The Irish Experience of Economic Lift Off

With a focus on the Contribution of Social Partnership and the Potential Contribution of Life-Long Learning

The Workplace of the Future.

A Colloquium Celebrating Ireland's Presidency of the European Union, Montreal
May 2004.

Paul Sweeney,
Economic Advisor,
Irish Congress of Trade Unions.

27th May 2004.

Bishops University
Canada

The views expressed are those of the author and do not necessarily reflect those of ICTU.

1 Introduction: Ireland in Europe

Ireland's economy was not long ago called the "basket case of Europe." It has been transformed in just 15 years. This paper will set out the reasons for the economic growth and especially for the boom in jobs, where unemployment rates fell from 16 per cent in the early 1980s to under 5 per cent today, well below the average in the Union, at 8 per cent and just behind those in Luxembourg and Austria.

There may be some lessons from Ireland for other countries[1], but many of the reasons for the employment success are not transferable from one country to another. Ireland has a population of 4m or just 1 per cent of the EU 15 or 0.87 per cent of that of the 25 member states. Its GDP is 1.45 per cent of that of the EU 15.

Europe faces a major employment problem. While its performance in recent years has been better than in the 1990s, the persistent and high level of unemployment in Germany is a major cause for concern. Major commentators, like the *Economist* and *Financial Times*, assert that it is due to the inability of German politicians to reform the labour laws or to take on governance issues (ie adopt the Anglo American "shareholder value" model), but the solutions will be more complex. They conveniently neglect the costs of reunification which have been very high, prolonged and the currency approach which was pure political opportunism and immensely costly. While some restructuring is required of the German labour market, the economy is still highly efficient and productive.

[1] There is a major interest in Ireland's economic success, with many "econo-tourists" visiting, to learn. For example, see quote from Taoseach on social partnership below, or see article I was asked to write about the Irish experience of membership of the EU and of social partnership for a South American journal which is widely circulated in that continent, to encourage social partnership and the strengthening of Mercsour (Sweeney, 2003).

“Influenced partly by French moves to create national champions, there are growing signs that the Chancellor is shifting towards interventionism. But critics say that this no substitute for painful reforms,” said Bertrand Benoit of the Financial Times[2]. Schroder may be shifting “towards interventionism, or what is some economists euphemistically call an “active” industrial policy…. it could make some foreign investors think twice about investing in the country.” The article says that Germany has the highest labour costs in the world, bar Norway and this is causing many firms to shift manufacturing jobs abroad. Yet according to the neo-liberal model, espoused by most economists, shifting jobs abroad is beneficial for an economy, with outsourcing generating more jobs than it destroys.

While there are many contradictions in the neo-liberal model, which many want Europe to adopt and to abandon the European Social Market model, Europe does face serious problems in boosting jobs. This is why the Lisbon Agenda had been adopted by the European Union, which aims “to make Europe the most competitive and dynamic and knowledge based economy in the world by 2010”, and “to provide more and better jobs.” It is struggling at present to meet this target, but social cohesion is still at the heart of the project. Hourly productivity is many European countries is as high and higher than the US, but Europeans chose to work less than their American counterparts. Europe can compete with the US, and it offers its citizens a far better quality of life than employees in the US enjoy with their long working hours and short holidays, though they have higher *average* incomes. The experience of Ireland since 1987, particularly in creating jobs, which was closer to the European model than the US, may assist in reaffirming belief in a European alternative to the Anglo-American neo-liberal one.

The history of Ireland’s economy for over two centuries has been one of mass emigration and relatively high unemployment. This changed radically in the early

---

[2] Bertrand Benoit, Financial Times, 13 May, 2004, in a full page article on the German economy.

1990s when employment began to grow rapidly - more rapidly than even the much vaunted employment growth in the US.

The extremely high growth levels of the Irish economy in the 1990s, described as the *Celtic Tiger,* has seen a 67 per cent growth in total numbers in employment in Ireland in the 16 years between 1998 and 2004. This is of 730,000 persons from just over one million at work or 1,090,000 in 1988 to 1,820,000 in 2004. The growth in employment, the first since Independence in 1922, was brought about largely, though not entirely, within the European Social model. It was accompanied by the end of involuntary emigration, net immigration and rapidly rising living standards to a level slightly above the European average. Ireland's income per capita had languished around twenty-fourth place in Europe for many decades and is now slightly above the EU average. It appears to be one of the highest in the world, second in the EU after Luxembourg in the Union, measured by GDP per capita, which the internationally recognised comparator shows. However, GDP exaggerates Ireland's performance. Nonetheless, even by the lower GNP per capita measure, Ireland is now above the EU average.

This paper sets out the employment success in the context of the poor performance in the past, explores the reasons for the overall economic success, with an emphasis on the role of social partnership. It then reviews the main economic data on Ireland's performance, with the emphasis on job creation. It asks if the success has been achieved through the European Social Model, or by free market economic policies. It briefly looks at the role of life long learning in addressing future labour market and compitiveness problems.

There has not been any rigorous analysis of the reasons for the success of the Celtic Tiger, possibly because there is a wide consensus on the reasons. The two most cited reasons were European Union membership and Social Partnership, but others include FDI, particularly from the US, investment in education, an active industrial policy which picked winning sectors, a demographic dividend and institutional and cultural reasons. The paper argues that while some of the reasons for the success were of a classical neo-liberal nature, the main policy actions which helped generate the success were from a European social market perspective, with active state intervention, trade union participation in social partnership, membership of the European Union and access to its vast market.

The US model is the liberal market one, characterised by strong competitive relations between companies, capital market financing, weak to flexible labour laws, a weak welfare state, little public medical care, private education at third level, no public vocational training, strong state investment in the military-industrial complex, strong venture capitalism and a focus on shareholder value, heavy legal liability and some institutional shareholder activism. Workers typically work long hours, have short holidays, unionisation is low and there is wide income disparity.

On the other hand, the European model is characterised by a strong welfare state, comprehensive health care and state investment in R&D, science and innovation. There is employee protection, a more co-ordinated market, greater inter-firm co-operation, vocational training collective and often national wage bargaining. There is employee representation at the highest corporate level in some economies like Germany and employees participate in decisions on substantial long-term investment and technology and capital is provided by state and private banks on a long term basis, often with cross-shareholdings between banks and manufacturers.

2 A Brief Economic History of Ireland[3].

The population of the island of Ireland is 5.5 million today, but had been over 8 million in 1841. It had risen rapidly from 4 or 5 million at the Act of Union (with Britain) in 1801. While the population was to be decimated by the Famine of

[3] Sections 2 and 3 draw substantially from The Celtic Tiger: Ireland's Continuing Economic Miracle, 1999.

1845-1848, both by death and mass emigration, there had been high emigration well before the Famine. Over 1.5 million had emigrated between 1815 and 1840, One third of these went to Britain and of those who went west, half came here to Canada, and the other half to the US in that period. This level of emigration which was to grow rapidly in the period immediately after the Famine was an extraordinary high proportion of the total population, unprecedented in other European countries.

The Famine led to the death and emigration of over one million people. The population fell to 6.5 million by 1851 and by a further million to 5.5 million by 1871. The Famine hit the poor hardest. The number of agricultural labourers fell from 700,000 in 1845 to 300,000 in the early twentieth century. The number of small farmers (5–15 acres) was halved and the cottier class was almost wiped out.

There was de-industrialisation in the 19th century in most of Ireland, with the exception of the North East. Cullen (1968) and O'Malley (1983), argued that this de-industrialisation and Ireland's failure to industrialise was because of the closeness of large-scale British organisations and centralised production, their proximity to large markets and the fact that they had been there from the early stages of industrialisation.

Five million people emigrated between 1851 and 1921 and most of these were single adults. The "strong farmers" left the farm to the eldest son and many siblings went abroad and so the integrity of their farms were preserved. People had far fewer children and those who had land were to become *hard* in their attitude to inheritance. Emigration and changes in fertility allowed for increased incomes for those who remained. "The Great Famine set off a population decline unmatched in other European country in the nineteenth century, a decline that lasted in Ireland as a whole until the 1900s and that has continued in some rural areas until this day" (Ó Gráda, 1995: 213). The numbers of marriages fell substantially, the age of marriage rose, there was a growth in celibacy, fertility declined and there was greater female emigration in the nineteenth century.

Kennedy et al. (1989: 15) stated that Ireland's "relative standards were surprisingly high for a country commonly thought of as very poor and undeveloped" in the early 20th century. Yet Ireland had "developed" in a perverse way with a massive decline in population, but for those who stayed, there was growth in average incomes. Even with the depopulation through emigration and the de-industrialisation of the nineteenth century, Ireland's per capita income was "not widely different from the European average" by 1913 according to estimates by Kennedy et al. Those who continued to live in Ireland saw their incomes grow at much the same rates as in many other countries, even though there was little innovation. Ireland was primarily an agricultural country at Independence in 1922, though the North-East had become industrialised.

The following table gives the net outflow each decade from 1850 up to the end of the 20th century and also for the three years to 2003 inclusive. It shows a massive outflow of people from Ireland particularly given the small size of the population.

Table 1: Net Emigration from Ireland, 1850–2003

1850s*	800,000
1860s*	697,000
1870s	502,000
1880s	597,000
1890s	396,000
1900s	262,000
1910s	116,000
1920s**	136,000
1930s	101,000
1940s	250,000
1950s	409,000
1960s	135,000
1970s	(104,000)
1980s	208,000
1990s	(37,400)
2000-2003	(129,900)

* Gross outflows
** Estimate

Note: The figures from 1852 to 1921 are from returns to the Registrar General and are persons who have been identified as leaving Ireland permanently with the intention of not returning by the police at the ports. The figures are for all the island of Ireland until 1924, after which they are for the Republic of Ireland. The figure for the 1970s shows a net inflow.

Source: Sweeney 1999, based on NESC (1991) and CSO.

Since the Famine ended in 1848, a staggering total of over 5 million, gross, emigrated over 150 years, with the net figure being almost 4.5 million people to 1999. In the context of a population of 5.5 million for the whole island today, there is no comparable level of emigration from any country in modern times.

In spite of its official rhetoric of nationalism and self-sufficiency, a total of 1.1 million (net) emigrated from the Republic between Independence in 1922 and the end of the 1980s. Emigration in the infamous 1950s was extraordinarily high as a proportion of a population of less than 3 million, compared to, for example, 6.5 million in the early 1850s. The 1950s was biggest decade of emigration, when 409,000 emigrated between 1951 and 1961, bringing the population down to only 2.8 million.

The economy opened up in 1960s and economic growth took off, reaching its highest levels ever, averaging 4.4 per cent a year between 1960 and 1973. By 1972, manufactured exports finally equalled agricultural exports, whereas they had only made up one-quarter of exports in 1958. There were also more people employed in industry. Unfortunately, unemployment was rising in the 1970s and though the rate of unemployment was still only around 7 per cent, or under 100,000 people. Even in 1980, it was 91,000, but it was to soar in the 1980s, peaking at 232,000 (ILO-type measurement) in 1987. Only 8 per cent of women were in the labour force in 1971 compared to 49 per cent in 2003. There was net immigration of 129,900 in just four years to 2003, which shows how radically things have changed in Ireland, compared to the 1950s.

While successfully building stability after a short civil war, following Independence, Ireland's leaders pursued conservative economic policies which were to see a relative decline in Ireland's prosperity for most to the 20th century. It was to remain too closely tied to its dominant neighbour and former coloniser. In 1913, Ireland per capita income, in spite of low industrialisation, was high in 1913, compared to most European countries (Kennedy et al 1989, Barrioch and O' Grada,1995). Britain was to have very slow economic growth for most of the 20th Century, while most European countries caught up or moved ahead of what had been the world's leading power at the beginning of the 20th century.

In my opinion, five major policy decisions were made since Independence which damaged the Irish economy in the 20th century:

- “The first was to provoke the “Economic War” with Britain, which Ireland largely lost (even if it made some feel good).
- The second was the experiment in protectionism in general, which was greatly flawed. Its tariffs were inconsistent and it discouraged firms from exporting, so they were very weak when tariffs were dismantled. Of course, de Valera truly believed in self-sufficiency and in “frugal living”. The Irish people had different ideas.
- The third was the delay of a decade in changing the policies of protection and self-sufficiency to outward-looking trade policies, which was the only way forward for a small economy, especially when it was so obvious that the rest of Europe was booming.
- The fourth was that the policy recommendations of the various reports, including the Committee on Industrial Organisation, were not followed up to address the problems of indigenous industry.
- The fifth major policy mistake was the 1977 spending-spree, which was to seriously set the country back for a long while” (Sweeney 1998:45/6).

Things were to change from 1987, when the Celtic Tiger economy emerged. Yet in the 1980s and even up to the mid-1990s there were many dismal books about Ireland’s poor economic performance (eg. Guiomard, 1995, Crotty, 1986 and Keane, 1993).

In conclusion, the poor performance of the Irish economy for two centuries is best illustrated by the extremely high level of emigration sustained over this prolonged period. For those who remained behind, there was a certain level of adequacy as they adapted to the lower levels of employment. Independence did not give Ireland its hoped-for boost. The country remained tied to Britain, which was to suffer economic decline relative to most other European countries. In Kennedy’s words, the Republic’s performance was “very mediocre” (Kennedy et al., 1989) for most of the 20th century. The rise in real product per capita in the 70 years after the First World War was much the same as in the preceding 70 years or so. This was to change and change radically from 1987.

3 The Reasons for the Success of the Irish Economy

I have consistently argued that there is no one single reason for the Irish economic success since 1998, when I first wrote on the subject[4]. Many factors worked together to create a benign conjuncture which facilitated the rapid transformation of the economy. There were both *external factors* — those over which the government and people had little or no influence— and *internal*—over which people and policy-makers did have a measure of influence.

The Celtic Tiger boom began in 1987. The Irish economy had performed extremely badly in the previous seven years of the decade, making the contrast of recovery in the next thirteen appear even more remarkable.

The reasons for the sustained growth of the Irish economy are complex, yet several key factors stand out. The social consensus agreed in 1987 is generally highlighted by many as important (and I will focus on this briefly); the substantial foreign investment in growing industries, a tighter fiscal regime, a stable macroeconomic climate, good all-round competitiveness, the EU transfers, and access to the huge Single Market in Europe and timing were key.

---

[4] Sweeney, Paul, 1998, The Celtic Tiger: Ireland's Economic Miracle Explained, Oak Tree Press, Dublin.

External Factors

1 The External Economic Environment

The contribution of the external economic environment is of vital importance to any economy in this era of globalisation, trade and interdependence, but it was especially important to a small open economy like Ireland.

2 EU Funds

The EU had given structural and cohesion funds to the less developed regions, particularly the poorer states: Portugal, Greece, Spain and Ireland. The reason for the cohesion funds was that when the Single Market was set up in the European Union, it was believed that poor and peripheral areas could lose out. The funds were designed to help countries catch up and they were used in Ireland to good effect. Further, their timing was excellent, just as capital expenditure was cut to stabilise the public finances from 1987.

3 Foreign Direct Investment

The flow of foreign direct investment (FDI) is ultimately determined in the boardrooms of multinational companies (MNCs), but it was strongly influenced by the Irish government's industrial policy and so it is subject to other domestic influences such as the state's investment in education in earlier decades. Ireland has benefited greatly from a high level of foreign direct investment, particularly from the USA.

4 Revolution in Communications.

The revolution in communications has contributed to the boom. This revolution has been a technological one and is still underway. It could not have come at a better time for Ireland, a peripheral, island economy.

The Internal Reasons for Success

Much of the economic success may be attributed to domestic factors over which policy makers had influence. It will be seen, however, that many of these policies took a long time to bear fruit.

1 Fiscal Reform and a Stable Economic Environment

Ireland had a very serious fiscal crisis for most of the 1980s. The government had run excessive deficits and the national debt reached a high 125 per cent of GNP in 1987. There was wide recognition in all sectors, political parties and lobbies, thanks to hard experience, that "tax and spend" policies did not work. Those on the Left and unions agreed that the level of public spending should be cut, but were also consulted on where the cuts should be, to mitigate their worst effects.

It is argued by many conservatives and especially by the Progressive Democrat party that the Celtic Tiger economy came about because taxes were reduced. "This assertion suits those who ideologically favour low taxes and who do not care whether there is a good public health or education system because they can afford to pay private for themselves. They are putting the cart before the horse. Top income tax rates remained at 48 per cent from 1990 to 1998 and then were reduced to 46 per cent till 2000. Similarly, corporation tax rates were at 40 per cent to 1995 and were reduced to 28 per cent by end 1999. Growth rates took off in 1994 and remained high until 2000[5]". The tax reductions did not boost the economy and this is seen when growth fall dramatically in 2001 when income and corporation tax rates reached their lowest levels. The tax reductions, which were part of the social partnership process to ensure higher take home wages for workers (but which were skewed upwards) did not drive the Celtic Tiger. The whole boom was based on more complex factors than tax cuts.

[5] Paul Sweeney, "If we want hospitals, then we will have to end the tax breaks," Irish Times 14 April, 2004.

Taxes were reduced, but this was greatly assisted by a massive growth in the numbers at work of 50 per cent since 1994 when the boom really began. The additional 600,000 workers, paying income taxes and the high spending taxes, combined with booming business activity, enabled tax rates to be reduced over time. Government spending continued to rise steadily each year (the rise averaged 10.7 per cent each year since this government first took office in 1997) but it was also reduced as a percentage of GNP because growth rates were so high. The boom in employment started well before taxes were reduced and before total government spending was cut.

2 Structural Revolution

In the 1980s shake-out of industry, those who lost their jobs were often poorly educated, middle-aged and predominantly male. They were replaced by young, well-educated and more adaptable people. This was part of the rapid step-change from a low-skill, low-pay economy to a high-skill, high-pay one. There was also a major shift from agriculture to jobs in services and industry as Table 2 shows.

Table 2: Numbers Employed in Main Economic Sectors (000s)

Sector	1961	1981	2004	% of 2004 Total
Agriculture	379	196	115	6
Industry	259	363	499	28
Services	415	587	1206	66
Total at Work	1,053	1,146	1,820	100

Source: CSO, ESRI Qterly.

3 The Demographic Dividend

The fall in the dependency ratio was very significant. “Dependants” include the elderly, children, students and the unemployed. Ireland had a very high proportion of young people and while the very high level of dependents fell, at the same time, many more become employed, with many of the new jobs being filled by the young, former dependents. Less tax was needed to support the reducing dependency ratio and more were now paying taxes.

4 Social Partnership

A major key to the economic and social success has been the social consensus, which began in 1987 with the first of the new comprehensive national agreements. According to O'Donnell and O'Reardon (1996), "the social partnership approach produced the much-needed recovery from the disastrous early and mid-1980s and has underpinned a sustained period of growth since then".

Globalisation demands stability and social cohesion, which a consensus approach to economic and social problems can assist. "The national agreements allowed the social partners to have a say on take-home pay — that is, on the level of income tax. This shifted the emphasis from the illusory gross wage to take-home pay and, if there were tax reductions, a lower gross could therefore be acceptable. This actually happened — gross pay increases were moderated[6], but tax cuts ensured that take home pay of workers increased in real terms" [7].

The trade unions had a say on tax matters and on many other aspects of the economy and society, including fiscal policy, and their views on exchange rate policy were, at least, noted. "It is important to realise that these agreements were far more than mere incomes policies. Incomes were part of the deals, but they were only a small part of them. They were the headline figures, but the Irish unions knew that in a high tax (on incomes) country, the after-tax income was the key".

---

[6] "Moderate" is a subjective term. Here it referred a real increase (above inflation) of around 1 per cent.

[7] Sweeney, Paul, 1999, The Celtic Tiger, Ireland's Continuing Economic Miracle" (2nd Edition), Oak Tree Press, Dublin.

The first of the six National consensus agreements agreed to date, was the appropriately named, and ultimately successful, Programme for National Recovery (PNR) 1988–90, agreed between a Fianna Fáil government and the social partners in 1987 (see Appendix for each of the agreements and the pay terms). It was based on the “Strategy for Development” of the National Economic and Social Council (NESC, 1986), the tripartite think-tank of the social partners, where policy is analysed and consensus formed. This deal won trade union support for a radical correction of the public finances. The National Debt had peaked in that year. The then Minister for Finance, Ray McSharry, later an European Commissioner for Competition, decided to tackle the growing fiscal crisis. This had been started by Fianna Fáil’s own high spend and tax cuts election promises, exactly a decade earlier, which had ultimately driven debt up.

It has been argued by Teague (1995) that the Irish social partnership experiment had been an agreement by a trade union elite to facilitate tough measures being taken to allow the economy to adjust to the fiscal crisis and to further European integration. He also argues that social partnership at national level is weakly represented in the workplace. He also argues that at enterprise level, its significance is that “it promotes a distinctive approach to the matter of organizational change” which challenges “managerial unilateralism” and it promotes “fairness at work” (Teague, 2002). Roche (1994) and others have argued that the trend in social and health spending and progress on employment legislation have contradicted this. NESC has said that, while the share of public spending as a proportion of GDP has fallen dramatically, the volume of such spending has increased, especially in health, education and social welfare. This is “one component of the partnership approach”, it concludes. The level of industrial disputes dropped dramatically since the late 1980s, though there was a slight rise in recent years.

The other critics of Irish social partnership have been conservative economists who object to trade unions having a role as “insiders” and blamed the then high level of unemployment on the agreements (e.g. Lee, 1994). They would have had difficulty in explaining the subsequent increase in the number of jobs, or how the 1980–87 free collective bargaining did nothing to help Ireland's dismal economic performance. That recession was particularly bad for employees, with average take-home pay dropping by 7 per cent for single workers (over 5 per cent for married) between 1980 and 1987. Others, like Walsh, reluctantly agreed that social partnership did contribute, though they held that this was because the unions were weakened.

Gross average industrial earnings grew by 25% in real terms in the 15 years between 1987 and 2000. Growth in take home pay was greater because tax was reduced – it rose by about 60 per cent for single persons and 58% for married[8]. In stark contrast - as seen above, in the first half of the 1980s, the take home pay of industrial workers *fell* by 7 per cent because of inflation and tax. As household size was shrinking, the rise in per capita incomes was 74.5 per cent in real terms over the thirteen years. However, those in the top decile had higher rises than those in the bottom and so the income gap widened in this period.

The Taoiseach, who is currently President of the European Council, recently spoke of the value of social partnership :

"This Government believes in the social partnership process. We believe that the series of agreements we have had since 1987 have been good for employers, good for employees and good for the country as a whole. I hope that <u>all</u> of our visitors on May Day will recognise and respect the contribution which we have made and will continue to make, to models for economic development on a global scale, that put men and women at the heart of economic development[9]".

He said that he believed that under social partnership, "employees, especially in the more vulnerable employments, have been able to secure a fair return for their

[8] NESC, 2003.

work and have enjoyed the benefits of a wide range of workplace-related legislation and initiatives. Employees, employers and the country as a whole have all benefited from the generation of economic growth, jobs and the resources needed for investment in our people and physical infrastructure, and in building a fairer society".

Mr. Ahearn said that the Irish model of social partnership was being studied by many around the world. "through our development of a social partnership model over the past eighteen years, we have engaged in an important piece of social innovation, which has facilitated and encouraged the economic innovation that has served us so well. Our experience is already the subject of close study, not only by our new partners in Europe, but by a constant stream of delegations from around the globe".

He continued his staunch defence of the process, saying that "Social partnership is sometimes presented by its critics as a "cosy consensus". Sadly for its practitioners, it isn't ! The social partnership process requires a major investment of time and effort; hard choices have to be faced; and strong leadership is required on all sides. It is, of course, easy to knock social partnership - although opponents often seem a little shy about disclosing their alternative!

The fact is, however, that social partnership has a track record of delivering - not perfection, which was never claimed by its proponents - but tangible results all the same. And it remains more likely to deliver positive results than any free-for-all alternative".

The context of the Taoiseach speech must be understood - it was while the 2004 pay talks were stalled and he gave the usual warning on the need to keep pay down. However, he did state that " this is **not to argue in favour of a race to**

---

[9] Bertie Ahern, Taoiseach Irish Management Institute Annual Conference Killarney, 23 April, 2004.

the bottom in terms of labour costs (his emphasis, on a point of importance to trade unionists). Competitiveness and social cohesion go hand in hand, and it is essential that a balance is maintained between the two, for the sake of both our economy and our society. But if our labour costs continue to accelerate significantly ahead of our competitors, **we risk losing the race to the top** in the long run. It is a matter of getting the balance right".

An assessment of these words must be viewed from the context that Mr Ahern's government, whose economic and social policies have been driven by its minority partner, which is neo-liberal on economic issues. The government took power with a very sound economy in 1997 with large budget surpluses, but has not pursued a progressive economic and social programme, but rather has redistributed upwards. Indeed its tax policies are quite regressive. Many would hold that while Mr Ahern has allowed the conservatives to control economic policy, social partnership has mitigated its worst excesses. For example, Nolan et al (2000) argue that tax cutting policies since 1987 have been "regressive because it has been achieved largely though the reduction of tax rates which have favoured those on higher incomes". However, they conclude that "social partnership did ensure protection for social rights for the most vulnerable. In particular, real increases in levels of social welfare payments have been achieved."

In a review of public policy and trade unions Gunnigle et al (2004) argue that their findings "raise important paradoxes between espoused public policy, which supports a strong trade union role in industry and actual practice, which contributes to an ongoing diminution in the role of organised labour". They argue that the reasons are not ideological, but practical, in on open, export economy which is heavily reliant of on FDI. "In Ireland, it appears that public policy has done little to promote union penetration but rather has overseen a progressive decline in union influence."

This Government is made up of people with differing viewpoints, but on the economy, it is the conservatives who really dominate. The Deputy Prime Minister or Tanaiste is Mary Harney, Minister for Enterprise and Employment. She leads the Progressive Democrats, a conservative party which is the minority party in government. In collusion with key members of the larger Fianna Fail party, the PDs have fairly successfully pursued a strong liberal economic policy of tax cutting for business, high spending taxes, taxes on low incomes, privatisation, attempts to break up state enterprises and reduced public spending. Yet she also recognises the benefits of social partnership. She said of unions, `Trade unions play a key part in Irish life. Through social partnership, they have been instrumental in shaping our economic performance, creating a climate of stability and vindicating the rights of their members"[10]. Social partnership, with the reservations of some members of Fianna Fail, has mitigated the worst excess of the liberal economic policies.

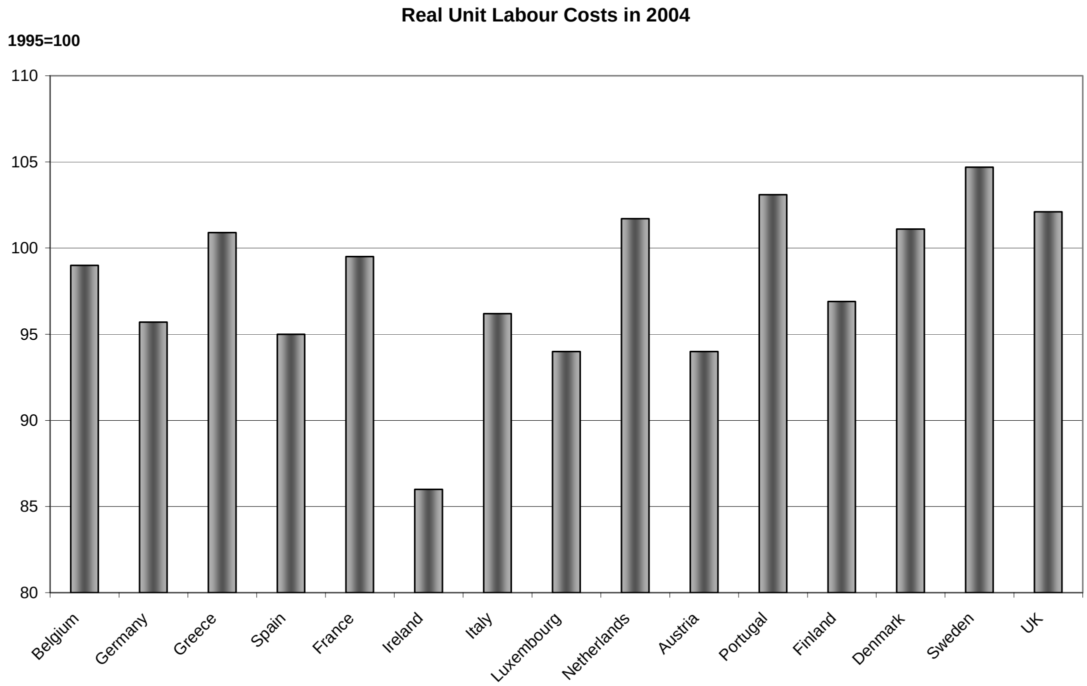
The negotiations over the next phase of the current agreement, *Sustaining Progress*, were stalled for about 6 weeks, until last Friday, because of a major threat to the process of partnership by the leader of the minority party. It is in this context that this speech was made. The Taoiseach, Mr Ahern, is adroit at making deals and delivering consensus.

5 Competitiveness

The recognition of the importance of competitiveness by all the social partners and a common understanding of the term is a vital component of the success. The recognition, at enterprise level and at national policy level, of the multitude of factors that combine to make a firm competitive, has been important.

[10] Mary Harney, Tanaiste, 3rd December, 2003.

Figure 1



Source: European Economy, Table 34, Spring 2004.

Labour productivity is high in Ireland and it can be seen from Figure 1 above that unit labour costs have fallen, though actually they have risen slightly since 2002. The overall productivity figures does hide a major difference between the productivity of multinational firms which is often exaggerated by transfer price fixing and that of traditional firms.

It is not long ago that competitiveness was defined by economists, employers and government as simply the rise in average manufacturing earnings, irrespective of their base level, of unit labour costs or of how they stood compared to other countries, or of exchange rate movements. The OECD and some conservative economists still judge national competitiveness by movements in wages. Ireland has a National Compitiveness Council (NCC) which takes a much more sophisticated view of the issue. The NCC was borne out of one of the national agreements and participation by the unions on its deliberations means that they are exposed to the problems of businesses.

6 Public Enterprise — Commercialised and De-Regulated in Partnership

Ireland did not achieve its economic transformation by following the prescriptions of neo-classical economists, which include privatisation, cuts in public spending and shrinking the state and its services. In many ways, it took the opposite direction. It developed social partnership, not “free” determination of labour costs, and there was little privatisation, though this did change in recent years, albeit with very reluctant assent from the unions. Yet it would be wrong to assume that the commercial (and many non-commercial) publicly owned enterprises did not radically adjust in the period under review. In Ireland, state-owned companies, including the monopolies, have been commercialised and largely de-regulated. There was a major policy mistake with the privatisation of the virtual monopoly telecoms firm, Eircom in 1999, which was turned into a rent-seeking, private monopoly, which sweated its assets, maintained high charges and did not deliver adequate services, such as broadband[11].

7 Industrial Policy

Ireland has had a very active state industrial policy which has contributed substantially to its economic success. Industrial policy has been consistent since the early 1960s and offers certainty to foreign investors. It originally placed great emphasis on achieving export-led growth, with zero taxes on the profit of exports. Ireland moved rapidly from high protectionism (taxes and quotas on imports) to an active, state-led industrial policy which sought out foreign direct investment (FDI).

Ireland has several state industrial promotional agencies and state bodies which promote agriculture, tourism and other sectors. The Industrial Development Authority (IDA) is the main body charged with attracting FDI and it has had considerable success in picking winners, albeit not individual firms, but targeting industrial sectors: - the pharmaceuticals, chemical and computer and health care sectors and more recently, financial services. These promotional bodies employ thousands of staff and have capital budgets of tens of millions. Exchequer capital spending on enterprise trade and employment will be €346m in 2004. The IDA will invest almost €200m, of which, half will be from its own resources as part of the active state industrial policy pursued by Irish governments for many decades.

8 Institutional Change

The contributions of institutional change to economic growth and wellbeing have been neglected by economists until relatively recently. Institutional change, assisted by membership of the EU, has been reasonable progressive in Ireland and has assisted in economic development.

Other positive institutional factors include:

- Membership of the EU
- The strong educational system
- A substantial decline in the culture of dependency of business on the state
- Reforms of public enterprise
- Clearer and more effective competition law
- The spillover of knowledge and skills from the multinationals
- Increased recognition of "best international practice,"
- Greater professionalism

9 The Educated Workforce

Another key ingredient in the prolonged Irish economic boom has been the young educated workforce. The ESRI (1997) holds that the changes in education policy in Ireland were of great importance in the recent prosperity. It describes the changes in education as "revolutionary", arguing that the high levels of

---

[11] See Paul Sweeney, forthcoming book on privatisation, to be published by TASC/New Island, September

education have also had major impacts on fertility, marriage, migration and labour force participation, especially by women. Thus education has impacted upon and changed many areas of Irish life.

10 New Forms of Work Organisation

At microeconomic level, in the firm, radical changes were taking place in the late 1980s. At national level employers and trade unions were abandoning their traditional adversarial role, and while movement was slower at the level of the enterprise, change was still happening.

11 Cultural Confidence Building

Some major changes in Irish society had profound effects, both on social areas, and the economy. These a greater professionalism, greater openness, greater participation, some more accountability and more democratic institutions, greater equality for women and greater inclusiveness.

A number of key institutions changed radically, such as the dominant Catholic Church and this assisted participation and helped democratise and open up decision-making which, in turn, assists in economic development in a modern society. Success in Ireland was helped by the triumph of the modern or professional over traditional ways of doing things.

2004.

4 The Celtic Tiger Years.

Table 3 shows growth rates from 1996 to 2004 for five European countries, the US, Japan and EU and OECD. It shows the very strong growth rates in Ireland in the years 1996 to 2002 compared to the EU, the OECD countries and to some of the leading industrialised countries in the world. It should be noted that while the GDP figures show Ireland up in a better light than it merits, GNP figures are still high.

Table 3: Real GDP Growth in Major Industrial Countries and Ireland, 1996-2003

Country	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
United Kingdom	2.6	3.5	2.7	0.8	1.5	2.4	1.9	2.1	2.7
Germany	1.3	2.2	2.5	2.2	2.5	1.2	0.2	-0.1	1.6
France	1.6	3.0	3.1	2.4	2.6	2.6	1.2	0.2	1.9
Italy	2.6	3.5	2.7	0.8	1.5	1.5	0.4	0.5	1.6
Ireland	**8.1**	**11.1**	**8.6**	**11.3**	**10.1**	**6.2**	**6.9**	**1.2**	**3.8**
Total EU	1.8	2.7	2.8	2.2	2.5	4.1	3.6	3.1	4.0
United States	3.4	3.9	3.5	1.5	2.2	2.2	2.4	3.1	4.0
Japan	3.9	0.8	-2.6	0.2	0.7	0.7	0.2	2.3	2.3
Total OECD	2.0	2.5	2.5	1.7	2.3	2.0	1.7	2.2	3.0

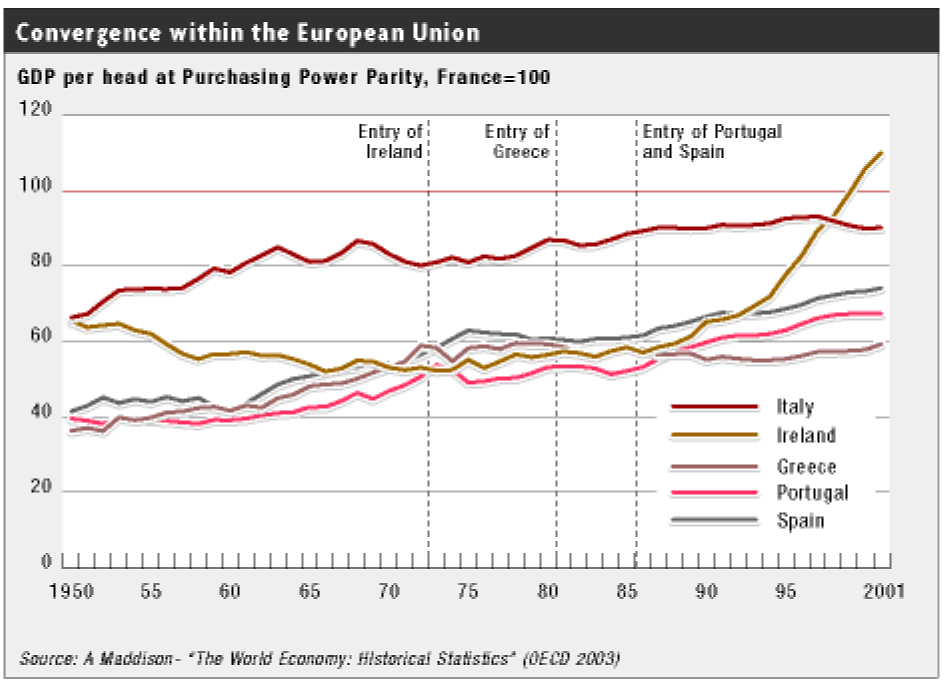
* Forecast

Sources: OECD, 1998, Review and Outlook, Central Bank and ESRI Quarterly.

Membership of the European Union does not guarantee that a country will enjoy strong economic growth, but it does provide opportunities, as Ireland has shown. Five of the existing member states (to May 2004) were poor when they joined, Italy, a founding member, Ireland, Spain, Portugal and Greece. All, except Greece, have enjoyed substantial catching-up with the average. It is mistakenly claimed that EU funds have been the principle reason for the convergence, but in Ireland's case, it took two decades from joining in 1973, for growth to accelerate.

Figure 2 below plots the performance of countries against that of France (at 100) and it shows how Ireland (the line that soars at end), which was close to Italy (the top line) in 1950, slipped behind in the that decade and then made little progress, until the take off in the 1990s. It shows that Ireland's growth actually declined relative to France from 1950 up till entry in 1973 and then the rapid growth, with Ireland passing France, when judged by GDP, in the late 1990s. Ireland did receive large transfers and larger transfers per head than Greece, Portugal and Spain, yet Ireland's growth in the 1990s was exceptional and was due to far more than the funds. Bradley et al (1992), have shown that access to the market was the most important factor.

Figure 2



Source: Financial Times, 26th April, 2004.

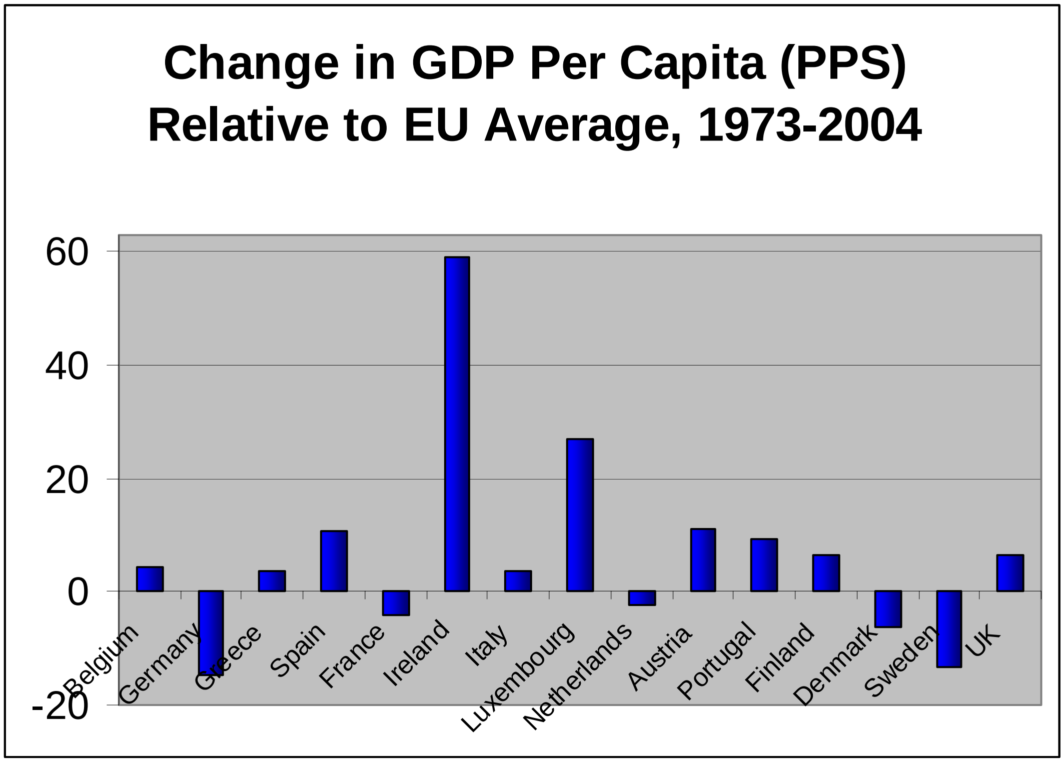
There is a view that Ireland was "only catching up" with Europe (Honahan and Walsh 2002 and O'Grada) and while it did lag behind other countries, the catch up was extraordinary.

Honahan and Walsh have argued that “when fiscal and demand conditions stabilised, real wage moderation took centre state in smoothing the process of employment transitions. We will argue that the institutional arrangements for wage bargaining and the harsh realities of high unemployment in Ireland and in the UK were the factors that reduced real wage growth below the rates in Ireland’s trading partners and greatly facilitated employment growth” (Honahan and Walsh, 2002). They saw the “salient feature of this catch up has been an increase in the proportion of the population at work” and they conclude that “there was no productivity miracle.” Yet the catch-up was miraculous, there were complex reasons for the emergence of the jobs for the new labour market entrants and productivity did soar, albeit mainly in the new modern sectors.

Honahan and Walsh argue that Ireland did not catch up with Europe for many years because of the unstable fiscal environment and a “poor wage formation process” generated relatively slow growth until the 1990s. They argue that Ireland was held up “by macroeconomic policy errors” by which they mean the spending boom and massive debt run up by the Fianna Fail government after 1977. They reluctantly concede that what they term the “corporatist social partnership” was of major importance, though they see it more as a removal of a barrier, which meant that “wage setting got back on a sustainable path” and “reflect a determination to set aside, for the time being, social class antagonism.” They do not say which side will re-introduce class war if current negotiations on the wage element of the current social partnership deal break down!

The following figure shows how Ireland’s living standards progressed since 1975, shortly after joining the European Union in 1973, compared to the other 15 member states. Only Luxembourg saw a more rapid growth in income per head. The figure is based on adjusted data which takes Ireland’s GNP in 2004, which is 17 per cent less than GDP.

Figure 3



Note: Data for Ireland is based on ***GNP*** in 2004.

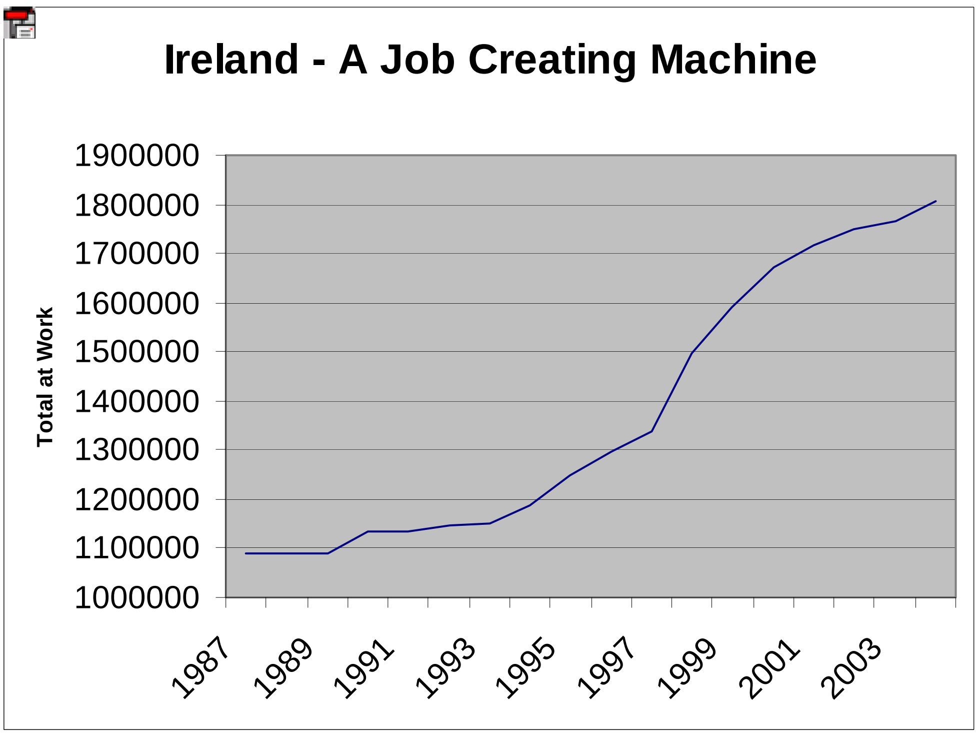
Source: European Economy, 2004.

It can be seen from Figure 3 that 9 of the 15 EU countries did enjoy some increase in per capita GDP against the average, but 6 endured a drop in living standards, with Germany and Sweden seeing falls of close to 20 per cent. Luxembourg saw a rise of almost 70 per cent while Ireland enjoyed a rise of 37 per cent. However, this figure shows the change over the 29 years. The most important point is that the rise in Ireland's per capita GNP took place in a very short period. While the time period was short, yet the high levels of growth did last for a long period. Sustained GNP growth levels, averaging 7.3 per cent for the 7 years to 2000 inclusive (7.8 for GDP), is highly unusual for a fairly developed country.

5 Employment Creation – the Greatest Success.

The greatest success in Irish economic history was the massive job creation programme under the Celtic Tiger. It was seen that in the 16 years to 2004, there was a growth of 67 per cent, but the most intensive growth in jobs was from 1994 to 2002 where, in just eight years, over half a million net new jobs (529,000) were created, a rise of 43 per cent. The performance is even greater when the turnaround in migration is added in. Tens of thousands were emigrating (over 200,000 net in the 1980s – see Table 1) and now the economy has absorbed a fairly high level of immigration, while simultaneously maintaining relatively low unemployment.

Figure 4



Source: CSO, ESRI Qterly 2004.

The figure 4 above shows the massive increase in employment over the Celtic Tiger years. Employment had actually been higher just after Independence but had been hovering over at 1.1 million for decades. In the early phase of the boom, from 1987 to 1993, there was jobless growth, with the exception of 1990, when employment grew substantially. It was from 1994 that employment really took off. In spite of low or near zero growth in 2002 (0.1 per cent GNP and 6.2 GDP), employment still expanded, albeit at a slower pace.

GDP Vs GNP

GDP is the international comparison used by most agencies and this has had the effect of exaggerating Ireland's performance in many areas. By this criterion, Ireland's standard of living per head is *far* above the EU average and is second only to rich little Luxembourg. Of course, this is not true, but is nonetheless a cause for much celebration by some in the Irish media. The use of GNP, which is lower, is more accurate but this would still leave Ireland with a living standard a little above the EU average in 2004. Growth of GDP has been much faster than GNP by 1.25 percentage points on average in the late 1990s.

The public finances improved and the government, always in deficit, ran Exchequer surpluses from 1988 to 2002 inclusive. Public investment is high as the country invests in infrastructure, which is still very poor. The national debt, has been greatly reduced as figure 5 shows. It was once very high but is now the second lowest in the EU, after Luxembourg

Figure 5

Source: Dept Finance, Budgets, various years.

6 A European Social Model or a Free-Market Success?

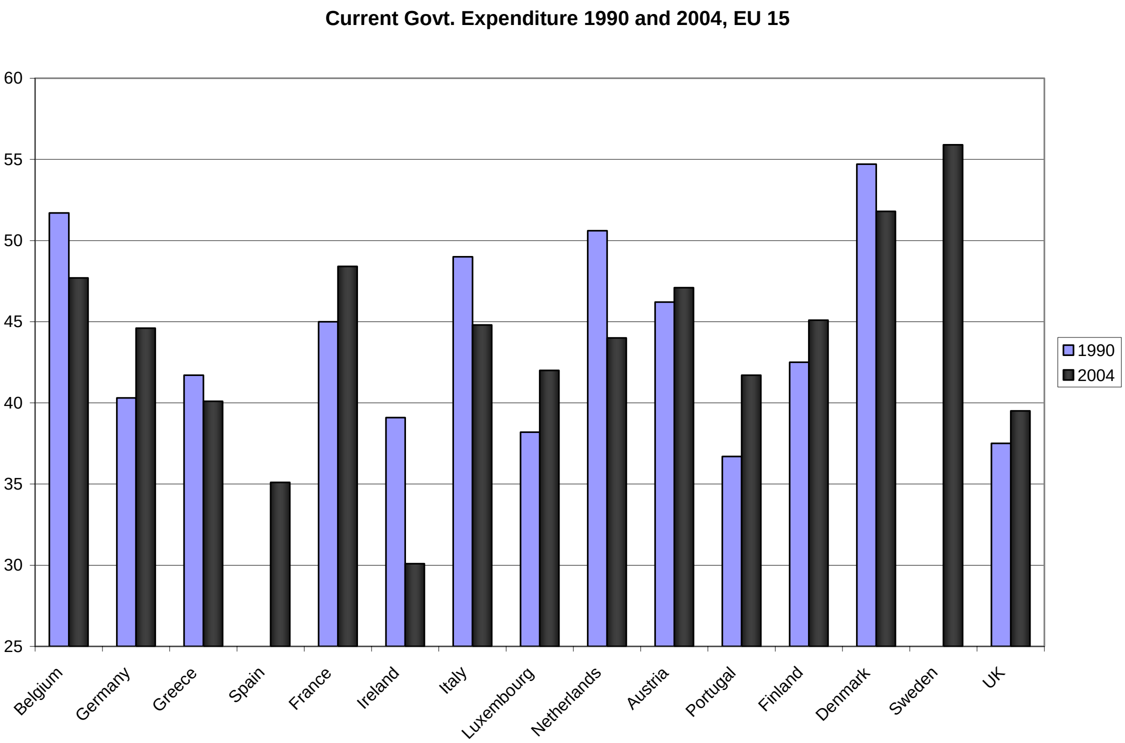
The Irish economic miracle was not generated by free market, tax-cutting, policies, but more by a mixture of European social partnership, state intervention in the economy and state assisted investment. Where there was privatisation, it was negotiated. However, it was not wholly a progressive socio-economic policy agenda, but included components of neo-liberalism, including tax reductions which were often regressive, that is benefiting the better off and it was weak on investment and effective current spending in areas like health, education, public transport and poverty reduction.

Sclaes, a Financial Times commentator who is very much on the Right saw Ireland as a model of neo-liberalism for others to follow. She praised Charlie Haughey who “slashed the size of government from half of GDP to 40 per cent within two years" (Figure 7 shows a sharp reduction but the 10 per cent reduction to 30 per cent took from 1990 to 1998). "Today, government spending equals about 30 per cent of GDP. This is a dramatic cut – how dramatic becomes clear when you consider that neither the west's two great free-market radicals, Ronald Reagan and Margaret Thatcher came near to matching it". She said that "Ireland became a European tax haven, instead of a tax pariah" and "the result was double digit growth that created the Celtic Tiger," a path that she urged Maine in the US to follow (Sclaes, 2001).

On the other hand, Anthony Harris of *The Times* (13 November 1996), was critical of the role of the conventional free-market view of economics in building the Irish boom:

> This is an Irish miracle. But an example to us all? An uncomfortable one, if you share the conventional Euro-wisdom. The Irish miracle owes nothing to tax cuts, deregulation or privatisation. Until recently, taxes have been raised, not cut. The economy is still riddled with subsidies, so revenue is wasted. Yet the national debt has been reduced by a third, measured against GDP, without what the European Commission calls "Treasury transactions". The main utilities are still publicly owned. Cost inflation has been controlled not by competition or tight money, but by a successful incomes policy.

Figure 6



Source: European Economy, 2004.

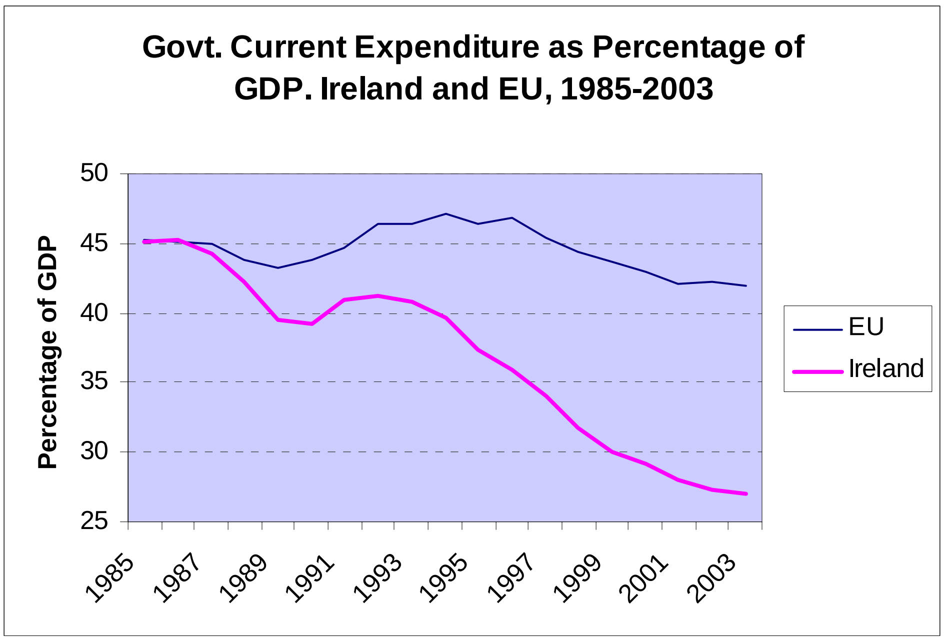
The area where those on the Rigzht appear to strike resonance is the substantial reduction in current government spending as Figure 6 shows and Figure 7 illustrates even more graphically. Ireland's current spending is well below the average in Europe as a per cent of GDP and even with adjustment for GNP, it is low in 2004 and far below the level in Ireland in 1990. Part of the explanation is the rapid rise in GDP, but public spending as a percentage of national income is now low and nearly as low as the US. From this perspective, "Ireland is closer to Boston than Berlin[12]", with very low current public spending by European standards. It is reflected in a public health service in constant crisis, poor public transport and generally poor public services.

---

[12] Mary Harney, Tanaiste and Minister for Enterprise and Employment coined this statement, which attempted to place the Fianna Fail/PD government's economic and social policy firmly on the side of the Anglo-American model and against the European Social Model.

Another, more dynamic way of looking at the reduction in current public spending is to see how it was cut by governments relative to an albeit rapidly rising GDP as in Figure 7. It also shows how day to day public spending has fallen substantially from the same level of the average in the EU in 1985/7, (where there has been a small reduction in recent years, the first since the end of World War 11).

Figure 7



Source: European Economy, 2004.

7 Sustaining the Employment Success.

If the great success in employment creation is to be sustained, then greater and more focused investment in human capital is required. Ireland has many other problems which have yet to addressed, including congestion, poor infrastructure, a high cost of living[13], a high dependence on foreign investment, (with half of all manufacturing owned by foreign multinationals), a narrow and inequitable tax system and substantial poverty. Some of these problems are being addressed.

[13] Average prices in Ireland are 14 per cent above the rest of Europe, on a PPP basis in 2004, according to Eurostat adjusted data.

On the demographic area, the substantial growth in the labourforce has slowed and this is being met by inward migration. However, the best response to the demand for employment, which would simultaneously boost competitiveness, assist firms and enhance social-well being for workers as well, would be to have greater investment in Life Long Learning.

The increasing pace of globalisation, the resultant rapidly changing nature of work, of the labour market and aging populations mean that it is vital for economies and for firms to continually upgrade work and life skills, throughout life. Employers want workers with greater skills and adaptability and careers are no longer with one firm. Individuals change jobs more frequently than in the past. For a economy to be efficient and socially inclusive, it is important that there is not a large cleavage between well-educated and poorly-educated workers. Learning opportunities for the unemployed, the disadvantaged or those in small firms, or who have poor education, are not good. There are large gaps between those with third level education and those without and these widen over a lifetime.

While there has been a rapid growth in third level participation in Ireland in the past fifteen years, "earlier failures in the system have left a large minority of older age groups who are poorly equipped to take advantage of the new employment opportunities in the economy" according to NESC[14]. Ireland has a serious problem with adult literacy, with almost 25 per cent scoring the lowest levels of literacy and so are poorly equipped to cover the demands of work, home and community. NESC points out that this is serious, not just in terms of social inclusion, but also for national competitiveness.

The "Wim Kok Report" is a major European Union report published by the Employment Taskforce in response to the challenges on employment in

[14] NESC, 2003:78

Europe[15]. It concludes that Europe will fail on jobs if it does not invest in adaptability, labour supply and in human resources. Europe has high unemployment at 8 per cent in the 15 and it has been between 7.4 and 10.5 since early 1980s. Ireland's unemployment rate was 16.8 per cent in 1984 and 1985, but is now 4.9 per cent, up a little at 4.7 per cent on 2003. It was 166,200 on the Live Register or 86,500 in late 2003 according to the QNHS. Kok seeks to make labour markets more flexible but also to make work more attractive, to extend the working life and importantly to develop human resources.

One of the five chapters in the report was devoted to this area and particularly to "making life long learning a reality". It points out that while member states have long recognised the need to promote life long learning, progress has been limited. It suggests a number of actions, including greater retention of young people at schools, increased access to training throughout the life cycle, especially for the low skilled and disadvantaged. It said that although the Lisbon strategy demanded significantly increased investment in human capital, this has not occurred and life long learning systems are inadequately developed. Workers who most need training - in SMEs, older, unskilled workers - benefit the least. It sees an increasing gap between the knowledge-rich and knowledge-poor.

The Kok Report calls on governments and the social partners in Europe to define and control standards of education and training, to encourage more investment by employers and it calls on individuals, employers and business to share costs in increasing investment in training etc. The Kok Report advocated closer partnerships between business, the social partners, universities, the public sector and private providers to improve the interface between supply and demand for learning. The report was adopted by the Union and it has now appointed Mr Kok as chair of a committee to oversee its implementation, as part of the Lisbon Agenda.

---

[15] Kok, Wim, 2003, "Jobs, Jobs, Jobs, Creating Employment in Europe", European Commission, Brussels

The OECD data on education shows that Ireland has a lot of ground to make up on both participation and the duration of job-related training, where it is in the lower ranks. On average, adults with third level qualifications spend three times as many hours in job-related education than those who have not completed upper secondary education. There has been great progress in Ireland in achieving greater third level participation, with participation rates as high as in the US. Almost one in four persons aged 15-64 had a third level qualification in the second quarter of 2003, up on just one in six, just four years earlier[16]. Ireland now ranks fifth in Europe in third level attainment.

On the other hand, less than 10 per cent of the adult population are life long learners (25-64 year olds) with 75 per cent in employment and there is greater female participation than male. There is a drop-out rate of 12 per cent for early school leavers in Ireland, which is less than the EU average (for 15) of 16 per cent, but this average is pushed up by Italy and Spain which have exceptionally high rates. Ireland ranks fairly well in terms of training activity in companies[17], but it is "below the "top flight" countries, which included the Nordic countries, UK and Netherlands. This FAS report points to inequities in participation and the need for greater investment, if Ireland is to become a knowledge-based economy. A key instrument for improving productivity is investment in training for both the employed and unemployed[18].

While labour force participation is slowing in Ireland compared to the rapid expansion in the past, which was largely due to far greater female participation (Ireland is close to the EU on this now), with continued employment growth even during the recent economic downturn, there still will be shortages in certain areas in the near future as the economy resumes strong growth. Furthermore, the

[16] QNHS, Educational Attainment, 1999-2003. CSO, Jan 2004.

[17] Training in Companies, How Does Ireland Score?, July 2002, FAS, Dublin.

[18] FAS Quarterly Labour Market Commentary, Q1, 2004, FAS, Dublin.

government is far less benign towards inward migration than in the past as a way to address labour shortages.

Therefore, greater investment by the state and by employers, particularly in time off for training, is needed if Ireland is to address the skill needs of the economy in the medium term. Addressing the literacy and life long learning deficiencies would enable business and the economy to become more competitive and simultaneously improve disadvantage and the life chances of poorly educated people.

8 Conclusion

Ireland enjoyed remarkable employment creation in the Celtic Tiger years from 1994 and has enjoyed a soft landing. Even as growth rates slowed to near zero in 2002, employment still grew, albeit much more slowly. The Exchequer is no longer in surplus, but the public finances are strong and could finance much needed health and social programmes if taxes were levied on those who do not pay, or pay little.

It has been argued that the reasons for the success were not of the traditional neo-liberal model, the Anglo American model, but were more from the European Social model, with major state intervention and social partnership. There were still influences of the neo-liberals and conservative economic policies have been pursued in many areas, but were mitigated by social partnership.

There are many reasons for the economic take-off of Ireland in the late 1980s, but the major factors would be membership of the EU; FDI, particularly in modern expanding industries; investment in education many decades ago; and the other reasons, listed above. This paper has emphasised the importance of the social consensus which has consistently delivered for employers, government, trade union members and non-members and to the economy and society as a whole. It does not hold that social partnership was the key driver in the Irish boom and the jobs boom, but that it made a major contribution. While it is not possible to transpose Ireland's success, the social partnership process is one that other countries could learn from (and that we also could improve).

While the trade unions represent the 550,000 union members in Ireland in the partnership process, there is a higher number of employees who are not members of trade unions who are also beneficiaries of the negotiations (as are non-union employers), but who do not subscribe to union membership. For trade unions there is a "free-rider" problem with social partnership. Trade unions in Ireland are generally struggling financially, while society and the whole economy benefits from their endeavors. The benefits and successes that social partnership has brought to all has simultaneously lessened the value of union membership for some . Further, while the government espouses and praises the social partnership process (see above), its agencies actively discourage trade union membership, especially in new foreign firms setting up in Ireland. Thus the government is slowly undermining the social partnership process, because without a strong partner, you cannot dance, you cannot make progress.

Appendix

The Pay Provisions of the National Agreements in Ireland from 1987 to date.

6 Programme for Sustaining Progress Jan 2003 to Apr 2004 (18 months)

Pay increases under this programme were 3% for 9 months, 2% for 6 months and 2% for 3 months. Benchmarking awards also came in for Public Sector workers in the second year of the agreement, i.e. from 2004.

5 Partnership for Prosperity & Fairness – Apr 2000 – Dec 2002 (33 months).

Pay increases under this programme were as follows: 5.5% on Phase 1 for 12 months; 5.5% on Phase 2 for 12 months and 4% on Phase 3 for 9 months. There was a minimum increase of £12, £11 and £9 respectively.

4 Partnership 2000 Jan 1997 – Mar 2000 39 months

Pay increases under P2000 were as follows: 2.5% for 12 months on Phase 1; 2.25% with a minimum increase of £3.50 for 12 months on Phase 2; 1.5% for 9 months with a minimum increase of £2.40 for Phase 3 and a final 1% for 6 months on Phase 4 with a minimum increase of £1.60 per week.

3 Programme for Competitiveness and Work Jun 1994 – Dec 1996 (42 months)

The pay increases under the PCW were as follows: 2% on Phase 1 for 12 months; 2.5% on Phase 2 for the next 12 months; with a minimum increase of £3.50 per week; a further increase 2.5% for 6 months on Phase 3, again with a minimum increase of £3.50 per week and a final 1% for the remaining 6 months on Phase 4.

2 Programme For Economic & Social Progress Jan 1991 – Dec 1993 (36 months)

Pay increases under this agreement were as follows: 4% on Phase 1 with a £5.00 per week minimum increase. 3% on Phase 2, with a minimum increase of £4.25 per week and 3.75% on Phase 3 with a minimum increase of £5.75. The agreement also allowed for a local bargaining clause which provided for a maximum of 3% to negotiated locally.

1 Programme For National Recovery – Jul 1987 – Dec 1990 (36 months)

The pay increases under the PNR were as follows: 3% on the first £120.00 per week and 2% on the balance for each of the three years of the agreement. There was a minimum increase of £4.00 per week for each of the three years.

Bibliography

Barioch, P. (1981), “The Main Trends in National Economic Disparities since the Industrial Revolution” in P. Bairioch and M. Levy-Leboyer (eds.) *Disparities in Economic Development since the Industrial Revolution*, New York: St Martin’s Press.

Bainbridge, Steve, Julie Murray, Tim Harrison and Terry Ward, 2004, “*Learning for Employment”*, CEDEFOP, Brussels.

Bradley J., J. Fitzgerald, I. Kearney, G. Boyle, R. Breen, S. Shorthall, J. Durkan, A. Reynolds-Feighan and E. O’Malley (1992), *The Role of the Structural Funds: Analysis of the Consequences for Ireland in the Context of 1992*, Dublin: ESRI, No 13.

Crotty, R. (1986), *Ireland in Crisis*, Tralee: Brandon.

CSO, Quarterly National Household Survey, Employment, Life Long Learning etc. various dates.

Durkan, Joe, Doireann Fitzgerald and Colm Harmon (1999) *Education and Growth in the Irish Economy* in Barry, Frank Editor (1999), *"*Understanding Ireland's Economic Growth*",* Macmillan, Hampshire.

Economic and Social Research Institute (1997), *Medium Term Review: 1997-2003,* Dublin: ESRI.

European Commission (2004), *European Economy*, Spring, Brussels.

European Commission (2000), *European Economy*, Brussels.

FAS, 2002, “Training in Companies, How Does Ireland Score”? July 2002, FAS, Dublin.

FAS, 2004, *Quarterly Labour Market Commentary*, Q1, 2004, FAS, Dublin

Guiomard, Cathal (1995), *The Irish Disease and How to Cure It,* Dublin: Oak Tree Press.

Anthony Harris, *The Times*, 13 November 1996.

Gunnigle, Patrick, Michelle O’Sullivan and Michael Kinsella, 2004, “*Organised Labour in the New Economy: Trade Unions and Public Policy in the Republic of Ireland*” in Employment Relations in the New Economy, ref?

Keane, Colm, 1993, *The Jobs Crisis*, RTE, Mercier, Dublin.

Kennedy K.A., Giblin, T. and McHugh, D., (1989)*, The Economic Development of Ireland in the Twentieth Century,* London: Routledge.

Kok, Wim, 2003, “*Jobs, Jobs, Jobs, Creating Employment in Europe*”, European Commission, Brussels.

Lee, George (1994), *The Insider-Outsider Economy*, Dublin: ISME.

National Economic and Social Council (2003), *An Investment in Quality: Services, Inclusion and Enterprise,* Dublin: NESC: No. 111.

National Economic and Social Council (1990), *A Strategy for the Nineties,* Dublin: NESC: No. 89.

National Economic and Social Council (1986), *Strategy for Development 1986–1990,* Dublin: NESC, No. 83.

Nolan, Brian, Phillip J O'Connell and Christopher Whelan, (2000) *Conclusion The Irish experience of Growth and Inequality* in Bust to Boom? Eds, Nolan, Brian, Phillip J O'Connell and Christopher Whelan, IPA, Dublin.

O'Donnell, Rory and O'Reardon, Colm (1996), Social Parnership in Ireland's Economci Transformation in G Fajertag and P Pochet (eds) *Social Pacts in Europe: New Dynamics*. Brussels ETUI and Obnservatoire Social European.

Ó Gráda, Cormac (1995), *Ireland: A New Economic History 1780–1939, O*xford: OUP.

Programme for National Recovery, (1987), Dublin: Stationery Office.

Programme of Economic and Social Progress (1991), Dublin: Stationery Office.

Programme for Competitiveness and Work (1994), Dublin: Stationery Office.

Partnership 2000 for Inclusion, Employment and Competitiveness (1996), Dublin: Stationery Office.

Roche, W.K. and P. Gunnigle (1994), "Competition and the New Industrial Relations Agenda" in Thomas V. Murphy and William K. Roche (eds.), *Irish Industrial Relations in Practice,* Dublin: Oak Tree Press.

Shlaes, Amity, "A Tiger Slumbers in Maine's Northern Woods, " Financial Times, 14 August 2001.

Sweeney, Paul 2003, "La Reforma Economcia de Irlanda. Obstaculos y Logros" in *Globalisacion Economica: Desafios Para un Nuevo Consenso,* Dialogo Politico, Julio. Konrad Adenauer Stiftung AC. Buenos Aires.

Sweeney, Paul, 1999 *"The Celtic Tiger, Ireland's Continuing Economic Miracle,"* Oak Tree Press, Dublin

Sweeney, Paul, 1998 *"The Celtic Tiger, Ireland's Economic Miracle Explained,"* Oak Tree Press, Dublin

Teague, Paul, (2002), The Irish Experiment in Social Partnership, Paper presented to International Institute of Labour Studies, Geneva.

Teague, Paul (1995), "Pay Determination in the Republic of Ireland: Towards Social Corporatism?" *British Journal of Industrial Relations*, Vol. 33, No. 2, June.