Social Partnership and Democratic Legitimacy in Ireland  
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INTRODUCTION
Social partnership has been a dominant feature of Irish industrial relations since 1987. However, sharply contrasting views exist about its democratic consequences. One argument is that social partnership is bad for democracy as it weakens the capacity of elected politicians to make economic and social policy (Durkan, 1992; O’Cinneide, 1998): only those who are accountable to the electorate should be responsible for governing the country. National social partnership agreements which give trade unions and employer organisations privileged access to government and influence over the direction of public policy are regarded as a distortion of proper democratic practice. An alternative argument is that the regime of social partnership has improved democratic practice by deepening deliberative democracy in the country (Sabel, 1996; O’Donnell, 2000). On this view, purely representative forms of democracy weaken active citizen engagement in public decision-making: Deliberative democracy is about opening up political institutions so that citizens can directly influence the rules by which they have to live (Fung and Wright, 2001). In addition, to promoting wider participation, deliberative democracy encourages less confrontational and adversarial forms of political decision-making: political dialogue which involves people defending their position through the use of evidence and reasoned argument is considered a much superior form of democratic practice. Exposing the strengths and weaknesses of different positions is seen as creating the possibility of decisions being reached on the basis of consensus, resulting in more meaningful collaboration being forged between the participants (Elster, 1998; Bessette, 1994). Thus, from the standpoint of deliberative democracy, social partnership is far from an insidious process that devalues democracy. On the contrary, it is viewed as a process that enhances the Irish political system. The core argument of this paper is that these two alternative views are flawed because they misrepresent the contribution social partnership has made to the legitimacy of Irish democracy. Democratic legitimation relates to the degree of popular support and engagement political institutions enjoy with citizens. Scharpf (1997) suggests that democratic legitimation has two dimensions. The first dimension is input oriented legitimacy, which refers to mechanisms and procedures that are used to link political decisions with citizens’ preferences. The other is output oriented legitimacy which refers to the capacity of democratic processes to realise tangible outputs such as economic and employment growth, as well as high social standards. According to Scharpf, countries that have high levels of input and output legitimacy normally enjoy high levels of democratic legitimation. On the one hand, the claim that social partnership is harmful to Irish democracy is regarded as underestimating the contribution this process has made to the output side of democratic legitimation in Ireland: social partnership has helped ensure that Irish democracy is not an empty vessel by contributing positively to economic and employment growth. On the other hand, the view that social partnership has established a strong deliberative dimension to Irish democracy is regarded as over-estimating the impact of this system on the input side of democratic legitimation: social partnership has led to new public policy experiments, but these have not led to the principles of deliberative democracy being embedded in the country to any significant extent.

SOCIAL PARTNERSHIP AND REPRESENTATIVE DEMOCRACY
Representative democracy is an indispensable aspect of modern political systems, as it gives rise to accountable government and acts as a bulwark against unjust, if not tyrannical, political decision-making. Governments that pursue policies that are not in line with the preferences of citizens can be voted out of office. These features of representative...
democracy are without question impressive. Those who argue that social partnership is damaging Irish democracy are concerned that the positive features of representative institutions are being diminished. While this concern is well intentioned, it is not fully robust. First, although representative democracy has great strengths, it is also widely recognised as having shortcomings (Hirst, 1998). For a start, competitive representation, based on elections, tends to give citizens only walk-on parts in political decision-making, especially with the rise of cabinet government (Cohen, 1998). In theory, political campaigns before elections are seen as a time when people can develop preferences, but this process has been distorted by big budget negative campaigning and political spin. In addition, even amongst ardent defenders of representative democracy, it is recognised that political apathy, and widespread distrust of politicians means that competitive representation is far from vibrant (Pavin and McHugh, 2005). Second, those arguing social partnership is having a negative impact on Irish democracy are ignoring the experience of continental Europe. Very few of these countries have pristine forms of representative democracy. In many cases, extensive corporatist policy networks coexist alongside representative democratic institutions. A wide literature suggests that corporatist networks complement and enhance representative democracy (Cawson, 1986; Hirst, 1995). Crouch (2006) argues that corporatism can enhance representative democracy in three ways. First, it can aid representative institutions to reach their stated goals. Second, it can be more ‘goal’ focussed than parliamentary systems. Third, where the legitimacy of representative institutions is weak, it can provide added dimensions to democratic legitimacy. Thus, there is a strong body of opinion that suggests arrangements such as social partnership and representative democratic institutions need not be collision and, in many instances, can be mutually reinforcing. Critics of the impact of social partnership on the Irish parliamentary system appear to pay this point insufficient attention. Actually, a credible argument can be made that Irish social partnership and representative institutions in Ireland have been complementary.

The Irish political system stands apart from other European democracies in two important respects. First, political parties were not divided along left/right ideological lines: the two main parties, Fianna Fail and Fine Gael, are centre-right parties and the main centre-left party, the Labour Party, usually occupied a non-challenging third place in elections. Second, Fianna Fail, which functioned as much as a populist party as a Christian democratic one, dominated Irish politics, governing for all but seven years between 1933 and 1981. And as the party’s electoral bloc began to shrink during the seventies, so the use of populist policy-making became more pronounced. As a result, important macro-economic policy decisions were made for short-term electoral advantage rather than for the long term benefit of the country. Paradoxically, these cavalier macro-economic policies, which led to public debt and inflation rather than economic growth and employment, weakened the electoral base of Fianna Fail. By the turn of the eighties, the Irish party political scene had changed quite radically. Electoral constituencies had become more fluid, resulting in no one party being able to gain an overall majority in elections. In 1981-1982, three general elections were held. Eventually, some modicum of stability was achieved in 1982 when a Fine Gael-Labour coalition government was formed, ruling until 1987. However, attempts by this Government at addressing the severe economic crisis failed due to a combination of inappropriate policies and social unrest: coalition government had replaced populist economic governance with incompetent economic governance. By the late eighties, there was a growing demand and need for a government to pursue economic policies that would not only be in the long term benefit of the economy, but would also enjoy widespread support. One way this policy menu could have been delivered was through strong government, but this option was ruled out by the fragmentation of the party political system. Thus, the only real alternative open to the country was for a coalition or weak government to pursue an economic programme which enjoyed the support of most, if not all, political and social constituencies. Although optimal solutions sometimes do not emerge in politics, a weak Fianna Fail government was returned to power in 1987 and realising that economic policies for short-term electoral advantage
were no longer an option, it set about building a social partnership arrangement that would lead to the pursuit of consensus-based economic policies. This strategy also enjoyed the support of the second largest party, Fine Gael. This proved a decisive moment in Irish politics as a new macro-economic framework was created for the Irish economy. Partisan economic policies, particularly those designed to deliver short-term electoral advantage, were eschewed. Instead, macro-economic policies in line with the long term vision for the economy supported by all constituencies.

Since 1987, six political parties have been part of governments which have overseen the negotiation of social partnership deals. A characteristic of all governments during the era is that apart from a three years period (1994-1997), Fianna Fail has been the major partner in office. To a large extent, the party has been obliged to act differently from previous Fianna Fail administrations as they had to work with other parties in government. Social partnership was a way of cementing the relationship between political parties in coalition governments. With social partnership playing an important role in developing economic policies, potential sources of policy-making conflict between parties making up the government were eased. The most difficult time could have been the change from the Fianna Fail/Labour coalition to the Fine Gael/Labour/Democratic Left coalition in 1994. But this transfer was eased by social partnership becoming associated with the growing economic success of the country, which made it difficult for any political party to propose the dissolution of the arrangement. Thus, social partnership was an integral part of the new Irish macro-economic framework as it created a new bargain between political parties, employers and trade unions and from which each benefited: it provided much needed legitimacy for government economic policies. It delivered industrial relations stability and wage moderation for employers and trade unions were institutionally recognised as an important influence in Irish society. Thus, every political party involved in government had an interest in ensuring that social partnership was a success. At the start, social partnership was about pulling Ireland back from the economic abyss, but, as times improved, it became associated with economic success. Political parties, employers and trade unions recognize that it would be a huge gamble to walk away from this arrangement. Thus, the Programme for National Recovery, the first national social agreement signed in 1987, can be seen as Ireland’s equivalent to the 1957 Bad Godesburg programme in West Germany or the 1906 December Compromise in Sweden: a mutually reinforcing dynamic was created between the party political system and the main industrial relations actors. Thus, the actual evolution of social partnership has depended on positive interactions it has had with the Irish political system. But the relationship between social partnership and representative democratic institutions does not end here. As Scharpf rightly points out the health of any democratic system, including its representative institutions, is dependent on it being able to meet the economic and social expectations of its citizens. Below it is argued that social partnership has made a positive contribution to Irish economic development with a range of positive spillovers for nearly all aspects of the political system.

SOCIAL PARTNERSHIP AND ECONOMIC PERFORMANCE

Social partnership process has contributed in various ways to spectacular employment and economic growth rates enjoyed by the country from 1987-2006. A core economic purpose of centralised pay deals is to moderate pay deals so that profits can grow, thus creating the conditions for high investment levels (Calmfors and Driffel, 1988). On the whole, social partnership created this dynamic within the Irish economy. Real wages increased during successive social partnership agreements, but the rate of increase was below the rate of productivity increases. Thus, while real wages were rising, unit labour costs were falling. Falling unit labour costs leads to the share of wages in national income falling and the share for profits rising. But whereas an explosion in money wages can cause havoc in a small open economy, wage moderation can be enormously advantageous. The regime of wage moderation produced a number of gains for the Irish economy. First, it made Ireland an even
more attractive place for inward investment. Foreign direct investment was undoubtedly
attracted to Ireland by the lure of high profits due to the low corporation tax level. The large
number of multinationals locating in the country, many of which were high-tech companies,
significantly increased the production of skill-intensive goods. Normally, a more skill-
intensive industrial structure increases demand for highly qualified labour which puts upward
pressure on wages. Higher wage demands can reduce profits and impair growth and thus
place in jeopardy the attractiveness of the country as a site for inward investment. The
national social partnership agreements addressed this potential problem by ensuring that
wages increased at a moderate rate. In all likelihood, pay increases for private sector
workers, particularly in the foreign-owned sector, would have been higher in absence of the
wage agreements (Blanchard, 2002). Thus, the combination of a low rate of corporation tax
and wage moderation transformed Ireland in a super competitive place for multinationals.
The social partnership regime also helped deepen the country’s economic and political
integration inside the EU. National agreements made a positive contribution to Ireland’s
entry into and membership of European monetary union. Price stability and sound public
finances have been central concerns of macroeconomic policy in most member states since
the early nineties. Countries with independent central banks and seriously conservative
central bankers were considered to have macro-economic credibility (Alesina and Summers,
1993). The design of monetary union in Europe, particularly the creation of an independent
European Central Bank and making the control of inflation its almost exclusive remit was
heavily influenced by this thinking. Unquestionably, this thinking was dominant, but other, not
unimportant thinking, also existed which suggested that macroeconomic credibility required
more than fiscal and monetary orthodoxy. In the Delors Report, for instance, which was the
blueprint used to set up the single currency, good labour market performance and
responsible industrial relations behaviour were also considered important factors in making a
macro-economic regime credible. On this view, there was little point making central banks
independent if other potential sources of inflationary pressure and unruly economic
behaviour remained unchecked. Thus, to enhance their reputation as viable monetary union
players, most member states not only adopted orthodox ‘credible’ macroeconomic policies
but also sought to build orderly wage determination systems (Teague, 1999). The
emergence of Social Pacts in many member states was the result (Hancke and Rhodes,
2005). Ireland was part of this trend as national social agreements signed in the run up to
entry into monetary union explicitly stated that wage increases and bargaining behaviour
should not in any way compromise the country’s chances to being part of the single currency
club. In particular, The Programme for Competitiveness and Work, which ran form 1993-
1996, as well as the Partnership 2000, which covered the years 1996-2000 explicitly,
mentioned that the wage agreements were designed to be consistent with the Maastricht
criteria for joining European monetary union. Moreover, the real wage depreciation that
occurred due to falling unit labour costs placed the country in a highly advantageous position
as it strengthened its competitiveness position vis-à-vis its members in the Eurozone.

Overall, the wage determination system introduced by social partnership must be considered
a success. Thus, social partnership has made a contribution to creation of a macro-
economic regime that helped create the Irish economic success story. Economic
performance from 1987-2006 was nothing short of spectacular. In the late nineties,
short economic growth rates reached 10 per cent. From 1994-2006, Ireland had a runaway job
generation machine. In 2007, the country had an unemployment rate of 4 percent, the
second lowest in the EU, which stands in sharp contrast to the 17 percent per cent jobless
figure in 1987 when the first partnership deal was signed. Ireland had become renowned for
its emigration record, which involved thousands leaving every decade in search of a better
life elsewhere. Now, Ireland is an importer of labour. Clearly it would be misleading to say
that social partnership produced the so-called Celtic Tiger, but it was a major part of the
story. The above assessment suggests that far from undermining representative democracy,
social partnership has been used to deliver the main economic priorities set by elected
politicians. When the Fianna Fail Government engineered the establishment of the Programme for National Recovery, the first social partnership agreement, in 1987, it was virtually admitting that it was too weak to govern on its own: it needed the active support of employers and trade unions to help restore economic stability, improve competitiveness and advance key economic priorities such as membership of European monetary union. Social partnership contributed to the meeting of all these economic objectives. At no point was the social partnership process used to challenge the main tenets of Government economic strategy. Thus, the claim that social partnership has undermined the legitimacy of representative democracy appears to be more rhetoric than substance.

SOCIAL PARTNERSHIP AND DELIBERATIVE DEMOCRACY

The big strength of deliberative democracy is encouraging political arrangements that give citizens a greater role in the formation and delivery of public policies (Fung and Wright, 2001). Political and economic empowerment are the by-words of deliberative democracy. Deliberative democracy is considered to lead to a superior form of decision making for four reasons (Elster 1998). First, the emphasis placed on open dialogue may unlock untapped knowledge about the strengths and weaknesses of existing methods of doing things. Second, those involved have the opportunity to acquire new skills and greater know-how about particular policy methods. Third, the promotion of collaborative and joint action may induce a richer mode of decision-making, by encouraging participants to justify the positions they adopt with high quality reasoning. More informed decisions not only foster shared understandings between the different participants, but also deepen the wider legitimacy of policies. Fourth, the encouragement of consensus-building and trust-enhancing modes of interaction may atrophy the boundaries between different constituencies that are involved in a policy network. New relationships of interdependence may emerge that strengthen the collaborative ethos of the process. These are impressive benefits but deliberative democracy has its down-side. Political arrangements that are established to give communities and citizens greater influence over political decision-making, are frequently considered flawed because they are not fully representative (Hooghe, 1999). Moreover, deliberative forms of democracy are considered to run the danger of creating fragmented government as it tends to hamper the emergence of aggregate ‘public interest’ policies (Cohen and Rogers, 2003). Thus, deliberative democracy should not be considered a one-way street, leading only to positive benefits. It can have negative consequences, something which is sometimes not fully recognised in the literature on social partnership and deliberation in Ireland.

In the literature, social partnership is considered to have embedded deliberation within the Irish democratic system, thereby enhancing the input dimensions to Irish democratic practice. One is by creating more open forms of policy-making, which involve relevant stakeholders in the policy process. Another is the formation of shared understandings across a range of constituencies about the challenges facing modern Ireland and how these can be addressed. A third has been the creation of a strong decentralised dimension to public policies, which encourages the inclusion of local civic and community associations in the formation and delivery of policies. A fourth is the launch of policy innovations or a range of economic and social issues (O’Donnell 2000; Sabel, 1996). There is no doubt that a range of institutional changes have occurred during the social partnership era, with the intention of strengthening democratic deliberative practice within the Irish political system. The institutional framework of Irish social partnership is much broader than traditional European corporatist systems, in terms of both the participating groups and the areas covered. In 1987 there were seven different groups involved in the process, but this had expanded to twenty by the signing of Partnership 2000 in 1996. Specialist business, community and voluntary interests are among those interests brought within the process. Other institutional innovations have taken place to incorporate these groups into the policy making process and
to create a decentralised, local dimension to economic and social programmes. Thus, considerable effort has been made to deepen deliberative practice in Ireland during the social partnership era. But the question is whether the institutional changes have led to a superior form of policy-making and democratic practice in the country? The functioning of two aspects of the institutional arrangements of social partnership, working groups and local partnerships are examined in greater detail below.

**Working Groups**

The first national agreement, the Programme for National Recovery, signed in 1987, was a crisis management strategy to stabilise the economy: wages, public expenditure, employment and national debt dominated the agenda. Since then the influence of the social partnership process on public policy has grown steadily so that it now touches upon nearly every aspect of economic and social governance. The high point of the interaction between social partnership and the policy process came in 2000 when the Programme for Prosperity and Fairness set up 65 working groups to develop policies, or make recommendations for action, on particular economic and social themes such as childcare, pension reform and financial participation. Membership of these specialised working groups would be drawn from government officials and representatives of the traditional social partners as well as specialised interest groups (O'Donnell, 2000). The anticipation was that the working groups would promote a superior form of policy-making, as the different social partners, closer to identified social and economic problems, could help devise innovative solutions.

Creating small scale working groups is a classic instrument of deliberative democracy as they provide a link between those outside government with direct, specialised knowledge of a particular matter and those inside government, who are at the helm of public policy decision-making (Fung and Wright, 2001). While it is recognised that different interests would be represented in working group, the assumption is that working group members will adopt a problem-solving mode of behaviour so that common positions can be forged to advance policy on the particular matter under discussion. Thus, it was unsurprising that the creation of working parties under the Programme for Prosperity and Fairness was seen as strengthening the deliberative democracy element of the social partnership process (O'Donnell, 2000). Some groups were moderately successful, for example groups discussing the future of the Local Employment Schemes, but the general picture emerging from many of these bodies is that they not only failed to produce concrete proposals to solve identified problems, but they were also unable to produce shared understandings on the nature of the problem. Part of the reason why these groups failed was that they were deliberating in the shadow of institutions of representative democracy. For example, employers in the financial participation working group had no real incentive to engage in preference-changing dialogue that would lead to a dilution of its initial position as it was confident that Government would in any eventuality extend tax breaks to employee share ownership schemes to placate multinationals in the country. Thus, there was no imperative on employers to compromise inside the working groups. After trying to operate the system for a number of years, Government decided to end the system quietly in 2005.

**Local area partnerships**

Another dimension to advancing deliberative democracy in Ireland has been the decentralised delivery of social and economic programmes. The first moves towards partnership-based local economic and social development came with the establishment of The Area Development Management (ADM) initiative in 1992. 38 area-based partnerships were set up across the country. Each was obliged to develop a strategic plan to improve local economic and social development, with a focus on upgrading disadvantaged communities and groups. A number of benefits were seen as emerging from the creation of area-based partnerships. One was that they would provide the opportunity for communities potentially affected by a proposed initiative to shape its contents. Giving communities a
voice in the design and delivery of public policy was seen as not only a step towards ‘decentralised empowered governance’, but also as a useful method to collect information about the capabilities of particular areas to develop their own economic and social programmes. Another was that they would increase the scale and variety of actions aimed at building initiatives to improve the lot of disadvantaged communities. Increasing the practical action to fight social exclusion was considered as potentially having a cumulative effect with the development of one initiative triggering intervention on another matter: area-based partnerships held out the promise of generating a greater sense of empowerment in local disadvantaged areas. The performance of the ADM programme has not been extensively investigated, but the assessments that have been carried have on balance been positive.

A number of benefits are seen to have arisen from the introduction of area-based partnerships. First of all, these bodies have led to the creation of new policy networks at the local level on social exclusion. As a result, a better understanding has been gained about the nature of specific forms of disadvantage and poverty in particular communities, which has led to improved policy making and delivery. Another benefit of the area partnerships has been to strengthen the internal capacity of local civic organisations by providing them with extra resources to operate in a more active way. A further benefit of the partnerships was the creation of new employment support services that helped disadvantaged people get jobs. A further benefit of the partnership arrangements appears to be informal networks of volunteers, not least from the business community, have developed to support local community and enterprise development initiatives (Teague, 2006). These are positive and worthwhile outcomes, which suggest that area partnerships have been a worthwhile policy initiative. But the evidence also suggests that area partnerships have not advanced local civic participation or empowerment to any significant extent. In many areas, area partnerships are run by very able community leaders with the help of very committed volunteers. But there is little indication of wider community mobilisation around the design or delivery of local economic and social programmes. All in all, serious and persistent attempts have been made to introduce deliberative democratic practices through the social partnership process. Attempts have been made to include civic association in the design and implementation of government programmes. Greater emphasis has been placed on building up the problem-solving capacities of economic and social actors. Better forms of monitoring and evaluation have been introduced into government programmes as a result of the deliberative turn in public policy. But the outcomes associated with these efforts have hardly been impressive. The results from the experiments in creating working groups have been decidedly lacklustre. Area partnerships have brought benefits, but these should not be overplayed and they have not enlivened local democracy appreciably. Thus, the evidence suggests that too much should not be made of the deliberative democratic initiatives spawned by the social partnership process as they have not seriously challenged to the existing ways of doing things.

CONCLUSIONS
Over the past twenty years, a system of social partnership has operated alongside representative democratic institutions in Ireland. One view is that social partnership has damaged Irish democracy: too much social partnership is seen as leading to a reduced role for elected politicians. This zero-sum approach is challenged by this paper. On the one hand, it is suggested that social partnership has never pursued economic and social policies that are out of line with those of representative institutions. On the other hand, successive national social partnership agreements are considered to have contributed positively to Irish economic performance, which in turn has strengthened the output dimension of democratic legitimation in Ireland. Thus, on this account, social partnership has been good for Irish democracy. At the same time, claims that social partnership enhanced the input dimension to Irish democratic legitimation by giving rise to a variety of new governance arrangements are treated more cautiously in the paper. Certainly, there has been a consistent effort to
introduce innovative policy initiatives, many guided by the principles of deliberative democracy. But together these have not amounted to a radical new system of governance in the country. Moreover, the outcomes from these initiatives have for the most part been limited. While the importance of social partnership to Irish democracy must be recognized, its role should not be overplayed. A pragmatic view emerges from this analysis which suggests social partnership and representative democracy have combined together in a way which has ensured that neither one has triumphed, but each has made a strong contribution to the huge economic success enjoyed by the country over the past fifteen years.

REFERENCES