is very much controlled by Brussels, it could be argued that the farm organisations and the government agree objectives for which the government is to negotiate at European level when issues such as CAP reform are being discussed.⁵⁰ In addition, the fact that these agreements have been regularly reviewed on a tripartite basis demonstrates that they are indeed something more than merely centralised agreements.

It is interesting that some employers have rejected the notion of the agreements being corporatist.⁵¹ This denial appears to be based on an attempt to avoid the charge that the agreements run counter to the democratic tradition rather than based on a strong argument or a matter of principle. There appears little doubt that the agreements do represent the emergence of a neo-corporatist system. In addition to the supporting arguments provided above by this author, studies

⁵⁰ Interview with Con Lucey, IFA; 10 June 1997.

⁵¹ Based on discussions with various employers

carried out by commentators such as Incomes Data Services (1996) have had no hesitation in labelling the Irish system of social partnership as corporatist. The question of whether or not the social partnership agreements do indeed present a threat to democracy is fully discussed in Section 6.9.

It would be erroneous to believe that there is universal agreement in the literature about the corporatist nature of Irish industrial relations. Teague (1995. p. 263) argues that the emphasis of government policy and of the agreements on improving competitiveness by remaining within the ERM and seeking closer links with Europe makes the corporatism of these agreements questionable. However, the agreements do succeed in 'marginalising opportunistic behaviour and spreading the costs of restraint through orderly collective bargaining,' which is how Teague (1995. p. 263) describes a social corporatist system. The motivation of the state in taking part in corporatism need not affect the substantive and procedural outcomes of a negotiated social contract. This point also answers Teague's (1995. p. 263) claim that because the PNR was produced as a response to a serious economic crisis, the social partnership agreements cannot be social corporatist. He fudges the issue by allowing the possibility of the agreements being examples of developmental corporatism, or corporatism developed as part of a wider economic strategy (Teague. 1995. p. 264). However, this author would argue that corporatism as a system is meant to be used as part of a wider economic strategy, be that maintaining state control over interest intermediation through state corporatism, or allowing a social partnership to flourish in a liberal democracy. Developmental corporatism could describe

any or all of the models of corporatism discussed in Chapter Three. As a result, the author stands by his assertion that the social partnership agreements are corporatist.

Roche (1994a. pp. 194-195) asserts that while the agreements of the past ten years have undoubtedly brought about a situation closer to the desired outcomes of tripartism than the 1970s agreements, he reserves judgement on the durability and true worth of corporatism in Ireland, claiming that it was at that time too early to offer a definitive view of the agreements and their development.

Hardiman (1992) argues that the Irish economy still suffered from certain structural weaknesses which led her to doubt the stability of the new agreements and which she claimed had prevented the emergence of true corporatism in the 1970s. However, she also emphasises that there emerged a greater consensus about Ireland's economic problems in the course of the 1980s. The Irish economy has been found to have the best possible conditions for the emergence of corporatism in a voluntarist system (See Section 3.9). Also, the change in emphasis from control of public sector pay to overall economic management (See Section 4.5.8) on the part of the government would have made a huge difference to the manner in which the agreements are viewed by the negotiating parties. Hardiman does not allow for this, believing little to have changed in the period between the National Understandings and the emergence of the social partnership agreements. This commentator cannot agree with her on this point. Indeed, representatives of each of the major social partners emphasised the huge

learning experience involved in the National Understandings and how this had contributed directly to the PNR being substantially different.⁵²

5.9: Benefits of the Corporatist Agreements

There will now take place a discussion of how the agreements have benefited the Irish economy and various parties within it. The outstanding issues facing the social partners at present and/or in the future will be analysed in the next chapter.

5.9.1: The Economic Situation

Since 1987, the economy has undergone a remarkable recovery from a point of crisis to a situation of strong sustained growth 'unparalleled in the European Union (EU)' (O'Sullivan. 1996. p. 3; See Table 5.2). In fact, this period has seen an average increase in GDP of about five per cent, the highest rate of growth yet sustained by the Irish economy (NESC. 1996. p. 11). In the period 1987 to 1995, the current budget deficit fell from 6.2 per cent of GNP to 1.1 per cent. In addition, the EBR fell from 9.4 per cent of GNP to just 1.9 per cent in 1995 (NESC. 1996. pp. 11-12).

The need for macroeconomic stability and the need to reduce the debt to GNP ratio have been major elements of the agreements. It is the contention of this author that the social partnership arrangements have contributed greatly to the economic recovery and the subsequent reduction in such macroeconomic

⁵² Interviews with employers and government officials; Interview with Paula Carey, ICTU, 23 June 1997.

measures. 'The outstanding lesson [of the national programmes] is that macroeconomic stability is vital to economic progress in a small open economy.'⁵³ It is of the utmost importance, however, to emphasise that the national programmes are not the sole reason for this recovery, just as the lack of centralised bargaining in operation in Ireland in the early-to-mid 1980s was not the sole reason for the particularly poor economic performance of those years (See Section 5.2). What the agreements have done, however, is to focus attention on the economic and social issues facing Ireland, and to gain the consensus of the social partners in how to deal with these problems. This has prevented distributive interests forming an obstacle to any aspect of the economic recovery.

McCarthy contends that the recovery of the economy which has taken place since the late 1980s is in the main thanks to the drastic cuts in public spending introduced by Ray MacSharry when Fianna Fáil came to power in 1987.⁵⁴ It is undoubtedly true that these spending cuts were necessary, and it was held by economists that the progress made in the years immediately following the election of Fianna Fáil to power in 1987 would not have occurred were the government not committed to the necessary cuts and the Minister for Finance not capable of delivering them (O'Toole. 1989. p. 11). However, even at this early stage the national programmes had a role to play. 'One of the more immediate benefits of the Programme for National Recovery was the three year pay deal.....giving the government better hope of industrial peace and the general

⁵³ PESp. p. 11

⁵⁴ *At The Future for Social Partnership Seminar, 19 September 1996.*

support from the unions on the economic goals which were set' (O'Toole. 1989. p. 12).

Table 5.2: Real Growth in Gross National Product (GNP) 1988-1995

<i>Year</i>	<i>Percentage growth in GNP</i>
1988	2.3
1989	5.2
1990	8.1
1991	2.8
1992	2.5
1993	3.1
1994	7.2
1995	7.7

(Source: Adapted from O'Sullivan. 1996. p. 3)

It is this author's contention that MacSharry's spending cuts acted as the launching pad for recovery, but they alone cannot be credited for the year-on-year growth that Ireland has experienced since 1988 (See Table 5.2), especially when one takes account of the boom that has taken place in public spending in more recent years (See Section 6.8). This line of thought is borne out by the NESC, which holds that the social partnership agreements have played a major part in the 'major advances in economic management and performance' experienced in Ireland since 1988 (NESC. 1996. pp. 69-70).

According to Williamson (1989. p. 12), it was Lehmbruch's assertion that '[liberal] corporatism was a kind of filtering system which helped to ensure political stability.' This statement could now be amended to include economic stability and growth on the evidence of the Irish case. What distinguishes the period covered by the social partnership agreements is 'the combination of good results across a number of indicators. The 1987-1996 period is thus unique in its harmony of high growth, low inflation, impressive employment growth, improved public finances, and balance of payments surplus' (NESC 1996. p. 15).

5.9.2: Employment

Table 5.3: Changes in Number of People Employed in Ireland 1981-1995

<i>Year</i>	1981-87	1988-90	1991-93	1993-1996
<i>Numbers Employed</i>	-76000	+46000	+12000	+122,000

Source: Duffy (1996. p. 6); NESF (1997. p. 13)

'The trade union movement negotiated a moderate wage increase in each of the Programmes with the express purpose of generating increased employment opportunities' (Carey. 1996a. p. 143). As can easily be seen from examining Table 5.3, there has been massive progress made in the number of people employed in Ireland in the era of social partnership. In the years 1993 to 1996, employment grew by 4 per cent, compared with a EU average of just 0.3 per cent. In addition, it was forecast that a further 45,000 jobs would be created in 1997 (NESF. p. 14). Between 1987 and 1995, the number of people at work

increased by 16 per cent (Carey. 1996a. p. 142). However, while there have been great strides made in increasing the number of people at work, unemployment, especially long-term unemployment, remains quite possibly the most important social and economic issue facing the country at this time (See Section 6.5).

5.9.3: Industrial Peace

Each of the agreements has an 'industrial peace' clause which 'commits employers, trade unions and employees to promoting industrial harmony.'⁵⁵ If an industrial relations issue arises and agreement fails to be reached in local negotiations, then industrial action on the part of either side is prohibited until after the matter has been dealt with by the Labour Relations Commission and the Labour Court. No industrial action may be taken by either side unless the other side is not acting in accordance with the provisions of the agreements. This clause has two effects. Firstly, and most obviously, it has led to a reduction in the number of industrial disputes taking place in Ireland every year. However, when industrial action does take place, it does so after all attempts have been made at conciliation and arbitration of whatever the issue may be. The outcome of this is that where industrial action does take place, it tends to be a long and protracted affair because of the hardening of attitudes which will have taken place on each side, and because the issue will be increasingly seen as intractable because all reasonable attempts at bringing the issue to a peaceful resolution have already been exhausted. However, in general, this appears not to have happened

⁵⁵ PESP, p. 92

as 'the period since 1987 has seen the number of industrial disputes reduce dramatically. The trend in days lost in industrial disputes has also been downward with an acceleration in the trend since 1993.' (NESC. 1996. p. 105).

Table 5.4: Number of Industrial Disputes, Hours/Days Lost and Workers

Involved 1986-1996

<i>Year</i>	<i>Number of Disputes</i>	<i>Number of Hours Lost</i>	<i>Number of Workers Involved</i>
1986	102	309,178	50,006
1987	80	264,339	26,221
1988	65	143,393	10,218
1989	38	50,358	3,692
1990	49	222,915	10,309
1991	54	85,513	17,975
1992	38	190,609	13,107
1993	48	Not known	Not known
1994	32	24,000*	Not known
1995	34	130,300*	Not known
1996	32	114,584*	Not known

**number of work days lost*

Source: NESC (1993. p. 45); Department of Enterprise and Employment (1997. p. 28); Irish Times, 5 February 1996.

The NESC (1993. p. 45; 1996. p. 105) suggests that there has been a continuous decline in the time lost to industrial disputes with the exception of the years 1990 and 1992. In the years following 1992, the pace of this downward trend has increased (NESC. 1996. p. 12). This may not appear at first glance to be correct given that there was an increase of 90,000 in the number of days lost due to industrial action between 1994 and 1995 (See Table 5.4). However, three high profile, prolonged disputes took place that year which accounted for over 112,500 of the days lost that year.⁵⁶ If one sets aside these disputes, then the number of days lost was only 17,800. Similarly, in 1996 three major disputes accounted for over 97,000 of the days lost that year, meaning that were it not for these high-profile disputes, there would only have been 17,000 days lost. When announcing the number of days lost through industrial action for the year 1995, the then Minister for Enterprise and Employment, Mr Richard Bruton, was quick to praise the role of the national agreements in contributing to the high levels of industrial peace generally.⁵⁷

5.9.4: Real Take-Home Pay

Despite the wage moderation that has been agreed since 1988, workers have actually fared better in real monetary terms under the agreements than they did in the early 1980s when the size of the nominal wage increases were much higher, but inflation and the taxation system were keeping pace. This is due to the reduction in the inflation rate and the changes in the tax system which have

⁵⁶ Irish Times, 5 February 1996

⁵⁷ Ibid.

coincided with the agreements. Table 5.5 demonstrates how the average single and married worker have fared under the agreements.

Table 5.5: Percentage Changes in Real Take-Home Pay 1980-1996

	<i>Single</i>	<i>Married</i>
<i>1980-1987 Cumulative</i>	-10.9	-4.8
<i>1988</i>	4.17	2.42
<i>1989</i>	2.03	1.26
<i>1990</i>	1.73	1.15
<i>1991</i>	1.27	1.46
<i>1992</i>	3.21	1.86
<i>1993</i>	1.3	2.09
<i>1994</i>	3.16	2.4
<i>1995</i>	2.54	1.87
<i>1996</i>	1.85	1.79

Source: ICTU (1995b, p. 2); NESG (1996, p. 106)

This protection of living standards is to be commended. However, a more thorough examination of income levels across a range of income levels reveals a more disturbing picture. In the ten years 1986-1995, the low-paid and unemployed have, for the most part, actually fared worse relative to those in higher-income occupations (See Table 5.6). This has given rise to a serious concern that the agreements are contributing to the creation of a two-tier society,

Table 5.5: Net Gain in Annual Take-Home Income 1986-1995

<i>Sector</i>	<i>Category</i>	<i>Net Gain</i>						
		Single		Couple No Children	Couple + 1 Child		Couple 4 Children	
		£	%	£	£	%	£	%
Public	Department Secretary	23249	133.5	23796.69	23936.66	119	24490.16	124.2
	Assistant Secretary	14658	103.8	15206.50	15349.79	91.3	15899.77	91.6
	Clerical Officer	3635	51.6	3761.66	3904.63	47.3	4786.99	54.4
	Clerical Assistant	3314	55.1	3230.46	3373.96	48.5	4980.58	65.8
Private	Dept Head - Large Firm	15798	103.9	16346.43	16489.92	92.1	17039.90	92.4
	Double Average Industrial Wage	6206	61.9	6829.32	6972.81	55.1	7522.79	57.0
	Average Industrial Wage	3472	54.9	3513.80	3656.77	49.1	4641.93	58.1
	Half Average Industrial Wage	1938	50.9	2242.70	3884.80	81.5	5269.66	82.7
	Long-Term Unemployed	1346	70.3	1922.83	2301.04	58.6	3597.42	62.1

Source: Healy (1996. p. 6)

whereby the well-off continue to prosper under the terms of social partnership while an underclass emerges among the low-paid, marginalised and unemployed.⁵⁸ It must be emphasised that this is not a phenomenon created by the climate of the social partnership agreements; in 1987, it was estimated that '11 per cent of non-elderly and non-farm households in Ireland' were marginalised (NESC. 1996. p. 42). However, it would appear that the advent of social partnership has done little to reverse this trend either. The invitation of groups representing these parties to the Partnership 2000 negotiations would suggest that the danger of the emergence of such a two-tier society has been recognised and that the social partners are taking positive steps to avert this. In addition, Roche (1994a. p. 197) argues that were it not for the agreements, there could well have been a much greater level of wage inequality over the period studied.

One employer has described the pay terms of the agreements as the glue that holds the agreements together.⁵⁹ Table 5.4 shows the progress that has been made in protecting the living standards of those at work. In the years of decentralised bargaining, real wages fell by 10.9 per cent for a single person and by 4.8 per cent for a married person. The years of the PNR alone wiped out this fall and returned real wages to roughly their 1980 value. Since then, real wages have continued to rise unabated.

⁵⁸ Father Sean Healy, Director of Justice Office, Conference of Religious in Ireland, speaking at *The Future for Social Partnership* Seminar, 19 September 1996.

⁵⁹ Interview with employer who was granted anonymity upon request

Continued real wage growth in Ireland is the result of a combination of the wage rises given in the agreements and changes in taxation agreed in the negotiations which are designed to lessen the tax burden on the PAYE worker. The tax reforms are agreed in return for the wage restraint granted by the trade unions. While much has been done in the safeguarding and improvement of living standards, there remains a great deal to be done if the economic rewards of social partnership are to be evenly distributed. The introduction of the representatives of the low-paid and unemployed to the negotiations for the Partnership 2000 arrangement can only positively influence this situation.

5.9.5: Dispersion of Termination Dates

When the first NWA was agreed in 1970, the dispersion of termination dates for agreements was two years. In other words, the time lapse between the termination date of the first agreement negotiated in the twelfth wage round by the round leader and the termination date of the final agreement of that round was two years. By the time that centralised bargaining came to an end in 1982, this dispersion had been whittled down to three months. However, three rounds and three years later, the termination dates of the first and last agreement of the round were twenty-one months apart. Under the terms of the PCW, the private sector pay agreement ended on 31 December 1996 and that for the public sector expired in May 1997 (O'Sullivan. 1996. p. 1), a gap of just five months. This uniformity of termination dates should not be underestimated as a benefit of the agreements because 'temporal order is a prerequisite for substantive and procedural order in the process of general wage adjustment (O'Brien. 1981. p. 238).

5.9.6: Health Spending

Table 5.7: Public Health Expenditure (1986-1996)

<i>Year</i>	<i>Non-Capital Expenditure</i>	<i>Capital Expenditure</i>	<i>Total</i>
1986	1252.7	58.7	1311.4
1987	1260	57.6	1317.6
1988	1272	44.3	1316.3
1989	1361.9	48	1409.9
1990	1503	46.2	1549.2
1991	1672.9	42.5	1715.4
1992	1873.7	44	1917.7
1994	Not known	Not known	2085
1995	2245.195	91.6	2336.795
1996	2303.592	109.231	2412.823

Source: Department of Health (1992. p. 118); Government of Ireland (1995a. p. 125; 1995b. p. 207; 1996. p. 205).

One example of how the social partnership has worked in the arena of social issues is that of public expenditure on health. ‘Spending on health underwent serious retrenchment during the 1980s, the falling trend extending into the period of the PNR, generating protests from unions which threatened initially to undermine the Programme. From 1990, the real value of health spending rose

again, and by the end of 1991 Ireland was close to the OECD average for exchequer spending on health provision' (Roche. 1994a. p. 192).

The recent upsurge in capital health expenditure can be explained by the building of Tallaght Hospital (Government of Ireland. 1993. p. 118). This project, allied with the recovery and growth in health spending are important benefits of the improved economic situation in Ireland. These would be very important to the trade unions as they would see this as part of a wider campaign to distribute the economic benefits of social partnership to the benefit of all.

5.9.7: Benefits for the Trade Unions

One of the reasons that the trade unions entered into the corporatist agreements was in order to avoid similar measures to the restrictions on union activity introduced in the UK in the early 1980s.⁶⁰ It is no exaggeration to say that not only have they done this, but they have also increased their power and influence at the national level by becoming a fully fledged social partner. Admittedly, the trade unions still face problems at local level with falling numbers, the lack of union recognition among (especially American) multinationals setting up in Ireland, and the failure of the ethos of the social partnership approach to pervade industrial relations at the level of the individual firm (See Section 6.3). Related to these shortcomings is a growing feeling within individual trade unions that the national agreements are very much the remit of ICTU and have little relevance to

⁶⁰ IPD News. February 1997. p. 12

the day-to-day affairs of the members of the trade unions themselves.⁶¹ These are issues which ICTU must confront in the immediate future.

5.9.8: Representation of Interests at the National Level

The employers, the farmers and the trade unions all agree that the negotiation of the social partnership contracts has given them a more influential voice in representing the interests of their constituents to government when issues of relevance to their membership are being discussed. The latest agreement, Partnership 2000, has enabled representatives of the poor, the marginalised and the long-term unemployed to take part in the negotiations on issues of social inclusion. In fact, they were so successful that they managed to procure a government commitment that the £900 million in tax cuts agreed with the trade unions would be matched by investment in measures to combat poverty and unemployment.⁶²

Up to this, the agreements were negotiated by the employers' organisation, IBEC, ICTU, and farmer representative bodies while other bodies were allowed to submit responses to the NESC and National Economic and Social Forum (NESF) Reports on which the agreements are based.

⁶¹ Interview with Paula Carey, ICTU, 23 June 1997

⁶² Interview with Paula Carey, ICTU, 23 June 1997

The author welcomes this development because while it may be argued that ICTU is representative of all workers' interests (See Section 3.4.1.1.1), the author feels that representatives of those without work or on the fringes of society are entitled to a place at the negotiating table to push for the interests of those who are unemployed and/or have been marginalised in our society. This is especially relevant given the 'persistence and the high proportion of long-term unemployment' and the fact that a 'general increase in economic activity and labour demand tends to have a limited impact on unemployment, particularly long-term unemployment (NESC. 1996. pp. 23-24; See Section 6.5).

One possible explanation for the exclusion up to this point of such interest groups may be that there exists a historic precedent for this situation, as the Executive Council of ICTU alone represented workers at the negotiation of the NWAs and the National Understandings. However, the NWAs can hardly be called corporatist agreements, and while the National Understandings set an important precedent in that they involved government directly in its role as executive in collective bargaining for the first time, 'few would now argue that...social partnership in any lasting sense was achieved during [the lifetime of the NWAs and National Understandings]' (Hardiman. 1988. p. 3).

As McCarthy (1996. p. 1) suggests, because of the exclusion of such interest groups, social partnership in Ireland was in danger of being perceived as 'a closed-doors carve-up by labour market insiders, representative of larger business, the public sector and those in the more secure employments.'

The leader of the Progressive Democrats party, Ms. Mary Harney, had criticised the agreements prior to Partnership 2000 on the grounds that they were far from being truly inclusive, and Ms. Mary O'Rourke of Fianna Fáil suggested that the previous arrangement had become 'too cosy.'⁶³ Indeed, the NESC went so far as to state that in order to properly manage the growth of the economy, it was necessary to take a more inclusive perspective (NESC. 1996. p. 4). Admittedly this sentiment is open to interpretation, but to this commentator, it signals a realisation that there existed a need to invite the marginalised of Irish society to take part in the social partnership negotiations so that the problems facing this section of Irish society could be fully realised, measured, and discussed.

McCarthy (1996. p. 1) also suggests that the non-unionised workforce should be directly represented at the negotiations. This proposal is based on the fact that less than 50 per cent of the Irish labour force is unionised (Incomes Data Services. 1996. p. xxi). Allowing for the numbers unemployed and working in agriculture, this means that roughly 25 per cent of the workforce is not directly represented at the negotiations.

While this is an unfortunate situation, it is difficult to see how these workers could be accommodated at the negotiating table in practical terms. As this section of the workforce is not organised, it is difficult to conceive of a method whereby they could form a representative group. Elections, for logistical reasons

⁶³ Irish Times, 25 April 1996

alone, are hardly practical. In any case, how could it be decided who would be suitable to represent the interests of workers in an electronics company versus a pharmaceutical or chemical company? Further, there would be massive difficulties in trying to find a formula whereby the non-union employees in all sectors of the economy felt that they were fairly represented at the negotiations. Such an arrangement would also cause enormous difficulties in the negotiations themselves as too many disparate voices would exist on the labour side. In any case, it has been held that because of the size and spread of their membership, IBEC and ICTU can be considered representative of employer and labour as they exist in Ireland (Income Data Services. 1996. p. 161).

This commentator feels that there is no reason to change the status quo with regard to the representation of labour at the negotiations, especially given ICTU's constitutional commitments to fight for the cause of all workers, not just that of its members (ICTU. 1995. pp. 4-5). It must also be remembered that there exists a historical precedent for ICTU alone to represent workers at national level negotiations as this was the situation in the 1970s for the negotiation of the NWAs and the National Understandings. Admittedly, these arrangements took place at a time of growing unionisation of the workforce and when trade union density was much higher than it is today (See Table 6.1), and the agreements themselves were not as far-reaching and comprehensive as the current arrangements, but the practical considerations, allied with the historical factor, leads the author to conclude that the representation of labour as is currently practised is the most favourable method available.

However, there is another issue to be discussed here. The Irish Small and Medium Enterprises Association (ISME) withdrew from negotiating the Partnership 2000 agreement on the eve of the opening of those negotiations in protest at not being allowed to take part in the talks on the pay terms of the agreement. This was in spite of the greater relevance of labour costs in determining competitiveness for smaller, labour intensive businesses than larger, capital-intensive ones.⁶⁴ This is an unfortunate situation, and should be remedied at the negotiations for the next agreement by inviting the ISME to participate in the pay negotiations. However, it must also be remembered that the Small Firms Association (SFA) are affiliated to IBEC and so representatives of small businesses cannot be said to be excluded from the negotiation of these arrangements.

5.9.9: Benefits for Those in Agriculture

Given that so much of agricultural policy is now determined by the EU, the main benefit of the social partnership agreements for the farming community has been that representatives of the interests of those working in agriculture have been able to agree a set of objectives for which the government is to negotiate at European level in the course of the following three years.⁶⁵

Curran (1996, p. 18) has noted that other benefits have also been forthcoming to the agricultural community through its involvement in the social partnership

⁶⁴ Irish Times, October 24 1996

⁶⁵ Interview with Con Lucey, IFA, 10 June 1997

process; for example, the re-introduction of the Young Farmers Installation Aid scheme in the 1988 Budget and the extension of Capital Acquisitions Tax in recent years.

5.10: The Evolution of Corporatism in Ireland

It is now possible to compare and contrast the agreements studied in this Chapter with those of the 1970s, and to assess whether the evolutionary trend which began with the negotiation of the 1948 National Wages Policy and eventually led to the negotiation of the NWAs and National Understandings can be seen to have continued and to have influenced the form and content of the present arrangements.

5.10.1: Common Features of the Agreements

As noted in Chapter Four, there has been an industrial peace clause in each of the agreements negotiated at the national level in Ireland since 1948. This means that each side is barred from taking any form of industrial action unless all of the conciliation and mediation machinery of the state has been exhausted.

‘The terms of the [PNR] resembled the National Understandings in scope, but not in content’ (Hardiman. 1988. p. 235). In other words, it is easy to see the influence that the experience of the social partners negotiating at the national level had upon the issues covered in the new agreements, but these agreements

were negotiated in response to an entirely different economic scenario to those of the 1970s.

5.10.2: The Influence of the 1970s Agreements

‘The present social partnership process owes its origins to the 1970s pay agreements’ (Curran. 1996. p. 6). The NWAs and National Understandings paved the way for the development of social partnership in the late 1980s and 1990s, continuing the evolutionary trend that began with the negotiation of the National Wages Policy in 1948 and eventually led to the development of the NWAs and National Understandings.

There is no question that the main motivating factor in the return to a form of centralised bargaining in the late 1980s was the chronic state of the public finances. However, the fact that negotiations at the national level had previously taken place meant that each party had a realistic expectation of the possible outcome of the negotiations. It should also be emphasised that the experience of the 1970s would still have been fresh in the memories of all concerned given that the PNR was negotiated only five years after the second National Understanding had come to an end. Each of the parties to the earlier agreements had their own strong reasons for not wishing to re-enter negotiations at the national level when the second National Understanding expired (See Section 4.6), but the experience of the mid-1980s meant that each of the social partners were willing, to varying degrees, to re-enter centralised negotiations in October 1987.

It was established in Section 4.7 that there had been a definite evolutionary trend discernible in the move towards continued use of centralised bargaining during the 1970s. It was further determined that the agreements of the 1970s had themselves evolved in that the government became involved in the negotiation of the final two agreements in its role as executive, allowing the trade unions and employers some influence over the course of social policy in the lifetime of the agreements. It has just been demonstrated that this evolutionary trend can be seen to have continued with the development of the social partnership contracts. The question which must now be answered is whether or not the social partnership agreements themselves can be said to have evolved. It is this author's opinion that the answer must be in the affirmative.

As has been established in Section 5.9.8, the social partnership arrangements have become more and more representative of the interests in Irish society. Only the employers organisations, the farm associations, and the ICTU were involved in the negotiation of the PNR. Nineteen organisations were involved in the negotiation of Partnership 2000. This demonstrates an evolution in the representativeness of the parties negotiating the agreements.

In addition, the remit of the social partnership arrangements is now much wider. It is not surprising, therefore, to hear employers refer to the role of employers' representatives in negotiating the agreements as having 'evolved as the type of agreement has evolved.'⁶⁶ Indeed, the Chief Executive of Macra na Feirme has

⁶⁶ Interview with employer who was granted anonymity at his request.

referred to participating in these agreements as 'part of an evolutionary process' (Curran. 1996. p. 22), suggesting that not only have the social partnership contracts themselves evolved over the years, but so have the organisations and the mindset of those negotiating the agreements. For the part of the trade unions, Paula Carey of ICTU has noted that each new programme has served to 'broaden the negotiating agenda, and deepen the national commitments' given by the social partners, and that 'the social partnership has developed to deal with the various challenges which have emerged in a time of significant change' (Carey. 1996b. pp. 1-2). This is an exciting thought, and suggests all manner of possibilities for the arrangements should they continue to be negotiated following Partnership 2000.

This evolutionary trend is further evidenced in the position of ICTU regarding Partnership 2000. Peter Cassells, Chief Executive of ICTU, has stated that this agreement will either be the first of its kind, or the last.⁶⁷ In other words, either those negotiating the social partnership contracts will continue to become more representative of the people of Ireland, and a real, deep and meaningful partnership will be seen to evolve and to pervade every level of the economy, or else ICTU will take no further part in such agreements. It is to be hoped that the agreements can continue to evolve in such a fashion as to make possible the continued involvement of ICTU, without which they would flounder. 'For corporatist regimes to be successful, an effective consensus or 'social partnership' has to be forged, especially between employer and employee groups

⁶⁷ Interview with Paula Carey, ICTU, 23 June 1997

and organisations' (Marshall. 1996. p. 846). It is to be hoped that this social partnership, which has served Ireland so well over the last ten years, can be continued in the interests of all.

5.11: Corporatism in Times of Crisis

As noted in Section 3.7, while there are clear advantages for a growing economy in a position of comparative strength in pursuing corporatist policies, there has been some debate as to whether or not corporatism is of any benefit to an economy in crisis. This commentator believes that the Irish case shows that corporatism can be used to rescue an economy in a precarious position, as the Irish economy was in 1987. That the agreements have coincided with excellent economic growth is not to be doubted, but rather than being a tactic employed by an economy already experiencing strong growth, the first agreement, the PNR, helped first to reverse the decline in the economic situation. It was only following the success of this agreement that a successor was negotiated. Therefore, it is held that corporatism can be used to halt decline and promote growth in an economy as well as to extend the cycle of growth in an already booming economy.

5.12: Summary

- 'Each of the Programmes [was] a product of [its] time and set of circumstances' (Carey. 1996b. p. 2). The PNR was negotiated against a backdrop of economic crisis and rising unemployment and emigration. The

PESP was intended to continue the recovery begun by the PNR. The PCW focused on the need for greater partnership at the level of the local firm in order to increase competitiveness and the need to increase the numbers at work. Partnership 2000 was intended to continue the economic growth achieved under the prior programmes while at the same time focusing on the needs of the poor, marginalised and unemployed in Irish society. It is impossible, therefore, to draw conclusions as to the efficacy of the social partnership agreements without at least being aware of the environment in which it was negotiated.

- The agreements which have been negotiated in Ireland over the last ten years are corporatist agreements, and display all the characteristics of such agreements.
- Corporatism in Ireland can be seen to have emerged from an evolutionary process in collective bargaining which can be traced back to the years following the end of the Second World War.
- The Irish economy has benefited enormously from the negotiation of these arrangements across a wide range of measures.
- The trade unions have benefited greatly from the negotiation of these agreements in terms of their influence at the national level, and of the protection of living standards of workers. There are, however, some serious

issues for ICTU which have arisen as a result of its continued negotiation of these agreements.

- The author welcomes the changes which have taken place in the structure of the negotiation of the social partnership contracts which have enabled the representatives of the unemployed and marginalised to become involved in the formulation of the agreements.
- The author can find no reason for altering the method of representation for those at work who are not members of trade unions as this would lead to chronic difficulties.
- The Irish experience demonstrates that corporatism need not only be considered a viable strategy for a polity when it is experiencing a period of sustained growth. It may also be used at in times of difficulty in order to aid economic recovery.

CHAPTER SIX

ISSUES FACING THE SOCIAL PARTNERS

6.1: Introduction

In this chapter, the outstanding issues which now face the social partnership arrangements and those negotiating them will be presented and discussed. Some areas of concern will be of more interest to one or more of the social partners than to the others. Other topics may be such that they are of concern to all the social partners due to their possible impact on the economy and the future of social partnership in the country. An example of an issue which should be of grave concern to all parties to the national agreements is that of EMU, which is discussed in Section 6.2. A problem which may concern one social partner more than the other could be the development of partnership at firm level. This has been an area of great concern to the trade unions in recent times and is discussed in more detail in Section 6.3.

6.2: European Monetary Union (EMU)

In 1979, Ireland joined the EMS, breaking the link with the British currency, sterling. Since then, Irish macroeconomic policy has been geared towards remaining in the EMS, and eventually joining a single European currency. The

NESC (1996. p. 69) has stated that 'preparation for and transition to EMU provides the sheet anchor of [Ireland's] macroeconomic approach.'

The most important economic issue foreseeable in the near future for Ireland is that of monetary union. There has been little public debate within Ireland about this issue, although there are an increasing number of academics and journalists who are expressing their reservations about the single currency as the entry date draws nearer.⁶⁸ Each of the major political parties seem to be quite prepared to enter EMU on 1 January 1999 without any meaningful investigation into the merits or dangers of this move. Certainly both Fianna Fáil and Fine Gael unconditionally support joining EMU in the first wave in 1999.⁶⁹ Of all the political party leaders, only Mary Harney of the Progressive Democrats has expressed reservations about entering EMU should the UK decide not to join at the same time.⁷⁰ This has led many sections of the Irish economy to consider that the decision has in effect already been made, and that no amount of public debate will change the political reality that Ireland will join EMU at the earliest opportunity.⁷¹ The Taoiseach, John Bruton, stated in March 1997 that this was indeed the policy of the Irish government (Lucey. 1997. p. 7). In interviews with government officials from a range of departments, this position was reiterated to the author ad nauseam.

⁶⁸ For example, Matt Cooper, editor of the Sunday Tribune and Shane Ross, business editor of the Sunday Independent have been among the more vociferous critics of government policy on EMU.

⁶⁹ Bertie Ahern and John Bruton, leaders of Fianna Fáil and Fine Gael respectively, speaking on Prime Time, Network Two, 4 June 1997

⁷⁰ Speaking on Questions and Answers, RTE One, Sunday 1 June

⁷¹ Interviews with various employers

This situation may be sharply contrasted with that of the UK, one of Ireland's major export markets, where there has been open and lively debate about EMU, and the role of Europe in setting policy for many years. 'While Britons bicker....Ireland has quietly become European. Directives, such as the recent one on working time, which cause British ministers to go purple with rage, pass through the Dáil without opposition' (Pickard. 1996. p. 24). Indeed, the Labour government elected in the UK in 1997 is committed to holding a referendum on the single European Currency. As a result, it has been forecast that the UK will not join the EMU until 2002 at the earliest (Lucey. 1997. p. 10).

This gives rise to the very serious question of what Ireland should do in the likely event of the UK opting out of joining the single currency in 1999. The political consensus is certainly that Ireland should press ahead regardless, and the NESC endorses this policy, while identifying the possibility of Ireland entering EMU without Britain as 'a key issue' (NESC. 1996. p. 70). The author is not convinced that Ireland would be well equipped to deal with this situation under a nationally negotiated tripartite arrangement similar to those negotiated up to this point.

According to Durkan (1993. p. 4), when Ireland experienced a mini-recession in late 1990 and early 1991, the cause was not, as many would presuppose, the Gulf War and the rise in oil prices which followed it. 'A more significant source of weakness [than the Gulf War] was the slowdown in the UK economy' (Durkan. 1993. p. 5). According to O'Sullivan (1996. p. 3), 'sectors dependent on UK

markets are still recovering from the adverse effects of the currency crisis of 1992/1993.'

McCarthy (1996. p. 3) has traced 'seven separate occasions when sterling sank more than ten percent against the Deutsche Mark (DM) in less than six months' since Ireland broke parity with sterling in 1979. Were this pattern to continue with Ireland being a member of the EMU while the UK remained outside the mechanism, then Irish produce would be poorly placed competitively against British firms due to the devaluation of sterling against the euro which will, in effect, be based on the strongest European currency, the DM. This is of great concern, given that in 1995, 'the Sterling/Dollar area [accounted] for 42 per cent of our trade, the EMS region for 36 per cent' (Lucey. 1997. p. 5).

Pickard (1996. p. 24) also expresses the concern that 'a strong Irish punt and weak sterling (assuming that the UK stays out of the EMU) would ..hit the [high level] of Irish exports that go to the UK.' She goes on to state that there is increasing concern among Irish management about the implications of monetary union, although she does not state whether or not their concern stems from the enforced change on businesses, the possible effect on the economy, or the exchange rate at which Ireland will enter the EMU. According to the NESC, there is widespread concern around Europe about the 'possibility of excessive currency fluctuations within the Single European Market,' though Ireland is probably the country most exposed to such changes (NESC. 1996. p. 71).

Both the farm organisations and the employers have reservations about EMU in the case of a British deferral or rejection of membership.⁷² This, in the farmer's case at least, is due to the contribution of the devaluation of sterling relative to the Deutsche Mark to the poor financial performance and poor level of exports to the UK following the break with sterling in 1979.⁷³ Employers operating in the exposed sectors of the economy share the farmers' concerns about future competitiveness in the UK market.⁷⁴ Given their experience in the years following 1979, both the employers and the farmers are anxious about the possibility of a devaluation of sterling relative to the euro which could damage the price competitiveness of Irish produce on the UK market. One of the reasons that these reservations have not been more loudly heard is that the government have very much presented Ireland's joining the EMU at the earliest opportunity as a *fait accompli*. Nowhere has this been more obvious than in the assertion of the then Finance Minister, Ruairi Quinn, that there have been no dissident opinions claiming that joining EMU in the case of the British exercising their opt-out clause may not be in the best interests of the Irish economy when this, in fact, is not the case.⁷⁵

The impression given is that while there may be little that can be done by the social partners to alter the course of government strategy, that by making these reservations clear, the social partners can at least try to ensure that some form of

⁷² Discussions with representatives of the IFA and various employers

⁷³ Interview with Con Lucey, IFA. 10 June 1997

⁷⁴ Discussions with various employers.

⁷⁵ Irish Times, 31 January 1997; Lucey. 1997. pp. 4-5

safeguards or protection are put in place to deal with this eventuality through the setting up of such programmes as buffer funds.

It should be noted that the trade unions welcome EMU regardless of the UK's position, seeing both opportunities and threats in the move to a single European currency. In any case, it is their contention that the UK will spend no longer than two years outside the single currency.⁷⁶ One government official shares this point of view provided that EMU starts on time and is seen to work.⁷⁷ The author believes this assertion to be unrealistic given the level of public debate which has taken place in the UK and the government commitment to a referendum on the issue before any decision is made.

Given this situation, the desirability of an inflexible pay arrangement which does not take account of such an important macroeconomic issue is open to question. In 1993 at the height of the currency crisis, Ireland was able to renegotiate its position within the EMS so that it could re-establish the competitive position of Irish exports to Britain vis-à-vis indigenous products following a British devaluation. In a situation where Ireland is a member of a single European currency and the UK is not, this course of action would not be available to an Irish government. As a result, Irish companies may no longer be able to compete effectively in the British market. This would spell mass redundancies for Irish workers were it not possible to reduce labour costs some other way. There is a

⁷⁶ Interview with Paula Carey, ICTU. 23 June 1997

⁷⁷ Interviews with government officials

clause in Partnership 2000 which allows for a review of the terms and conditions of that arrangement should 'unforeseen changes in economic circumstances arising from EMU occur.'⁷⁸

However, this commentator believes there to be very little hope of this clause being invoked as, although EMU is scheduled to begin on 1 January 1999, the first day of the final year of the current agreement, there then follows a period of six months in which the changing of currencies is to take place. This in effect means that the single currency does not come into full effect until the final six months of the agreement. A review of the pay terms of the agreement at that late stage can hardly be of any value. Indeed, there are doubts, even in government circles, that EMU will begin on schedule.⁷⁹

Given that there has been very little evidence of increased partnership at the local level in recent years (See Section 6.3), the author has difficulty believing that the stated desire of the NESC, that bargaining at the level of the individual enterprise could occur within 'the context of a negotiated social partnership programme' which would allow companies to renegotiate wage levels with the unions while the economic difficulties arising from this situation were ongoing (NESC. 1996. p. 70), would be in any way effective. However, it is more likely that an agreement could be reached at the national level as part of the social partnership negotiations that were a certain set of strictly defined macroeconomic

⁷⁸ Partnership 2000. p. 77

⁷⁹ Based on interviews with government officials

circumstances to arise, then a wage freeze would immediately take place in those industries or firms most vulnerable to this state of affairs. Any anomaly which would arise with regard to similar employments could be corrected at a later stage when the Irish firm in question had reasserted its competitive position.

It would be necessary to strictly define the circumstances in which such a pay freeze could be initiated in order to quell union fears of the employers abusing any such clause. There is a precedent for such a provision in the BTN clauses of the NWAs and National Understandings. Such a clause should not only be considered as desirable in any future neo-corporatist arrangement in this country, it should be regarded as a necessity to guard against mass redundancies and against an unsustainable loss of competitive edge for Irish firms competing in the British market.

Lucey (1997, p. 21) has gone further by suggesting that some sort of partnership framework should be devised whereby the sheltered sectors of the economy would come to the aid of the exposed sectors in the event of a sterling depreciation against the Euro. He does not specify how such a deal should work, and it would appear to the author to be unrealistic for the exposed sectors of the economy to expect a spirit of altruism to suddenly emerge from the sheltered sectors. Nevertheless, it is an intriguing idea and could be worth investigating in the lead-up to negotiations for the next social partnership agreement. Lucey identifies such an arrangement as 'a key issue in IFA's approach to [future] national agreements between government and [the] social partners' (Lucey, 1997, p. 21).

It must be emphasised that the move towards EMU has had at least one supplementary benefit: by having to keep within certain strictly defined macroeconomic criteria, the Irish government has learned the value of economic discipline. This, however, does not seem to extend to public expenditure, or at least to current public expenditure (See Section 6.8).

6.3: Partnership at Local Level

The next question which faces the social partners is that of nurturing the partnership approach at the level of the individual firm. While there has been progress in the development of corporatism at the meso-level through projects such as local economic development structures (Carey, 1996a, p. 139), the trade unions have been very disappointed with the lack of progress in developing partnership at the micro-level of the individual firm.⁸⁰ In fact, it is the feeling that the benefits of the social partnership arrangements are not being equally shared that has led to a 'discernible mood swing away from the concept of national agreements' among trade union members.⁸¹ In fact, even government officials have gone so far as to state that the employers appear to be gaining most from the agreements while contributing the least in terms of pay and partnership.⁸² There are two main issues at work here. The first is with regard to the emergence of partnership at firm level in the form of employee involvement practices and training. The second, which is of increasing importance to ICTU, is that of trade union recognition.

⁸⁰ Interview with Paula Carey, ICTU, 23 June 1997

⁸¹ Interview with Paula Carey, ICTU, 23 June 1997; IPD News, February 1997, p. 12

⁸² Interviews with various government officials

6.3.1: Employee Involvement

Employee involvement exists in a firm when managers and employees are jointly involved in the making of decisions on matters of mutual concern (Armstrong. 1982. p. 142). There has been a huge global swing towards employee involvement and new work forms of work organisation since the early 1980s. This came about because of increased global competition and the need for businesses to be flexible and adaptable to rapidly changing technology and customer requirements. The increasing expectations of a better educated workforce also put pressure on management to give employees the opportunity for greater involvement and fulfilment in their working lives (O'Hehir and O'Mahony. 1993. p. 2). The principles of Taylorism, which have safeguarded conformity and the authority systems within the organisation, while stripping employees of individuality, creativity, and initiative are no longer valid in this environment, as they eventually lead to a passive organisational culture, and often to a degree of subversion, as employees rebel against the stifling system in which they find themselves (Ghoshal and Bartlett. 1995. p. 134).

Armstrong (1982. p. 142) argues that the range and extent of an employee involvement programme is dependent on two factors:

- i) the extent to which management is prepared to share its decision-making powers, and
- ii) the degree to which staff in the firm wish to participate.

However, Martin and Nicholls (1987. p. 47) found that when employee involvement programmes were introduced in British firms, the response to opportunities for involvement was staggeringly positive. Therefore, it would appear that the only question which management must consider is how much of its decision-making authority it wishes to devolve.

O'Hehir and O'Mahony (1993. p. 3; pp. 19-20) have found that there are three general options available to unions when faced with the introduction of new forms of work organisation by management:

1. **Opposition**, whereby the union opposes the initiatives outright on the basis that they represent an attempt to achieve a union-free environment;
2. **Pragmatic Scepticism**, where the union accepts that the changes are either going to happen or have already been introduced, and concentrates its efforts on providing guidance to members on how to cope with these initiatives rather than opposing them;
3. **Shaping the Agenda**, which happens when the union accepts that the changes are about to be or have already been introduced, and that there is little that can be done to reverse the trend. As such, the union welcomes the new forms of work organisation and tries to influence management's choice of initiatives so as to maximise the employees' quality of working life and job satisfaction.

Given that 'it is considered likely that these new initiatives will remain and extend to other sectors in the foreseeable future in the context of commercial

pressures and the positive financial and other benefits which such initiatives have demonstrated,' along with the fact that there has been a global movement towards the adoption of these techniques (O'Hehir and O'Mahony. p. 2), it would seem that there is little, if anything, to be gained from opposing the introduction of new forms of work organisation as it is inevitable in any case. Equally, pragmatic scepticism would appear to be limited in its usefulness as a union reaction because it casts the union in a purely reactionary role, with no power over the agenda whatsoever. Therefore, it seems only right that the trade union movement in Ireland has adopted an attitude whereby it tries to shape the agenda of employee involvement practises to try to maximise the benefits for its members. This can be detected in the increasing union emphasis on the need to develop greater partnership at the level of the individual firm, discernible in each of the last two social partnership agreements, and on their emphasis for greater development of local-level partnership in the face of seeming employer ambivalence.

The introduction of employee involvement practices should be dealt with by unions 'on a company by company basis' (O'Hehir and O'Mahony 1993. p. 8) as the considered union response should be based on an evaluation of:

1. the traditional relationship that exists in the firm. In other words, have industrial relations between the union and the firm been traditionally adversarial or cordial?
2. 'the business circumstances of the individual company' at the time that the changes begin to be introduced, and

3. 'the quality, depth, and likely level of management commitment to the new work organisation initiatives.'

This clearly cannot be done at the national level, and must be done through local-level bargaining where the spirit of partnership which so clearly guides the capital-labour relationship at the national level must be encouraged at that of the individual firm. The PESP was the first agreement to mention employee involvement and participation, while the PCW asserted that 'the promulgation of employee involvement initiatives will be pursued as an important objective.'⁸³ However, the unions are very disappointed with the low level and slow rate of progress in this area.⁸⁴

The issue which must be resolved in the context of this paper is whether or not bargaining at national level can in any way impose criteria for employee involvement on individual firms. It is this author's feeling that this cannot be done. Given the need for flexibility and adaptability to the adoption of different practices in different firms in different circumstances, it is impossible to perceive of this issue being dealt with in a satisfactory manner at the national level. As can be seen from the above discussion, it is necessary for each individual firm to assess its own employee involvement needs, and to try to satisfy them in the best way that management sees fit while the union must react to the proposals for

⁸³ PCW. p. 59

⁸⁴ Interview with Paula Carey, ICTU, 23 June 1997

change in a manner that takes account of the best long-term interests of its members.

The PCW included a clause which gave a commitment on the part of all concerned to negotiate on employee involvement issues at individual firm level, but it would appear that little progress was made in the course of that agreement.

As a result, the author concludes that the setting up of the National Framework for Competitive Enterprises is to be welcomed as is the establishment of a national centre for partnership.⁸⁵

It must be admitted that the social partnership approach can be said to be of only limited value if the social partners negotiate on issues such as local-level partnership at the national level while no attempt to deal with them is made at the level of the individual firm. Indeed, ICTU have stated that unless there is some definite progress on this area in the lifetime of Partnership 2000, then that will be the final such arrangement.⁸⁶ Among the trade union movement's prime concerns with regard to greater involvement is the area of financial participation, involving such schemes as profit-related pay and share option plans. This is based upon an increased feeling among members that they are not benefiting as much as the companies they work for from the operation of the social partnership agreements.⁸⁷ If there is to be another agreement, it is vital that there is some

⁸⁵ Partnership 2000. pp. 62-64

⁸⁶ Interview with Paula Carey, ICTU, 23 June 1997

⁸⁷ Ibid.

progress made in this area, not only if the Executive Council of ICTU is to ask for the approval of its constituent unions to enter negotiations, but also to ensure that the unions will vote for the deal when it is presented to them.

6.3.2: Union Recognition

Union recognition may be defined as 'the process by which management formally accepts one or more trade unions as the representative(s) of all, or a group, of its employees for the purpose of jointly determining terms and conditions of employment on a collective basis' (Salamon. 1987. p. 408).

There is increasing concern among the trade unions about the number of foreign-owned non-union, or indeed, anti-union firms operating in Ireland.⁸⁸ Between the early 1980s and 1992, some 53 multinational companies invested in greenfield sites in Ireland which would employ over 100 people. Over half of these opted not to recognise trade unions, a trend which has continued in more recent years (Incomes Data Services. 1996. pp. 159-160). Despite the increase in the numbers employed (See Section 5.9.2) and the decline in the unemployment figures in recent years (See Section 6.5), there has not been a corresponding rise in trade union membership or density (See Table 6.1). The unions are also faced with the challenges inherent in overcoming the traditional anti-union stance of certain Irish employers (Roche. 1994a. p. 194)

⁸⁸ Interview with Paula Carey, ICTU, 23 June 1997

Table 6.1: Union Membership and Density in the Republic of Ireland 1970-1993

<i>Year</i>	<i>Total Membership</i>	<i>Density (%)</i>
1970	408,600	52.6
1975	448,800	53.1
1980	527,200	55.4
1985	483,300	47.2
1987	457,300	43.5
1994	473,600	40.3

Source: Adapted from Roche and Larragy (1989. p. 22) and ICTU (1995b. pp. 4, 26)

According to McGovern (1989. p. 61), a union claim for recognition can be triggered by a widespread feeling of dissatisfaction among employees possibly in relation to pay or working conditions. Through the use of human resource management policies such as quality circles and self-managed teams, many of the multinationals which have been set up in Ireland in recent years have successfully managed to avoid the unionisation of their workforces by involving them in decisions made regarding their jobs and giving good terms and conditions of employments. Carey (1996a. p. 147) has implied that working conditions at these facilities are actually quite poor, but this claim does not bear scrutiny. Were conditions as bad as she claims, there would surely be an undeniable demand for unionisation among the workforce of these firms. In any case, the author has studied the human resource practices of one such firm and

concluded that the terms and conditions of employment operating in the facilities of that firm are actually quite generous (Keogh. 1996).

The main reason for the dramatic fall in trade union density and in the number of workers organised in the course of the 1980s was the rise in unemployment which left many actual and potential union members without jobs and so with little reason to join a trade union (Roche. 1994c. p. 77). However, at the same time that poor economic performance was damaging trade union membership levels, the growing popularity of American and Japanese unitarist models of management presented a grave long-term threat. These management models envisaged a system whereby trade unions and collective bargaining would play a very limited and much reduced, if any, role in employee relations. There simultaneously occurred a revival of interest in 'macho management,' whereby employers were openly hostile towards unions and unionists (Roche. 1994c. pp. 78-79). Gunnigle (1992) demonstrated that there does exist a trend of union avoidance among firms on greenfield sites and in service companies. While such findings are difficult to prove in absolute terms, 'the tentative statistical evidence suggests that unionisation has been retarded during periods in which employers have resisted recognition relatively strongly. The 1980s is certainly one such period' (Roche. 1994c. p. 79).

It is open to question, and is thus far untested, how many employees of these firms would join a trade union given the opportunity. However, given that the main reasons why an employee would join a union, such as a desire for

opportunities for advancement and the desire for a high wage, are catered for by the firms' employee relations policies, it is unlikely, in the author's opinion, that many would rush to take up the offer, particularly were the management of the firms in question to make it clear that such action would be frowned upon. However, ICTU insists that there does exist a demand for unionisation among this section of the workforce, based upon the need for security of tenure, which is not guaranteed due to the large amount of fixed-term contract work offered by these corporations.⁸⁹

In reality, there is little that can be done about this situation given that Ireland operates under a system of voluntarist industrial relations. Even were there to be a demand for a union in a non-union firm, there is no onus on the management of that firm to recognise the union because of this system. The union could have a claim for recognition heard at the Labour Court as a last resort. However, even were the union to win a positive recommendation, the management could continue to refuse to recognise the union because Irish Labour Court recommendations are not legally enforceable (McGovern. 1989. p. 62).

Admittedly, such a stance would probably cost more in terms of industrial strife than would be worthwhile from the management's point of view, but given that membership of unions in Ireland is voluntary, the situation may never degenerate to that level. Members or potential members of unions will only remain or

⁸⁹ Interview with Paula Carey, ICTU, 23 June 1997

become members if they perceive of the union as acting in their interests, and it is possible that sustained opposition to unionisation of the workforce by management, combined with an improvement in pay and/or conditions could eliminate the workers' perceived need for unionisation. Any changes to the voluntarist system could endanger the influx of foreign-owned non-union firms to Ireland. Also, it was established in the case of the Educational Company versus Fitzpatrick in 1961 that the freedom of association is guaranteed under the Irish Constitution. Implicit in this is the right to not join a trade union if one does not wish to do so. It is hard to conceive of a referendum either being held or being carried to change this freedom. As a result, it is very hard to see what can be done about those firms that refuse to recognise unions. This has been described by McGovern (1989. p. 70) as the greatest long-term threat to the survival of unions in the Republic of Ireland. In order to counteract this, the ICTU has begun to advise affiliates to co-operate with Human Resource Management directives in return for guarantees of union security (Roche. 1994c. p. 79).⁹⁰

Lehmbruch (1979a. p. 152) has noted that while economic issues tend to be dealt with well in liberal corporatist agreements, 'policies affecting the organisational and institutional framework of the economy' are rarely dealt with in the context of corporatist agreements. As an interesting counterpoint to this, however, is the government promise to set up a High-Level Group to review the ICTU proposals

⁹⁰ Interview with Paula Carey, ICTU, 23 June 1997

on The Recognition of Unions and the Right to Bargain.⁹¹ The author awaits both the setting up and the findings of this Group with interest.

A similar situation with regard to trade union recognition exists in Britain, and there the government has proposed to introduce legislation next year which will make it mandatory for employers to recognise trade unions if more than 50 per cent of the employees of that firm are union members.⁹² It remains to be seen whether or not such legislation is practicable. If it proves to be, then the introduction of such legislation here could provide a fair and meaningful solution to this most serious of problems for the trade unions.

6.4: The Future of Trade Unionism

As Carey (1996a. p. 141) admits, there is a danger inherent in the continued negotiation of centralised agreements in a country over a period of time, as this can have implications for the continued ability of unions to attract new members. There is a definite issue for ICTU contained therein, because, as she herself acknowledges, there is a greying trade union membership in Ireland.⁹³ In other words, the membership of unions is mostly made up of middle-aged men and there appears to be very little new blood entering the unions. The long-term implications for trade unionism in Ireland should this trend continue are very serious.

⁹¹ Partnership 2000. p. 65

⁹² Sunday Times. 7 September 1997

⁹³ Interview with Paula Carey, ICTU, 23 June 1997

6.5: Unemployment

As has been demonstrated in Section 5.9, the national programmes have ushered in an era of strong economic performance along a range of measures. Amongst other things, non-agricultural employment is rising, there has been an uninterrupted rise in GNP, and there has been a relatively high level of industrial peace. However, unemployment, and more especially long-term unemployment, remains a very serious issue which 'casts a dark shadow over the performance of the economy' (NESC. 1993. p. 3). 'Ireland continues to record the highest levels of long-term unemployment in Europe' (Carey. 1996a. p. 143).

Table 6.2: Trends in Number of People Unemployed in Ireland 1981-1996

<i>Year</i>	1979-1987	1988-1990	1991-1992	1993-1996
<i>Numbers Unemployed</i>	+144,000	-45,000	+46,000	-43,000

Source: Adapted from NESC (1996. p. 10); (1993. p. 67); NESF (1997. p. 15)

This is particularly disappointing considering that long-term unemployment was first focused upon in the PESP in 1990.⁹⁴ When one reflects upon the progress which has been made in other spheres in the period since 1990, it must be admitted that the lack of progress in this area has been disheartening. To be fair, there has been some improvement in this situation, with unemployment falling more rapidly than the EU average in each of the last three years (See Table 6.3). However, unemployment is still well above the EU average and there is no way

⁹⁴ PESP. p. 7

of knowing what proportion of the decline in the numbers unemployed in recent years is due to the long-term unemployed returning to work.

According to the NESF, 'unemployment data are generally regarded as among the key indicators of economic and social performance and are often cited as an indicator of the severity of socio-economic conditions' (NESF. 1997. p. 13).

Was the level of unemployment alone, which at 11.9 per cent is much higher than the EU average of 10.4 per cent (NESC. 1996. p. 13), taken as an indicator of Irish economic performance, it is highly doubtful that the 'Celtic tiger' economy would be quite so revered.

Table 6.3: The Irish and EU Average Unemployment Rates Since 1994

<i>Year</i>	<i>Irish Rate</i>	<i>EU Rate</i>
1996	11.9	10.4
1995	14.4	10.9
1994	15.1	11.3

Source: Adapted from NESF (1997. p. 14); NESC. 1996. p. 13; Fajertag (1996. p. 22)

Since the late 1970s, Ireland has struggled to adequately control unemployment, and while there has been great progress made in increasing the numbers of people employed (See Section 5.9.2) 'had emigration not relieved labour market pressures in the late 1980s, unemployment would be substantially higher than it is now' (NESC. 1993. p. 3). While it is true to say that employment has grown

by 190,000 in the period of the social partnership agreements (See Table 5.2), unemployment fell by only 42,000 (See Table 6.2). This is attributable to a number of causes:

- firstly, for demographic reasons, the labour force has been growing since 1991, and labour force size is not expected to decline until 2021 at the earliest;
- secondly, the trend of emigration has been halted, and in 1992 and 1996, there was actually a net inflow of emigrants;
- finally, the increased number of women participating in the workforce has added considerably to the numbers available for work. In 1991, women accounted for only 36 per cent of the workforce; by 1996, this had risen to 41 per cent, and was rapidly closing on the EU average of 44 per cent.

Sources: CSO. 1995. pp. 25, 31; NESF. 1997. pp. 14-15

There are additional problems in trying to combat unemployment, for example, the interaction of the tax and social welfare systems in Ireland can actually discourage people from trying to find work because the benefits available to them while unemployed are financially more attractive than the wages which they would earn in full employment. A recent survey by the Small Firms Association (SFA), found that this was the reasoning behind 37 per cent of the difficulties in filling vacancies in firms employing less than fifty people (NESF. 1997. p. 16). 43 per cent of those applying for vacancies lacked the necessary skills, and 20 per cent of those surveyed expressed no interest in seeking employment. This raises some serious policy issues, most importantly that of skills training and tax and social welfare reform to enable and encourage people to find employment.

6.6: Education and Training

‘In a changing economic environment of rapid and pervasive scientific and technological developments, requiring a great degree of flexibility in the labour force...it is essential that all young people receive skills’ (Department of Foreign Affairs. 1996. p. 47). To truly come to grips with the issue of training and education, it is necessary to go a step further and to state that it is essential that young people receive skills that are relevant to existing jobs and that are transferable.

The increased emphasis on transferable and relevant skills has been brought about by, among other things, the increased globalisation of trade and production and the ever-increasing rate of technological advancement (NESC. 1996. p. 157; O’Connell and Lyons. 1995. p. 3). The pursuit of new technologies is increasingly being seen as key to attaining and sustaining competitive advantage. Because countries such as Ireland are unable to compete with Asian and Eastern European polities on the basis of labour costs, it is essential that Ireland is able to offer multinational firms a well-educated, highly-skilled workforce, the quality of which other countries will find difficult to match.

Against this background, it has been suggested that ‘about 16 per cent of the present school population could be considered to be suffering from educational disadvantage.’ This is most disturbing given that Irish employers ‘rely to an unusual degree on educational credentials as a screening device in hiring

employees' (NESC. 1996. p. 40). While Ireland's education and training performance has been found to be comparable to that of its competitors, it falls a distance short of best practice, and without some form of action, there will be an increase in the incidence of skills shortages in the future (NESC. 1996. p. 167; O'Connell and Lyons. 1995. p. 3).

Expenditure on training among Irish firms has increased since the early 1990s. Approximately 1.5 per cent of labour costs is now spent on training, compared with less than 1 per cent in the early 1990s (NESC. 1996. p. 168). While this increase is laudable, O'Connell and Lyons (1995. p. 3) found that 'enterprise-related training has been neglected in Ireland...there is a significantly lower incidence of formal training of employees in Ireland compared with more advanced European countries.'

This issue calls the nature of social partnership in Ireland into question as even the PNR (p. 6; p. 15) makes reference to the need for better utilisation of human resources and the importance of education as a tool for increasing social equity. Table 6.4 provides details of government spending on education between 1987 and 1994. Despite the mention made of the importance of education and education standards in the PNR, government expenditure on education changed relatively little for the duration of that agreement. This is most probably related to the crisis in the public finances which that agreement was designed to combat.

Table 6.4: Public Expenditure on Education 1987-1994

<i>Year</i>	<i>Third Level</i> <i>(£000s)</i>	<i>Secondary Level</i> <i>(£000s)</i>	<i>Primary Level</i> <i>(£000s)</i>	<i>Total</i> <i>(£000s)</i>
1987	242,860	537,385	466,085	1,246,780
1988	215,532	457,457	441,496	1,114,485
1989	214,990	491,998	474,632	1,181,620
1990	261,065	502,003	489,232	1,252,300
1991	207,619	507,589	527,413	1,242,621
1992	285,512	571,833	587,550	1,444,895
1993	314,500	648,500	624,600	1,587,600
1994	377,700	730,900	660,400	1,769,000

Source: Department of Education (1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996)

Since the final year of the PESP, however, there has been a continued and accelerating increase in investment in education at all levels by the state. Each of the three successors to the PNR set itself targets in the field of education, and 'all the pledges made by the government have been enacted' (Teague. 1995. p. 270).

It could be concluded, therefore, that the area of education has been one of unqualified success for social partnership: the corporatist agreements have helped to focus government attention on the need for investment in education and the value of education for long-term social reform. Much remains to be done,

however, if education is truly to be used in an attempt to provide a foundation for the children of marginalised families to achieve social equity. Given the rapid increase in expenditure on education in the last few years, the idea that as many as 16 per cent of school-going children are suffering the consequences of educational disadvantage is particularly disappointing. Goldthorpe (1992. p. 421) has found little evidence to suggest that 'changes brought about in the distribution of educational attainment have in turn led to changes in rates and patterns of social mobility that would indicate greater 'openness' and equality of opportunity.' This would suggest that there needs to be greater emphasis on providing opportunities to those coming from marginalised backgrounds. This has been focused upon in the Partnership 2000 agreement.⁹⁵

6.7: Tax Reform

As demonstrated in Section 5.7, it was necessary for the government to promise cuts in income tax of £900 million over the three years of the Partnership 2000 agreement in order to secure trade union support for the deal. This reflects the depth of feeling, not just of the unions, but of the entire PAYE sector, on this issue. 'Tax reform has remained an area of Irish public policy in which organised sectional groups, particularly the farmers, continue to reign supreme' (O'Halpin. 1993. p. 200). Nowhere is this better illustrated than in the 1970s when ICTU continuously lobbied for tax reform that would lessen the burden on the PAYE sector, but such measures were invariably successfully resisted by the

⁹⁵ Partnership 2000. p. 22

farm organisations (Hardiman. 1988. p. 207). O'Halpin (1993. p. 201) claims that 'the pressures generated by the sectional groups threatened with more taxation has rendered radical reform impossible...Efforts to broaden the tax base have been frustrated by interest group pressure.'

It is therefore left open to question whether or not the social partnership agreements can deliver real and lasting tax reform. It would appear that they cannot, at least on the experience thus far. While the resources have been available to institute such reform in the last few years, government spending commitments have prevented the introduction of anything other than small cuts in the rates of taxes payable by most of the major groups in Irish society (See Section 6.8).

Tax reform is essential if the long-term unemployed are to be successfully encouraged to return to the workforce. In order for this to be achieved, it is necessary to increase tax-free allowances sufficiently so that those in low paid employments are taken out of the tax net altogether. Adjusting the rates of tax payable and the threshold at which people pay the higher rate of income tax may increase the take-home pay of those already working, but it does nothing to relieve the pressure on the low-paid or encourage those unemployed to return to work (McCarthy. 1996. p. 6).

6.8: Public Expenditure

Table 6.5: Rate of Growth in Gross Current Government Expenditure Since 1990

<i>Year</i>	<i>Nominal Percentage Increase</i>	<i>Real Percentage Increase</i> (Inflation Adjusted)
1991	8.5	5.3
1992	7.4	4.4
1993	7.1	5.6
1994	5.3	2.9
1995	5.5	3.0
1996	5.5	3.5

(Source: O'Sullivan. 1996. p. 5)

There has been increasing concern, especially on the part of the private sector employers about the level of government spending in recent years. They claim that it is successive governments' failure to control public expenditure which is the major impediment to successful tax and social welfare reform. According to Turlough O'Sullivan of IBEC, in spite of the year-on-year growth (See Table 5.2) which Ireland has experienced since 1988, and the low levels of inflation currently being experienced, public expenditure has grown at an unacceptable rate since 1990. As McCarthy (1996. p. 7) states: 'the economy has been churning out tax revenue at a rate far ahead of official expectations, but the

public spending machine has somehow managed to keep pace. The result, inevitably, is the very disappointing pace of tax reforms.'

A major portion of current public expenditure is made up of public service pay. In 1994, public sector pay was £4.36 billion, or 40 per cent of total current expenditure (McGinley. 1994. p. 206). By 1996, this had grown to £4.81 billion. The overall increase in the public sector pay bill in the years of the social partnership agreements has been £2 billion, representing an increase of almost 100 per cent over the last ten years (NESC. 1996. p. 114).

While it is true that Ireland's public expenditure expressed as a percentage of GDP is the lowest in the EU (NESC. 1996. p. 76), the rate at which public expenditure is outstripping inflation does give cause for concern. In addition, when public expenditure is expressed as a percentage of GNP, the Irish figure, while still lower than most EU countries, is higher than that for the UK (NESC. 1996. p. 76). 'Current net expenditure on the public services has grown by a total of 48 per cent in real terms between 1990 and 1997...This has been sustainable only through exceptional growth, particularly in the last four years (1994-1997).' If public expenditure is not brought under tighter control, this could have implications for Ireland in the future under the Stability and Growth Pact when it does join EMU, whenever that may be (Lucey. 1997. p. 17).

It has been argued that there was a social need for an increase in spending in areas such as health, welfare, and education in the early 1990s, not least to help

alleviate the problems engendered by the cutbacks of previous years (NESC. 1996. p. 79). While this is undoubtedly true, there has been an unduly high level of growth in public expenditure, and the rise in public service pay is a major factor. O'Sullivan (1996. p. 5) has calculated the amount of extra funds that would have been available to the government to spend on tax and social welfare reform had public sector pay been index-linked since 1988 (See Table 6.6). It makes instructive reading.

Table 6.6: Additional Resources that Would Have Been Available Each Year had Exchequer Pay Per Person Been Indexed to the Rate of Inflation

<i>Year</i>	<i>£ million</i>
1988	4
1989	145
1990	308
1991	386
1992	612
1993	806
1994	935
1995	1,013

Source: O'Sullivan (1996. p. 5)

While this commentator does not share the view that there should not be any raise above the rate of inflation for public sector workers, especially considering

the current economic growth, it must be admitted that there is a worrying trend in these figures.

However, employer claims that public sector pay is spiralling out of control does not stand up to close scrutiny. The postponement of pay increases due under the terms of the agreements has led to difficulties as when the increases were finally paid, in some cases after industrial disputes, the cost to the Exchequer was far in excess of what would have been the case had the original agreed amounts been paid.⁹⁶ The employers appear to share 'the popular assumption...that the civil service is...bureaucratic, overstaffed and inefficient;' a criticism which cannot be justified upon the available evidence (O'Halpin. 1993. pp. 193-197).

In any case, all public sector claims due under the PESP and the PCW have now been settled.⁹⁷ It is reasonable, therefore, to expect a levelling off in the amount of expenditure on public sector pay in the next few years. It is of vital importance that this occurs. £1 billion in pay increases above the rate of inflation is unduly excessive, especially when one considers that 'pay increases in the PCW were based solely on the anticipated rates of inflation for the period of the agreement' (O'Sullivan. 1996. p. 5). It is of vital importance to stress that the government must from now on honour the terms of the agreements on time in order to keep public sector pay down to a reasonable level, both for fiscal reasons

⁹⁶ Interview with Con Lucey, IFA, 10 June 1997; Paula Carey, ICTU; various employers

⁹⁷ Interview with Paula Carey, ICTU, 23 June 1997; interviews with various government officials.

and in order to ensure that the employers are willing to enter into negotiations on a new agreement in 1999.

6.9: Agriculture

Table 6.7: Employment by Sector

	<i>1988</i>		<i>1991</i>		<i>1995</i>	
	<i>(000)</i>	<i>%</i>	<i>(000)</i>	<i>%</i>	<i>(000)</i>	<i>%</i>
<i>Agriculture</i>	165	15.1	155	13.7	139	11.3
<i>Manufacturing</i>	299	27.4	323	28.5	342	27.8
<i>Private Services</i>	388	35.6	416	36.7	501	40.6
<i>Public Services</i>	238	21.9	240	21.1	250	20.3

Source: Adapted from NESC (1996. p. 132)

Table 6.7 clearly demonstrates that there has been a significant decrease in the numbers employed in agriculture since 1988. 'In 1960, agriculture, forestry and fishing accounted for almost 37 per cent of all employment' (NESC. 1996. p. 19). This puts the decline to 11 per cent in 1995 in a real long-term perspective. It should be realised that 'the long-run decline in agricultural employment can be expected to continue' (NESC. 1993. p. 279).

However, agriculture, food and forestry account for 14 per cent of GDP and constitute 'over a third of net foreign earnings from trade.'⁹⁸ In addition,

⁹⁸ Partnership 2000. 1996. p. 51

agriculture sources almost 87 per cent of its inputs in Ireland (NESC. 1996. p. 133), and so may be credited with creating and sustaining a large amount of indirect employment. In 1994, it was estimated that 'up to 30 per cent of total employment is dependent on the farming, food and forestry sectors.'⁹⁹

From the outset of the national programmes, agriculture has been 'a central element of the Government's economic policy.'¹⁰⁰ In all the agreements save the PNR, an entire Section of the programmes was given over to agricultural concerns. Indeed, agriculture and the issues facing those involved were considered important enough to be given its own sub-programme of the PCW, known as the Programme for Competitiveness and Rural Development.¹⁰¹ Agriculture and its related industries have been described as 'the bedrock of many rural communities.'¹⁰²

It must also be remembered that there has been a vast increase in the numbers involved in part-time farming in recent times and there is expected to be a continuous increase in these numbers in the foreseeable future.¹⁰³ It is possible that the increased incidence of part-time farming has led to those who would have previously been recorded as farmers in the Labour Force Survey being classified as non-farmers. This suggests that the fall in numbers may not be quite as dramatic as it first appears (NESC. 1986. p. 126).

⁹⁹ PCW. p. 39

¹⁰⁰ PNR. p. 20

¹⁰¹ PCW. p. 39

¹⁰² Partnership 2000. p. 51

¹⁰³ PCW. 1994. p. 40

Having established the importance of the agricultural sector to the Irish economy, the major issues currently facing this sector will now be discussed with reference to the relevance or otherwise of the national programmes.

6.9.1: The Common Agricultural Policy (CAP)

The CAP is the name given to Europe-wide agricultural policy as set by the European Union. The CAP was first introduced in 1962 and has been in existence ever since (EU. 1997). Major reforms of the CAP have taken place over the years, especially in recent times with the increased emphasis on 'reduced support levels and a greater market orientation.'¹⁰⁴ The last round of CAP reforms was agreed in 1992, and it provided 'improvements, relative to the original Commission proposals, of relevance to Ireland' (Central Review Committee. 1994. p. 73).

The next round of CAP reforms are expected to take place following the World Trade Organisation negotiations in 1999, brought on both by the terms of the agreements resulting from these negotiations and the expansion of the EU to include central and Eastern European countries which have large and important agricultural sectors. There is a likelihood that there will be increased emphasis in the CAP on aiding these countries, and this will probably occur at the expense of existing members, such as Ireland. Also of concern with regard to CAP reform is the possibility that Ireland will not qualify for 'Objective One' Structural Funds when the current series expires in 1999 (NESC. 1996. p. 85). The government

¹⁰⁴ PESP. p. 67

has promised to vigorously defend Irish farmers on several fronts, such as ensuring that the competitiveness of Irish produce internationally is protected, in the CAP reform negotiations.¹⁰⁵

6.9.2: Structural Reform

If the competitiveness of the Irish agricultural sector is to be improved, it is essential that the structural weaknesses of the sector are overcome. The NESC (1993. p. 293) recommended that in order to do this, 'future Irish structural policy should give priority to achieving effective land use rather than to maintain the maximum number of holdings at inadequate income levels.'

In order to do this, the government has moved to initiate structural reform of the Irish agricultural sector through schemes such as The Farmer Early Retirement Scheme and The Young Farmers Installation Aid which were introduced as part of the national programmes.¹⁰⁶ There has been substantial take-up on these and other schemes.¹⁰⁷ In addition, there has been an increased emphasis on linking eligibility for grants to educational standards, such as the Certificate in Farming (NESC. 1993. p. 292). This is in marked contrast to the early 1980s, when Ireland had the lowest rates of agricultural structural change in what was then the European Community. 'Structural change is the key to the growth of any sector with resources being reallocated from less efficient to more efficient usage, with consequential growth in the sector as a whole' (NESC. 1986. p. 296).

¹⁰⁵ Partnership 2000. pp. 51-52

¹⁰⁶ PCW. pp. 43-44; Partnership 2000. pp. 54-55

¹⁰⁷ Partnership 2000. p. 54

6.9.3: Rural Development

The most important long-term issue facing farmers is that of rural development, which involves, among other things, the preservation of the social fabric of rural communities, the training of those who work in agriculture, and the protection of the environment and the landscape (NESC. 1996. pp. 145-146). It is this author's opinion that it is vital that the landscape of Ireland is protected not just for environmental reasons, but also for tourism purposes.

However, rural development also has a role to play in retraining people involved in agriculture for non-agricultural employment (NESC. 1993. p. 296). This would aid structural reform because by retraining many low-income farmers and developing the rural economy, it would be possible for many of those low-income farmers to sell their holdings and move to non-agricultural employment, hence aiding rationalisation of the industry. It is likely that by moving into non-agricultural employment that such farmers would experience a rise in living standards.

It is in this context that the government set up the Rural Development Policy Advisory Group in December 1995, and gave a firm commitment to facilitating the setting up of local co-operatives.¹⁰⁸

¹⁰⁸ Ibid. p. 58

6.10: The Social Partnership Approach and Democracy

According to McCarthy (1996. p. 8), the 'national tripartite deals do not fit easily with the notions of openness, transparency, and accountability.....Politicians may be disenfranchising themselves, and the voters, through social partnership.' He makes this claim on the grounds that, whoever may come into government during the term of one of the national agreements, they will be expected to endorse and be bound by the terms of that agreement, even if they were not party to the negotiations which led to the agreement. Given that these 'social contracts' cover such areas as public sector pay and commitments on public expenditure and tax reform, what is there to choose between the political parties at any election while these arrangements are ongoing? Why are the electorate and the political parties prepared to tolerate a situation where at least three of the key issues in any election are off the agenda?

As Garvin (1993. p. 256) argues, 'the growth of corporate collective bargaining [has] removed much policy making from both public opinion and the market, making for policies that are not obviously in the public interest and are certainly arrived at by means that are not democratic.'

One possible reason for the acceptance of this situation is that the social contracts have coincided with the recovery of the economy from a position of crisis in 1987 and are generally perceived to have played a major part in this recovery

(See Section 5.9.1). In addition, the agreements are intentionally designed to last three years regardless of who is in government so that in a period of political instability, there is no question of the stability inherent in the adoption of a three-year economic and social plan as devised in the agreements being derailed.¹⁰⁹

In addition, the Oireachtas has been found to be a very weak assembly, where the opposition enjoy very little, if any, influence over the decisions made by the government (Gallagher. 1993. p. 126). Therefore, the agreements can hardly be said to run counter to the democratic tradition when 'the government's monopoly on legislative initiative, and virtual immunity from informed review or criticism, has fostered a distinctive style of rule in Ireland' (O'Halpin. 1993. p. 191), whereby power is 'concentrated in the Taoiseach and the cabinet' (Garvin. 1993. p. 253). If anything, the agreements could be held to focus government attention on the issues of most concern to the protection of the public interest. Of course, it could equally be argued that the agreements allow privileged interest groups influence over government policy, possibly at the expense of the public interest. The author would have conceded this point until recently, when the invitation of a total of twenty organisations to take part in the negotiations for the Partnership 2000 arrangement could be said to have ensured that the interests of every social grouping of Irish society was represented at the negotiations.

Another reason for the acceptance of this 'undemocratic' situation is that since the collapse of Communism, all the political parties, particularly left-wing

¹⁰⁹ Interview with Paula Carey, ICTU, 23 June 1997

parties, have moved closer to the centre. This has led to all of the major parties having many similar policies, particularly in the economic field. Furthermore, as discussed in Section 3.9.1.3, unlike most European countries such as France, Spain, Italy and the UK, an ideological gap does not exist between the two largest parties in the country. Both Fianna Fáil and Fine Gael are centre-right parties with many common policies. The divisions between these parties are based on historical differences stretching back to the Civil War in Ireland (Hardiman. 1988. p. 33). These two parties are so large that it would be impossible for a government to be formed without one of them being the dominant member. This lack of ideological difference means that there is less inclination for one party coming to power to renege on the agreements negotiated by the other than would be the case in another polity.

The NESC Report, *Strategy into the 21st Century* offers another alternative; that is, the negotiation of the national programmes is 'consistent with some enduring characteristics of Irish society,' including voluntary participation, seeking 'stability through the plural representation and accommodation of diverse interests,' being 'non-dogmatic, informal, and co-operative,' and the 'underlying sense of social solidarity and a strong national identity.....Consequently, in the Irish case, social partnership can be more than an industrial relations system, since it would seem to reflect important features of Ireland's social system.' (NESC. 1996. pp. 64-65).

Another consideration is that these agreements are based on the reports of the NESC, a consensus-based body upon which sit representatives of the major interest groups and academic institutions of Ireland. This being a catch-all consensus-based assembly means that most if not all points of view are at least considered when the document on which the agreements are based is being written.

Finally, and probably most importantly, this diminution in the power of the elected parliament under a system of corporatism has been found to frequently be a product of the adoption of that system of interest intermediation (See Section 3.5).

As a result of these considerations, it is the author's conclusion that these agreements are not damaging to the political or democratic process in Ireland and will not represent a threat to either as long as the social contracts continue to have the support of the electorate.

6.11: Summary

- The move towards EMU must be dealt with in the context of the national agreements. It is the conclusion of this author that there should be a definite framework negotiated for dealing with a situation where there is a devaluation of the British pound relative to the euro in the case of a UK deferral of membership of the single currency.

- The adoption of new forms of work organisation can only be done on a firm-by-firm basis, and it would be impossible for any national agreement to impose the terms for employee involvement practices on a company.
- However, the emergence of a new national framework and centre for partnership could help to educate both employers and employees and to facilitate a greater movement towards new forms of work organisation.
- The focus of government policy on direct foreign investment has created problems for the trade unions as an increasing number of firms coming to Ireland are non-union, or indeed anti-union in their policies. The issue of trade union recognition is becoming increasingly important.
- Another important issue for the trade union movement is the effect that continued participation in social partnership arrangements is having on the ability of unions to recruit new members.
- The continuing high level of unemployment, especially long-term unemployment, represents the major blight on the achievements of the social partners over the last ten years.
- This must, however, be put in the context of the demographic situation in Ireland, the slowdown in emigration, and the increasing numbers of women

participating in the workforce. It must also be remembered that the Irish level of unemployment is slowly converging on the average EU rate.

- In order to combat unemployment, the social partners must focus on the interaction of the tax and social welfare systems. The author welcomes the emphasis on such a review in the Partnership 2000 agreement.¹¹⁰
- It is necessary for there to be a curb in the level of public expenditure if such reform is to be real and lasting.
- Despite the falling numbers employed therein, agriculture remains very important to the Irish economy. The farming community has benefited from its participation in these agreements. There are, however, a number of important strategic issues facing the agricultural community over the next few years, and these deserve the government's full attention.
- The agreements do not pose a threat to the democratic process in Ireland. There are two reasons for this. Firstly, because of cultural factors and the operation of the political system in Ireland, the agreements are on a very solid democratic basis. Secondly, corporatist theorists have long held that some diminution in the power of Parliament is a necessary by-product of the successful implementation of a corporatist system in any country.

¹¹⁰ Partnership 2000, pp. 17-27

CHAPTER SEVEN

CONCLUSIONS

7.1: Introduction

The conclusions and recommendations of this dissertation are presented in this chapter. The conclusions of the earlier chapters which dealt with certain parts of the topics discussed in isolation will be drawn together and presented as a coherent whole. There will also take place a brief discussion of the parties that can be seen to have benefited most and least from the negotiation of the social partnership agreements of the past ten years. The author will then make recommendations on the future conduct of the social partners based on those conclusions and on the basis of the information presented in earlier chapters.

7.2: Conclusions

The social partnership arrangements can clearly be seen to be the latest form of national agreement to have emerged in Ireland as part of an evolutionary process extending over the period since the ending of World War II. What began as a framework arrangement on wage norms in 1948 has evolved to the point where many of the major policy issues facing the country are dealt with in the context of a three-year corporatist agreement. This evolutionary trend is indisputable and has been traced in great detail in Chapters Four and Five.

From the outset, the government have been centrally involved in the negotiating process at national level. Originally, the role of the government in national-level negotiations was restricted to it acting in its capacity as employer, although it did 'encourage' employers and trade unions to negotiate at the national level by threatening to introduce a statutory incomes policy if a reasonable wage level was not agreed by employers and trade unions in voluntary negotiations.

However, towards the end of the 1970s, the role of the government evolved so that it used its executive powers to try to produce national level agreements by trading wage restraint for input into policy issues with the trade unions and employers organisations. This trade-off was to become a central feature of the agreements of the late 1980s and 1990s.

Ireland, is as ideally suited to the liberal or democratic form of corporatist form of interest intermediation as it is possible for any polity with a voluntarist system of industrial relations to be. In Chapter Three, the possible suitability of corporatism for Ireland was discussed, and despite the relatively low level of trade union density and the lack of real penalties available in the event of any party not complying with the terms of the agreements, it was concluded that the underlying conditions for the emergence of corporatism were excellent.

Corporatism has been unfairly labelled a 'fair-weather creature,' of use only when a polity is going through a period of strong economic growth. This

criticism has been proven misleading by reference to the literature available on corporatism, the circumstances in which that literature emerged, and to the economic conditions prevailing in Ireland when that polity adopted a neo-corporatist system.

Criticisms that the agreements represent a danger to the democratic process in Ireland have been dealt with in a similar fashion. References to the literature and the political system as it operates in Ireland have shown this criticism to be completely without foundation.

Each of the corporatist agreements negotiated in Ireland over the past ten years share a number of characteristics. However, each one is unique in that it was negotiated as a response to a certain range of economic and social factors facing the Irish economy at the time that a particular agreement was negotiated.

The slow reform of intra-company relations towards new forms of work organisation is disappointing. Industrial relations in Ireland can hardly be said to be operating under the auspices of social partnership if this partnership does not pervade every level of industrial relations in the country. In the opinion of this commentator, in order for there to exist a true social partnership which operates to the benefit of all, that partnership must be present at all levels of the capital-labour relationship.

The question of who has benefited most and least from the negotiation of these agreements must now be addressed.

7.2.1: The Winners

Those who have benefited most from the negotiation of the social partnership agreements have undoubtedly been the negotiating parties themselves. The trade unions have escaped the fate of their British counterparts and gained a voice at the national level on matters of social policy. The employers and the government have gained wage restraint and the ability to accurately estimate labour costs over a three-year period and to properly plan on that basis. The employers have also gained an input into social policy.

7.2.2: The Losers

The social partnership agreements have not ushered in an era where the parties listed above have gained at the expense of other stakeholders in the Irish economy. By their very nature as corporatist agreements, they tend to have positive-sum outcomes where all sections of the economy gain from their operation (See Section 3.6). However, those parties labelled above as 'the winners' have certainly gained more in the course of these agreements than those that will now be labelled 'the losers.' It is important to note that it is not being suggested that these parties are not considered to have *lost* a great deal over the course of these agreements, but they have certainly *gained less* from the fruits of

the economic boom that has coincided with the negotiation of the programmes than 'the winners.'

At first glance it may appear that all sections of Irish society have benefited from the negotiation of the social partnership programmes. However, this is clearly not the case. While the author agrees with O'Sullivan's (1996. p. 3) contention that the growth of the Irish economy in recent years cannot be fairly described as 'jobless growth,' given the strong increase in the numbers of people taking up employment (See Table 5.2), the unemployment situation is a clear blight on what would otherwise be a positive situation (See Section 6.5). Long-term unemployment in particular is proving an incredibly difficult and stubborn problem.

As such, one must conclude that those who have gained least from the negotiation of the national programmes are those in most need. It is to be hoped that this trend can be reversed now that the negotiations for the social partnership agreements have become more inclusive and representatives of the unemployed and marginalised have taken a seat at the negotiating table.

7.3: The Challenges to Corporatism in Ireland

As noted in Section 3.7, corporatism has been charged by Panitch (1979. pp. 124-126) with not assessing whether or not the state has a systematic bias towards capital in the pursuit of the agreements, the assumption of equal bargaining

power between the employers and the trade unions, and the tendency of the literature to ignore the high degree of instability which usually marks corporatist structures. Each of these criticisms will now be dealt with in turn with reference to the Irish case and the main issues for the social partners in negotiating past and future arrangements.

7.3.1: State Bias Towards Capital

The progress made in areas of interest to each of the social partners was discussed in Section 5.9. These areas must now be reviewed so that it can be assessed whether or not there has been a systematic bias towards capital in the social partnership agreements. Obviously, the improvement in the general economic situation is to the benefit of all while the combination of wage restraint, industrial peace, and the consolidation of the termination dates of collective agreements works in the best interests of employers. However, labour has benefited a great deal from these agreements through the recovery and improvement in real take-home pay following the disastrous drop in living standards during the years of decentralised bargaining. Labour has also been rewarded with the real increases in health spending and the trade union movement's status as a fully-fledged social partner after a period when it faced the very real threat of marginalisation. While it can be argued that the employers have benefited most from the agreements in that they only pay moderate wage increases and have the ear of government while making no real sacrifice themselves,¹¹¹ labour has also benefited a great deal from these agreements.

¹¹¹ Government official granted immunity at own request

Given that the agreements have also facilitated the representation of a much wider range of interests at the national level, the author concludes that there is no evidence of a systematic bias towards capital in the operation of corporatism in Ireland.

However, if one turns to the major issues now facing the social partners as described in Chapter 6, a different pattern emerges. EMU, because of the nature of the issues at work is of paramount concern to each interest group in Ireland. However, the questions of employee involvement and trade union recognition, the issues that continued social partnership raises for the future of trade unionism, income tax reform, and the question of unemployment are undeniably of much greater concern to the labour movement than to capital. The issue of the social partnership approach and democracy is not a serious one, while agricultural concerns are of no real interest to either capital or labour. The only issue which can be said to be of major concern to the employers is that of the continuing spiral in public expenditure, which, it could be argued is fuelled by trade union demands for expenditure on social issues such as education and health.

The charge that this is evidence of a bias towards capital in the corporatist system does not stand up to close scrutiny. The issue of trade union recognition was born in the early 1980s, not in the period of corporatism, and the future shape of the trade union movement would have been called into question by the

competition-led issue of employee involvement. The fact that there is still an employer dissatisfaction with public expenditure proves the falsity of this charge.

7.3.2: Stability of the Agreements

Panitch (1979. p. 126) claims that 'there has been a tendency to ignore the high degree of instability that marks corporatist structures within liberal democracies.'

In this section, there will be reference made to issues discussed earlier in this dissertation so that the question of whether or not the social partnership agreements of the last ten years represent a stable system which can continue into the next millennium.

In Section 3.9, it was established that the underlying conditions for the development of corporatism in Ireland were excellent. These conditions were emphasised in the literature as being essential were corporatism to take root in a polity.¹⁴ This suggests that a solid basis for a stable corporatist system exists in Ireland.

Furthermore, Hardiman (1992. p. 335) has found that because of the emphasis on medium-term goals inherent in corporatism (See Section 3.6), each of the parties to the agreements has a vested interest in their continuance because they can only receive the medium-term benefits for which they negotiated by continuing to take part in social partnership. This would help to explain why the social partners appear to be anxious about the prospect of the agreements continuing to be

negotiated in the final months of each of the agreements, but a deal is always struck in the end.¹¹²

Representatives of each of the three main social partners were unwilling to state unequivocally that they would support entering another national level agreement when Partnership 2000 expires in 1999.¹¹³ Each party was adopting a wait-and-see attitude. They wanted to review the progress made by Partnership 2000 in areas of interest to them. The farmers were leaning towards a discontinuation of the national agreements,¹¹⁴ but if the government, trade unions and employers decide on another agreement, it is impossible to perceive of the farmers staying away from the negotiations. Therefore, as long as the agreements deliver positive-sum outcomes in areas which are important to each of the social partners, there appears to be little question of instability in the corporatist arrangements. If, however, one side's interests are not met through the corporatist arrangements and decides to play no further part in such agreements, the entire system will collapse. Given these circumstances, one can conclude that the corporatist arrangements in Ireland are relatively stable. Adherence to the terms of the agreements has been extremely high (See Section 3.9), and the duration of the agreements means that a longer-term view can be taken by all sides, which prevents knee-jerk reactions to sudden short-term changes in trading or economic conditions. It is this commentator's conclusion that the corporatist arrangements will continue and are stable as long as they are delivering positive-

¹¹² See, for example, Irish Times, 15 March 1996

¹¹³ Interviews with government officials and employers; Interview with Paula Carey, 23 June 1997

¹¹⁴ Interview with Con Lucey, IFA

sum results such as those discussed in Section 5.9. Due to the voluntarist nature of industrial relations in Ireland, there is an inherent instability in the agreements because if one of the three major social partners decides upon a return to decentralised, free-for-all bargaining, the system will collapse. However, if the agreements continue to produce the type of results which have been observed, there will be little attraction for any party in a return to the uncertainty and loss of influence inherent in local, free-for-all bargaining.

7.3.3: Equality of Bargaining Power

Panitch's final criticism of corporatist theory is that it assumes an equality of bargaining power among the social partners when this is often not the case. However, given the economic difficulties that Ireland was experiencing when the PNR was negotiated (See Chapter 5), it could be argued that social partnership in Ireland was negotiated at a time of equal powerlessness among the social partners as negotiating some form of social contract was seen as the only possible method of rescuing the Irish economy.¹¹⁵ As a result, this author would argue that it is highly likely that there does exist an equality of bargaining power in these negotiations as the agreements have developed from a time when it was necessary for all elements of Irish society to pull together or to risk economic disaster. In any case, it could be argued that capital, labour, and government do share equal bargaining power in the Irish case because if any of the three were to refuse to negotiate a social contract, the corporatist system would collapse, and a return to local-level distributive bargaining would then ensue.

¹¹⁵ Interviews with various employers, government officials, and Paula Carey, ICTU.

This dissertation has demonstrated that the social partnership approach should be continued because of the benefits which have accrued to each of the interest groups represented at the talks, and because of the over-riding benefits to the Irish economy which the agreements have helped to deliver.

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