Re-working institutions to protect low-paid work: Implications of the Irish experience

Colm McLaughlin
University of Cambridge

ABSTRACT

Debates about national labour market institutions have tended to concentrate on economic growth and the maximisation of employment, but what about the conditions of that employment? This paper considers the potential for national institutions to influence the quality of labour market outcomes for the low-paid. The recent successful experience of Ireland is analysed. The possibility that issues of equity might be addressed by national partnership arrangements has implications for many countries. At a theoretical level the paper raises questions for the theory of 'competitive corporatism' and argues for a greater focus on the institutional arrangements that provide for equitable social outcomes.

Introduction

Must national labour market strategies neglect social outcomes? Since the early 1980s, the pressure for countries to deregulate their labour markets in order to remain competitive within the global economy has been pervasive. The market-led approach has dominated the debate over models of capitalist organisation with much of the political discourse predicting eventual convergence. The institutional comparative literature, however, rejects the convergence thesis and argues that the predominant trend in industrial relations has, if anything, been divergence. Instead, it points to the emergence of neo-corporatist social pacts, or 'competitive corporatism', which takes account of employers concerns for competitiveness and flexibility while building social consensus and maintaining social protections (e.g. Rhodes, 1998; | Soskice, 1999).

While much of this literature focuses on the way in which labour market institutions and bargaining structures promote co-operation, stability, human capital development and so on, and thus enable employers to develop long-term competitive strategies around high value-added production (e.g. Traxler, 1995; Thelen, 2001), much less emphasis has been placed on the issue of social protections. It seems to be taken for granted that the 'competitive corporatist' model delivers equitable outcomes for workers, even if to a lesser extent than the corporatist arrangements of the 1970s. The social outcomes under the neo-liberal model are certainly well established. In the US and UK, for example, there has been a growth in unskilled, casualised and low-paid jobs and an increase in the numbers of "working poor" (e.g. Rubery, 1997; Osterman et al, 2002), while in New Zealand, labour market deregulation under the Employment Contracts Act resulted in reductions in pay and loss of bargaining power for more vulnerable groups of workers (e.g. Conway, 1998; McLaughlin, 2000). Much less focus has been placed on the social outcomes in the theory of competitive corporatism.

This article is part of a wider doctoral research project which examines the labour market strategies of three small economies, New Zealand, Ireland and Denmark, and how effectively they address issues for low-paid workers. Here the focus is on Ireland. 28 interviews were conducted in Ireland during 2004 with senior representatives of employers' organisations, trade unions, government, community groups and industrial relations academics. Unless otherwise stated, the material and ideas are drawn from these interviews. The data analysis is not yet complete and thus the ideas presented here should be considered at this stage as 'work in progress'.

Ireland is of relevance for a number of reasons. Firstly, in line with the conference theme of 'Reworking Work', the Irish case challenges the neo-liberal view on institutions and regulations for governing the world of work. In the Irish context there is some, though by no means universal, agreement that the Irish system of industrial relations under 'Social Partnership' is best described as 'competitive corporatism' (e.g. Hardiman, 2000 & 2002; Roche, 2004). Secondly, Ireland has been of particular interest to industrial relations actors in the New Zealand context, and the subject of many delegations of unions and policy makers interested in the success of other small open economies. While Ireland's phenomenal economic performance is of interest, equally of interest is the 'social partnership' approach to addressing both economic and social development.

The paper proceeds by firstly outlining the turnaround in economic performance and the emergence and development of social partnership in Ireland over the last 18 years. In the second half of the paper two key areas of importance to any discussion on labour market protections are analysed. The first relates to issues of low pay and income inequality and how well they are addressed. The second related to issues of representation. It also considers how the interests of the marginalised in the labour market are kept on the political agenda. The paper argues that the Irish case provides evidence that labour market deregulation is not a necessary component of economic success. It also argues that a variety of institutional arrangements need to be considered for promoting the interests of low-paid workers in a context of decreasing union influence. Finally, it suggests that the Irish model raises some questions for the theory on "competitive corporatism" and how well it provides for equity. While Ireland has moved towards the European model of social pacts in terms of process, it would appear to be moving away from the European model in relation to social outcomes.

Ireland's economic turnaround

The story of economic growth in Ireland is impressive by any assessment. In the mid-1980s, the economy was in severe recession with a debt to GDP ratio of over 125% and average growth in GNP of around half a percent. Wage inflation was very high and real wages were decreasing. The nominal wages of manual workers, for example, rose by over 100 percent in the 1980s but in real terms they fell by around 7 percent. Unemployment peaked at around 17 percent while total employment levels decreased, and at the same time the labour force was shrinking as a result of high levels of emigration. By the end of the 1990s, the contrast was dramatic. Economic growth was averaging 8.5 percent per annum and public finances were under control with the debt to GDP ratio one of the lowest in Europe at 60 percent. Unemployment began to fall from 1994 onwards and by 1999 was below 7 percent. It has continued to fall since and is now around 4 percent. The unemployment story is all the more remarkable in the context of a labour force which has expanded by over one-third since the late 1980s with numbers in work having risen from 1.1 million in 1987 to over 1.7 million by 2004. At the same time, the standard of living also increased spectacularly, with GDP per head of population levels rising from around 60 percent of the EU average to over 110 percent of the average – higher than countries such as the UK, Germany, France or Sweden. (For a more detailed analysis of economic performance see Nolan, O'Connell & Whelan, 2000).

There is some agreement about the reasons for Ireland's turn around in fortunes though the relative weight of these is contested. Certainly there is no doubt that high levels of foreign direct investment (FDI) in high tech sectors such as pharmaceuticals, chemicals, microelectronics and information and communication technologies played a key role. Most of the FDI was American MNCs attracted by low corporate tax, comparatively low wage costs and thus high profits, with the rate of return on investment averaging 20 percent in the latter half of the 1990s, the highest rate in Europe by some significant margin. In addition, Ireland had a young, well-educated, English-speaking but under-utilised workforce. Ireland also provided US MNCs with a doorway to EU markets. The Industrial Development Authority is also credited with playing a significant role in targeting and attracting clusters of strategically important sectors that would enable the Irish economy to "move up the value chain". Another component of the economic turnaround included vast levels of EU funds for investing in infrastructure and training of the labour force, though arguably the size of its impact is small (Aust, 1999; Hardiman, 2000 & 2003).

Finally, there is the social partnership, which many commentators (though not all) would argue played an important role in Ireland's impressive economic success by moderating wages, providing an industrial relations environment of peace and stability, and providing political legitimation to the policy changes, particularly in the early years of achieving debt reduction and fiscal control. The emphasis here, however, is not on its contribution to economic performance but to social performance. The following section outlines how the 'social partnership process came about and the way it operates before moving on to a discussion of key issues from the perspective of low-pay.

Social partnership

While voluntarist decentralised bargaining has been a central feature of Irish industrial relations for a significant part of Ireland's modern industrial relations history with no legally imposed framework for bargaining and dispute resolution, the practice of centralised tripartite wage bargaining pre-dates the current social partnership model. From 1970 to 1980 there were nine national pay agreements between unions, employers and the government. The latter agreements went beyond just wage bargaining and included government commitments on a range of public policy issues such as taxation, social welfare, education and training, housing, labour law and employment creation, in exchange for constraints on industrial peace and wage restraint. However, in the early 1980s the process collapsed in the face of significant wage drift, industrial conflict, and poor economic performance. Thus, there was a return to decentralised bargaining with the government attempting to set pay norms through its public sector agreements as well as through publishing pay guidelines for the private sector, though these were largely ignored (Roche, 1997; O'Kelly, 2000). Consequently, nominal wage increases were inflationary while industrial conflict continued to be a problem. The fiscal situation continued to worsen, partly as a result of the "catch all" nature of Irish politics. With no clear left and right political parties, the two main parties Fine Gael and Fianna Fail take support from across the political spectrum and as a result tended to 'buy' electoral support from various pressure groups (Hardiman, 1987; Roche, 2004). Accordingly, the nature of Irish politics meant that for both parties, any programme of neo-liberal reform was not on the agenda. Indeed, even tackling government spending would alienate segments of the electorate.

The return in 1987 to centralised pay bargaining is most often explained in terms of desperation and a shared sense of crisis about the continuing poor economic performance. There was also a shared analysis of the key problems; unacceptably high levels of unemployment and public debt, both of which were caused by poor economic growth. It was the trade unions who initiated the process of change. In 1984 they acknowledged the need for a restrictive incomes policy and advocated a co-ordinated approach. This was taken up in the 1986 report by the National Economic and Social Council (NESC), a tripartite body which had been established in 1974 to offer strategic advice on economic and social matters. What they offered in this report was not political choices but an "imperative" to build a solid macroeconomic policy that would reduce debt and raise competitiveness. They also advocated a co-ordinated approach to wage bargaining as well as a focus on social integration so that the costs of fiscal adjustment were not carried by those on welfare. To this end they advocated an increase in benefit levels (Aust, 1999). For the new Fianna Fail government elected in 1987, negotiation provided the best means of bringing government spending under control without serious political fallout (Hardiman, 2003).

For the unions, the motivation for a return to centralised bargaining was threefold; membership levels were dropping significantly, their members were experiencing decreases in real income, and they were concerned about political marginalisation given what had happened to the labour movement in the UK under the neo-liberal programme of Thatcher's government. While the two major parties in Ireland were unlikely to go down this path on their own, Fine Gael had flagged up liberal economic policies as a possibility, and the recent electoral success of a newly formed liberal party, the Progressive Democrats, meant that the unions could not be certain that Ireland would not go the same way (Roche, 2004). In signing up for the initial partnership agreement, the trade unions were signing up for significant cuts in government spending which would impact on jobs for their members in the public sector. As one government official described it, 'these were quite draconian measures' agreed to.

The one group that was less certain about joining the process was employers. Given the failure of centralised pay deals in the 1970s they were apprehensive about local level wage drift and the Government's political will to follow through with spending cuts. However, given the failure of the recent period of free wage bargaining to bring about wage moderation or reduce industrial conflict they were able to be cajoled into signing up by the Irish Prime Minister. They have since become convinced by the degree of stability and certainty on wage costs, taxation and economic development provided by the model.

Thus, the first three-year agreement, the Programme for National Recovery (1987-1990) was agreed which placed sharp limits on pay increases (3% on the first £120 per week and then 2% on the remainder). The quid pro quo for wage moderation and agreement on cuts to social spending was tax cuts as well as government commitments on social policy. It is generally agreed there was an element of luck in the success of the first agreement as it coincided with an upturn in the international economy. The resultant drop in inflation led to a significant increase in real disposable income, which then paved the way for the negotiation of subsequent agreements (Hardiman, 2002).

Tax cuts for pay moderation have been a feature of all six agreements (though in the latest agreement they were only discussed at the mid-point and are not formally part of the agreement). The scope of the issues addressed has widened with each agreement. The second agreement, the 'Programme for Economic and Social Progress' (1991-1994), included government commitments to implement legislation for protecting part-time workers and improving equal opportunities and dismissal protection. All parties agreed to address the issue of long-term unemployment and to that end a pilot project of publicly funded employment was introduced. This was expanded significantly in the third agreement, 'The Programme for Competitiveness and Work' (1994-1996). This agreement had a strong focus on addressing unemployment, and training and skill formation given that at this stage there had been economic growth but no significant improvement in unemployment.

An important development in the fourth agreement, 'Partnership 2000' (1997-2000), was the inclusion of an additional actor, the community and voluntary pillar, made up of representatives of community and religious groups which work to address various areas of marginalisation such as poverty, unemployment and gender equality. This reflected a widening of the agenda from economic and employment issues to wider issues of social inclusion. The subsequent agreements were The Programme for Prosperity and Fairness (2000-2003) and Sustaining Progress (2003-2005). The latest agreement was unusual in that the pay element was only negotiated for 18 months because of economic uncertainty. Thus, the social partners came together again to negotiate the second 18 months during 2004.

Underpinning the negotiation of the social partnership agreements has been the development of an increasingly complex array of institutional structures. These include bodies for monitoring and reviewing the agreements and resolving disputes, more than 20 working groups to address initiatives included in the agreements, and a number of agencies whose role is to provide strategic direction and forums for consensus-building on key economic and social issues. These various groups consider issues as diverse as international competitiveness, life-long learning, child care, and the social inclusion of prisoners on release. In addition, the partnership model has extended from the national level to the sectoral and local levels. Workplace partnership is well established in the public sector though the development within the private sector has been disappointing.

The social partnership model is founded upon a consensus-building process. Preference-changing dialogue, experimentation and informed-debate lead to a search for pragmatic policy solutions (Teague, 2002). A number of interviewees noted that while there may not be a shared understanding on all issues, the process of dialogue helps to break down ideology and intransigent views on various issues and build trust between the social partners. There are two important factors which facilitate the dialogue. Firstly, the nature of small economies makes consensus easier to build with a high degree of familiarity between the various social partners. As one interviewee said, 'everyone knows everyone – you pass half of them along O'Connell Street at lunch time'. Secondly, the institutions and forums exist in which the various social partners can arrive at shared understandings of economic and social issues and discuss policy options. Indeed, the failure of the tripartite arrangements in the 1970s was in large part to do with conflicting understandings of the economic situation (Hardiman, 1987). Sectional interest and hard nosed positions remain, however, a feature of social partnership. Before each round of negotiations both unions and employers threaten to withdraw from the process in order to win concessions (Roche, 2004). To what extent this reflects instability in the process as opposed to 'an Irish jig that everyone dances to keep their constituents happy' is unclear. Confidence in the sustainability of the model seems low, but then no one has an alternative. 'It's a bit like the house that Jack built' said one government official, 'no one is sure which direction it should fall, and so its stays standing – ironically with more support from the majority of union members than ever before'.

The pursuit of social objectives

It is one thing to describe the effectiveness of the institutional structures and processes, but it would be a mistake to analyse them without considering the outcomes they aim for and achieve. The economic outcomes have already been pointed out, but how far has the Irish experiment succeeded in its social objectives? Much of the discussion in Ireland in recent years has been about the distributional impacts of the partnership agreements. While all boats have been rising on the incoming tide of economic prosperity, they have not been rising equally (Kirby, 2002). Living standards have increased across the board with absolute poverty (a measurement of absolute deprivation used in the National Anti Poverty Strategy) having fallen from almost 18 percent of the population in 1987 to just over 5 percent by 2000. While this is a significant improvement given the country's history of poverty, whether absolute poverty is now an appropriate indicator for a wealthy industrialised country is a contentious issue. Relative poverty, on the other hand, increased during the economic boom period of 1994-2000, with the proportion of people whose income is below 60 percent of the median rising from almost 16 percent to 22 percent (NESC, 2003). This is explained by the rise in average earnings from employment and property, while adjustments to welfare payments have not kept pace. In addition, the emphasis on tax cuts in the partnership agreements has been regressive benefiting those in employment over those reliant on welfare. Tax cuts have also had implications for social spending. Despite Ireland's significant economic growth, the government spend on welfare as a proportion of GDP has actually been falling with current levels marginally above the US and well below the EU average. Thus, the focus in the partnership agreements has been on the market wage through pay increases and tax cuts rather than the 'social wage'. Obviously this has implications for the model of social service provision with a basic level of provision provided for all and then those who can afford it, supplementing this (O'Riain and O'Connell, 2000). While there is widespread dissatisfaction with the current levels and standards of service provision, survey evidence shows the public has no desire for tax increases (Hardiman, 2003). Indeed, in the latest pay negotiations over the second 18 months of Sustaining Progress, the government indicated there would be further tax cuts in the coming budget.

From a labour market perspective, earnings inequality has also widened substantially. This is a trend that has occurred in a large number of open industrialised economies as returns on skilled jobs have commanded a premium in an era of escalating technology and knowledge. In Ireland's case, dispersion of hourly earnings between top and bottom deciles was already one of the highest in the OECD prior to 1987 (behind the USA and Canada). While it has continued to rise, the increase was most pronounced in the pre-boom period of 1987-1994, suggesting that the period of rapid growth did not accentuate earnings inequality. In addition, a closer analysis of the spread shows that it is more a case of higher increases for the upper deciles, reflecting the changing nature of the Irish labour market with growth in high-tech sectors and increasing returns on education, rather than the lower deciles being left completely behind (Barrett, Fitzgerald & Nolan, 2000). Furthermore, with the large numbers of unemployed entering the workforce during the second half of the 1990s as unemployment dropped, in many cases in to lower paid work, it is not surprising that earnings inequality increased. Indeed, a number of interviewees were surprised that income equality was not much greater given all these factors.

Nonetheless, low pay is still an issue in Ireland with recent United Nations data (UNDP, 2001) showing Ireland to have one of the highest proportions of its workforce categorised as low-paid, second only to the United States. As is the case generally elsewhere, the low-paid in Ireland are more likely to be young, part-time, women over 25 (particularly married women – a problem exacerbated in Ireland by a chronic shortage of affordable child care facilities) and working in retail and personal services (Barrett et al., 2000). In addition, low-paid jobs in Ireland have increasingly been filled by immigrant labour on work permits given the tight labour market. (This is an area where there have been many anecdotes in the media of exploitation and this is supported by the experiences of unions working in low-paid sectors. However, there has been no research and the Inspectorate office of the Department of Enterprise, Trade and Employment (DETE) deny it is a significant problem).

The social partnership agreements have addressed low-pay but whether they have done enough is debatable. The agreements have tended to include a special increase for low-paid workers but on the whole they lack the wage compression element of the wage agreements in the 1970s. The focus instead has been on providing an adequate safety net and to this end a minimum wage was introduced in 2000 and tax credits were introduced with the eventual aim of having those on the minimum wage pay no tax. A commitment was made under the terms of The Programme for Prosperity and Fairness (2000-2003) to take those on the minimum wage out of the tax net, though currently only 90 percent has been removed. The minimum wage was introduced at £4.40 which at the time equated to 56 percent of median hourly earnings (Barrett et al., 2000). However, with no mechanism implemented for reviewing it and with significant rises in average earnings over the last four years it quickly fell behind in relation to median earnings. Under the most recent agreement, Sustaining Progress, the government committed to raise it to €7.00 per hour from February 2004, which brings it up to around 60 percent of median hourly earnings. This represents one of the highest minimum wages in Europe. There is no evidence of any negative impact on employment levels since the minimum wage was introduced.

As far as other conditions of employment are concerned, Ireland has relatively low levels of regulation and employment protection, more akin to the UK and the US than continental Europe. For example, statutory redundancy payment legislation only applies after two years service and minimum rates are very low, and there is no statutory right to sick leave. There have been a number of legislative commitments by the government in the national agreements though many of these were primarily driven by the implementation of EU directives. Thus, changes were made to improve rights for fixed-term work (2002), part-time work (2001), parental leave (1998) and working time (1997). While there has been an increase in part-time, temporary and other forms of atypical employment, very few part-timers are looking for full-time work suggesting that the growth in non-typical employment has been voluntary. This explains why trade unions are not overly concerned about issues of casualisation but are more focused on pay. The trade unions do claim responsibility for the legislative ban on zero hour contracts and premium rates for Sunday working under the Organisation of Working Time Act 1977.

One additional institutional mechanism that applies in low-paid sectors such as catering, hotels, retail grocery, agriculture and security is Joint Labour Councils which set minimum terms and conditions of employment. These are the same as the Wage Councils in the UK (abolished in the early 1990s) and similar to industry Awards in New Zealand prior to the ECA. They are negotiated between unions and employers from the sector with an independent chairperson who has a casting vote if needed. The agreements are not automatically linked to the partnership agreements and so trade unions must request a meeting to negotiate the increases contained in the partnership agreements. The agreements tend to set minimum rates for various categories of workers with higher rates for length of service and positions of responsibility. They also include other minimum terms of employment which may not be covered by law such as overtime, sick leave and pensions (not all agreements include all these terms). The agreements are then registered as an Employment Regulation Order and become legally binding on all employers in the sector. Enforcement is then down to the Inspectorate, though with only 17 inspectors to enforce the JLCs and other areas of the minimum code, there is general consensus that the service is grossly under resourced.

Social outcomes under partnership, then, have been mixed. On the one hand the standard of living has risen for all, unemployment has come down, there is a good minimum wage and, while low-paid workers may not have seen their incomes rise proportionately with higher paid workers, social partnership has prevented the real income decreases at the lower end of the distribution that have been experienced in the USA and UK (Hardiman, 2000). On the other hand, labour market inequality is among the highest in the OECD, employment protections are generally weak and with a low tax regime the 'social wage' has been declining. Furthermore, there is a significant level of debate about the distributional effects of partnership, with the wage-profit ratio having falling considerably in Ireland since 1987, more so than in the UK, one of the bastions of neo-liberalism. While workers have gained through rising living standards, the biggest beneficiaries of the Irish success have been employers, and in particular MNCs (Aust, 1999; Kirby, 2002). Given the central role that trade unions play within the social partnership model, the following section looks at the institutions and processes for representation and asks why things have not been better from an equity point of view.

Representation of the voiceless

Trade unions face a number of paradoxes and tensions within the Irish context in trying to represent workers. Despite their high profile in negotiating pay rises in the social partnership agreement, union density has been falling. It was around 55 percent in the 1980s but has since falling closer to 40 percent, in line with trends across Europe (though membership numbers have actually been rising but the labour market has been growing at a faster rate). Within the public sector density is closer to 80 percent but in the private sector it is estimated to be only about 25 percent. In low-paid sectors rates are much lower. MANDATE, which represents retail workers, has union density of about 15 percent and the majority of their members work in large organisations, with 60 percent in closed shop agreements. With high turnover in the sector, the union needs to attract an additional 12,000 members a year to maintain membership levels.

Collective coverage rates across the economy are about the middle for EU countries. Between those covered by the partnership agreements and those covered by other collective agreements, total collective coverage is estimated to be somewhere around 65 percent (IRN, 2003). However, an issue that gets little discussion in the literature on the social partnership but is very relevant for any analysis on low-pay, is the extension of the pay terms of the social partnership agreements. The pay element only applies to those workers who are under the employment of organisations affiliated with the Irish Business and Employers' Confederation (IBEC) and there is no legal extension or *erga omnes* to the rest of the labour market. It seems to be assumed that the social partnership creates norms that flow out to the rest of the labour market though there is no research to back this up. Unions may be able to use the agreements in collective bargaining in other organised employments. However, given that Ireland has a large number of small workplaces, many in low-paying sectors, it is possible that significant numbers of workers are covered by only the minimum code and market forces and thus, may not be sharing in the benefits of social partnership.

Part of the problem for unions is the lack of institutional support for union recognition. Ireland has never had statutory recognition but up until the 1980s it was policy to encourage collective bargaining with unions. The government policy in this area, however, changed with the arrival of large numbers of union resistant high-tech employers. The union response has been to try and gain statutory recognition through the social partnership but they have so far been unsuccessful. The government is fairly open about not wanting to upset the goose that lays the golden eggs and, consequently, MNCs have a fairly significant influence over policy even though they outside the social partnership agreements. Thus, paradoxically, Ireland with its partnership model of dialogue and consensus building joined the UK in opposing the EU directive on information and consultation. Obviously, the lack of union recognition has implications for union organising in low-paid sectors where the membership trend is downwards. A compromise solution reached in the last agreement was 'right to bargain' legislation. This provides for the imposition of a binding settlement in companies where collective bargaining does not take place. It is too early as yet to tell what impact the legislation will have.

There are also tensions within the union movement with varying priorities given the range of workers they represent. Thus, while unions representing low-paid workers may be more interested in pushing for flat rate increases and tax cuts at the lower end of the scale in the agreements, the priorities for unions representing middle income earners are percentage increases which benefit their members more than a flat rate increase and upward adjustment of the higher tax band thresholds. Unions representing lower paid workers claim it is difficult to get low-pay onto the agenda and that many of their counterparts feel the minimum wage has done enough to address low-pay.

This raises questions about how the voiceless are represented in an era of decreasing unionisation and falling density, when institutional supports for unions are inadequate, where unions have divided priorities amongst themselves and where they are not necessarily representing the interests of the low-paid and unemployed. The role of the community and voluntary pillar is therefore of particular importance. While employers and unions remain the central actors in the agreements, the community and voluntary pillar play a more significant role than unions in keeping issues for the low-paid and welfare recipients on the agenda. For example, it is they who have been pushing most for the government to honour its commitment to take those on the minimum wage out of the tax net, and for welfare benefits to be indexed to average industrial earnings so that inequality is not further widened. While there is some debate about how influential they are in driving social policy (Hardiman, 2000), they would argue that the social partnership gives them high-level access to represent the interests of marginalised groups and to hold government accountable for commitments they have made under the partnership agreements. Their involvement also gives them a public profile which they use to maximum effect in the media to keep social issues on the agenda.

Conclusion

The focus in this paper has been on the Irish experience and its implications for issues of low-pay elsewhere, both at a policy level and theoretically. At a policy level, for small open economies adrift in the maelstrom of world competitiveness, the good news is that deregulation and rampant neo-liberalism are not essential components of a successful economy. Ireland has shown this. Indeed, Ireland has shown that social partnership is important for building cohesion and providing legitimacy for change in a period of rapid economic adjustment. In addition, it has shown that regulations and mechanisms for providing decent minimum wages and collective bargaining structures for low-paid sectors can be part of a successful strategic approach. The result of this has been that Ireland has not experienced the real income decreases at the lower end of the distribution evident in the USA and UK.

Nonetheless, there are some issues of concern including growing income inequality and a reduction in the social wage. In addition, in an environment where union density is decreasing and unions are struggling to have influence at workplace level, questions arise about giving voice to the issues of low-paid workers. Moreover, unions increasingly represent the low-paid less and less, and they are not always the ones advocating the cause of the marginalised in society. The alternative mechanism to collective representation for advancing worker rights has traditionally been legal minimums. The Irish case shows the value of including a wider representation of civil society. Their influence may be limited but the social partnership process provides them with the forum to raise issues and gives them access to the corridors of power to hold government to account for commitments they have made.

At a theoretical level, Ireland raises questions for the theory of competitive corporatism. Ireland would certainly appear to fit within the framework of neo-corporatism, at least in terms of process, but questions remain over the social outcomes. If the theory of competitive corporatism is to take the dimension of social protections seriously then more work is needed on analysing the differences and similarities in social outcomes under different social pacts, and the institutions and regulations that provide strong supports and decent protections for low-paid workers in such countries. It is somewhat paradoxical, that while Ireland has adopted the approach of the more recent continental European social pacts, its social outcomes appear to be moving it in a different direction.

References

Aust, A. (1999) 'The "Celtic Tiger" and its beneficiaries: "Competitive Corporatism" in Ireland', March. Mannheim: ECPR Joint Sessions.

Barrett, A., Fitzgerald, J. & Nolan, B. (2000) 'Earnings inequality, returns to educations and low pay', in Nolan, B., O'Connell, P. & Whelan, C. (Eds.) *Bust to Boom? The Irish Experience of Growth and Inequality.* Dublin: IPA.

Conway, P. (1998) 'Wage Bargaining Theory, Decentralisation, the Employment Contracts Act, and the Supermarket Sector'. Unpublished Masters Thesis. Palmerston North: Massey University.

Hardiman, N. (1987) *Pay, Politics and Economic Performance in Ireland 1970-1987.* Oxford: Clarendon Press

Hardiman, N. (2000) 'Social partnership, wage bargaining, and growth', in Nolan, B., O'Connell, P. & Whelan, C. (Eds.) *Bust to Boom? The Irish Experience of Growth and Inequality.* Dublin: IPA.

Hardiman, N. (2002) 'From conflict to co-ordination: Economic governance and political innovation in Ireland'. *West European Politics.* 25(4): 1-24.

Hardiman, N. (2003) 'Politics and markets in the Irish "Celtic Tiger" experience: Choice, chance, or coincidence?' Unpublished paper. Politics Department, University College Dublin.

IRN (2003) 'Wide variation in bargaining coverage and union density across EU'. IRN 46, December 4th.

Kirby, P. (2002) *The Celtic Tiger in Distress: Growth with Inequality in Ireland.* Basingstoke: Palgrave.

McLaughlin, C. (2000) "Mutually beneficial agreements' in the retail sector? The Employment Contracts Act and low-paid workers' *New Zealand Journal of Industrial Relations*, 25 (1): 1-17.

NESC (2003) *An Investment in Quality: Services, Inclusion and Enterprise*. Dublin: NESC.

O'Kelly, K. (2000) 'Shifting from voluntarism to national agreements', in Waddington, J. & Reiner, H. (Eds.) *Trade Unions in Europe: Facing Challenges and Searching for Solutions.* Brussels: ETUI.

O'Riain, . & O'Connell, P. (2000) 'The role of the state in growth and welfare', in Nolan, B., O'Connell, P. & Whelan, C. (Eds.) *Bust to Boom? The Irish Experience of Growth and Inequality.* Dublin: IPA.

Osterman, P., Kochan, T., Locke, R. & Piore, M. (2002) *Working in America: A Blueprint for the New Labour Market.* Cambridge: MIT Press.

Nolan, B., O'Connell, P. & Whelan, C. (Eds.) *Bust to Boom? The Irish Experience of Growth and Inequality.* Dublin: IPA.

Rhodes, M. (1998) 'Globalisation, labour markets and welfare states: A future of competitive corporatism', in Rhodes, M. & Meny, Y. (Eds.) The Future of European Welfare: A New Social Contract. London: Palgrave.

Roche, W. (1997) 'Pay determination, the state and the politics of industrial relations', in Murphy, T. & Roche, W. (Eds.) *Irish Industrial Relations in Practice.* Dublin: Oak Tree Press.

Roche, W. (2004) 'Accounting for Social Partnership in Ireland'. Unpublished paper. Department of Industrial Relations and Human Resources, University College Dublin.

Rubery, J. (1997) 'Wages and the Labour Market'. *British Journal of Industrial Relations*, 35(3): 337-366.

Soskice, D. (1999) 'Divergent production regimes: Coordinated and uncoordinated market economies in the 1980s and 1990s', in Kitschelt, H *et al.* (Eds.) *Continuity and Change in Contemporary Capitalism.* Cambridge: Cambridge University Press.

Teague, P. (2002) 'The Irish experiment in social partnership'. Paper presented at the International Institute of Labour Studies, Geneva. February 10th.

Thelen, K. (2001) 'Varieties of labor politics in the developed democracies', in Hall, P. & Soskice, D. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage.* Oxford: Oxford University Press.

Traxler, F. (1995) 'Farewell to labour market associations? Organized versus disorganized decentralization as a map for industrial relations', in Crouch, C. & Traxler, F. (Eds.) *Organised Industrial Relations in Europe: What Future?* Aldershot: Avebury.