

Politics and Social Partnership: Flexible Network Governance*

NIAMH HARDIMAN

University College Dublin

Abstract: This paper reassesses the relationship between social partnership and the broader Irish policy process. What has developed may be conceptualised as “flexible network governance”. While pay regulation may be less strongly institutionalised than in other countries with national-level pay deals, social partnership has created networks for establishing and maintaining priorities that matter to those involved in the process. These have not replaced conventional methods of developing policy. Nor do they displace government prerogative: politics can trump partnership. Social partnership is open to some criticism on grounds of both effectiveness and legitimacy. But it has proven robust to date on the core issues it deals with.

I INTRODUCTION

After almost twenty years, social partnership is now an established part of the political landscape in Ireland. This paper reassesses the relationship between social partnership and the broader policy process. It argues that while the pay regulation process may be less watertight than in some countries with centralised pay deals, social partnership has created networks for establishing and maintaining priorities that matter to both employers and

*This paper was delivered at a conference “Social Partnership: A New Kind of Governance?” funded by the Irish Research Council for the Humanities and Social Sciences, National Institute for Regional and Spatial Analysis and the Department of Sociology, NUI Maynooth, 14-15 September 2004.

unions. The non-pay elements of the agreements have not replaced conventional methods of developing policy, but they have generated new networks of linkages through which issues can emerge into the political process. Although these networks are open to some criticism on grounds of both effectiveness and legitimacy, the claim here is that they extend rather than undermine democratic deliberative capacity.

What has evolved is a form of policy making that might be termed “flexible network governance”. Social partnership has created a complex and flexible network of bipartite and tripartite negotiating capabilities, policy working groups, and consultative mechanisms. These typically involve direct participation by civil servants as well as by unions, employers, and representatives of the community sector of voluntary organisations, advocacy groups, and special interest bodies with some form of statutory basis. But the new feature of these arrangements is that there is also considerable fluidity across all these activities, not only because they involve overlapping personnel, but because they allow issues to be taken up or shelved, or passed between groups. They allow for difficult problems to be uncoupled and dealt with separately; they permit issues to be linked together for joint decision. They constitute a shifting resource base of policy ideas and priorities that can be taken up onto the government agenda.

For these reasons, the manner in which legislative issues are prioritised is not easy to predict. The partnership working groups have no direct input to the legislative process. Governments retain discretion about which issues to prioritise at different times; and yet the preferences emanating from within the partnership nexus create pressures and expectations which governments may find it difficult to oppose.

II PERSPECTIVES ON SOCIAL PARTNERSHIP

A variety of theoretical frameworks has been brought to bear on interpreting the institutions, outcomes, and significance of social partnership. During the 1980s and 1990s, the pay pacts that emerged in a number of European countries threw up a new interpretive challenge for comparative politics, and Ireland featured as one of the cases requiring explanation. These pay pacts differed from the older welfare-state-building pay agreements of the postwar decades (Streeck and Kenworthy, 2005). Free capital mobility and growing foreign direct investment changed the terms of engagement with the international economy across the advanced industrial societies (Weiss, 1998). European integration processes, especially the adoption of the Euro, wrought many changes in European countries’ fiscal and monetary strategies, and

changed the terms on which employer-union pay negotiations took place (Pèrez, 2002). The older kinds of solidarity between employees came under great pressure, as sectoral differentiation created new incentives for unions to make separate pay deals for their members; similarly, employers often found economy-wide pay deals too onerous and pressed for greater responsiveness to industry-level or company-level competitiveness conditions (Iversen, 1996; Kinderman, 2005; Pontusson and Swenson, 1996). Yet the harsher conditions of production and trade did not result in a general convergence on a neo-liberal politics of trade union marginalisation (Kitschelt *et al.*, 1999). Rather, we see a continuing role for structures through which negotiated agreement on economic and social policy is worked out. This has been labelled as “competitive corporatism”, combining a “... search for elaborate equity-based compromises and trade-offs” with “... new market-conforming policy mixes” (Rhodes, 2001 pp. 165-6; Traxler, 2004).

Giving this new kind of pay agreement a single title, however, does not mean that the same kinds of institutions, or the same kinds of outcomes, are in evidence in different countries. Domestic institutions matter greatly in creating the terms of agreements, just as they do in other aspects of adjustment to changing conditions in the international economy (Weiss, 2003). National-level agreements gave way to sectoral deals in Denmark and Sweden; company-level flexibility gained salience in German sectoral agreements; and new national pay pacts emerged in countries that had not previously been thought to have the organisational or institutional conditions to support traditional neo-corporatism. Ireland features in this latter group, along with countries as diverse as Spain and Italy, Finland, and Belgium (Crouch and Streeck, 1997).

The model of competitive corporatism is helpful in clarifying the international comparability of what has happened in Ireland. But it still leaves open the question of how it is to be evaluated. Many of the assessments have tended to focus on the outcomes, whether distributive or political. Teague, for example, concludes that the Irish case falls far short of the classic model of social corporatism in which pay and welfare issues are progressed in tandem (Teague, 1995). Authors such as Kieran Allen and Dennis O’Hearn argue that the conflictual stance which they believe is proper to the role of trade unions has been undermined. The unions have been incorporated into a process which, in this view, subordinates their concerns to those of employers, which the state then endorses (Allen, 2000; O’Hearn, 2003) – competitive corporatism without the equity agenda, perhaps, which explains why these authors can see no merit at all in union participation in social partnership.

Other evaluations suggest positive-sum outcomes. Former Minister for Finance, Ray MacSharry and Pádraic White, former chief executive of the

Industrial Development Authority, argued that "... the twin pillars of economic success since the mid-1980s were fiscal stability and social partnership" (MacSharry and White, 2000. p. 369). Income distribution data show a marked rise in living standards for all income groups during the growth period that started in the early to mid-1990s, and while the middle and top of the distribution rose faster than the lower levels, the assessment is complicated by considerations of the changing profile of economic activity and the changing composition of the workforce (Nolan *et al.*, 2002). Hard econometric evidence has proven elusive, but the balance of economists' probability is that social partnership did play a role in managing rapid growth without producing sharp dislocations (Honohan and Walsh, 2002; Ó Gráda, 2002).

The implications of social partnership for the functioning of the political system have been similarly contested. Séamus Ó Cinnéide has expressed concern about the degree to which decision making may have moved outside the control of elected politicians (Ó Cinnéide, 1999). But Rory O'Donnell, who played a pivotal role as secretary of the National Economic and Social Council (NESC) through several round of social partnership, argues that it improves the quality of reflection on policy priorities. Not only do interest groups understand others' perspectives more fully, but they may also rethink their own interests and even identities (O'Donnell and Thomas, 2002). In line with similar developments in other European countries, this may facilitate a rapid process of "policy learning" (Hemerijck and Schludi, 2000; Visser and Hemerijck, 2000), which may in turn improve the quality of public administration.

This paper is not primarily concerned with evaluating the distributive consequences of social partnership. It seeks rather to develop a framework for understanding how the actors perceive their interests within this specific institutional setting, and what the consequences are for the manner in which political priorities are established.

III FLEXIBLE NETWORK GOVERNANCE

Social partnership agreements extend across a broad range of policy issues. At their core is the negotiation of a pay deal for both public and private sectors. A whole array of macroeconomic, labour market, welfare and social policy issues are negotiated alongside the pay deals. But the range of theoretical interpretations and normative evaluations of social partnership suggest that we may still lack a proper theory of the policy process that is adequate to the political and structural contexts in which it is embedded.

Social partnership might best be conceptualised as a new mode of network

governance. A “policy community” would imply a regular and structured set of consultations on a specific topic, while a “policy network” might be said to exist if the relationships were less structured and more diffuse, but still contained within in a particular policy area (Rhodes, 1992; Rhodes, 1997; van Waarden, 1992).

In Britain, policy networks are envisaged as rather static constellations of interests clustered around discrete policy issues, and policy networks do not appear to be interconnected (Marsh, 1998; Marsh and Rhodes, 1992). In more clearly corporatist countries, where interest organisation is embedded in the consultative process, the role of organised interests is more structured (Steinmo, 1993). Fluid networks have become the norm in the politics of the EU. But here too, policy networks tend to be confined to specific issue areas, expert inputs tend to prevail, and there is a strong tendency toward “government by committee” (Peterson, 2003).

The Irish system, as it is developed over some twenty years since the late 1980s, looks rather different. Networks of interaction are not strongly differentiated by policy area, but are linked into a dynamic process of political deliberation. The working groups set up under social partnership agreements, and the interactions between key leaders within the context of regular social partnership review meetings, provide a powerful channel of communication between the social partnership arena and the administrative and legislative system. In order to progress onto the legislative agenda, issues must be taken up by government; each policy initiative needs a ministerial sponsor if it is to be worked on in detail, secure budgetary commitments, and move onto the legislative timetable.

What this suggests is a new kind of network governance. Networks of interaction between government and organised interests are familiar in Irish policy processes. Adshead, for example, discusses the insider role of agricultural interests, bridging domestic and EU-level political processes (Adshead, 1996); Collins found these relationships to be stronger in the Republic than in Northern Ireland (Collins, 1995). What is different about social partnership is the multi-dimensional nature of the issues it can cover. But in addition, what is really distinctive about the social partnership networks is the flexible way in which issues can be moved onto or off the agenda, moved up or down in priority, moved into the legislative agenda, or identified as a concern within a longer-term framework of policy development. Social partnership processes provide a flexible vehicle through which unions, employers, and the wider voluntary sector can raise issues of particular concern to them. It also affords government a flexible method of addressing emerging problems, testing possible policy responses, and building support for subsequent legislative measures.

There are analogies elsewhere in Irish policy processes for the kind of creative approach whereby institutions originally built for one purpose are adapted and accommodated to meet other needs. In the area of industrial policy, for example, the state agencies and especially the Industrial Development Authority (IDA) built up complex two-way communication processes with potential investor firms. Originally designed to funnel state supports, the IDA became the pivotal institution in what Ó Riain terms the “flexible developmental state”, or “developmental network state”, facilitating and smoothing the linkages between global markets and local context in a new kind of “glocalism” (Ó Riain, 2000; Ó Riain, 2004). Boyle analyses the evolution of the role of active labour market policy under the umbrella of FÁS, whereby an agency originally designed with rather limited functions was able to respond pliantly to the emergent need for lower-level skills training (Boyle, 2005).

Network governance can allow actors in the political process to formulate and advance their interests more effectively than might otherwise be possible. “Networks as informal institutional settings help overcome collective action problems” (van Kersbergen and van Waarden, 2004, p. 149). They can thereby help to make public policy more effective, more efficient.

But the original design of an institutional framework does shape what it can do and how it can do it, even if the institutions are relatively informal and the extent of participation quite broad. At its simplest we might argue that “organisation makes a difference” (March and Olsen, 1984, p. 747). A more nuanced view recognises “... the influence of institutions on the perceptions, preferences, and capabilities of individual and corporate actors and on the modes of their interaction...” (Scharpf, 1997b, p. 38). Social partnership originated in the late 1980s as a means of coordinating pay trends with macroeconomic priorities, and labour market issues remain at the core of the network. The boundaries of its concerns are porous and have extended to take in a whole range of quality-of-life issues. But the core economic actors – unions and employers – inevitably have a privileged status over the community and voluntary sector.

Social partnership as “flexible network governance” is envisaged as a two-way but multi-stranded communication system between government and organised economic and social interests. But the origin of the process is political and the ultimate decisions in “flexible network governance” rest with government. Moreover, the framework agreements at the heart of social partnership are coordinated by the Department of the Taoiseach, which retains an overview of the process. Control over decision making about what government defines as its core political issues relating to its electoral programme, and the budgetary allocation to support them, remains vested in government.

Yet governments may need to make these decisions in circumstances that are not entirely of their own choosing, since the issues channelled through partnership processes can shift unexpectedly. Problems of democratic legitimation may well arise here: some organisations may be more vocal than others, some may be more representative or accountable than others. And while partnership involves a combination of hard bargaining and deliberative democracy, the relationship between these networks and the people's elected representatives in the Dáil may well be open to some question.

To explore these issues, three themes will be explored in the remainder of this paper. First, we consider the governance mechanisms of pay agreements, which are weaker than in a number of other countries practicing wage coordination. The viability of this model of social partnership continues to depend on there being sufficient scope for both union and employer interests to arrive at compromise solutions, based on wage regulation, which can accommodate the issues that each side defines as central to their interests. Second, we consider the social policy networks established by social partnership arising from the "non-pay" elements of the agreements. The contention here is that partnership structures constitute an important network of policy formation and influence. Nevertheless, partnership has not displaced government authority in areas which governments define as central to their electoral priorities. This is discussed in the third and final section of the paper.

IV COORDINATION OF PAY POLICY

At the core of every social partnership deal is an agreement on phased pay increases expressed in percentage terms. Additional increases in disposable income have been assured by linking the pay deals with a programme of tax cuts. The Irish pay deals are not directly imposed by the peak organisations at the centre. They take the form of headline pay agreements between the representative bodies of unions and employers, to be implemented by local agreements within the context of an essentially pluralist and voluntarist industrial relations system.

Thus, while Ireland's system of coordinated pay agreements resembles the other European models, the system of governance is different in important respects. As Traxler notes, both horizontal and vertical coordination are required if pay deals are to be stable (Traxler, 2004). Horizontal coordination refers to the capacity of the major economic actors to arrive at a common position on pay and other issues, whether at national or at sectoral level. Vertical coordination refers to the capacity to make deals stick, particularly

with reference to the legal enforceability of the terms of pay agreements and prohibition on industrial disputes. Traxler concludes that peak level coordination can produce the best macroeconomic outcomes, provided it is capable of being implemented and that appropriate mechanisms for vertical coordination are present. However if peak-level coordination is not enforceable, then national bargaining risks producing the worst economic outcomes, as local over-the-norm deals proliferate in addition to the peak bargain.

The Irish industrial relations system does not have strong mechanisms for ensuring either horizontal or vertical coordination in Traxler's terms. The governance mechanisms in pay policy are a good deal weaker in Ireland than in countries such as the Netherlands, Denmark, Finland, or Belgium. But while pay agreements are not strongly institutionalised in the formal sense, there are informal and flexible mechanisms in place which produce more coordination than might have been expected in a pluralist, voluntarist system. We shall look first at the means of horizontal coordination, then of vertical coordination, then consider the means through which these two dimensions of coordination interact.

Horizontal Coordination of Pay Agreements

Social partnership grew out of the interactions between union and employer leaders in the National Economic and Social Council (NESC) during the mid-1980s, as they grappled with the problems of the enormous public debt, exceptionally high unemployment and severe emigration, combined with ongoing industrial conflict and persistently high inflation. NESC has played a pivotal role in coordinating the social partners; it also sets the agenda for successive rounds of pay talks with its periodic framework policy documents.

Over time, a number of other institutions and interactions have built upon that early coordinating capacity, for example the National Centre for Partnership (NCP) in 1997 (a title that was later lengthened to include "and Performance", reflecting a broader mandate), which was charged with encouraging employee involvement, both consultative and financial, and promoting best work practice models on a voluntary, non-statutory basis. In 2003, the offices of NESC, the National Economic and Social Forum (NESF), and NCPP were integrated under the umbrella body of the National Economic and Social Development Organisation (NESDO).

The key to effective communication between government and the main economic actors is undoubtedly the role played by the Department of the Taoiseach, most recently by Secretary General Dermot McCarthy, who was also the chair of NESC for a long spell. Behind the voluntarist structures, successive governments have actively supported social partnership agree-

ments. This is not quite tantamount to the “shadow of hierarchy” (Scharpf, 1997a; Visser and Hemerijck, 1997): pay deals are not concluded under the threat, even implicitly, of a statutory alternative. But it does place government in a central position from which to exercise leverage on actors or to signal approval for a new turn in the deal struck. A timely appearance by the Taoiseach at a stalled moment in the pay talks has been used more than once to bring negotiations to a successful conclusion.

The weak economic cleavage structure in Irish party politics means that there is no political constituency for a strongly market-led solution to macroeconomic management. The cross-class support base of parties contributes to the broad agreement across all the major parties since 1987 that a consensus-seeking process yields the best outcomes. An “open electoral market” means that party competition is, in European terms, unusually pragmatic and centrist (Mair, Muller and Plasser, 2004). Moreover, all the major parties have had a share in power over the period of social partnership. All parties and all governments have therefore given their approval to the social partnership process. They would all tend to assess the role of social partnership in the same positive light as Taoiseach Bertie Ahern when he said (in the context of union withdrawal from talks about a new agreement, over a particularly difficult dispute at Irish Ferries):

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. I find 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.

“Questions: Social Partnership Agreements”,
Dáil Debates, Vol. 611, No. 4, Tuesday 6 December 2005.

Vertical Coordination of Pay Agreements

Even if consultative and consensus-seeking processes are well supported at national level, this does not necessarily entail that the resulting pay deals will be stably implemented at sectoral or firm level. The formal mechanisms for securing compliance with pay deals are weak in the Irish system (Hardiman, 2000). Nevertheless, other informal means of achieving coordination should not be underestimated.

In comparative context, Traxler, Ebbinghaus and others have noted that it is more difficult to implement pay deals stably if unions are fragmented, density and coverage are low, if bargaining outside the terms of the agreement can easily take place at local level, and if pay deals lack legal enforcement. All of these conditions are present in Ireland.

Notwithstanding the dominant role played by the largest union SIPTU, with over 40 per cent of total membership spread between public and private sectors, the Irish trade union movement, with 43 affiliates in the Republic of Ireland in 2005, is more highly fragmented than is usual among countries committed to wage coordination policies. There is no means of legally extending pay deals into all sectors, pay policy is conducted within norms of voluntarism, and compliance with pay deals or industrial peace clauses is not legally binding (Ebbinghaus, 2004).

Trade union density in Ireland is not particularly low, and has been estimated at about 40 per cent overall. But that figure masks a lot of variation: union memberships run at over 80 per cent in the public sector but closer to 20 per cent in the private sector. Moreover, many of the multinational companies (MNCs), particularly high-tech US companies in the computer software sector, do not recognise or bargain with trade unions. A study of firms established at greenfield sites in Ireland between 1987 and 1997 found that 65 per cent of firms were non-union (Gunnigle, O'Sullivan and Kinsella, 2002). The same study found that only 14 per cent of US MNCs recognised trade unions compared with 80 per cent of the European-owned MNCs. And some US firms that had previously recognised unions were now engaging in "double-breasting", that is, adopting non-union policies in new plants opened during the 1990s (Gunnigle, Collings and Morley, 2005 p. 249).

The mechanisms for bedding down pay deals through workplace bargaining structures are weaker than in most continental European countries (Streeck, 1995).¹ Roche reports that workplace mechanisms for employee involvement and consultation have not evolved in tandem with the growth of national structures (Roche and Geary, 2000).² Only 12 per cent of unionised workplaces had significant elements of employee representation and consultation. Non-unionised workplaces did not seem to have compensated for the absence of union representation with any complementary systems of employee voice, with only 8 per cent of workplaces reporting the presence of specific structures. Full compliance in Ireland with the EU Information and Consultation Directive, which requires regular means of workplace participation, was postponed until 2008.

¹ See also European Industrial Relations Observatory Online (EIRO), "Thematic Feature: Works Councils and Other Workplace Employee Representation and Participation Structures", September 2003.

<http://www.eiro.eurofound.ie/2003/09/tfeature/ie0309203t.html>

² Of the workplaces surveyed claiming to have some form of employee participation, 12.7 per cent had joint consultative committees or works councils (compared with 71.1 per cent for total quality management, 59 per cent for teamwork, 15 per cent for quality circles and 45.5 per cent for ad hoc task forces). Roche, W.K, and J.F Geary, 2000. "'Collaborative Production' and the Irish Boom: Work Organisation, Partnership and Direct Involvement in Irish Workplaces". *The Economic and Social Review*, Vol. 31, No. 1. pp. 1-36.

The core question to consider is how consistent wage trends have been with the provisions of the partnership agreements. Remarkably, in view of the organisational weaknesses noted above, there appears to have been relatively little wage drift in most sectors during most of the 1990s, though in some sectors such as computer software and construction, labour shortages were already resulting in above the norm settlements from mid-decade (Baccaro and Simoni, 2002; Boyle, McElligott and O'Leary, 2004; Ruane, 2002). This suggests that compliance was more extensive than in the earlier phase of centralised bargaining in the 1970s. Social partnership has been credited with making it possible for the rapid growth from 1994 onward to result in more employment and less inflationary pressure than might otherwise have been the case. Even allowing for the more uneven compliance trends during the very rapid growth phase of the late 1990s, and more uneven trends since then, compliance has evidently been quite extensive.

Alternatives to Strong Institutionalisation

How then is coordination achieved, and how is compliance secured? Some economists point to the buoyant supply of labour during most of the 1990s which would tend to depress wage inflation and pay drift anyway, without any need for social partnership agreements (FitzGerald, 1999; Walsh, 1999a; Walsh, 1999b). Some sociologists would argue that union leaders reneged on their duty to maximise pay (Allen, 2000). Neither of these explanations will really do: we need to take actors' preferences seriously in their institutional context (Scharpf, 2000).

In fact there are some mechanisms for ensuring that the governance of pay is somewhat more solidly grounded than Traxler's typology would suggest. On both the union and the employer side, extensive consultation of members' preferences, and in the case of the unions, legitimation of pay deals by subjecting them to democratic ballot, underpins voluntary compliance. (Baccaro, 2002; Baccaro, 2003; Baccaro and Simoni, 2002). During the 1990s, catch-up and comparability claims did not contribute to wage drift as they had during the earlier phase of coordinated pay policy in the 1970s. "External" constraints such as the Maastricht conditions for EMU membership were internalised into the partnership agreements through NESC. A tightening of monetary and fiscal policy was supported by unions and employers, and this also influenced the terms of the pay deals.

Non-unionised multinationals also faced tight profit margins during the 1990s, and were unlikely to be as willing to concede above-the-norm pay settlements as might have been the case during the 1970s (Gunnigle, Collings and Morley, 2005 pp. 251-2). But there is at least anecdotal evidence that through the networks established by the Irish Business and Employers'

Confederation (IBEC), the MNCs' preferences are taken into account in the bargaining process, and that they in turn broadly follow the terms of the agreements as representing the "market rate", while securing flexibility in pay rates through bonuses and other schemes (Roche, 1997).

The conduct of industrial relations for the duration of the agreements is a high priority for both unions and employers. Among the issues on the agenda of the pay talks are workplace conflict over pay and conditions, union recognition, and workplace participation. Employers have been particularly concerned to ensure compliance over excess wage drift and to insist on wage discipline. Unions have pressed for issues such as union recognition and the review of public sector pay. During 2005, new issues arose about the exploitation of non-national labour, labour-shedding and outsourcing of work, protection of employment standards, and the scope of employer concerns over flexibility. All these issues and more have been built into the pay deals.

To some degree therefore the process itself, quite apart from its outputs, acquired legitimacy by commanding the normative allegiance of a majority of participants (Scharpf, 1997b; Scharpf, 1999). The agreements became not only the vehicle for securing predictability in pay trends over time, but also the mechanism for sorting out potentially highly conflictual issues in the industrial relations arena. However, the consensus-oriented framework should not be overstated: conflicting preferences are inescapable in labour relations. Thus, while non-institutionalised vertical coordination may play some role, we must also look at the formal review and implementation mechanisms through which the pay deals are bedded down.

Flexible Governance Networks on Pay and Industrial Relations Issues

The wider institutional framework governing industrial relations was already well developed at the start of the social partnership process, and matured further during the 1990s. This is not quite the same as strong vertical institutionalisation. But it does mean that there is a national-level set of conflict resolution institutions to which either unions or employers can have recourse.

Pay agreements are subject to a series of interim reviews of their performance. They were monitored continuously by a Central Review Committee until the mid-1990s. This was replaced by a National Implementation Body (NIB), which comprises representatives of all the social partners and has a wider remit. The NIB is credited by all sides as playing a key role in managing conflict. It acts as a "... sweeper, keeping an eye on what's coming down the track", as one employers' representative phrased it. It has worked to defuse conflicts or to channel them into further dispute resolution arenas. The Labour Relations Commission and the Labour Court,

originally established in 1947, have acquired greater authority, both statutory and informal, over time, all within a voluntarist framework. A trade union officer commented that:

ICTU works with the NIB to keep the lines open. If a group threatens a breach (of the pay deal), ICTU works hard to keep them committed to the terms. If anyone wants to go for a deal in excess of these, it has to be justified very seriously.³

The review mechanisms have provided a channel through which both union and employer grievances could be recognised and addressed, or pushed onto the agenda of the next round of partnership talks for a solution.

Pay compliance in a shifting economic environment is one of the biggest challenges to the employer-union review networks. By the late 1990s, labour shortages in many sectors put the terms of the agreement (Partnership, 2000) under severe strain, and above-the-norm settlements became much more widespread. One senior person on the trade union side commented that:

ICTU seeks a mandate before going into any agreement, and endorsement before coming out, and holds member unions to that. ICTU held the unions to it during the EMS crisis (1992-3), when many employers pleaded inability to pay. At that time, ICTU could persuade them. But six years later, they couldn't persuade their members to hold to a deal, when the phase of very rapid growth was at its peak.

Many employers came to the view that while social partnership was mostly successful, "... the conspicuous exception was PPF (2000-2003)". Trade union expectations were still running high, but an international downturn has changed the business environment. Many believed that unions were engaging in increasingly aggressive claims which they were pressing hard through the Labour Court. As one employers' representative commented:

Where conventionally Labour Court recommendations carried a lot of weight and respect, now they started to be used in order to further local negotiations – and the recommendations would not be accepted, but used as a basis for further claims. This added to the already marked pay drift and added to competitiveness problems, at a time when cost increases were running at three times the European average.

³ This paper is informed by a series of interviews in Autumn 2004 and Spring 2005 with key actors among the social partners and in various government departments. I am most grateful to these individuals for their generosity with their time and insights. I have kept all quotes anonymous.

These multiple stresses on the pay deals – extraordinary but sectorally differentiated growth, followed by sharp downturn, in which expectations on both sides were mismatched and mistimed – could have pulled the very possibility of pay deals apart. But both sides ultimately preferred to continue to negotiate within the framework that permitted them to pursue pay and non-pay issues jointly.

In addition to conflicts over pay rates, the issue of trade union recognition proved very difficult, especially in the early 2000s. Union concerns about non-union firms were not primarily directed toward the US high-tech companies – as one union official commented:

... they tend to have very good in-house HRM... Intel is not a problem for the wage rates of North Kildare. But under-cutting and downward competitive pressures on wages, these are the problems.

Union recognition had been a source of confrontation in the mid-1990s and had been referred to a high-level working group under Partnership 2000. Some in the trade union movement had been pressing for a statutory right to collective representation; this was opposed by the employers' federation. The social partnership working group produced an agreed recommendation about the process of consultation and mediation that should be followed and that would eventually result in a legally binding recommendation from the Labour Court. As one commentator has noted:

The 2004 Industrial Relations Act provides a ready means for expanding union membership... The stronger enforcement rights contained in... "Towards 2016" (T16) (during 2006) are worth more than any pay increases to unions interested in meeting this demand for representation.

Pádraig Yeates, "Unions must address democratic deficit",
Irish Times, 14 July 2006, p. 4.

Another major issue taken out of contention through these channels, to be sorted out in a separate domain, was that of public sector pay. Grievances in the public sector had threatened to undermine Partnership 2000 in the late 1990s, as nurses, police and then teachers, sought pay increases significantly in excess of the terms of the agreement. Special increases awarded to nurses and police created further difficulties because public sector pay was strongly driven by well-established relativities and differentials, making it difficult to control knock-on effects elsewhere. The Public Sector Benchmarking Body, established in 2000 and reporting in June 2002, awarded an average of 8.9 per

cent pay increases to public sector employees.⁴ Despite incurring some criticism, the expectation was that this would finally break relativities-based pay claims in the public sector, and would help speed up the pace of ongoing change in service delivery and productivity in the public service.

When Sustaining Progress was agreed in 2003 it had some distinctive features which underscored the importance for both unions and employers of being able to conjoin pay issues with industrial relations practices. First, the pay agreement was only for 18 months' duration in the first instance: both employers and unions were wary about locking in to a longer cost-stabilising agreement. This revealed the weaknesses of the pay governance mechanisms in a "multi-speed" economy. But it also indicated the continued preference on both union and employer sides for a negotiated deal over a free-for-all. Second, the conditions governing compliance were made stricter and the Labour Court acquired stronger powers to issue binding recommendations in conflicts over pay (*Sustaining Progress*, 2003, pp. 67-8). Third, inflation control was made a priority and passed on to government for response: indeed, the National Competitiveness Council commented in May 2003 that almost half of recent price increases were attributable to the cost of government services.⁵ Fourth, some legislative strengthening of the process leading to union recognition was provided for.

An employer spokesman commented that, in the wake of The Programme for Prosperity and Fairness (PPF) (2000-2003), wage drift was so pervasive, and conflict over union recognition so intractable, that:

... compliance on pay, and union recognition, either individually or together, would have collapsed the national agreement altogether.

The successful negotiation of the two parts of Sustaining Progress indicates that the formal weaknesses in the governance of pay need not be fatal. A working solution was found through hard bargaining in which each side's grievances were aired and some form of accommodation reached.

The governance of pay is not as well supported institutionally as in a number of other European countries; but neither is it as weak as such a comparison might suggest either. It is flexible because difficult issues can be revisited and reviewed in successive agreements. The continued commitment to social partnership as the framework of pay deals cannot be taken for

⁴ *Report of the Public Service Benchmarking Body*, 30 June 2002. <http://www.finance.gov.ie/documents/publications/other/Bench.pdf>

⁵ National Competitiveness Council, *Statement on Inflation*, May 2003. http://www.forfas.ie/ncc/reports/ncc030522/webopt/ncc030522_statement_on_inflation_72dpi_s.pdf

granted. But the flexible network governance of pay has been strengthened and has proven its value. As an employer representative commented:

Social partnership is a mature structure now. Each side has a sense of how far they can travel to maintain support for national partnership. There have been huge benefits; there have also been difficulties, especially in the recent downturn; which is where the new architecture has become very important.

Similarly, during 2005 the issue of employment standards and outsourcing of labour seemed likely to sink any prospect of a successor agreement to Sustaining Progress. But in the words of a senior civil servant close to the process:

It is by now quite a robust procedure. It had to be, to deal with these issues. Social partnership created a momentum which facilitated the referral of the issue to the Labour Relations Commission and the Labour Court. The fallout was the creation of a framework to deal with these concerns. Through social partnership, government was then able to formulate propositions that would be legally acceptable, and credible, but which would not threaten core flexibility.

The process is therefore always contested, depending on where each side sees its advantage lying. For example, one prominent trade union leader candidly acknowledged, about the issue of union recognition, that:

In other continental European countries – France, say – they have legislation that is more beneficial to unions, but they have highly regulated industrial relations systems that are also very constraining. Irish unions want voluntarism where they are strong and mandatory arbitration where they are weak.

Yet as a senior civil servant noted:

If employers really thought they would get significantly better cost-effectiveness, they would get out of social partnership. But this would probably only follow from an experience with massive levels of unemployment. So the challenge is to continue to police the system.

Moreover, there are real advantages to government in seeking the direct input of alternative points of view, where positions are strongly held and in

direct conflict with one another. In developing a framework on employment standards during 2005 and 2006 for the agreement *Towards 2016*, a senior civil servant close to the partnership process commented that:

For government to reach this point, it was important to have the two sides engaged in strong advocacy of their respective positions. This enabled government to reach a position that would be both legitimate and effective.

Although questions may be raised about the imperfect democratic credentials of the partnership process, it is arguably “democratic enough” not only in its effectiveness but in the claims it can make to democratic legitimacy in the governance of the pay agreements and related labour market issues. That said, these claims could clearly be strengthened, particularly in areas such as trade union membership, representativeness and deliberative capabilities.

V THE FLEXIBLE NETWORKS OF SOCIAL POLICY

Over time, social partnership developed a dense network of working parties, committees, and task forces, in addition to the more formalised procedures of monitoring and overseeing the implementation of the pay terms. Gradually the agreements came to include statements on virtually every aspect of economic and social policy.

In neo-corporatist political systems, the justification for linking social policy issues with pay negotiations is that the former constitute a form of “social wage” to complement market pay rates. Or it may take the more contingent form of “competitive” corporatism in which welfare and labour market reforms of a market-conforming nature may be part of the overall deal.

Neither of these possibilities seems to fit the Irish experience. There has been little or no direct linkage of pay deals to expansion of the social wage. And the problems that arise in improving the Irish welfare state bear little resemblance to the adjustment problems facing other mature welfare states (Esping-Andersen, 1999). Yet the cluster of networks around social and economic policy issues feeds into wider political processes in sometimes unexpected ways.

The Social Wage and Social Policy Issues

Although some trade union leaders have striven to raise the profile of the “social wage”, any prospect of a real trade-off between disposable income and improvements in social services is, for the most part, marginal to the negotiations.

Ireland's welfare provisions, whether we look at income maintenance, or health and social service provision, have not kept pace with rising living standards, population increase, and growing expectations. Long a "welfare laggard", Ireland's welfare state emphasises targeting and means-testing (Esping-Andersen, 1999; McCashin, 2004). As a senior civil servant commented:

In Ireland, the middle classes are expected to look after themselves. For a long time they were excluded from Social Insurance schemes; they are encouraged to take out private health insurance, pensions and so on.

This accounts for the reliance on tax incentives for private pensions, health insurance, income guarantee and other schemes, and for tax subsidies to home ownership, all of which have been shown to have marked inegalitarian effects. Less visible is the tendency to graft private provision, especially in the areas of health and education, onto already existing public provision. This has given rise to what has been termed a "pay-related welfare state" in which state-subsidised private purchase can ensure better-quality health care, education, pensions, and other benefits (Ó Riain and O'Connell, 2000; O'Connell and Rottman, 1992). But if distributive inequities do not feature strongly in electoral competition, there seems little reason for them to be a mainstay of partnership negotiations. The principal negotiators in pay agreements tend to agree that, as one participant put it, "The Irish median voter clearly favours a low-tax regime". Notwithstanding increases in gross public spending during the 1990s, Ireland did move strongly toward a low-tax, low-spend regime in comparative context (Ó Riain and O'Connell, 2000). As one prominent individual in the trade union movement commented:

It is easier to construct a grand coalition around the single issue of higher pay levels, or more disposable income through tax cuts, than around less tangible and more uncertain future benefits.

Yet the problems of infrastructural investment and service provision also have a bearing on the quality of life. The trade union movement derives part of its legitimacy from its promotion of these issues through social partnership networks. In its online statement about Congress's "mission", the Irish Congress of Trade Unions (ICTU) says that:

Congress will strive to achieve economic development, social cohesion and justice by upholding the values of solidarity, fairness and equality... . Through the Social Partnership process, Congress can shape and influence

government policy in key areas, such as taxation, employment legislation and Childcare. (www.ictu.ie)

While many of the non-pay themes in the social partnership agreements are driven by the trade union movement, others are the concern of the voluntary and community sector, which was incorporated into the partnership talks during the mid-1990s. This has broadened the range of interests represented in the policy networks exponentially. The first social partnership agreement (Programme for National Recovery (PNR), 1987-1990) was negotiated with six organisations representing employer, union, and farming interests. Partnership 2000 increased representation to include ten other groups, and an umbrella “Community Platform” representing 14 voluntary sector groups. By the time Sustaining Progress was concluded in 2003, the social partners included the principal trade union, employer, industry, and farming interests; 7 voluntary and statutory social interest organisations; and the Community Platform which represented 26 voluntary sector groups.

The expanded policy scope of social partnership reached a high point with the Programme for Prosperity and Fairness (PPF, 2000-2003). This agreement included five “Frameworks” within which a whole set of policy objectives were detailed.⁶ One senior actor estimated that the PPF (2000-2003) had involved over 60 committees and working groups; another put that estimate at over 100.

Sustaining Progress, negotiated in 2003, was somewhat more modest in its aspirations. It still set the pay deal in the wider context of macroeconomic policy, social equity, adaptation to the information society, and other themes, but the non-pay policy commitments were somewhat more focused this time.⁷ This agreement accorded priority to ten “Special Initiatives” which included housing and accommodation; the availability of insurance; migration and interculturalism; long-term unemployed; educational disadvantage; waste management; childcare; alcohol and drug misuse; the information society; and child poverty (*Sustaining Progress*, p. 23). A Steering Group was set up to coordinate and develop the work of these groups. Sustaining Progress also set up other working groups including a Forum for the Construction Industry, and

⁶ These included living standards and workplace environment (including tax, pensions, modernising the public sector); prosperity and economic inclusion (including industrial policy, regional development, housing, environmental policy); social inclusion and equality (including poverty, healthcare, the social economy); adaptation to continuing change (including childcare, information society issues); and renewing partnership (deepening the process at all levels).

⁷ With three Chapters – macroeconomic policy, sharing prosperity, and delivering an inclusive society; and eleven “thematic areas” that ranged from public spending and taxation, through infrastructure and environment, to poverty and social inclusion and accessing quality public services.

a Public Transport Partnership Forum. A successor agreement, *Towards 2016*, agreed in June 2006, in addition to the pay agreement and provisions for the low-paid, included key points about the establishment of an Office of Employment Rights Compliance with 90 labour inspectors, labour protection measures with heavy penalties, a review of pensions policy, and commitments on social welfare rates, social housing, primary medical care, family carer policy, among other issues. It is difficult to think of a policy issue that is not now the subject of some social partnership working group or other. Indeed, the agreement *Towards 2016*, concluded in June 2006, set out a ten-year policy horizon, in line with the NESC framework document that underpinned these talks (National Economic and Social Council, 2005).

But effective power within the networks is not distributed evenly. The community and voluntary sector have frequently felt unable to assert their priorities effectively, unless government was already sympathetic to their position. They are not even physically present at the pay element of the talks; indeed the detailed negotiations tend to be conducted not around a table at all, but indirectly through communications between adjoining rooms. Organisations wishing to stress the priority of poverty reduction have at times threatened to withdraw from the talks. In April 2002, the Community Platform, representing 26 organisations, walked out of the final meeting of the partnership talks:

This protest was because the Government had rolled back the equality and rights agenda by bringing in legislation, which had NOT been agreed in partnership. The Government did NOT consult with us on legislation relating to: Disability; Travellers; and Asylum Seekers. (Community Platform, 2002).

But no agreement was halted or even significantly delayed by such protests. And some organisations that had not signed up to Sustaining Progress subsequently found that their government subventions had been reduced.

VI FLEXIBLE NETWORK GOVERNANCE IN THE POLITICAL PROCESS

To what degree, then, do these working groups really matter for the substance of political life, for agenda-setting, for the government's legislative programme? A single assessment is difficult to arrive at. We know relatively little about the details of the Irish policy process. At some moments, on some policy issues, the partnership working groups have thrown up initiatives that

have been incorporated fully into government decisions. On a great many issues, the work seems to go nowhere at all. Yet the potential for shaping the agenda of debate remains considerable.

The partnership working committees gain added legitimacy because they function as the principal conduit for the government's obligation to engage in consultations and "social dialogue" arising from national membership of the EU, the UN and other bodies. Ultimately, the networks are only as effective as government makes them, but governments are also required to be attentive to the priorities that are articulated through these networks.

Rapid Responses and Transnational Linkages

Social partnership working groups can provide a ready-made forum through which to engage in consultations which would be necessary in any case as a consequence of Ireland's international obligations, for example on labour market activation schemes or childcare policy. EU and other commitments do not explain the origins or continuation of flexible network governance, but they may have helped strengthen and legitimate it.

The growing European trend toward policy coordination has given an extra impetus to linking organised interests into the policy process at national level. The EU's Open Method of Coordination (OMC) has produced a gradual change in the way policy priorities are discussed and analysed. The OMC, initiated in 2000, is an alternative to regulatory policy in areas in which the EU has no formal competence. It requires the development of National Action Plans, based on commonly agreed objectives, the implementation of which is regularly assessed. The process is intended to "... promote policy cooperation and transnational exchange of learning and good practice".⁸ The exact way this happens will depend on national variation in institutional structures and policy styles (de la Porte and Nanz, 2004 pp. 276-280).

Thus in Ireland, the EU Employment Strategy, and the Action Plan to which member states are committed as part of this, mainly ran through existing social partnership networks (Murphy, 2002 p. 115).⁹ Similarly, the Irish government's National Anti-Poverty Strategy (NAPS), set up in 1997 as a consequence of undertakings given at the UN World Summit for Social Development in Copenhagen in 1995, was developed by an Inter-Departmental Policy Committee made up of high level officials from a number of government departments, in consultation and participation with a broad range of interests, mainly drawing on social partnership channels. The NAPS Unit subsequently became the Office for Social Inclusion; this is located in the

⁸ http://europa.eu.int/comm/employment_social/social_inclusion/index_en.htm

⁹ http://europa.eu.int/comm/employment_social/news/2002/may/eval_irl.pdf

Department of Social, Community and Family Affairs. It coordinates the work of a number of other high-level official groupings cutting across departments.¹⁰ Its work increasingly overlaps with and draws on the work done through the social partnership working groups.

Involvement in the OMC, in the view of some key actors, has helped to nudge toward improving the quality of public policy making in Ireland. The overlapping consultative and reporting mechanisms that link OMC with social partnership committees help, as several participants note, to keep a focus on “joined-up government”, to maintain a “whole-of-government” perspective on multi-agency problems, and to build consensus on problems, targets, and methods.

It can be hard to see tangible changes through OMC – but this is not unique to Ireland and is a widely shared assessment of how OMC works across the EU (Arrowsmith, Sisson and Marginson, 2004). As a form of “soft law”, there is no sanctioning mechanism for failure to meet OMC targets. There is also said to be a less critical process of evaluation at EU-level meetings than at meetings to assess compliance with UN Conventions. In the latter case, according to a senior policymaker:

... countries are really held to account about their compliance, through tough questioning and adverse publicity. They consult with the NGOs concerned. There is a big media presence. You have to be very well prepared. Very different from friendly EU chats. A gentle couple of hours' exchange is all that happens. No-one is too hard on anyone else.

And in the words of another senior civil servant:

We are now into an era of Central Bank school of discipline – a reprimand from the European Central Bank has more teeth than OMC.

¹⁰ The Cabinet Committee on Social Inclusion, Drugs and Rural Development is chaired by the Taoiseach. The Senior Officials Group on Social Inclusion is chaired by the Department of the Taoiseach and includes senior officials from relevant government departments, including the Office for Social Inclusion. The Office for Social Inclusion was established in December 2002 and is based in the Department of Social and Family Affairs, with overall responsibility for developing and implementing the NAPS. The Management Group of Assistant Secretaries comprises senior officials from the relevant government departments and oversees the work of the Office for Social Inclusion. The Social Inclusion Consultative Group is co-chaired by the Department of the Taoiseach and the Department of Social and Family Affairs, and comprises representatives of the relevant government departments, the social partners, and certain statutory agencies such as the Combat Poverty Agency, the Equality Authority, also the Economic and Social Research Institute
Source: *National Action Plan Against Poverty and Social Exclusion 2003-2005*, www.welfare.ie/publications/naps/nactplan/napind_plan0305.pdf

And yet as a senior civil servant commented, referring to the reporting requirements of the OMC, "... if social partnership did not exist, it would have to be invented".

The Political Limits of Network Autonomy

Power in the policy process ultimately resides where there is budgetary control, or in other words, in the hands of government. It seems that Ireland ranks well on consultation over policy development and implementation.¹¹ But there are limits to how much policy discretion is devolved to the social policy governance networks. Crucially, neither the social partnership Special Initiatives nor the EU Action Plans are linked into the budgetary process (Murphy, 2002 p. 113).

More generally, if issues that are under discussion in partnership networks are ever to gain the status of actual policies, they need strong political sponsorship. A senior civil servant comments that:

... there needs to be a strong policy focus. A Minister with a clear agenda can make a big difference. A Minister can unlock the process.

Ministers, indeed politicians in general, "have an ear to the ground", understand electoral preferences, and above all, are accountable to the electorate on the doorsteps and through the ballot box. Another senior civil servant commented that:

It is best if there is a clear policy agenda to work to... This would need to be bedded down, so that the civil service could be held to account for it. It would need to be set out with an accountability process... . There is a lot of institutional inertia otherwise.

Ministers vary considerably in their engagement with policy development. All government decisions are the collective responsibility of the Cabinet, though the Minister for Finance as the holder of the purse-strings often plays a pivotal decision making role. The individual who held this position for the longest spell in recent times was Charlie McCreevy (Fianna Fáil, 1997-2004). He exercised ministerial discretion in decision making to a greater degree than most, and exposed the limits of social partnership's ability to set the agenda if this conflicts with the government's priorities. On some occasions, the preferences of the social partners ran counter to the party political

¹¹ European Foundation for Living and Working Conditions, Social Partner Involvement in the 2002/3 Employment Action Plans http://www.eiro.eurofound.eu.int/other_reports/ef04144en.pdf

priorities or manifesto commitments of government. In such instances, government easily “trumped” social partnership, especially on tax priorities, and incurred relatively little penalty in the way of protest or non-compliance by the social partners, or indeed any serious danger to continued participation in the process.¹²

Nevertheless, the departure of Charlie McCreevy as Minister for Finance in 2004 prompted tributes from trade union as well as business interests for his commitment to supporting social partnership. A commentator in the trade union movement noted that:

McCreevy seems to have mellowed toward the unions during his time in office. He was very important in the review of the pay agreement (early in the term of PPF). He really engaged on macroeconomic issues; he became an advocate of the social partnership model.

Fianna Fáil Minister for Finance, Brian Cowen, defended the partnership process against any suggestion that it is unrepresentative, with a specific reference to government’s public interest duties:

We’re all there as actors in the economy to try and achieve a consensus on how to manage the economy and how we create the resources to meet some of the policy objectives. Over the past 20 years we’ve tried to improve it as well as recognising some of its constraints and successes. It has been around social partnership where we have got consensus. Taxpayers are represented by the Government.

“Interview of the Week: Brian Cowen”, *Irish Times, Finance Supplement*, 3 February 2006, p. 30.

In similar terms, the Taoiseach, Bertie Ahern, dismissed the view that social partnership is undemocratic:

Since its beginnings almost 20 years ago, social partnership has been based on an invitation by the Government of the day to the social partners to join it in discussing how to jointly develop policies and behaviours which better serve the needs of our people. It is entirely appropriate and democratic to

¹² However, a careful examination of McCreevy’s tax policies reveal that the impact of the most contentious policies of channelling reliefs to the better-off, and tax individualisation, was modified and softened in subsequent measures, once public protests had been aired. The fact that protests came from family lobbies defending “women in the home” as well as from the social partners may well have over-determined this response – electoral pressures are never far from government considerations.

recognise the independent roles and contribution made by various social partners. At the same time, the partners fully recognise and accept that the Government must be able to exercise fully its prerogatives within the framework of political accountability. The Government entered these negotiations on the basis of our published programme for Government.

*Dáil Debates, Vol. 623, No. 2, Wednesday 5 July 2006,
“National Wage Agreements”.*

Government’s responsiveness to the community and voluntary sector, and especially to representatives of the “poverty lobby”, has been perceived as waxing and waning as government may need to cultivate one or other section of the electorate. For example, Fr. Seán Healy, the spokesman for the Conference of Religious in Ireland (CORI) and a prominent voice on distributive justice issues in social partnership, was widely believed to have been politically sidelined by government in the run-up to Sustaining Progress. But he was warmly welcomed to a Fianna Fáil policy review in the Autumn of 2004, when the government sought to restore its public standing in the wake of poor local and European election results.

Yet government’s perspective is inevitably coloured by the points of view channelled through these overlapping networks of consultation. As a senior civil servant commented:

The trick for social partnership is not to “capture” issues or label everything, rather to help clarify, to exercise influence.

Referring to the progress report on the Special Initiatives, published as part of the mid-term review of Sustaining Progress, the Office for Social Inclusion commented that:

... the experience from the first phase of work on the initiatives has underlined their complexity and multidimensional nature... The process brought greater clarity and focus... to complex issues and it has highlighted the need for differing or more collaborative ways of working.¹³

A senior civil servant close to the partnership process summarised the process of mutual influence as follows:

¹³ Office for Social Inclusion, *National Action Plan Against Poverty and Social Exclusion, First Annual Report: Implementation of Plan 2003-4*, p. 10. www.welfare.ie/publications/naps/nactplan/napannrep0304.pdf

Social partnership is about the alignment of agendas. It is not about bargaining, but about figuring what policy choices are available. If anything, it is a privileged relationship with government for the social partners. The wider policy agenda is driven by what government wants to achieve, tempered by an understanding of what is feasible; it thus provides an important opportunity for a wide range of interests to influence government thinking.

All this is surely a vital part of democratic deliberation. However, it is a process that is not equally available to all. Moreover, it is divorced from Oireachtas proceedings: neither the framework agendas nor the draft agreements routinely go before the Dáil. As noted by Deputy Richard Bruton,

There are two implementation bodies, four research agencies, nine high-level policy committees and four major progress reports delivered each year. That presents a stark contrast to the support available to the Oireachtas for democratically elected representatives to deliver their mandate in crucial areas of decision making. We must examine developing a proper relationship between the institutions of social partnership and the Oireachtas.

*Dáil Debates, Vol. 623, No. 2, Wednesday 5 July 2006,
“National Wage Agreements: Statements”.*

While these comments reveal a real gap in Dáil procedures, it is in principle remediable, even though it can be notoriously difficult to reform the practices of the Irish legislature (Mac Cárthaigh, 2005). This does not necessarily undercut the legitimacy of the partnership process itself.

VII CONCLUSION

Social partnership has evolved since the late 1980s. On pay and industrial relations issues, the deals have proved resilient under varying conditions (though not yet in prolonged recession). On the broader social policy issues, the networks of consultation create a flexible system of setting priorities and channelling policy initiatives into the political process. Social partnership has become intricately involved with obligations incurred at EU level. The whole can be understood as constituting a new model of flexible network governance.

Rather than seeing social partnership as displacing the proper role of government, we have seen that the policy process still depends centrally on ministerial initiative and is ultimately subordinate to the electoral priorities

of government. Social partnership can contribute to mending some of the well-known deficiencies of the system of public administration, such as in tackling issues that cut across departments jurisdictions. There are undoubtedly gaps in democratic legitimacy in this process, especially in areas such as the extent of trade union membership, the representativeness of the voluntary sector, and the capacity of the Dáil to debate issues under consideration by partnership networks. But these do not fundamentally undermine it. Social partnership has not only acquired a capacity for dealing effectively with difficult issues but has also strengthened the normative framework for engaging broad-based social interests in the policy process. In an era when electoral participation has fallen and parliamentary accountability is more difficult to enforce, there may be a particular value in having some sort of mechanism of this kind:

If responsiveness is about substance, accountability is about process, about the “throughput” that permits citizens to express their views on policy outputs.

(Papadopoulos, 2003, p. 482).

The core deal on pay and disposable income continues to be the pivot of social partnership. It is generally acknowledged that “... pay is the glue that keeps the process together”, as a senior public servant has commented. Without this, the consultative and representative processes would undoubtedly be weaker and less significant. But it does shape the nature and extent of the influence that different actors can wield.

In comparative perspective, legal and institutional methods of enforcing implementation of pay agreements in Ireland are quite weak. But the institutional mechanisms to support and ensure voluntary compliance are more robust than this might suggest. Social partnership has provided a means of adjustment to new macroeconomic challenges in a small open economy. But its contribution to addressing welfare gaps is much more limited, and its impact on the broader policy environment has been more diffuse. It involves, as one senior civil servant has noted, “... acknowledging the shared framework; pre-ordering and disciplining the interests and demands of each side”. How they identify their interests must necessarily be conditioned to some degree by their perception of what is feasible within the partnership process. But they are also constrained in the issues they take up by the wider political culture that shapes members’ priorities.

The outcomes of social partnership bear some resemblance to the “competitive corporatism” that has developed in some other European states. But the institutional framework and the relationships between actors vary

considerably across countries. Social partnership in Ireland has become more firmly embedded into the political process than its role in shaping pay trends might indicate. It has become a robust multidimensional way of managing many policy issues flowing from the employment context. It is flexible enough for either government or social partners to seize the initiative in raising issues. It provides a forum for securing consent for and legitimation of policy initiatives. Social partnership as a process is now woven into the political system, and its contribution to shaping the policy agenda, while less visible, is widely acknowledged. But without the core deal on incomes and industrial relations, flexible network governance would be likely to become a more conventional set of interest group lobbies.

REFERENCES

- ADSHEAD, A., 1996. "Beyond Clientelism: Agricultural Networks in Ireland and the EU", *West European Politics*, Vol. 18, No. 3. pp. 583-608.
- ALLEN, KIERAN, 2000. *The Celtic Tiger: The Myth of Social Partnership in Ireland*. Manchester: Manchester University Press.
- ARROWSMITH, JAMES, KEITH SISSON and PAUL MARGINSON, 2004. "What Can 'Benchmarking' Offer the Open Method of Coordination?" *Journal of European Public Policy*, Vol. 11, No. 2. pp. 311-328.
- BACCARO, LUCIO, 2002. "The Construction of 'Democratic' Corporatism in Italy", *Politics and Society*, Vol. 30, No. 2. pp. 327-357.
- BACCARO, LUCIO, 2003. "What is Alive and What is Dead in the Theory of Corporatism", *British Journal of Industrial Relations*, Vol. 41, No. 4. pp. 683-706.
- BACCARO, LUCIO and MARCO SIMONI, 2002. *The Irish Social Partnership and the 'Celtic Tiger' Phenomenon*, Geneva: International Labour Office.
- BOYLE, GERRY, RORY McCELLIGOTT and JIM O'LEARY, 2004. "Public-Private Wage Differentials in Ireland, 1994-2000", Irish Economic Association Annual Conference, Belfast.
- BOYLE, NIGEL, 2005. *FÁS and Active Labour Market Policy, 1985-2004*, *Studies in Public Policy* 17. Dublin: TCD Policy Institute.
- COLLINS, NEIL, 1995. "Agricultural Policy Networks of the Republic of Ireland and Northern Ireland", *Political Studies*, Vol. 43, No. 4. pp. 664- 682.
- COMMUNITY PLATFORM, 2002. *Challenging Poverty and Inequality: The Role of the Community Platform in the National Negotiations*, Dublin.
- CROUCH, COLIN and WOLFGANG STREECK (eds.), 1997. *Political Economy of Modern Capitalism: Mapping Convergence and Diversity*. London: Sage.
- DE LA PORTE, CAROLINE and PATRIZIA NANZ, 2004. "The OMC – a Deliberative-Democratic Mode of Governance? The Cases of Employment and Pensions", *Journal of European Public Policy*, Vol. 11, No. 2. pp. 267-288.
- EBBINGHAUS, BERNHARD, 2004. "The Changing Union and Bargaining Landscape: Union Concentration and Collective Bargaining Trends", *Industrial Relations Journal*, Vol. 35, No. 6. pp. 574-587.
- ESPING-ANDERSEN, GOSTA, 1999. *Social Foundations of Postindustrial Economies*. Oxford: Oxford University Press.

- FITZ GERALD, JOHN, 1999. "Wage Formation and the Labour Market" in Frank Barry (ed.), *Understanding Ireland's Economic Growth*, Basingstoke: Macmillan, pp. 137-66.
- GUNNIGLE, PATRICK, DAVID G. COLLINGS and MICHAEL MORLEY, 2005. "Exploring the Dynamics of Industrial Relations in US Multinationals: Evidence from the Republic of Ireland", *Industrial Relations Journal*, Vol. 36, No. 3. pp. 241-256.
- GUNNIGLE, PATRICK, M. O'SULLIVAN and M. KINSELLA, 2002. "Organised Labour in the New Economy: Trade Unions and Public Policy in the Republic of Ireland", in Daryl D'Art and Thomas Turner (eds.), Dublin: Blackhall Press, pp. 222-258.
- HARDIMAN, NIAMH, 2000. "Social Partnership, Wage Bargaining, and Growth", *Bust to Boom? The Irish Experience of Growth and Inequality* in Brian Nolan, Philip J. O'Connell and Christopher. T. Whelan (eds.), Dublin: Institute of Public Administration, pp. 286-309.
- HEMERIJCK, ANTON and MARTIN SCHLUDI, 2000. "Sequences of Policy Failures and Effective Policy Responses" in Fritz W. Scharpf and Vivien A Schmidt (eds.), *Welfare and Work in the Open Economy*, Vol. 1: *From Vulnerability to Competitiveness*, Oxford: Oxford University Press, pp. 125-228.
- HONOHAN, PATRICK and BRENDAN WALSH, 2002. *Catching Up With the Leaders: The Irish Hare*, Brookings Papers on Economic Activity, Washington, DC: Brookings Institution, pp. 1-57.
- IVERSEN, TORBEN, 1996. "Power, Flexibility, and the Breakdown of Centralised Wage Bargaining: Denmark and Sweden in Comparative Perspective", *Comparative Politics*, July, pp. 399-436.
- KINDERMAN, DANIEL, 2005. "Pressure from Without, Subversion from Within: The Two-Pronged German Employer Offensive", *Comparative European Politics*, Vol. 3, pp. 432-463.
- KITSCHOLT, HERBERT, PETER LANGE, GARY MARKS and JOHN D. STEPHENS, 1999. "Conclusion: Convergence and Divergence in Advanced Capitalist Democracies" in Herbert Kitschelt, Peter Lange, Gary Marks, and John D. Stephens (eds.), *Continuity and Change in Contemporary Capitalism*, Cambridge: Cambridge University Press, pp. 427-460.
- MAC CÁRTHAIGH, MUIRIS, 2005. *Accountability in Irish Parliamentary Politics*. Dublin: Institute of Public Administration.
- MACSHARRY, RAY and PADRAIC WHITE, 2000. *The Making of the Celtic Tiger: The Inside Story of Ireland's Boom Economy*. Dublin: Mercier Press.
- MAIR, PETER, WOLFGANG C. MULLER and FRITZ PLASSER (eds.), 2004. *Political Parties and Electoral Change: Party Responses to Electoral Markets*. London: Sage.
- MARCH, JAMES G. and JOHAN P. OLSEN, 1984. "The New Institutionalism: Organizational Factors in Political Life", *The American Political Science Review*, Vol. 78, pp. 734-749.
- MARSH, DAVID (ed.), 1998. *Comparing Policy Networks*. Buckingham: Open University Press.
- MARSH, DAVID and R. A. W. RHODES (eds.), 1992. *Policy Networks in British Government*. Oxford: Clarendon Press.

- MCCASHIN, ANTHONY, 2004. *Social Security in Ireland*, Dublin: Gill and Macmillan.
- MURPHY, CANDY. 2002. "Assessment of the Policy-Making Process", *Impact Evaluation of the European Employment Strategy in Ireland*, Brussels: EU Commission, Employment and Social Affairs, pp. 103-124.
- NATIONAL ECONOMIC AND SOCIAL COUNCIL, 2005. *NESC Strategy 2006: People, Productivity and Purpose*, Dublin: National Economic and Social Council.
- NOLAN, BRIAN, BRENDA GANNON, RICHARD LAYTE, DOROTHY WATSON, CHRISTOPHER. T. WHELAN and JAMES WILLIAMS, 2002. *Monitoring Poverty Trends in Ireland: Results from the 2000 Living in Ireland Survey*, Policy Research Series No. 45, Dublin: The Economic and Social Research Institute.
- Ó CINNÉIDE, SEAMUS, 1999. "Democracy and the Constitution", *Administration*, Vol. 46, No. 4. pp. 41-58.
- O'CONNELL, PHILIP J. and DAVID ROTTMAN, 1992. "The Irish Welfare State in Comparative Perspective" in John H. Goldthorpe and Christopher. T. Whelan (eds.), *The Development of Industrial Society in Ireland*, Oxford: Clarendon Press, pp. 205-240.
- O'DONNELL, RORY and DAMIAN THOMAS, 2002. "Ireland in the 1990s: Policy Concertation Triumphant" in S. Berger and Hugh Compston (eds.), *Policy Concertation and Social Partnership in Europe*, New York: Berghahn Books.
- Ó GRÁDA, CORMAC, 2002. "What Have We Learnt From the 'Celtic Tiger' Phase of Irish Economic Development?" *ESRI Quarterly Economic Commentary*, Dublin: The Economic and Social Research Institute, pp. 50-61.
- O'HEARN, DENIS, 2003. "Macroeconomic Policy in the Celtic Tiger: A Critical Assessment" in Colin Coulter and Steve Coleman (eds.), *The End of Irish History: Critical Reflections on the Celtic Tiger*, Manchester: Manchester University Press, pp. 34-55.
- Ó RIAIN, SEÁN, 2000. "The Flexible Developmental State: Globalization, Information Technology and the 'Celtic Tiger'", *Politics and Society*, Vol. 28, No. 3. pp. 3-37.
- Ó RIAIN, SEÁN, 2004. *The Politics of High Tech Growth: Developmental Network States in the Global Economy*. Cambridge: Cambridge University Press.
- Ó RIAIN, SEÁN and PHILIP J. O'CONNELL, 2000. "The Role of the State in Growth and Welfare" in Brian Nolan, Philip J. O'Connell, and Christopher. T. Whelan (eds.), *Bust to Boom? The Irish Experience of Growth and Inequality*, Dublin: Institute of Public Administration, pp. 310-39.
- PAPADOPOULOS, YANNIS, 2003. "Cooperative Forms of Governance: Problems of Democratic Accountability in Complex Environments", *European Journal of Political Research*, Vol. 42, No. 4. pp. 473-501.
- PÈREZ, SOFÍA A., 2002. "Monetary Union and Wage Bargaining Institutions in the EU – Extrapolating from Some Member State Experiences", *Comparative Political Studies*, Vol. 35, No. 10, pp. 1198-1227.
- PETERSON, JOHN, 2003. *Policy Networks*, *IHS Political Science Series*, No. 90, Vienna.
- PONTUSSON, JONAS and PETER SWENSON, 1996. "Labor Markets Production Strategies, and Wage Bargaining Institutions : The Swedish Employer Offensive in Comparative Perspective", *Comparative Political Studies*, Vol. 29, No. 2. pp. 233-250.
- RHODES, MARTIN, 2001. "The Political Economy of Social Pacts: 'Competitive Corporatism' and European Welfare Reform" in Paul Pierson (ed.), *The New Politics of the Welfare State*, Oxford: Oxford University Press.

- RHODES, R. A. W., 1992. "Policy Networks in British Politics: A Critique of Existing Approaches" in David Marsh and R.A.W. Rhodes (eds.), *Policy Networks in British Government*, Oxford: Clarendon Press.
- RHODES, R. A. W., 1997. *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability*, Buckingham: Open University Press.
- ROCHE, W. K. and J. F. GEARY, 2000. "'Collaborative Production' and the Irish Boom: Work Organisation, Partnership and Direct Involvement in Irish Workplaces", *The Economic and Social Review*, Vol. 31, No. 1. pp. 1-36.
- ROCHE, WILLIAM K., 1997. "Pay Determination, the State and the Politics of Industrial Relations" in Thomas V. Murphy and William K. Roche (eds.), *Industrial Relations Theory and Practice*, Dublin: Oak Tree Press, pp. 145-226.
- RUANE, FRANCES, 2002. "Wage Determination in the Irish Economy", *ESRI Quarterly Economic Commentary*, Winter, Dublin: The Economic and Social Research Institute, pp. 59-76.
- SCHARPF, FRITZ W., 1997a. *Games Real Actors Play*. Boulder, CO: Westview Press.
- SCHARPF, FRITZ W., 1997b. *Games Real Actors Play: Actor-Centred Institutionalism in Policy Research*. Boulder, CO: Westview Press.
- SCHARPF, FRITZ W., 1999. *Governing in Europe: Effective and Democratic?* Oxford: Oxford University Press.
- SCHARPF, FRITZ W., 2000. "Institutions in Comparative Policy Research", *Comparative Political Studies*, Vol. 33, No. 6/7. pp. 762-790.
- STEINMO, SVEN, 1993. *Taxation and Democracy*, New Haven: Yale University Press.
- STREECK, WOLFGANG, 1995. "Works Councils in Western Europe: From Consultation to Participation" in Joel Rogers and Wolfgang Streeck (eds.), *Works Councils: Consultation, Representation, and Cooperation in Industrial Relations*, Chicago: University of Chicago Press, pp. 313-350.
- STREECK, WOLFGANG and LANE KENWORTHY, 2005. "Theories and Practices of Neo-Corporatism" in Thomas Janoski, Robert Alford, Alexander M. Hicks, and Mildred A. Schwartz (eds.), *The Handbook of Political Sociology: States, Civil Societies and Globalization*, Cambridge: Cambridge University Press.
- TEAGUE, 1995. "Pay Determination in the Republic of Ireland: Towards Social Corporatism", *British Journal of Industrial Relations*, Vol. 33, No. 2. pp. 253-273.
- TRAXLER, FRANZ, 2004. "The Metamorphoses of Corporatism: From Classical to Lean Patterns", *European Journal of Political Research*, Vol. 43, pp. 571-598.
- VAN KERSBERGEN, KEES and FRANS VAN WAARDEN, 2004. "'Governance' as a Bridge Between Disciplines: Cross-Disciplinary Inspiration Regarding Shifts in Governance and Problems of Governability, Accountability and Legitimacy", *European Journal of Political Research*, Vol. 43, pp. 143-171.
- VAN WAARDEN, FRANS, 1992. "Dimensions and Types of Policy Networks", *European Journal of Political Research*, Vol. 21, No. 1-2. pp. 29-59.
- VISSER, JELLE and ANTON HEMERIJCK, 1997. *"A Dutch Miracle?" Job Growth, Welfare Reform, and Corporatism in the Netherlands*, Amsterdam: Amsterdam University Press.
- VISSER, JELLE and ANTON HEMERIJCK, 2000. *Learning and Mimicking: How European States Adjust*, COST A 15 Conference, European Welfare States: Domestic and International Challenges, Cologne.
- WALSH, BRENDAN, 1999a. "The Persistence of High Unemployment in a Small Open Labour Market: The Irish Case" in Frank Barry (ed.), *Understanding Ireland's Economic Growth*, Basingstoke: Macmillan, pp. 193-226.

- WALSH, FRANK, 1999b. "Labour Market Rents and Irish Industrial Policy", *The Economic and Social Review*, Vol. 30, No. 4. pp. 363-380.
- WEISS, LINDA, 1998. *The Myth of the Powerless State: Governing the Economy in a Global Era*. Cambridge: Polity Press.
- WEISS, LINDA (ed.), 2003. *States in the Global Economy: Bringing Domestic Institutions Back In*, Cambridge: Cambridge University Press.