



A successful model of trade union participation in running a state?

20 Years of Social Partnership in the Republic of Ireland¹

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by

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The ‘Celtic Tiger’ is over. After an extraordinary period of nearly 20 years of sustained economic growth and social progress, the economy of the Irish Republic is facing into a sustained and painful recession, with the government itself predicting contraction of over 10% in the coming year. How that contraction and – hopefully – subsequent recovery will be managed is the major issue in Irish politics today, shaping the fierce political conflict now dominating the state. In some ways it is a simple question: will politics seek to make itself autonomous and pursue a radical path of economic austerity and social deconstruction on a Thatcherite model – as advocated by many commentators, economists and politicians - or will a path of social democratic, negotiated restructuring be pursued – as advocated by the Irish Congress of Trade Unions - maintaining the substance of the participative, development welfare state created over the last twenty years be the route that is followed?

An extraordinary event occurred in Dublin on 21st February last. 150,000 trade unionists marched through the city demanding the restoration of social partnership. Under the slogan, *There is a Better, Fairer Way*, Congress called for a ‘*national recovery programme*’ based on its ten-point proposal for a ‘*social solidarity pact*’ in the form of a negotiated way through the crisis.³ The system seemed threatened with disintegration with, as Peter McLoone, General Secretary of IMPACT, the largest public sector union, declaring that it appeared that the ICTU was ‘*the last man standing*’ on the ground of social partnership.

¹ This paper is a development of ideas first published as *Lifting the Boats: Partnership and Progress in ‘Tiger’ Ireland*, Dublin Review of Books (www.drbb.ie) Issue No. 4, Winter 2007-08

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³ *There is a Better, Fairer Way*, 21st February 2009. www.ictu.ie

Let us examine just what that system created under the leadership of Charles Haughey in the 1980s actually was, which has since developed by leaps and bounds into the way business is done in the Republic, and which seems just simply refuses to go away.

The economic boom in Ireland since the early 1990s saw the economy grow by over 140 per cent and Irish standards of living rise from 70 per cent of the average of the fifteen core EU member states to over 120 per cent. The vast bulk of Irish production (85 per cent), both in manufacture and services, is internationally traded, that is to say exported, and a majority of it is generated by multinational companies operating in Ireland. Between 1989 and 2002 official unemployment fell from 19 per cent of the workforce to about 4.5 per cent. Emigration, which had afflicted the country in waves since the great famine of the 1840s, and which had seen the population fall from well over eight million at the time to just four million by 1980, 2.9 million of them in the Republic, was suddenly reversed. The number of people in employment grew since 1990 from under just 0.9m to over 2 million. The massive growth in the working population is accounted for not only by the ending of mass unemployment but also by a radical increase in the number of women in employment, from 8 per cent of the workforce in 1971 to 43 per cent in 2003, and by an influx of immigrants from the new EU member states and beyond. The number of non-nationals in the workforce has grown from less than 2 per cent in 1995 to over 10 per cent in 2006. There has also been a massive expansion and development of the welfare system. Child Benefit in Ireland is among the highest in Europe, Job Seeker's Allowance - £68 in the UK – is nearly two and a half times that in the Republic, at 208, and entitlements for pensioners, from the state pension to housing, health and ancillary benefits are also substantially higher than in the UK⁴. These are among the chief effects of the “Celtic Tiger” era of growth.

It is difficult to grasp now just how dramatic the turnaround has been. Until very recently, Irish history-writing was consumed with attempts to explain the “*failure*” of the Irish state since independence on the economic front⁵; the first books are now appearing trying to explain the success of it all.

One of the first celebratory accounts to appear was written by Padraig White, formerly chief executive of the Industrial Development Authority (IDA), the state agency at the centre of inward investment strategy, and Ray MacSharry, minister for finance in the governments of the late 1980s⁶. They ascribed the economic miracle to a number of specific factors around the core strategy of building the economy on the basis of foreign direct investment (FDI), targeting mostly US-based multinational industries.

This was to be achieved through tax incentives (a radical lowering of corporation tax rates to 10 per cent), the provision of a relatively highly-skilled and flexible workforce and a secure industrial relations environment characterised by modest wage

⁴ Figures from Central Statistics Office, *Population and Labour Force Projections, 2006-2036* (CSO, Cork, 2007) and *Statistical Yearbook Ireland 2007*.

⁵ For a robust analysis JJ Lee, *Ireland 1912-85*, CUP, Cambridge, 1989; more caustic is Tom Garvin, *Preventing the Future: Why was Ireland so poor for so long?* Gill & Macmillan, Dublin, 2004

⁶ Ray MacSharry and Padraic White, *The Making of the Celtic Tiger: The Inside Story of Ireland's Boom Economy*, Mercier, Cork, 2000.

levels and an agreed social peace. These factors were underscored by the educational strategy pursued by the state since the 1960s. This provided a broad education to most of the population up to the age of eighteen and a structured system of technical education in every county. The result was a well-educated and, crucially, English-speaking population, 30 per cent of which was under twenty-five. Industrial relations stability was assured by national partnership agreements with the employers' bodies and trade unions, which ensured rising standards of living based on modest wage levels supplemented by tax cuts rather than gross wage increases.

The strategy of cuts in both corporate and personal taxation occurred against a background of massive infrastructural investment using EU structural funds in a series of "National Development Plans". Apart from agricultural subsidy, the major beneficiaries of this EU investment were physical infrastructure and the vocational training system (including the modernisation of the regional technical colleges and the vocational training systems of FÁS, the state employment and training authority). This combination of an FDI-based development strategy with favourable demographics, astute educational and fiscal policies, creative use of EU structural funding and the unique added element of social partnership was to prove unbeatable. The proportionately large EU transfers were the result of a shrewd foreign policy strategy of close alliance with France and – particularly - Germany in EU forums. There is nowadays consensus across a wide spectrum of opinion that these were the factors which have underpinned Irish economic performance since the early 1990s, a consensus shared by writers across a spectrum from White and MacSharry to the trade union economist Paul Sweeney.⁷

There were of course many secondary issues which also played a role in this Irish economic success. One acerbic commentator has suggested a dovetailing of assorted global and local factors: "Wilde's 'nation of brilliant failures' got lucky and decided to become successful."⁸ And luck and timing are part of the explanation. The new Irish development strategy came just before the collapse of the Soviet Union, which ushered in the era of radical capitalist globalisation which has now entered a period of acute crisis. The day of the small and flexible mobile economy seemed to have arrived. Also, the new technology revolution meant that the previously crippling disadvantage of being a small island economy engaged in the export and import of bulky raw materials and industrial goods could give way to making and trading in microchips and software, where transport costs are virtually zero. And it was precisely new technologies which were targeted in the FDI strategy, and in the educational strategies designed to accompany it. This coincided with the need of the giant US technology firms to gain a foothold in European markets through bases within the EU and the availability in Ireland of the young, flexible, English-speaking and relatively cheap workforce required by them for this purpose.

While the FDI strategy for economic recovery was built with great skill, ingenuity, a rare sense of self-belief a degree of sheer gamble in the hope that the wage/tax deal would produce economic take-off, none of it in retrospect is imaginable without the social pact, or deal between the social classes, which lay at the base of it. And this is the aspect of the whole which commentators have found hardest to grapple with.

⁷ Paul Sweeney, *The Celtic Tiger: Ireland's Economic Miracle Explained*, Oak Tree Press, Dublin, 1998

⁸ Roy Foster, *Luck and the Irish: A Brief History of Change 1970-2000*, Allen Lane, London, 2007.

Many critics of the “Celtic Tiger” from the left of the spectrum have simply ignored the role of social partnership – a recent critique of the economic boom from the “Think Tank for Action on Social Change” (TASC) manages just three peripheral mentions of it.⁹ And from the right, where there was much approval for the economic and especially fiscal aspects of Irish policy, the reaction to the role of social partnership was often simply bafflement.¹⁰

The history of social partnership is well set out in the book that appeared two years ago by three former journalists with deep connections in the world of trade unionism, politics and business - Tim Hastings, Brian Sheehan and Padraig Yeates, called *Saving the Future: How Social Partnership Shaped Ireland's Economic Success*. I would strongly recommend it to all with an interest in the subject – it is a rattling read!

Since 1987 – the year of the first partnership agreement (the Programme for National Recovery or PNR) – a general agreement has been reached every three years. While a hard negotiated deal on issues like tax and wages always lies at the core, this is merely the central plank on which is built an agreement across an astonishingly wide spectrum of public policy issues. These range from childcare and education commitments to welfare and housing policy, national debt management strategy, social inclusion measures, foreign aid programmes and much more. In fact, every three years since 1987 the key social partners have sat down and negotiated a programme for the governing of the country in all aspects of economic and social policy. Each agreement has had a central theme, reflected in their declamatory and rather grandiose titles, no doubt a legacy of Charles Haughey’s influence, though inevitably rendered into anagrams by the civil servants: e.g. *Programme for National Recovery* (PNR) (1988-90), *Programme for Economic and Social Progress* (PESP) (1991-93), *Programme for Competitiveness and Work* (PCW) (1994-96), *Partnership 2000* (P2000) (1997-2000), *Programme for Prosperity and Fairness* (PPF) (2000-02), *Sustaining Progress* (SP) (2003-05), and currently *Towards 2016* (T16) (2006-16).¹¹

Government programmes then follow upon these social pacts, essentially incorporating all elements of the preceding partnership agreement. The most detailed of these agreements immediately predated and formed the basis for the three National Development Plans (NDPs) of 1994-2000, 2001-06 and 2007-16, which have underpinned all government strategy and policy since 1994 and incorporated the spend of the massive EU structural fund transfers to Ireland negotiated over these years. Indeed so central are the partnership agreements that in 2005-06 the drafting of the NDP for the 2008-13 period was repeatedly postponed as the outcome of negotiations between the social partners on *Towards 2016* was awaited. Significantly, the hold-up was caused by SIPTU, led by its very effective general president Jack O’Connor, who refused to sign up until a comprehensive strengthening of the state labour inspectorate was put in place to ensure employer compliance with labour law, especially in areas such as minimum wage and health and safety, and focusing on preventing the exploitation of immigrant labour or using it to undermine the pay and

⁹ David Jacobsen, Peadar Kirby, Deiric Ó Broin, *Taming the Tiger – Social Exclusion in a Globalised Ireland*, New Island, Dublin 2006.

¹⁰ For example, “Tiger, tiger, burning bright”, *The Economist*, London, October 14th, 2004.

¹¹ Full texts of all agreements are available, appropriately enough, on the website of the Department of the Taoiseach, as are many other resources on social partnership. See <http://www.taoiseach.gov.ie>.

conditions of workers generally. The agreement was ultimately ratified after intense debate by a 74 per cent majority of trade union delegates, with even traditional opponents of the deal “without exception pleased with the employment standards measures” achieved.¹²

This system of social and economic planning is self-consciously “European”, in contrast to the British tradition of confrontational social and political decision-making, but it also goes beyond comparable European models of social partnership. Its inspiration lies in the essentially Fianna Fáil strategy of “leapfrogging” over Britain and reconnecting fundamentally with Europe, allied with a strong desire in trade union circles for the introduction of social democratic-type governance and decision-making structures on the Swedish or Austrian model. Irish social partnership differs from traditional European systems, however, mainly in that it goes beyond consensus-based distribution of wealth to pro-active problem-solving and national level negotiated growth policy. Peter Cassells, general secretary of the Irish Congress of Trade Unions for much of the period, once described the commitment of particular employer leaders in the early days as driven by a strong sense of “patriotic duty”.¹³ And in essence patriotism does lie at the core of the system and of the energy of each of the social partners. They came together effectively – and quite consciously – “to save the country”, as former SIPTU leader Bill Attley put it at a discussion on the history of social partnership at the UCD School of Business in November 2007.

The first agreement came about as an answer to an immediate crisis and at that time was seen by many commentators as a once-off arrangement in the context of that crisis. But the philosophies driving government and trade union leaders, in particular, meant that it would also be seen as the starting point for a new way of doing business, of a new European approach to economic and social governance. The initial partnership agreements from the late 1980s onwards were negotiated by government, the unions, employers and farmers. In 1997 this negotiating circle was expanded to include the “community and voluntary sector”, a mass of organisations and institutions which has traditionally played a major role in social organisation and in the delivery of public services in Ireland.

Early agreements were often attacked by the opposition – particularly Fine Gael and the Progressive Democrats – as fundamentally undemocratic and as usurping the autonomy of parliament, and indeed, while now seemingly endorsing the system, these parties still critique it from this perspective.¹⁴ And to some degree they are right. The system of agreements has added to parliament in Ireland a layer of powerful corporatist institutions and arrangements, what a hostile critic recently described as “the cloying impact of social partnership on our democratic system”.¹⁵ There are, nevertheless, various democratic aspects built into the process. First, the major partner is government (or more precisely the Department of the Taoiseach on behalf of government) and each agreement is debated by and endorsed by the Dáil. Second, the trade unions involved put any negotiated agreement to their memberships to accept or

¹² *Industrial Relations News*, September 13th, 2006.

¹³ All quotes in this paper otherwise unattributed are from *Saving the Future: How Social Partnership Shaped Ireland's Economic Success*.

¹⁴ “Enda Kenny spells out ‘New Direction’ for social partnership”, *Industrial Relations News*, November 22nd, 2007.

¹⁵ *Sunday Business Post*, November 25th, 2007.

reject by secret ballot, and the ensuing conference of the umbrella Irish Congress of Trade Unions then ratifies or rejects the deal. On the employer side, the umbrella organisation the Irish Business and Employers Confederation (IBEC) establishes the consensus position among a range of employer bodies. In the community and voluntary sector “pillar” of the system, the “Community Platform”, which represents a broad range of community groups in society, also votes internally (and within each member organisation or network) on each agreement.

So what was the crisis that precipitated such a profound reshaping of Irish governance systems and ushered in such an astounding period of growth and prosperity? The story is to some extent the well known one which includes the apocryphal tale of the International Monetary Fund (IMF) knocking on the door in 1986, about to declare Ireland insolvent, a story which apparently originated with the London *Times*. Unemployment was soaring, reaching 19 per cent nationally by the late 1980s and much higher – often over 50 per cent – in major urban working class “blackspots”. Between 1980 and 1987 manufacturing employment fell by 25 per cent. Corporate tax rates were over 30 per cent and the income tax rate on single people on the average industrial income climbed to 56.6 per cent. The national debt tripled between 1980 and 1986, when it reached €30 billion or 148 per cent of GNP. Emigration, that scourge of Irish social history, which many had thought finally a thing of the past in the 1970s, returned with a vengeance, rising to a peak of 80,000 exits a year. Entire classes of students were going straight from completing college to jobs in the USA, Canada, the UK, Germany and elsewhere. According to urban myth, a piece of graffiti in Dublin at the time famously asked whoever was last to leave to please “turn off the light at the end of the tunnel”.

Against this background of apparent economic meltdown, there was also the war in Northern Ireland which, following the deaths of eleven IRA hunger strikers at the H-Blocks, entered vicious deadlock between an unenforceable system of British rule on the one hand and a Republican challenge to it on the other which could neither win nor be defeated. Within the Republic, a “liberal crusade” by the Fine Gael-Labour Party coalition government which had set out to realign church-state relations on a more secular basis misfired and produced instead a public opinion fractured by the divorce and abortion issues. Despite the urgency of addressing the economic crisis, debate on economic policy often remained sidelined by these political confrontations. As an answer to economic crisis the Fitzgerald government seemed to propose little beyond an incomes policy based on a wage freeze and reducing unemployment through a low wages policy. This was reflected in the actual implementation by government of a statutory freeze of a 10 per cent teachers’ special pay award. There was little interest in government circles at the time – including the Labour Party element – in a solution based on seeking any general agreement with the social partners. Union leaders such as Dan Murphy, Peter Cassells and John Carroll, while all personally close to the Labour Party, believed in retrospect that there had never been any hope of a deal with the Fitzgerald government, and even feared that the finance minister, Alan Dukes, who advocated what he called a “determinedly deflationary approach”, was moving to seek a “Thatcherite solution” to Ireland’s economic problems.

The system of social partnership stated in internal debates within the ICTU in the early 1980s, which led to the policy document *Confronting the Jobs Crisis*. This

debate was spurred on by mainly unorthodox socialist thinkers in the trade unions, associated notably with the British and Irish Communist Organisation, the grouping that became the Workers Party and others - most, significantly, outside the Labour Party, where a traditional leftism on the British pattern was more the norm at the time. These argued for moving towards tripartite agreements between trade unions, employers and government and developing traditional centralised bargaining into a system of negotiated national policy formation. They linked these ideas to attempts at such innovation by previous generations of union leaders. These ideas were energetically debated in trade unions in the early 1980s and gained increasing support in policy circles. This is a story which could do with a good history.

The trade unions were acutely aware of the danger of an importation of Thatcherism as a rival “solution” based on the destruction of the trade unions, especially following the foundation and dramatic rise of the Progressive Democrats from 1984. The ideologically robust monetarist regime of Margaret Thatcher in the UK, newly emboldened by its military victory in the South Atlantic, had launched an all out domestic war on the trade union movement in Britain, which, for its part, was unwilling to take its strength forward through sharing power in the economy and remained incorrigibly and disastrously rooted in an archaic ideology of class war.

While the Fine Gael-Labour coalition in Ireland was essentially uninterested in what was being proposed by the ICTU, preferring to pursue legislative options for a low wage and deflationary “solution”, the leadership of the major opposition party, Fianna Fáil, which regarded itself as the party of national development, immediately responded to the ICTU document by seeking a meeting with the trade unions. Simultaneously, talks within the National Economic and Social Council (NESC), a social partnership forum created in the 1950s to advise government, were heading in a similar direction and resulted in the 1986 document *A Strategy for Development 1986-90*, which argued for a negotiated solution to the national debt crisis. The very existence of this body also points to deep-rooted traditions in Irish society which made social partnership possible in the first place.

The NESC is an extraordinary body, which, as former employers’ leader John Dunne put it, “allowed the main parties to engage without having to commit their organisations ... Nobody would ever quote what you said in the NESC against you, it was that sort of an arrangement.” While Irish employers were initially quite reluctant to consider entering a national agreement due to their experience with “undisciplined” national collective bargaining in the 1970s, the debt and inflation issues were having such a debilitating impact on competitiveness and profitability that they were prepared to be convinced. Following a change of government in 1987, a deal was soon negotiated which traded wage restraint for the promise of worker-friendly tax reform and embraced many aspects of the NESC analysis and recommended solutions. It was vigorously opposed initially by Fine Gael and by Labour, with even Ruairi Quinn, the Labour figure possibly most open to the idea of such a negotiated solution, describing it as a “cave-in” by the trade unions to the government.

Nevertheless, the deal became the model for all subsequent agreements, with the key role ascribed in it to the NESC in negotiating policy consensus and to the Department of the Taoiseach as the light steering hand of government.

The initial agreement nearly failed to be ratified at an ICTU special delegate conference due to the concerted opposition of British-based trade unions such as the ATGWU and unions in Northern Ireland, on an old class war basis totally at odds with how thinking had developed in southern trade unionism. When Goretti Horgan of Derry Trades Council denounced the PNR and said: “The Irish working class haven’t created the economic crisis. We should not pay for it”, she was heckled by the southern delegates. As the authors note sardonically, “it was the last Special Delegate Conference where delegates from Northern Ireland were allowed to vote on social partnership agreements in the Republic”. The left in the trade unions continued to hold a strong minority position, largely in the British-based unions, and indeed their oppositionist stance was very rooted in British left-wing traditions on the class war and its views on the nature of the state and capital.

Throughout the early and mid-1990s, while the “fundamentals” of the economy were coming right, especially in terms of the take-off of growth and bringing the national debt under control, it was some years before this was reflected in a growth in employment. The long dole queues remained. During these years of “jobless growth” the left made several resurgences, with significant support being achieved by Socialist Workers Party-based oppositionist candidates in internal elections in the major trade union, SIPTU. The leadership of SIPTU at the time, headed by Des Geraghty, kept its nerve and through forceful leadership steered the movement through to the more successful years of the late 1990s and early 2000s. Despite tough negotiations and often fierce internal debate, all national agreements of recent years have been endorsed by large majorities of trade union members. Opposition to agreements now tends to be rooted less in ideological positions and stems more from sectoral bargaining interests, with the most recent agreement being opposed initially by diverse groups such as shop workers, teachers and nurses. Similarly, in the political sphere, and despite the intense political conflicts over the initial agreements, when a Fine Gael-Labour coalition was returned to government in 1994 it continued the process and if anything actually deepened the structures of the system, notably with the incorporation of the “community pillar” into the process and the development of the first National Anti-Poverty Strategy in 1997. From a series of deals, social partnership had developed into the Irish system of social and economic governance, much as its creators had always hoped.

Partnership has since developed way beyond a system of centralised agreements. Throughout sectors and industries partnership structures have developed as mechanisms for conflict resolution, problem-solving and future planning. These structures can have their problems, but nevertheless have transformed the ways in which organisations in both the public and private sectors operate and have greatly increased the level of worker participation and involvement. At a time when trade unionism was on the defensive and retreating from power in much of the western world, this was no mean feat. The system of partnership committees in public and private bodies and of diverse partnership bodies throughout the social system of the Republic moved policy-making and development increasingly away from the centre. The NESC advocates extending this process into a whole system of decentralised multi-level policy-making and problem-solving, and sees this already developing

organically through the structures of social partnership as they extend into many areas of society.¹⁶

At national level, the partnership system has also led to energetic modernisation programmes in the civil service and throughout state services, and to an ambitious initiative for rebuilding the welfare state itself. A vigorous debate emerged in 2005 around the future structure of the welfare state, and around the blueprint in particular for a service-based and participatory “development welfare state” proposed by the thinkers at the centre of the NESC process, notably Rory O’Donnell and Seán Ó Riain.¹⁷

Partnership has also taken on a local, area-based aspect. During the period of “jobless growth” in the early 1990s, through social partnership a whole system of local area partnerships was developed to focus on “disadvantaged areas” and develop local strategies for tackling long term unemployment, educational deprivation, drug dependency and other problems. This meant bringing state agencies at local level into collaborative arrangements with local communities to try to solve these issues, not something easily achieved. At the time it was again Haughey who prevailed on senior figures to chair these local partnerships and lend them real clout. Pdraig White, former chief executive officer of the IDA, related at a conference in 2006 how Haughey cajoled him in 1991 into chairing the Dublin Northside Partnership, which went on to become one of the strongest and most successful of these initiatives.¹⁸ Similarly, Mark Hely-Hutchinson, a leading figure from the banking sector, and Phil Flynn, as president of IMPACT a central player in the early agreements and also a leading member of Sinn Féin, took on the chairing roles at the Dublin Inner City and Ballyfermot partnerships respectively. The local partnerships initiative has proven quite spectacularly successful, to such an extent that a study of them by the OECD recommended their expansion and development and their replication elsewhere in Europe.¹⁹

The historical roots of the partnership system in Ireland are worth a brief investigation. Each element of what became social partnership built on strong pre-existing history and traditions. The development did not come out of thin air, nor was it generated solely in response to the debt crisis of the mid-1980s. There had been several false starts in efforts towards national level tripartite social partnership in previous decades, notably in the 1950s and again in the 1970s. The historic basis of social partnership had three particular components – the national development ideology of the Fianna Fáil party, Catholic social thinking, and the social democratic

¹⁶ See Rory O’Donnell, Damian Thomas, “Partnership and Policy-Making”, in Seán Healy and Brigid Reynolds (eds), *Social Policy in Ireland: Principles, Practice and Problems*, Oak Tree Press, Dublin, 1998. pp 117 ff.

¹⁷ See NESC *The Developmental Welfare State*, NESC Report No. 113, 2005; Seán Ó Riain, *The Politics of High-Tech Growth: Development Welfare States in the Global Economy*, Cambridge University Press, 2004. For a critique from a left-wing perspective, Peadar Kirby, “The Irish State and the Celtic Tiger: A ‘flexible developmental state’ or a competition state?”, in Graham Harrison (ed), *Global Encounters: International Political Economy, Development and Globalisation*, Palgrave-Macmillan, London, 2005, pp 74-94.

¹⁸ Thus Pdraic White to the partnership conference of the state local development agency, Pobal, held at Croke Park on September 7th, 2006.

¹⁹ Charles Sabel, *Ireland: Local Partnerships and Social Innovation*, OECD, Paris, 1996.

mission of the trade union movement, which developed separately and distinctly from the Labour Party.

Although socialism – particularly of the British variety – played a major part in the development of the Irish labour movement and critically shaped the philosophy of the Labour Party, early leaders such as Connolly and Larkin constantly strove to keep conflict with the Church on an objective basis and to maximise the compatibility of socialism with Irish religious traditions, as well as with the rising national independence movement. Irish trade unionism has embodied these values much more than has the Labour Party. As well as its robust and militant history, it has also always had a strategically gifted thinking core. Even at the height of the 1913 lockout, Larkin, the fiery trade union leader, was positively disposed to the Asquith Commission, which proposed the institution of conciliation mechanisms for dealing with industrial disputes.²⁰ The socialism at the core of the trade union movement also had a strong republican aspect. In its recruiting leaflets in the period after 1916 the ITGWU – precursor of SIPTU – characterised itself as “the industrial wing of the national movement” and the union played a central role in the War of Independence. Connolly and Larkin favourably compared German state socialism of the pre-WWI era to conditions prevailing in Britain and urged a similar agenda for Irish labour in the context of Irish independence. During the initial partnership agreements of the 1980s this tradition was very much in evidence in the strategic perspective of trade union leaders such as John Carroll of SIPTU and Phil Flynn of the LGPSU, the forerunner of IMPACT.

The history of Catholic social thinking in Ireland is largely ignored in these days of point-scoring revisionist history writing.²¹ It played not an inconsiderable role in the story we are concerned with here. Its modern variant has its roots in late nineteenth century Vatican strategies to address the rise of mass democracy in Europe, reflected notably in the papal encyclicals *Rerum Novarum* (1891) and *Quadragesimo Anno* (1931). These proposed a system of corporatist representation of social interests and consensual approaches to resolving class conflict in the common interests of society. But the Catholic view of society had always been corporatist or guild-based. The “Christian social movement” in Europe long predated these specific papal initiatives and was as much a part of early mass democratic development following the French Revolution as were liberal or socialist strands. Irish events in fact played an interesting formative role in that early history. The movement for Catholic Emancipation and Repeal led by Daniel O’Connell in the first half of the nineteenth century in Ireland was regarded by early pioneers of European Christian Democracy as a model of how Catholicism and progressive democracy could be harmonised.²²

The trade union relationship with Catholic thinking has been more reserved and abrasive. Nevertheless, until the 1970s the major training institution for Irish trade union officials was the Dublin-based College of Industrial Relations, founded in 1951

²⁰ Padraig Yeates, *Lockout: Dublin 1913*, Gill & Macmillan, Dublin, and Palgrave, New York, 2000.

²¹ Don O’Leary, *Vocationalism and Social Catholicism in Twentieth Century Ireland*, Irish Academic Press, Dublin, 2000.

²² I have yet to see this issue followed up in depth, but was intrigued by references to this view of O’Connell in early German Christian democratic circles in Donal MacCarthy, *The World of Daniel O’Connell*, Gill & Macmillan, Dublin, 1980.

as the Catholic Workers' College by the Jesuit order.²³ While trade unionism kept its distance from the ever conservative Catholic Church, the social thinking of Catholic intellectuals was central to public discourse in the Republic in general and social thinking in particular until a generation or two ago. From the turn of the century until the 1970s one of the most prominent discussion journals on public and social policy in the Republic was the Jesuit publication *Studies*. The 1930s saw the establishment by the de Valera government of the Commission on Vocational Organisation to investigate the establishment of a corporatist institutional system in Ireland, which it then recommended in its report of 1944. An important point has to be made here in relation to corporatism and fascism. Fascism certainly adopted many of the concepts of corporatism into its programme for restructuring the state, but replaced the voluntarist philosophy of Catholic corporatism with the compulsory element and the subordination of corporatist bodies to an all-controlling and violently repressive state. Such ideas were never even a tendency in the thinking of the Commission.

Circumstances in postwar Ireland were not conducive to the structural revolution proposed by the Commission, and the report was effectively buried following a barrage of hostile comment from government and other circles. Nevertheless, attempts were made, particularly by Seán Lemass, then minister of industry and commerce, to implement aspects of such a system. The greatest early legacy of this is the highly successful Labour Court, which functions on the basis of voluntarist and conciliatory mechanisms for resolving industrial conflict.²⁴ In an interview with the present writer in 1984, John Swift, a leading trade unionist in the 1940 and 1950s close to the Communist Party, described the Labour Court as probably the greatest “revolutionary achievement” of his time. In addition, there was much interest in the postwar period in Ireland in the systems of industrial democracy and worker participation then arising in Europe, driven by both Christian and social democracy. In 1955, Jeremiah Newman, at that time Professor of Sociology at Maynooth and later one of the leading members of the Irish Church hierarchy, published a study with the imprimatur of the Archbishop of Dublin advocating such a system for Ireland, based on Catholic social thinking and emerging practice in Germany, Holland, Belgium and elsewhere. Among his recommendations were the establishment of a social and economic council and a system of works councils in industry, though in a form that would have kept trade unions at arm's length.²⁵

The programmes for economic and social development launched by Lemass in the 1950s included such a corporatist council as proposed by Newman – the National Economic and Social Council (NESC) already referred to above. The NESC involves representatives of all the major “social partners” in examining social and economic issues and proposing policy to government. It is not an obscure think tank or talking shop but occupies a central and prominent position in national policy development. The positions it adopts have been teased out and debated, and by the time they reach the light of day represent consensus between employers and unions. It was a stroke of genius on the part of Haughey to place the NESC as the policy driving force at the

²³ See the useful history of the college – now the National College of Ireland, on www.ncirl.ie.

²⁴ William K Roche, “Pay Determination, the State and the Politics of Industrial Relations”, in TV Murphy, WK Roche (eds), *Irish Industrial Relations in Practice*, Oak Tree Press, Dublin, 1997.

²⁵ Jeremiah Newman, *Co-Responsibility in Industry: Social Justice in Labour-Management Relations*, MH Gill & Son, Dublin, 1955.

heart of the social partnership process, and to link this process intimately to government.

The governments of the late 1980s and early 1990s operated on very slim majorities and were extremely unstable and prone to crisis and “scandal”. It was hardly surprising therefore that when Haughey greatly expanded the formerly modest and functional office, the Department of the Taoiseach, into a central department of government as a type of national strategic body, it was fiercely criticised by the opposition parties and the liberal media, notably *The Irish Times*, as further evidence of profligate government. This extraordinary department is tiny (just 120 civil servants) and does not deliver state services. Instead it is responsible for innovation in government policy and strategy. All new and key national processes are managed from there, including the Northern Ireland Peace Process and the social partnership process. The chairman of the NESC – currently Dermot MacCarthy – is simultaneously secretary general of the Department of the Taoiseach and Secretary to the Government. It was his predecessors, Pádraig Ó hUiginn and Paddy Teahan, who drove from the government side the establishment of the complex processes of the first partnership agreements. Social partnership has thus never been a function of some specialist department such as Trade and Employment or Labour but is embedded at the very heart of the central governance process of the Irish state.

Since the rise of Fianna Fáil at the end of the 1920s, that party has understood itself as the party of national development *par excellence*. Its concept of national development incorporated all social classes and mass democratic organisations. One of its first actions in power in the early 1930s, and despite the view of it as primarily a party of radical rural Ireland, was to begin the process of slum clearance in the towns and cities and build the large modern working class housing estates. Ever since, while the leaders of Irish trade unionism were close to or actual members of the Labour Party, a majority of trade union members moved to supporting Fianna Fáil.

A symbiotic relationship has famously existed between Fianna Fáil and the unions – especially ITGWU/SIPTU – ever since. It was also very much the context of Haughey’s developing perspective while in opposition in the 1970s. In 1975 he told a meeting of the Society of Chartered Accountants: “If the planning process does not permit trade union power to be exercised in developing the economic system we must not be surprised if it seeks its own ends independently.” In opposition again in the mid-1980s Fianna Fáil established a trade union think tank interested in investigating Scandinavian approaches. This group, convened by the former trade unionist and later minister for finance and Taoiseach, Bertie Ahern, sought dialogue with the ICTU as soon as the strategy document *Confronting the Jobs Crisis* appeared. Again, as Taoiseach in the early 1980s, Haughey had also been particularly impressed by the German system of industrial relations and tripartite policy development. As the authors of *Saving the Future* relate: “In an interview in early 2001, Haughey recalled being particularly impressed by the German Chancellor and SPD leader Helmut Schmidt, whom he questioned at length about the German model of industrial relations.” In fact Haughey had noticed much more, and been astonished and positively impressed at the central role of trade unions in the German system of national economic and social policy-making.²⁶ The German influence has been little

²⁶ P. Yeates, ‘Godfather of national recovery’, *Business and Finance*, 29th June 2006.

commented on. But Connolly's championing of German state socialism left a lasting impression on Irish trade union thinking. A SIPTU official who convenes the partnership committee in a major hospital in Dublin recently told the present writer: "What is a partnership committee only an Irish version of the German works council? We got it straight from there."

Finally, we must ask whether the social partnership system in Ireland will stagnate into institutional atrophy – as often prophesied by the left – or whether it is sustainable as the Irish way of doing business into the future. At a meeting in 2007 in the UCD School of Business looking back at the history of social partnership, Rory O'Donnell, director of the NESC, answered this question succinctly: "If partnership is no longer part of the solution, it will be seen as part of the problem." But it proved itself as a system which evolves. There is something about this development of corporatist ideas that makes it very much at home in Irish political culture. This is most striking when the busy practice of partnership committees is observed in action at company level, within local authorities or in the health service at hospital level. Conflict resolution remains a central but ever less dominant part of the functioning of these bodies as they become the prime movers in the development of their institutions and their workplaces. Simultaneously, there is nothing cosy about partnership arrangements at national level, where there is a constant swirl of conflict and negotiation.

Further national institutions have emerged alongside the NESC – notably the National Economic and Social Forum and the National Centre for Partnership and Performance, and all of these have now been incorporated within the National Economic and Social Development Office (NESDO). Similarly, at local level the once pilot local area partnerships are now being expanded beyond the original "designated disadvantaged areas" to countywide roles throughout Ireland in cooperation with local authorities and other local agencies. Conflicts over particular aspects of particular deals, employer pressures for greater responsiveness to "competitiveness factors", political pressures for greater parliamentary accountability and opposition among unions in particular sectors (nursing, teaching, the retail sector) all show the vigour at the heart of the process as it became the norm in the early 2000s. If anything, social partnership seemed to be a system that was here to stay. Given the close identification of the partnership system with Ireland's economic success over the last twenty years and with progressive ways of addressing social policy concerns, it came to be seen as a system that worked.

The supreme test of social partnership has now arrived with a vengeance. The state and all social services – education, health and, especially, welfare – are reeling under the impact of the economic crisis, with unemployment already over 10%. Social partnership has taken on the form of a system of doing things to such an extent that its unravelling in a context of crisis has become unthinkable. Already the social partners are manoeuvring to secure elements of the system whatever the fate of the hard negotiations ahead on salary and wage levels, the provision of high levels of benefits and healthcare to the young, the old, the unemployed and the disadvantaged. We have certainly reached a cross-roads which will test to the core the resilience and very worth of the system. It is hard to imagine there is an alternative to a civilised process of a negotiated path to recovery.

The emergence of the Irish partnership system represents one of the most profound breaks with inherited British governance culture in Ireland over the last fifty years. It is closely related to and deeply inspired by systems of social governance in Europe, but also goes beyond them. It has built on corporatist and other trends in the culture of the Irish Republic and also on long term trade union strategies for socialising the Irish state. These have their roots in the political philosophy of James Connolly, an admirer of historic German social democracy. It has brought the Irish working class, as organised in the trade unions, to a power sharing role at the centre of the state, the economy and the society. There are no blueprints for where the Irish partnership system will develop from here or how it will ride the storm of the crisis: this will be determined by the political will of the major players – the state, political leaders, employers, trade unions and the other sectors involved. Nevertheless, it is difficult to see this novel and successful way of doing things being thrown away in exchange for a return to the wretchedly poorer systems of governance of the past.