

Social Partnership and Inclusion in Ireland

**Remarks by Dr Declan O'Donovan, Ambassador of Ireland, 17 October 2008,
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**8th Convention on Movement against Social Powerlessness, organized by the
Commissioner for Civil Rights Protection, Dr Janusz Kochanowski**

Friends,

I am grateful to Dr Kochanowski to be invited to speak today about the Irish experience. I will draw a broad picture of our Social Partnership system and I will leave it to my colleague, Mr Gerry Mangan of our Department of Social and Family Affairs, to offer some detailed analysis of the issues of poverty and disadvantage which are of most concern to you.

A word of caution

First a word of caution: it has been mentioned already by Professor Auleytner. Ireland is a much smaller country, physically, than Poland and it has a much smaller population in the Republic, probably about 4.5 million which includes migrants from the new Accession States of the EU since 2004. We do not, and cannot, have exact figures, because no formalities are necessary for EU citizens to enter Ireland, but the number may be about 300,000 of which the majority, up to 200,000, may be Poles. The figures may be higher or lower, but not too much so. I would like to say here to a Polish audience that Polish workers are greatly appreciated in Ireland, have got on very well and there is remarkably little tension granted the unexpected scale of migration vis a vis a small indigenous population in such a short time.

I should add before leaving the topic that though Poland and Ireland are very different in scale they do have a similarity in the sense that our populations are relatively homogenous and, therefore, may have greater capacity for consensus on social partnership.

Global financial crisis: Irish social response

Since your invitation to speak, Mr Chairman, the world, and not least Ireland, has undergone an accelerated global financial crisis. There is already an impact on all national policies. Ireland now faces very significant economic and fiscal challenges which were not foreseen at the outset of the latest development in Social Partnership, the ten-year programme from 2006 entitled *Towards 2016*. But I can say that the tough budget introduced in our Parliament this week has been careful to protect the most disadvantaged in our society. There is an income levy, separate from income tax which is 20% for the first €34,000 of income and 41% thereafter. That levy is 1% on incomes up to €100,000 and 2% thereafter. Indirect taxation and some means testing on benefits will hit middle and upper earners. The President, Government Ministers and the most senior public servants will take a 10% pay cut. For their part, the trade unions have accepted a pay pause.

History of social partnership in Ireland

Now a little history. Since 1987, Ireland has had seven national social partnership agreements negotiated between the Government and the social partners - that is, the main trade union, employer and farming organisations and, since 1996/7 in the case of the four most recent agreements, the community and voluntary sector as well. The last sectors includes community representative bodies, voluntary representative bodies, church representative bodies, charitable organisations including organisations devoted to dealing with poverty, disadvantage and underdevelopment overseas, notably in Africa where Ireland is now a significant aid donor and specialist. About 80% of our ODA budget goes there. I might add that that we have an interest in cooperating with Poland.

In the twenty years of social partnership and especially the last 12 years, our overseas aid has increased enormously and in 2007 was at €813million, quite close to the UN target of 0.7% of GDP which we have planned to reach by 2012. The voluntary sector has played a big part in this development over the last 12 years especially.

Each social partnership agreement has represented a national programme for economic and social development covering not just agreed pay increases but a range of other economic and social policy issues.

The context for the first agreement was the very difficult economic situation in which we found ourselves in the middle to late 1980s. Unemployment had reached 17% by 1987, inflation was running at an average of almost 12% in the ten years to 1987 and emigration had renewed and was at its highest since the 1950s. We also had a National Debt/GNP ratio of 125% in 1987. We owed more than we produced.

I might note here for a Polish audience that the problems of the 1980s occurred several years *after* our accession to the EU in 1973. The benefits of EU membership at the time, including EU funds, did not prevent the development of this bad economic situation; and it was domestic policy rather than EU assistance that was to prove critical in reversing a serious economic decline and producing a vibrant economy in the 1990s and up to very recent times of global crisis. Pay restraints and painful cuts in expenditure were required and accepted by the trade unions on the basis that there would be fair treatment for all in better times when they came – which they did.

The situation 20 years ago was in stark contrast even to our situation in the financial crisis developing since summer of 2007. At the end of 2007 we had unemployment of 4.7% and inflation averaged at 4.9%. 2008 and 2009 will prove more difficult – unemployment will increase though inflation may decrease - but we are still a long way from the circumstances of the late 1980s.

Latest Social Partnership Programme: Towards 2016

The current national Social Partnership begun in 2006 agreement is a ten year framework and is entitled *Towards 2016*.

The agreement provides a framework to address the economic and social challenges for the next decade.

There is a special emphasis on employment rights and compliance reflecting the Government's and social partners' commitment in these areas.

The initial pay terms of the agreement covered a period of 27 months expiring in March this year.

The current agreement also includes a new key element, the development of the *lifecycle framework* to address key social challenges which the individual faces at each stage of life. This means a focus on the needs of children, young adults, people of working age, older people and people with disabilities.

Implementation of Agreements

Implementation of the Agreement is overseen by the Social Partnership Steering Group representing Government and each of the Social Partner Pillars. In addition, the social partners are represented in a range of sectoral and consultation fora to allow them to engage directly on the main policy issues

Quarterly plenary meetings of the four social partner pillars, chaired by the Prime Minister's Department, are held to review, monitor and report on overall progress. A report outlining progress under each of the commitments in the Agreement is produced in conjunction with the quarterly plenary meetings.

Pay and employment conditions

Two key advantages accruing from the social partnership system are: the stable industrial relations climate which it fosters; and the certainty it provides to both the public and private sectors in relation to wage agreements. This environment is attractive to both indigenous and foreign employers and investors.

There is a National Implementation Body (NIB) established in 2001. In broad terms, its purpose is to oversee the delivery of the industrial peace and stability provisions in the social partnership agreements. It is a small body whose members are drawn from those social partners who are party to the negotiation of the pay terms of social partnership agreements i.e. Government, employers and trade unions.

The NIB does not duplicate existing dispute resolution mechanisms and institutions. Rather it works to support their role and encourage parties in dispute to use the well established industrial relations machinery.

Evolution of Understanding of Irish Social Partnership

An evolution of thinking on our system of policy negotiation and partnership is of particular interest to this Convention. In the mid-1990s, there was uncertainty about how partnership related to traditional forms of national industrial relations, policy advocacy and politics. In addition, Ireland was in the process of widening its partnership system beyond the traditional social partners, to include the range of NGOs I have mentioned previously, which we called the community and voluntary pillar. This raised profound questions about the nature of partnership, its inclusiveness, and the preconditions for an effective social partnership approach to public policy.

It gave rise to a series of in-depth discussions among the social partners and Government Ministries in 1996-7. The discussion distinguished three different dimensions of partnership:

- Functional interdependence, bargaining and deal-making,
- Solidarity, inclusiveness and participation, and
- A process of deliberation and interaction with the potential to shape and reshape the understanding, preferences and even sense of identity of the social partners.

In other words, people learned to work with each other, bargain, make deals and sometimes came out of discussion with different ideas of what their priorities were and even what they themselves represented and could contribute to the national good.

Sustaining Progress

A second development in thinking concerned how we could understand Ireland's remarkable economic transformation and how we could sustain progress. Through the 1970s and 1980s, Irish policy actors and analysts had operated with a particular view of what a successful economy would look like, the role of the State in promoting economic and social development, the nature and role of social partnership, the desirable and likely structure of enterprises and pattern of enterprise-level partnership, the likely shape of the EU and the social patterns, and social policies that would be appropriate in a prosperous economy. Our view on these issues was, in large measure, derived from study of the patterns of economic and social life and public policy found in the richer

European states that we then aspired to catch up with, like Poland aspires to catch up now. That view began to change.

The Developmental Welfare State

A central thrust of Irish policy thinking in recent years has been the construction of a new understanding of the relationship between Ireland's economy, society and environment.

We have re-analysed the evolution of our welfare system and re-stated the relationship between economic performance and social protection. With reference to the merits of other welfare models which may be seen as Scandinavian universalism, European social insurance systems and residual liberalism, we think we have a hybrid welfare system and that this can be an advantage in current economic and social conditions. At the heart of the idea is that each welfare system consists of three spheres of activity: income supports, services and innovative measures to address new needs.

A central argument is that a radical development of services is the single most important route to improving social protection over the coming years. These services include education, health care, child development and care, care for the elderly, housing, transport and employment services. Improved services have a triple logic, social and economic: supporting people in employment, redressing the marginal position of socially disadvantaged groups and according autonomy and respect to people with disabilities and/or in institutional care. Improving and developing services in these areas poses major challenges to Ireland's public system and social partnership.

Key aspects of this analysis have been adopted by the Government and the Social Partners in the latest ten year agreement, *Towards 2016*, which I mentioned earlier. That programme speaks of a 'reinvention of Ireland's social policy'.

Conclusion

There have been, therefore, three key stages to date in the evolution of our social partnership system: first, sacrifice because of economic necessity with a an assurance of future fair treatment when the economy changed around; second, inclusion of

community and voluntary bodies 12 years ago which had a marked influence on social policy on poverty, disadvantage and under-development including overseas where we greatly increased development aid; and third, adoption of a Lifecycle Framework, making the perspective of the *person* in the different stages of life, and allowing for disabilities, the centrepiece of social policy development for the near future.

Current Situation

I return lastly to our current situation. In their most recent review in September of the *Towards 2016 Social Partnership Programme*, the Government and Social Partners reaffirmed their willingness to work together to provide Ireland with stability and certainty during this difficult period of transition.

The Irish economy can be strong and dynamic again provided we take the right decisions during this difficult period. We have therefore just concluded a Transitional Agreement on pay and workplace issues which responds to the immediate challenges facing the economy.

We have reached agreement on pay and employment conditions for the near future. We have also agreed on the need to re-prioritise public expenditure in order to adhere to the key macro-economic principles underlying *Towards 2016* while recognising the priority to be given to protecting the most vulnerable people.

These negotiations have taken place in a complex and very fast-changing financial and economic environment. Without the previous 20 years of consistent social partnership which I have described, it is doubtful if this agreement could have been achieved so quickly.

Thank You