

***International Association of Economic and Social Councils***

***and Similar Institutions***

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**Social Dialogue in Ireland**

***Introduction***

The nature and intensity of social dialogue in Ireland has changed considerably over the past four decades. This is evident in the changing set of participants, the changing nature of government engagement, the changing scope of the economic, social and environmental issues addressed and the changing role of the National Economic and Social Council (NESC).

***History***

Three broad phases in the history of social dialogue can be identified:

**From 1960 to 1987:** the creation of social dialogue and the struggle to achieve a disciplined system of wage bargaining and industrial relations;

**From 1987 to 2008:** a period of social partnership in which social dialogue was central to government strategy and national development; and

**From 2009 to the present:** a period of severe fiscal, banking and economic crisis in which social dialogue plays a marginal role in the overall policy process and public governance.

Ireland, which achieved independence from Britain in 1922, inherited its voluntarist and adversarial system of industrial relations. After several decades of economic protection, Ireland changed economic strategy in the early 1960s, aiming to achieve industrialisation through an open economy and investment in education and infrastructure. As a part of this modernisation strategy, the state created a range of institutions including several in which employers and trade unions were involved (see discussion of NESC below). Ireland’s progress in the 1960s, 1970s, and 1980s was accompanied by high levels of industrial conflict and wage inflation. During these decades, employers, unions and government sought, through social dialogue, to reform industrial relations through establishment of centralised bargaining or wage norms. These efforts were undermined by the both the macroeconomic context, the currency link with sterling, and prevailing attitudes and behaviour.

After a prolonged fiscal and economic crisis, the government, employers and unions entered a three-year ‘social partnership agreement’ for economic recovery in 1987. This delivered the kind of wage discipline that had eluded the actors in earlier decades. The pact, which was framed by discussion in the NESC, played a significant role in Ireland’s recovery; as a result, it was to be the first of eight three-year pacts that ran from 1987 to 2008. The content of these agreements widened beyond wages to include a range of economic and social policies. The transposition of EU directives on employment relations and social rights, conducted through social dialogue, had the effect of greatly increasing the legal content of Irish industrial relations. This twenty year period of social partnership was one in which social dialogue in NESC and a wide range of other fora was given high priority by government, unions, employers and ‘new social partners’ (see discussion of participants below).

When crisis hit in 2008 efforts were made to find a partnership response. This proved impossible given the scale of the collapse in tax revenue and pressure on the pay and conditions of public servants. As a result, government acted unilaterally and, from 2010 on, in close concert with those providing official funding to Ireland, the IMF, ECB and European Commission. Some of the machinery of social dialogue was dismantled and the remaining elements, such as NESC, were less central in the policy process. However, in 2010, and again in 2013, government entered agreements with the public sector trade unions, providing for cooperation with public sector reform and, in the recent agreement, further reductions in public salaries.

***Participants***

Participation in social dialogue widened considerably over the decades. In the 1960s and 1970s, the main participants were the trade unions (organised in a single federation, the Irish Congress of Trade Unions), and the employers (mainly organised in two federations, which later merged to form the Irish Business and Employers Confederation). As the institutions of social dialogue were created and developed (see below), a range of social NGOs were invited into the process in the mid 1990s. These groups, organised in the Community and Voluntary Pillar, were a party to the social partnership agreements from that time until 2008.

***Process***

In the 20 year period of social partnership, from 1987 to 2008, each three-year cycle began with discussion in NESC of the economic and social situation, leading to the agreement of a NESC ‘Strategy report’. That report was the key input to negotiations between government and the partners, conducted in the prime minister’s department. Once a three-year pact was agreed, and ratified within each of the pillars, its implementation was monitored by a range of partnership committees, most of which met quarterly. Special working groups––some involving only employers, unions and, often, government––were established to address particular issues, such as employment relations. The industrial dispute resolution machinery worked in parallel, but the over-arching partnership agreement formed the benchmark against which many of its rulings were made.

Since 2009, the social dialogue process is much more limited. Without an over-arching social partnership agreement, the wide range of partnership committees and working groups ceased to exist. On the main crisis issues––fiscal, bank rescue, competitiveness and the labour market––government has been heavily engaged with the EU, ECB and IMF and far less with the domestic social partners. Where such engagement occurs, it tends to be bilateral, rather than collective social dialogue. In the past year, government is recreating a range of channels of engagement with non-state actors, on the food industry, enterprise development, activation policy, the labour market and training. Business representatives are prominent in many of these, but several do also involve representatives of trade unions and social and environmental NGOs. In preparation of its National Reform Programme, within the Europe 2020 Strategy, government consults bilaterally with each of the social partners.

**The National Economic and Social Council**

***Introduction***

The NESC is a state body attached to the prime minister’s department. Its role and membership have changed considerably over the 40 years of its existence, reflecting the three periods of social dialogue noted above.

***History***

In 1963, the government created the National Industrial Economic Council, to provide a forum in which employers, unions and government could discuss the challenges of moving from protection to free trade. In 1973, it was replaced by NESC. Its role is to advise the prime minister on strategic issues of economic and social development. In its early years, it was one of the few bodies undertaking strategic, long-term, analysis of Ireland’s position and problems (see below). The role and prominence of the Council changed considerably in the late 1980s. From 1979 successive governments failed to find an escape from a vicious circle of stagnation, rising taxes, and increasing debt. In 1986, the Council agreed an analysis which provided a basis on which government and the social partners negotiated the first comprehensive partnership agreement in 1987, as noted above. This was the origin of a process in which NESC produced an over-arching strategic analysis every three years, which formed the basis of negotiation for each three-year partnership agreements. In addition, reports on employment, industry, social policy, education, rural development and public services were agreed and published. In the mid-1990s, the membership of the Council widened to include social NGOs and, in 2011, to include an environmental pillar.

***Structure***

The Council is funded from the budget of the prime minister’s department and is chaired by the Secretary General of that department. It has 33 members: a chair, deputy chair, four members from each of the five pillars (employers, trade unions, agricultural organisations, community and voluntary pillar, and environmental pillar), four representatives of government departments (finance, industry, education and environment), and 8 independent experts. The members of the Council are appointed by the prime minister for a three year term. It meets once a month and conducts most of its work in plenary. It does not have a role in providing opinions on draft legislation or day-to-day government decisions, focusing more on strategic issues and the principles which should guide policy. It is serviced by a small Secretariat of four economists and three social policy analysts. These prepare papers which, when discussed and agreed, become Council reports to government, which are noted by Cabinet before being published.

During the period of social partnership, government established new social dialogue bodies, alongside NESC. In 1993, prior to the inclusion of the social NGOs in NESC, the Government established the National Economic and Social Forum (NESF), a social dialogue body which advised Government on long-term unemployment and issues regarding equality and social inclusion. The National Centre for Partnership and Performance (NCPP) was set up in 2001, to monitor and promote partnership at enterprise and organisational level. In 2010, the Government simplified these social dialogue structures by closing the NESF and NCPP and moving the staff of these two bodies into NESC.

***Work***

In its role in providing social dialogue on strategic issues NESC’s early work had a strong emphasis on the challenge of economic development in a small peripheral, previously agricultural, economy; in the early 1970s this was reflected in reports on the Irish economy, regional development, manpower, jobs and farming. Reports on social policy, income distribution and housing followed in the mid-1970s, as well as publications on public expenditure and tax revenue. In the early 1980s, NESC undertook a major review of Irish industrial policy, and agreed reports on Ireland’s experience in Europe and the challenges of the internal market and EMU. From 1987 to 2006, the three-yearly ‘Strategy’ reports were a major part of NESC’s work. NESC’s 2005 report, the *Developmental Welfare State*, provided the framework for much of the current reforms of welfare and labour market services.

Since 2008, the Council has provided a number of studies of Ireland’s crisis and recovery: *Ireland’s Five-Part Crisis: an Integrated National Response* (2009) and *Ireland’s Five-Part Crisis Five Years on: Deepening Reform and Institutional Innovation* (2013). In 2012, government took a novel step by asking the NESC Secretariat, rather than the Council, to prepare a report on climate change policy, *Ireland and the Climate Change Challenge: Connecting ‘How Much’ with ‘How To’*. The Council is currently working on housing policy and the challenge of Ireland’s relatively high share of jobless households. The term of current Council ends in mid 2014.

***Further Reading***

O’Donnell, Rory, Maura Adshead and Damian Thomas, (2011) ‘Ireland: Two Trajectories of Institutionalisation’ in Sabina Avdagic, Martin Rhodes and Jelle Visser (eds) *Social Pacts in Europe: Emergence, Evolution and Institutionalisation*, Oxford University Press.

The periodic edited volumes on social pacts produced by the Observatoire Social Européen, Brussels, contain chapters on social dialogue in Ireland and the work of the NESC, *Social Pacts in Europe* (1997), *Social Pacts in Europe-New Dynamics* (2000), *Wage Policy in the Eurozone* (2002), *and After the Euro and Enlargement: Social Pacts in the Euro* (2010).

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