

Account for the development of social partnership in ireland

[Technology](#), [Development](#)



In this essay the author will account for the development of social partnership in Ireland and also how it relates to theories of corporatism. Social partnership is a problem solving process, which facilitates and promotes structural change through a set of policies. This is done in order to maintain competitiveness in an ever-changing world. Social partnerships are made up of representatives from farming organisations, businesses, community sector and government. Social partnership provides a basis in which the procedure is managed. For example overseeing both groups agree on an item or topic that would be rolled out over a period of time. A social partnership process provides a flexible way in which unions, employers, and the community voluntary sector can raise issues of particular concern to them. Social partnership means employers and unions co-operate to improve working conditions and to give employees a greater say in how their company is run.

Social partnership came about in Ireland in 1987, when Ireland was heading for an all time low. It's economy was in tatters and it couldn't compete with the outside countries. It's finances were out of control and there was a high rate of unemployment in the country. The process of social partnership involved the government bringing together members from farmer's organisations (e. g. Irish Farmers Association), Business organisations, (e. g. IBEC), and from the community and voluntary sector (e. g. CORI). The working groups were set up under social partnership agreements, and the communications between key leaders within the background of regular social partnership review meetings provide a strong link of communication between the social partnership arena and between business and the

government. This was done in order to get opinions and to agree on multi-annual programmes. We will now look at Ireland before and after social partnership came on board.

Ireland had suffered an economic depression during the 1950's. This was due to problems within the country and the outside world. Employment in the farming sector was declining rapidly, but unlike the rest of Europe, Ireland did not have a strong industrial sector to provide jobs for those leaving the land, Ireland was a small fairly closed economy. Ireland did not profit from the industrial revolution, unlike its neighbouring country England, this was due to a number of reasons, which included lack of capital investment, lack of raw materials such as coal, iron, and intense competition from cheaper British imported goods.

Smaller businesses, for example clothing, footwear and furniture manufacturing, were dependent on the home market and suffered most from foreign competition. There was a tariff protection put on imported goods in the 1930s, for example on shoes, soap and glass bottles, however this had become inefficient. Ireland was unable to compete in the outside market; it's industries were highly dependent on the home market. The cheaper imports coming into Ireland were having a major effect on the market; as a result of this an economic crisis occurred when the value of imports exceeded the value of Irish agricultural and industrial exports.

With the outbreak of the Korean War in 1950 there was an increase in the price of imported goods and raw materials. As a result of this the Fianna Fáil

government introduced severe budget in 1952, this included reducing peoples spending power and in doing so the government hoped that it would result in a deduction of importing goods into Ireland. With the high rise of unemployment and emigration, Ireland saw its unemployment peak in 1957. The unemployed were treated very harshly and were cut off their state benefits after six months; their only other option was to emigrate. This resulted in many rural areas in Ireland been populated with mostly elderly people.

By the late 1950s a new approach was taken in the economic policy known as the first programme for economic expansion, this would result in Irelands growth and prosperity. The government encouraged foreign investment into the Irish economy. Free trade and the encouragement of export-oriented industries were central to this new approach, for example the IDA received increased resources to attract foreign investment. Many Americans and European companies were attracted to Ireland by means of grants and tax concessions. The government invested in agriculture to encourage export production. As a result of the first programme for economic expansion there was a reduction in emigration. With the success of economic programme Ireland wanted to have closer links with Europe.

The Fianna Fail government decided to join the EEC; the unions were reluctant about joining the EEC, as they were afraid that by joining Europe the markets would become flushed with cheap imports. Unlike the unions, the Farmers were in favour of joining Europe, as this would mean dearer exports for their goods. However, due to the lobbying of the government, a

vote was held and 83% of the people of Ireland voted to join the EEC. So on January 1st 1973 Ireland became part of the EEC. Irish farmers benefited immediately as they enjoyed larger markets and better prices.

However, with Ireland now linked to Europe, there was an openness in the market and cheaper imports started to make their way into the Irish market. As a result of this a lot of rural and manufacturing businesses were put out of business, as they could no longer compete in this competitive market. Ireland's economy began to suffer; unemployment rose as did national debt and Ireland's economy was now in a disastrous state. There were strikes on a weekly basis, for example the strikes that led to the shortage of fuel. The government needed to act quickly, but what was the government going to do?

In this same year there was a general election and Fine Gael and Labour formed a new coalition government. Their first few months in office were successful, however this was to change. There was a war in Israel in October 1973, which led to a worldwide oil crisis. Oil was in short supply and had become very expensive; as a result of this it led to major economic problems in the western world, for example high inflation and unemployment. Inflation in Ireland was much higher than the rest of Europe; this was due to large wage increases in 1973.

The new coalition government had to borrow from foreign banks, this resulted in the country almost doubling its borrowing in two years. " Irelands foreign debt rose from £126million in March 1973 to £1, 040 million at the

end of 1976.” (Modern Ireland. 2004: P. 294). This money was not used to generate more money. Unemployment was on the increase and Irish owned business failed to perform successfully against competitors from other EEC countries, although agriculture prospered in these difficult years as a result of membership of with the EEC.

The election of 1977 saw Fianna Fáil voted into power, the main aim of this new government was to combine high levels of public spending with increased borrowing, the governments reason behind this was that if the consumer boom arose from these measures, it would lift the economy. Unfortunately, this was not the case. By 1981, the country was spending more than it could afford, this was due to an increase in the number of workers in the public sector and high wage increases. There was another oil crisis in 1979, and as a result of this fuel prices increased and the over spending of the government this led to massive unemployment during the 1980's.

The election of 1982 seen Fine Gael and Labour coalition government, this governments aim was to reduce public borrowing by way of increasing taxes and cut backs on public spending, health and education suffered as a result of this, for example teachers did not receive pay increases. Emigration was once again on the increase as unemployment levels soared.

The general election of 1987 saw Fianna Fáil come into government, and this government had a clear mandate to introduce major cutbacks in government spending. Other aims were to get the economy back on track, to reduce the

number of people emigrating and to get the people back into the workforce. The Irish congress of Trade Unions proposed a way forward based on an agreement between the government and other social partners. The aim was through a national consensus, to get the economy back on track. The government came together with members from the IFA, Unions, and Business Organisations to try and save the country from any further setbacks as public finances were out of control. They needed to put a plan in place in order to save the ever-failing economy as the country was close to bankruptcy. A ' Programme for National Recovery' was agreed. This was a three year agreement to reform the tax system and also for a greater social equity in terms of access to social welfare benefits, health and for a better economy.

In 1987 the first agreement was introduced, the Programme for National Recovery 1987-1990, this was followed by the Programme for Economic and Social Progress which was introduced in 1990 - 1993. The Programme for Competitiveness and Work was introduced in 1993 - 1996, and in 1997 the Partnership 2000, for Inclusion, Employment and Competitiveness. In 2000 - 2003 the Programme for Prosperity and Fairness was issued and a year later Sustaining Progress (2003-2006).

A new national wage agreement was put in place this applied to all workers and this helped to prevent wage increases that were too large for the economy to bear. It was important to have a stable macroeconomic country, as this would entice investors into Ireland. It also would see Ireland as a competitive country, by keeping the average cost increases below the

weighted average of Ireland's major trading partners. Social partnership played an important role in Ireland's dramatic economic and social development since 1987. A whole range of macroeconomic, workforce, welfare and social policy issues are negotiated alongside the pay deals.

“ Corporatism was originally a 19th century doctrine which arose in reaction to the competition and class conflict of a capitalist society”. (www.thecanadianencyolopedia.com/index.cfm) Corporatism refers to a political or a set of rules in which power is given to public assemblies that represent economic, industrial, social, and professional groups. It is a structure formal process which facilities a way to come up with an agreed solution. One current example of Corporatism in Ireland is the Seanad members are elected using a Corporatist system, with a certain number of senators coming from the universities, political parties and trade unions.

Corporations are unelected bodies with an internal hierarchy; their purpose is to exercise control over the social and economic life of their own areas. An example of this is a Farming organisation would be an interest group, composed of all the IFA leaders in agricultural, coming together to discuss a common policy on meat exports and prices. When the economic and political power of a country rests in the hands of such groups then a corporatist system is in place.

“ Schmitter (1974) argued that corporatist arrangements emerged in many European countries as a response to economic pressure, particularly competition between national economies, as well as changes in

institutionalism, capitalism and the nature of ownership". (Hill 1997). (NUIG, 2008: P125)

" Corporatist theory is when workers and employers would be organized into industrial and professional serving as organs of political representation and controlling to a large extent the persons and activities within their jurisdiction" (www. britannica. com) Employers and employees usually made their deals about working together on the basis of market exchange. Corporatism policy is agreed upon by the state as well as a range of other groups recognised by the side.

" Classical Neo - Corporatism came to prominence in post World War II Europe and aided the economic restructuring in many countries. It was linked to a change in economic thinking, which saw governments getting more involved in the management of the economy". (NUIG, 2008: P125) An example of corporatism, where unions, employers and government hammer out a pay deal every three years.

Ireland is seen as a Corporatism country. The government has great influences as we have seen with the national wage increase; this was put in place so it would gain group interest in areas of public and social policy. The government of 1987 (Fianna Fáil) was a stable and corporate friendly government. The aim of this government was to make Ireland an attractive business economy. It wanted countries like America, Japan and many more to invest in Ireland. With Ireland's low corporate tax rate and stabilised government, Ireland was an attractive place to invest in.

The government invested in the development of the docklands in Dublin. There was good industrial relations, what you saw was what you got; this government had no hidden agendas. There were collective negotiations when it came to wages; everything was done at the one time. Companies or investors did not have to negotiate with individuals unions or workforces as this was done through collective bargaining. Investors coming into Ireland did not have to worry about wildcat strikes or individual workforces. It meant everyone was getting the same deal.

Ireland was a role model in Europe. It was the gateway into Europe in other words; it became Europe's Silicon Valley attracting companies such as Goggle, Yahoo, Dell, Hewlett-Packard, Microsoft Ireland and many more hi-tech companies into Ireland because of its European Union membership, government grants and lower tax rates, and highly skilled workforce. Ireland offered a well-educated young, English-speaking work force, which was very attractive to Global companies, American in particular. Irish workers could successfully correspond with Americans especially compared to lower wage European union nations for example Spain or Portugal; this was vital to America companies for choosing Ireland for their headquarters. Countries like Britain struck to failing manufacturing industries like car, steel and coal industries. Ireland became a hi-tech economy, which saw the rise of the 'Celtic Tiger'. England lost out to emerging countries like China and Eastern Europe with their low cost workforce in manufacturing.

Another example of a government successful initiative was it's endeavours to get women back into the workplace; an example being state assisted

childcare facilities. For example, the Equal Opportunities Childcare Project to enable parents to avail of training, education and employment opportunities through the requirement of quality childcare support. The main reasons of the Equal Opportunities Childcare Project were to improve the quality of childcare in Ireland, to increase the number of childcare facilities and childcare places, and to introduce a co-ordinate approach to the delivery of childcare services. Despite the economic success of Ireland during the Celtic Tiger period, the Irish health service did not get any major improvements during the period; even with the doubling of the health budget, bed shortages, long waiting lists and understaffing remained widespread. This is still the case today. Ireland was a place of great economy boom up until the past eighteen months. We see in today's economy how things are almost reverting back to the early 1980's.

With the country now in a recession due to the construction industry downturn at an all time low and government having to borrow heavily to keep the country going in 2009, the Budget was brought forward seven weeks early, in hope to see where the country will stand for 2009. There was a very bad reaction to the recently held budget. The government targeted the most vulnerable, for example the elderly and children being the hardest hit. The over seventy's will now be means tested for their medical card. In education class size has become an issue and instead of reducing class size we will see class size increasing, as a result of this two hundred plus teachers who are expected to lose out on jobs. Child Benefit also got attacked, this will see a child have their child benefit allowances

automatically cut off when they reach their eighteenth birthday. This will see working class families in Ireland struggle to meet everyday needs. There is also talk of re-introducing college fees, this will limit some children in getting a third level education.

In the past one of the major indicators of an unstable economy was the number of days lost at work through industrial disputes, this has become stable through confidence within the social partnership agreement. Social Partnership Strike and wage moderation have been important outcomes of the agreements and this has been seen as a significant contributor to the Celtic Tiger. We also saw that Ireland's membership in the European Union in 1973 helped the country gain access to Europe's large markets, as Ireland's trade had previously been mainly with England.

The model of competitive corporatism is helpful in describing the international comparability of what has happened in Ireland. The business sector in Ireland was never very successful and the government intervened in order to make business life better. We saw that generous tax incentives were created to attract foreign investment onto our shores. Social partnership has produced a stable employment relation's environment.

We have seen that Ireland is corporatist economy. Traditionally, corporatist deals involved a government committing itself to a particular social and economic programme to compensate trade unions for delivering wage restraint. Employees have joined Trade Unions in an attempt to off set the superior market power of the employer in the bargaining relationship and the

subordinate position of the worker in the enterprise. Partnership has not displaced government authority in areas, which governments describe as central to their electoral priorities.

After twenty years, social partnership is now an established part of the political landscape in Ireland. It has the comfortable and cosy attractiveness of government, employers and trades unions all acting in the national interest. Only partnership offers us the degrees of stability, engagement and trust that are needed if we are to continue to modernise and improve the quality of life for citizens in a fair and sustainable way. The long-term strength of the economy now depends on effective social policy. It hard to imagine that any other approach would produce the sort of interlocking policy responses that would be needed to meet the challenges that lie ahead.