

**Change in the Political, Economic, Social and Value Systems of Ireland.**

**A Study in Capitalist Development.**

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## Introduction

Ireland<sup>1</sup> is changing. This is evident in the economic, social and demographic structures of the country and in its value system. Change has been particularly noticeable since the nineteen-sixties. In the preface to the basic textbook on the politics of Ireland, The Government and Politics of Ireland (1982), Professor Chubb, one of the foremost authorities on the subject, tells us that a reason why he had completely rewritten his book for this second edition was because the Republic of Ireland had altered more in the foregoing fifteen years than it had done during the whole of the previous half-century. It is the explanation of the dynamic of change with which we are concerned.

It is generally accepted that the reorientation of the Republic's economic direction at the end of the nineteen-fifties was a watershed in the recent history of the country. For the previous quarter-century

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1. From the Act of Union 1800 Ireland was politically integrated into the United Kingdom of Great Britain and Ireland. After the Irish War of Independence the Anglo-Irish Treaty established an Irish Parliament in Dublin, with dominion status under the British Crown. This state consisted of twenty-six of the thirty-two counties of the island and was named, in the English language, the Irish Free State. From the 'thirties the vestiges of British influence in the Constitution and Government of the Irish Free State were gradually removed. In 1949 the name was changed to the Republic of Ireland. We will use the term Irish Free State when we refer to the twenty-six county state in the period from independence to 1949. We will use the name the Republic of Ireland (or the Republic) to denote this area after 1949. We will also use the name Ireland when we wish to refer to the twenty-six county state in general, where it would not be appropriate to use either the names Irish Free State or Republic of Ireland. Where Ireland is used to include the whole island this will be made clear in the text. When we use the term Irish we do so only to denote aspects of the twenty-six county state, otherwise this will be made clear in the text.



government policy had been concerned largely with promoting economic self-sufficiency. This was based on the protection of Irish goods and industry by means of tariffs on competing imports, subsidies on many exports and grants to encourage the establishment of indigenous firms. The new policy dismantled these protective measures and encouraged overseas firms to invest in the Republic.

This strategy led to a relatively rapid advance in the prosperity of the country. The volume and earnings of exports began to rise. There was improvement in productivity, and national output, which had been largely static in the nineteen-fifties, grew at an average 4 per cent per annum through the 'sixties and an average 3 per cent a year in the 'seventies. This increased economic activity, mainly in the industrial sector of the economy, led to growth in employment opportunities. These economic developments had important consequences for the socio-economic structure of the country.

In the nineteen-fifties over 35 per cent of the Irish workforce was employed in agriculture and around 25 per cent in industry. By the 'eighties about 20 per cent of the labour force was engaged in agriculture, with over 30 per cent employed in the industrial sector. The decline in the position of agriculture in the economy was not only relative. The total numbers it employed dropped by 40 per cent between the beginning of the 'sixties and the end of the 'seventies. The growth of the industrial sector provided employment opportunities for those who might otherwise have left the country.

The people who tended to emigrate from Ireland were mainly the young and those from rural communities. The fact that they remained in the country through the 'sixties, altered the demographic and geographic structure of the Irish population. By the 'eighties the Republic of Ireland, with almost 50 per cent of its people under the age of 25, had the greatest proportion of young people among European Community member states. Also, while 60 per cent of the population resided in rural areas in the nineteen-fifties this situation had been reversed by the 'eighties, when almost 60 per cent of the Irish population lived in towns (defined as places with a population of at least 1,500).

These economic and social developments had an effect on the traditional value system of Ireland. The Catholic Church has for centuries been a predominant influence in the country. When the Irish Free State was established almost 90 per cent of its population was Catholic, a figure which increased to over 95 per cent by the 'fifties. The movement from the small-scale rural communities loosened the influence of the Catholic Church over its 'flock'. Further to this, the growing wealth of the Irish increased their access to television, newspapers and international travel, all of which provided a greater spread of reference points and lifestyle examples than that offered by the somewhat insular, Church-dominated, society. It was the younger section of the population, that section which was growing, which was most susceptible to such influences.

Our main concern in this work is to examine the interrelationship between this socio-economic change and the politics of Ireland. As Professor Chubb (1982, p. 23) notes, the changes which are evident in

the Republic 'could be expected to have their impact on politics'. He argues that up until the nineteen-fifties Ireland was imbued with a peasant political culture. This derived from the small-scale subsistence farming which had characterised Irish social and economic life up until then. Professor Chubb (1982, pp. 15-6) suggests that the predominant social value of the rural people is loyalty to family and neighbours, that: 'Country people are strongly locally orientated, and they set great store by face-to-face contact', and that this is reflected in the political system.

These features lead to a great emphasis upon the personal and local in politics. They have been clearly reflected... in the selection of candidates for elections, in electoral behaviour, in the role of elected representatives and in representatives' relationships with their constituents...

The dominance of the small farmer was also largely the cause of the static conservatism that marked Irish politics so strongly for the first fifty years of independence.

The main feature of change in Ireland, for Professor Chubb, is the replacement of these traditional values with those of an industrial, urbanised, liberal-democratic society. He suggests, however, that the political system is still, to a large extent, determined by the demands of the traditional culture. As Professor Chubb (1982, p. 14) put it:

...the cultural picture is one of modern urban values permeating an older peasant society inexorably but to differing degrees - more and faster in the towns than in the rural areas and more in the east than in the west. However, despite the decline of the one culture in the face of permeation by the other, one of the most critical factors in modern Irish politics has been the dominance of the countryman, more particularly the small farmer, whose characteristics and attitudes to some extent reflect an older, preindustrial society.

Professor Chubb (1982, p. 16) suggests that the persistence of this peasant culture causes the Irish political institutions, modelled upon the British, 'to work in some respects in a markedly different manner'. The differences, on which Irish political analysts have concentrated, include the dominance of national and local politics by the personal clienteles of politicians, and the predominance of local issues in national politics. This produces a party system without a serious ideological difference between the two largest parties, Fianna Fail and Fine Gael, and this fact, it is suggested, allows them to draw their support across social classes. These characteristics of Irish politics, it is argued, distinguishes Ireland from the party systems of other European states. This is the starting point of our analysis.

In Chapter One we will appraise the literature on the political system and process of Ireland. First of all, we will examine the evidence on the social bases of support for the three major parties in Ireland, Fianna Fail, Fine Gael and the Labour Party. Ireland is held to be different from other western European liberal-democratic states because its parties draw their support from all social classes. If this proves to be the case it begs the question of what is the source of the party divide in Irish politics? To this end the Lipset-Rokkan (1967) cleavage typology has been employed by some Irish political analysts. It explains party support by reference to the enduring influence of the cleavage which existed at the time of mass mobilisation and education of the electorate. The problem with this model is that it does not explain why party support endures after the initial predominant issue subsides in importance.

One way of explaining the developments in the Irish political system, after its formation, is in terms of system dynamics. This framework concentrates on the tendencies produced by the number of parties in a political system. An obvious shortcoming in this approach is that it does not concern itself with the relationship between voters and parties. To do this, many political analysts of the Irish case utilise the peasant culture model. Essentially this framework identifies transactionalism as the basis of the relationship between parties and electors. Voters will support a TD (member of the Dail, lower chamber of parliament) in return for the service the TD offers. We will examine the evidence on how much this accounts for party support.

The problem with the transactionalist view of Irish politics is that it does not offer an adequate explanation of the major issues concerning the country. To put this shortcoming in its starkest form, it is clear that transactionalism does not account for the independence struggle, the difference between the economic and social policies of the main political parties in the decade after independence, or the change in economic direction at the end of the 'fifties. Professor Chubb notes that Ireland is modernising and his analysis deals with several aspects of this modernisation. But, it does not explain one major component of change in Ireland. Our thesis is that an essential dynamic of change in Ireland is the capitalist development of the country. We will analyse this at two levels. Firstly, within dialectical materialism, which focuses on class interaction. Secondly, within world system theory, which concentrates on the position of an economy within the world market system. This we will do in Chapter Two.

In analysing Ireland within dialectical materialism an obvious starting point is the writings of Marx and Engels<sup>1</sup>. Their interest in Ireland is confirmed by the volume of their pronouncements on the subject in letters, commentaries, speeches, articles and lectures. Further to this, Engels was preparing a history of Ireland, which he was unfortunately unable to finish, and Marx included a section on Ireland in volume 1 of his magnus opus, Capital. Hazelkorn (1980, p. 327) notes that the most important source of Marx and Engels' concern with Ireland arose from the country's 'strategic position with regard to the possible outbreak of a social revolution in Europe, both before and after 1848'.

In the minutes of a meeting of the general council of the First International, 14 December 1869, Marx was noted to have considered 'the solution of the Irish question as the solution of the English, and the English as the solution of the European' (Marx and Engels, 1978, p. 251). Marx argued that in order to overthrow capitalism in Europe it was necessary to attack it in England, the strongest capitalist country in the world. Initially, Marx believed that this could be done by an alliance of the working classes in both Ireland and Britain. However, by 1869 he had come to the conclusion that the divisions between these classes could not be overcome, and that the way to cause the collapse of the British empire was to attack it at its weakest point, that is in Ireland. In a letter to Engels (10 December, 1869) he wrote:

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1. The main material is available in one volume Marx, K., and Engels, F. Ireland and the Irish Question. London: Lawrence and Wishart, 1971.

For a long time I believed that it would be possible to overthrow the Irish regime (at that time the English aristocracy) by English working class ascendancy... Deeper study has now convinced me of the opposite. The English working class will never accomplish anything before it has got rid of Ireland. The lever must be applied in Ireland. That is why the Irish question is so important for the social movement in general (quoted in Hazelkorn, 1980, p. 331).

The belief in this strategy coloured Marx's perception of development in Ireland. He argued that capitalism was advancing in agriculture, during the eighteen-sixties, at such a rate that it would soon result in the inevitable contradiction between capital and labour and, therefore, the socialist revolution in the country. But this was not to be.

The fact that Marx's expectations were not realised has led Mansergh (1940, p. 93) to question the validity of Marx's analytical framework.

The distinctiveness of the Irish Question makes it impossible that the accuracy of the Communist doctrine should be finally judged by its application in this one instance, but equally it is an instance that cannot well be ignored. The commentary of Marx is the offspring of the materialist conception of history and it must be viewed in relation to its philosophic background. But the truth of that conception must be tested by reference to particular problems and its inability to furnish a satisfying explanation of Anglo-Irish relations renders the more suspect its ultimate validity.

Hazelkorn (1981), however, argues that the problem with Marx's analysis of Ireland did not stem from shortcomings in the materialist conception of history, as Mansergh suggests, but from the inadequacy of Marx's own study. Two points are most relevant in this respect. Firstly, the writings of Marx on Ireland must be related to his major project at the

time. This was his study of the capitalist mode of production. To a degree Marx assumed that the development of capitalism in agriculture would progress at much the same rate as the extension of capitalism in manufacturing production. Hazelkorn (1981, pp. 297-303) notes that this was not necessarily the case, a point which Kautsky (see Banaji, 1976) and Lenin (1964) had taken up at the turn of the century.

This first problem was compounded by the second aspect of Marx's analysis of Ireland. This was the fact that he based his argument on agricultural change in the country primarily in the years 1860 to 1865. These years were characterised by a rapid growth of larger farmers, as the farms of small-holders who had gone out of business were taken over. This fact seemed to bear out Marx's predictions on the rate of concentration of land in the hands of a class of large farmers and the subsequent pauperisation of small-holders. However, Hazelkorn (1981, p. 290) notes that it was unfortunate that Marx had based his arguments on figures for this period since it is now, with hindsight, accepted to have been one of severe agrarian crisis. The years after the Great Famine, in the mid-eighteen-forties, had been relatively prosperous.

Hazelkorn (1981, p. 288) points out that after 1867 Marx did not resume his studies of Ireland and, although he remained interested in Irish events, the 'available evidence would suggest that this interest and knowledge was purely tangential'. Thus, the reason why Marx's predictions on the development of capitalism in Ireland were not fulfilled is that his information was not wholly compatible with the reality of the Irish situation. Taking this into account, we will argue that dialectical



materialism is an appropriate framework for an explanation of change in the class structure of the country.

In Chapter Two we will develop our thesis that Ireland can be analysed as a capitalist country. This we will do on two levels. On the first, we will argue that an important dynamic of change in Ireland was the extension of the capitalist mode of production within the country. An analysis of Ireland in this way provides an understanding of the interrelationship between economic and political change. We will chart the development of British state strategy in Ireland and note that a decisive turning point was the attempt, in the eighteen-forties, to introduce capitalist relations. This was the phase of capitalist imperialism. Dialectical materialism sees the motor of change as the conflict between classes. Our analysis will show that the class interests of the Irish bourgeoisie conflicted with the interests of the British business classes and that this underpinned the radical form of independence which was pursued. Further to this, we will argue that the nationalist movement united the classes within Ireland in opposition to Britain. However, the Irish class cleavages became more obvious again after independence, and were reflected in the support bases of the two main parties.

The second level at which we will analyse the capitalist development of Ireland is the country's position in the international market system. The main function of the capitalist state is to guarantee the conditions for the operation of capitalism. In a liberal-democracy political parties must do this within a framework which gives them electoral support. Fianna Fail's strategy of self-sufficiency, begun in the

nineteen-thirties, achieved both these aims by modifying the imposition of the international market conditions on the national economy. We will see, however, that such a strategy, particularly for a small economy highly dependent on trade, is only tenable for a relatively short period. It resulted in an economic and political crisis in the 'fifties. The options open to the state for the further capitalist development of the country were extremely limited. We will argue that it is this fact which explains the consensus of the main political parties in Ireland, on economic policies, since the 'fifties.

In Chapters Three and Four we develop our analyses of the interrelationship between economics and politics, taking the economic reorientation at the end of the 'fifties as our starting point. In both we concentrate on the forces operating on Ireland as part of the international capitalist system. The Republic's entry to the European Economic Community (EEC) was a natural progression of the free trade strategy. It was also a necessary facet of the second component of the development plan for the Republic. This was the attraction of foreign firms to the country. The major reason why multi-nationals sought to locate in countries within the EEC was that they would thereby gain access to markets which were protected behind the common external tariff. Only when this condition was satisfied could the other incentives offered by countries come into play in determining where firms would locate.

Another factor in the Republic's entry to the EEC was the belief in a political dimension to the Community. By this we mean decisions taken by the governments of Europe to modify free market conditions. The

realisation that the free play of market forces would encourage the centripetal effects of capital location led to Community concern with regional disparities. The accession to the Community of the Republic of Ireland and the United Kingdom brought the question of regional policy to the fore. Both were supporters of such a policy, believing that it was necessary to aid their weaker economies. In the first part of Chapter Three we will present the Irish hopes in the negotiations for a regional policy and detail the extent to which these have been realised.

In the second part of Chapter Three we deal with the Republic's entry to the European Monetary System (EMS). The negotiations on the EMS have several elements in common with those concerning the European Regional Policy. Firstly, it was recognised that a relatively fixed exchange rate would exacerbate the centripetal tendencies of the market system. Control of the currency rate was the final major power EEC member governments had to independently alter the costs of their exports and imports. It was realised that giving up this power would put strains on the competitiveness of the weaker economies. An examination of the negotiations on the EMS gives us an indication of the political weight economically weaker countries had in achieving transfers of resources. The discussions at the time brought back into focus the continued existence of regional disparities and the strength of the political will in the EEC to remove these.

The two issues discussed in Chapter Three, the European Regional Policy and the European Monetary System, offer an illustration of our argument that the party politics of the Republic of Ireland, since the

nineteen-fifties, has been confined by the position of the country in the international economy. Political decisions, that is those on the allocation of resources against the tendencies of the free market, are now taken largely at the European level. A coalition government, of which Fine Gael was the predominant partner, was in office when the European Regional Policy was established. The negotiations for the Republic's entry to the EMS were conducted by Fianna Fail. This allows us to compare the performance of each party in achieving the substantial resource transfers to the Republic for which they both argued.

Despite the importance of these two issues for the Republic of Ireland there was little public debate on these subjects, mostly because of their complexities and the largely secretive nature of the negotiations. These factors go a long way in explaining the paucity of material on the negotiations. The primary source for information on these topics is the statements and debates in the Dail. There are also the statements given to the press by the political parties and individual politicians. The press was also used by others wishing to air their views on these issues, and it is thus a major source from which to document the debates. Since our argument is that the proceedings in these areas must be understood against the background of developments in the international economy, our account will encompass the major events in this area which impinged on the Republic. There is a substantial body of general literature relating to this sphere.

In Chapter Four we will concentrate on the implications, for Irish state management of the national economy, of the dismantling of the

controls by which the state could modify international market conditions. The Republic's free trade policy, within a system of relatively fixed exchange rates, means that state power in aiding the competitiveness of Irish goods, by tariffs on imports, subsidies on exports or the altering of general cost levels through changes in the rate of exchange, has been much reduced. This means that, in order to be competitive, it is the absolute cost of Irish produce which is decisive. The fact that the price of labour is a major component in the cost of production explains the concern the Irish state has had for general wage levels, particularly since the nineteen-seventies when the Republic entered the EEC.

In Chapter Four we will analyse the way the state has managed this aspect of the economy. Firstly, we will be concerned with the theory of corporatism, which has been used for explaining the Irish system of National Wage Agreements (NWAs) which existed, in its most clearly defined form, between 1970 and 1982. Our essential argument is that the corporatist model is not an appropriate one within which to do this, for it does not conceptualise adequately the nature of conflict within capitalist states, in particular the role of the state in guaranteeing the conditions for the functioning of the capitalist economy. We will offer an alternative framework, based on marxist theory, which provides an understanding of developments in wage policy.

There is little academic literature on the subject of National Wage Agreements in the Republic of Ireland. McCarthy (1974, 1977) focuses predominantly on the terms of the Agreements up until 1977. O'Brien (1981) is a much more comprehensive review of the system of NWAs, but

his study also operates implicitly within an interest-mediation or corporatist perspective. In fitting our analysis into a marxist framework we will be concentrating on the wider economic forces operating on governments at particular times. The second main aspect which we will detail is the party political component, which concerns the need for governments to win electoral support. We will argue that the need for electoral popularity was of crucial importance in determining governments' attitude to the wage negotiations. This was particularly the case in the electoral uncertainty between 1981 and 1982, when there were three changes of government in eighteen months. The breadth of our analysis has implications for our use of sources.

For the actual text of the agreements the Irish Congress of Trade Unions was most helpful in providing me with every document. Secondly, its annual report contains much on the details of meetings and correspondence with government and employers in the course of negotiations. The governments' budget statements contain the most precise indication of government attitude to pay levels. However, as we will see, developments in national wage agreements can only be understood against the background of the need for public support and, in relation to this, the press statements by members of the three parties involved in wage negotiations are of great importance.

In the Chapter Five we will analyse another area of change in Ireland. This is development in social values. We will concentrate specifically on those values which can be considered Catholic. With over 95 per cent of the population nominally Catholic, and a high percentage of

these practicing their religion, it is clear that the Republic is a Catholic country. But the acceptance of Catholic morality, as a guide to social practice, is increasingly under question. How dramatic this change has been is borne out by the fact that while this research was being undertaken three campaigns took place in the Republic of Ireland which struck at the very heart of Catholic teaching. These were the campaign for the Eighth Amendment to the Constitution in 1983, which was concerned with abortion; the change in the law on contraception in 1985; and the referendum on the constitutional ban on divorce in 1986.

While such dramatic developments create an added interest to the researcher working in the field, they also add problems. The fact that this work is not concerned with arguing the case for or against abortion, contraception or divorce obviates, to a large extent, a colouring of the presentation by real personal commitments on the issues. However, attempting to analyse such events while they are unfolding was hindered, to some degree, by the limited amount of uncommitted sources. This is not to suggest that material was scarce. The highly charged atmosphere produced by these issues spawned a welter of opinion in campaign literature, magazines, newspapers, television and radio programmes and statements of positions from practically every organised body in Ireland. The problem was to sift this material and extract what was relevant to the essential thesis of this work, that political, economic and social change in Ireland is interrelated.

At the time I was conducting research in this area, very little was known about the groups involved in the campaigns. To gather this

information, I carried out a series of interviews in the summer of 1985. These were with staff at the headquarters of the Society for the Protection of the Unborn Child; staff of the Well Women Centre; members of the Anti-Amendment Campaign; Christine Donaghy of the Irish Family Planning Association and members of the Divorce Action Group. I am indebted to them all for giving so generously of their time and specialised knowledge.



## Chapter One

### Towards an Understanding of the Irish Party System

#### Introduction

Analysts of the Irish political process have often found that many of the facets it exhibits are different from those which are common to other western liberal-democratic states. In particular, political scientists have encountered difficulty in comfortably fitting the Irish political system into the comparative typologies used to classify other western European countries. Whyte (1974, p. 648) for instance, regards the Irish system as sui generis. Gallagher (1985, p. 1) most recently has suggested three aspects of the Irish party political system which make it seem idiosyncratic. First, there is a 'lack of any clear cleavage, rooted in Irish social structure, underpinning the party system. A second is the electoral weakness of the left. The third... is the apparent similarity between the main parties, Fianna Fail and Fine Gael'. In this chapter we will appraise the literature dealing with the Irish political process in order to see how well it accounts for these three facets of the Irish party system.

We will be concerned, firstly, with the evidence that Irish politics are not rooted in social cleavages to the extent that most other European party systems are. Following from this examination we will appraise the attempts to fit Ireland into the Lipset-Rokkan (1967) cleavage model of party formation. Secondly, we will review the works which utilise party system dynamics to explain certain characteristics of the Irish system. In

this regard we will detail coalition configuration in Ireland which, Mair (1979) has argued, corresponds to Sartori's predominant party system category in the period 1937 to 1977. The predominant party system focuses on the limited room for manoeuvre parties have, in relation to each other, in this type of system. It does not explain parties' relationships with voters.

In developing our understanding of the Irish party system we will suggest that the major shortcoming of the Lipset-Rokkan framework is that it does not explain developments after the formation of the party system. Secondly, we will argue that a problem with system dynamics is that it concentrates on only one aspect of party systems, namely the developments produced by the dynamic arising from the interaction of the number of parties. It does not take account, nor in its defence does it claim to take account of, the political consequences of social change, and the ability of parties to react to this. The extension of support for Fine Gael and Fianna Fail is an example here (see tables pp. 24-5). Further to this, although the Labour Party has remained small in the Republic of Ireland the extent of votes for Labour has varied widely and the nature of its social base of support has undergone much change. Neither a system dynamics framework nor the Lipset-Rokkan model explain this.

Shortcomings in these approaches have led some political analysts to explain Ireland's differences from other western European liberal-democratic political systems in a much broader framework and a number have adopted a peasant culture model. Hannan (1982, pp. 141-2) notes that the essential ingredients of this framework are 'a subsistence familial

economy; stem family arrangements... a highly localistic communal system in which the mutual aid arrangements of neighbour and kinship groups to a considerable extent mitigated, if not controlled, class differentiating tendencies; and a relatively autonomous cultural system'. Within this perspective the essential reason suggested for the lack of a stronger Labour Party or working class movement in Ireland is the country's largely rural make-up. Even with the extensive increase of industrialisation and urbanisation since at least the nineteen-sixties Labour's overall performance has not improved. This has been explained by the persistence of a peasant culture and the organisation of Irish politics on a clientelist basis which, it is suggested, derives from this culture. This is the third approach we will examine. We begin our overall analysis with the evidence on the parties' bases of support.

### The Social Cleavage Framework

In spite of the fact that data on the support bases of Irish parties has been sparse, until fairly recently, the general picture of partisanship for the three longest established entities shows that the two main political parties, Fianna Fail and Fine Gael, draw support across the social cleavages which underpin other western European parties, such as class, religion, regionalism, language, urbanism and ethnicity. Only the Labour Party fits neatly into a cleavage typology, drawing the bulk of its support from the empirically defined working class. Fianna Fail since the nineteen-thirties has been a party with a wide social basis of support and Fine Gael has been extending its support throughout Irish society, as we will see.

Since the end of the nineteen-sixties the number of polls on various aspects of party political opinion has increased steadily in the Republic of Ireland. The first major source of information for the comparison of the support bases of the three major parties came from a Gallup poll in 1969 which was analysed most thoroughly by Whyte (1974). He concluded that Fianna Fail at that time was stronger among small farmers, that is, those with farms of less than thirty acres, while Fine Gael was stronger among larger ones. Labour had little support from either farming group. Fianna Fail and Fine Gael had equal support in the upper and middle class, with Labour being weak in this sector. From these two sections of Irish society Fine Gael had its strongest support and Labour its weakest.

Drawing the same conclusions from the same data Manning (1972), in his study of the Irish political parties, noted that this situation was different from the picture in the nineteen-twenties. At that time the two largest parties were very different in the social composition of their support. Cumann na nGaedhael, the forerunner of Fine Gael, was basically a middle-class party. Fianna Fail had the greatest concentration of its support in the lower middle-class and amongst the working class. Labour at the time was heavily dependent upon the working class for votes. Manning (1972, p. 112) concluded that:

It is in the years since then that the difference between the two parties has become less marked with Fianna Fail winning more and more middle-class support and in the process developing into a highly successful 'catch-all' party and Fine Gael, while still retaining its essential middle-class appearance, seeking less successfully to broaden the base of its support.

This broadening of the support bases of the two largest Irish political parties, begun in the 'thirties, has continued to the present.

Opinion polls from 1969 confirm the tendency of the two major parties to widen their support bases. The table (below) shows firstly, that Fianna Fail is most popular among small farmers and the working class. Fine Gael is most popular among the large farmers and middle class. Labour still draws a large proportion of its support from the working class. The figures demonstrate the trends in party support, showing Fine Gael's advance in almost all social categories since 1969, from which time its overall support has increased steadily, with particular expansion amongst the middle class. Labour's support has decreased absolutely over this time. Fianna Fail support has decreased quite dramatically among the middle class.

*Party support as measured by opinion polls, 1969-83*

	Fianna Fáil				Fine Gael				Labour			
	1969	1977	1981	1983	1969	1977	1981	1983	1969	1977	1981	1983
	%				%				%			
Middle class	45	46	39	30	28	30	41	42	14	7	4	5
Working class	42	50	43	42	16	21	28	25	28	15	14	9
Large farmers	38	48	42	32	46	42	43	49	2	1	1	2
Small farmers	53	48	53	45	26	38	32	33	5	5	4	3
All farmers	42	48	47	39	40	40	38	40	3	3	3	3
Total	43	49	44	38	25	28	32	33	18	9	10	7

Note: The figures represent percentages of the total number of respondents in each category. Middle class are social groups ABC1 (professional, managerial and clerical); working class are C2DE (manual workers). Large farmers are defined as those with more than thirty acres in 1969, those with more than fifty acres in other years.

Source: April 1969 Gallup poll, Whyte (1974, p. 631).

May-June 1977 Irish Marketing Surveys polls, Sinnott (1978, p. 53).

May 1981 Irish Marketing Surveys poll, *Irish Times*, 2 June 1981.

1983 polls: the figures are the averages from a series of eleven monthly polls conducted, between February and December inclusive, by Irish Marketing Surveys.

Source: Gallagher, 1985, p. 132

At the aggregate level Gallagher's figures demonstrate the increasing heterogeneity in the support bases of the two major parties,

with Fine Gael taking support from those classes in which both Labour and Fianna Fail have lost ground. Fine Gael support has increased among the middle-class while Fianna Fail support there has declined as much. Again Fine Gael's increased support among small farmers reflects a similar decrease in support for Fianna Fail among this sector. Labour's overall drop in support is a manifestation of its substantial cut in support among the middle-class, but particularly the working-class sections, while Fine Gael has increased its support in both areas.

The latest polls Gallagher used showed that the overall support for Fianna Fail was lower in 1983 than in 1969, but this was a temporary phenomenon, for Fianna Fail support has been on the increase since then. For instance in the 1985 local elections it increased its vote by an average of 5 per cent over its total in the November 1982 General Election. This shows the danger in selecting particular polls, or even a series over relatively short time spans, for they are likely to emphasise satisfaction or dissatisfaction with particular governments at that time, or attitudes to specific issues which may lose their relevance soon after the poll was taken. Laver (1986) has sought to get round this problem by utilising mathematical smoothing techniques to remove sampling 'noise' from 67 polls taken over an eleven year period up until 1985.

His analysis highlights more the patterning of support within the parties. In this respect Laver (1986, p. 210) demonstrates that Fianna Fail support is closely related to agricultural structure and land-use patterns at county level. Its catch-all nature at the aggregate level derives from the Party's enhanced appeal to working class voters. In relation to Fine

Gael he finds that social patterning 'seems to be most effective within rather than between constituencies' for the categories most likely to vote for the party, large farmers and the upper-middle class, 'do not, of course, congregate in large geographical areas likely to generate measurable environmental effects'. As regards Labour, Laver suggests that the decline of the Party's popularity in all social categories means that 'a key element in the sociology of Irish voting behaviour is also declining'. However, this assertion ignores the growing support for the class based Workers Party. What we may be witnessing is a realignment within the left rather than an absolute decline in the significance, albeit small, of class in voting patterns.

The main conclusion concerning the social bases of support of the two most popular political parties is that although they are related to social structure to some extent, the link is not as strong as in most European party systems. The catch-all nature of Fianna Fail has been maintained and Fine Gael is showing a greater movement in that direction over the past fifteen years or so. This has led Carty (1981, p. 24) to conclude that: 'An Irishman's membership in some social group does not carry with it any historically fashioned partisan allegiance'. Yet, as Gallagher (1985, p.134) suggests, this statement presumes 'a farmer owning a thousand acres would be as likely as one of his employees to vote Labour, a proposition which is not only implausible but which is refuted by the survey evidence'.

Gallagher (1985, pp. 133-4) goes on to detail the conclusions of several studies on the weight of social factors in partisanship. In this regard he notes Whyte's (1974, pp. 644-5) finding that social factors only

accounted for 3.1 per cent of variance in party support when Fianna Fail was compared to Fine Gael along with Labour. This increased to 14.1 per cent when Labour was compared to the other two. When Mair (1979, pp. 457, 459) compared Labour supporters to those of Fine Gael 31.9 per cent of the variance in this sub-sample could be explained by social factors. But as Whyte (1974, p. 631) observed: 'The importance of these biases is offset... by the fact that the larger party, Fianna Fail, draws its support fairly evenly from all social categories'. The evidence leads to the conclusion that the influence of social structure on party support is less strong in the Republic of Ireland than the strength of such factors in most other western European states. However, it also suggests that the Irish party political configuration is not entirely without social basis.

### Voting and Seats for the Main Parties at General Elections

Fianna Fáil								
Election	Rest of			Connacht-		Ireland	Candidates	Seats
	Dublin	Leinster	Munster	Ulster				
	1922	11.7	15.6	28.4	31.4	21.3	58	36
	1923	17.2	25.1	30.7	30.8	27.4	85	44
June	1927	24.3	26.1	24.4	29.5	26.1	87	44
Sept.	1927	26.6	33.1	37.7	38.9	35.2	88	57
	1932	34.1	44.0	46.1	48.9	44.5	104	72
	1933	43.4	45.4	50.6	55.7	49.7	103*	77*
	1937	41.3	44.5	42.8	51.7	45.2	101*	69*
	1938	49.3	49.0	50.9	57.9	51.9	97*	77*
	1943	45.1	39.8	41.0	42.5	41.9	106*	67*
	1944	51.8	45.8	47.7	51.3	48.9	100*	76*
	1948	38.8	41.3	42.3	44.1	41.9	119*	68*
	1951	46.4	46.3	46.3	46.2	46.3	119*	69*
	1954	39.3	43.6	44.9	44.5	43.4	112	65
	1957	46.8	50.2	49.6	46.2	48.3	112	78
	1961	44.6	41.8	43.9	45.0	43.8	107	70
	1965	48.4	45.4	47.9	48.9	47.7	111	72
	1969	39.5	43.7	49.0	49.8	45.7	122*	75*
	1973	40.4	44.7	50.0	49.5	46.2	119*	69*
	1977	46.8	51.1	54.0	50.2	50.6	132	84
	1981	41.4	46.1	45.4	49.0	45.3	139*	78*
Feb.	1982	42.6	48.4	47.6	51.5	47.3	131	81
Nov.	1982	38.3	46.2	46.1	51.8	45.2	132	75
	Average	39.0	41.7	44.0	46.1	42.9	108	68

\* Includes the Ceann Comhairle (Chairman of the Dail) who is returned automatically.



**Labour**

Election	Dublin	Rest of Leinster	Munster	Connacht- Ulster	Ireland	Candidates	Seats
1922	13.4	37.4	21.0	4.2	21.3	18	17
1923	4.6	19.0	12.5	4.8	10.6	44	14
June 1927	10.3	22.0	13.5	5.2	12.5	44	22
Sept. 1927	5.2	15.4	11.2	3.8	9.1	28	13
1932	6.3	14.0	8.2	3.0	7.7	33	7
1933	3.6	12.5	6.2	1.0	5.7	19	8
1937	7.7	17.3	14.0	1.1	10.3	23	13
1938	6.7	16.3	12.6	3.2	10.0	30	9
1943	16.2	23.1	16.2	8.2	15.7	70	17
1944	11.6	11.7	10.7	1.2	8.8	31	8
1948	9.7	11.4	12.2	1.2	8.7	43	14
1951	10.8	17.3	15.4	1.7	11.4	37	16
1954	13.2	18.1	16.0	0.5	12.1	41*	19*
1957	8.1	14.3	12.6	0.8	9.1	31*	12*
1961	8.4	16.5	17.7	1.7	11.6	35*	16*
1965	18.5	19.2	18.5	4.3	15.4	44*	22*
1969	28.3	17.4	16.0	5.8	17.0	99	18
1973	22.3	14.4	14.0	2.6	13.7	56	19
1977	17.5	13.6	11.7	2.1	11.6	57*	17*
1981	12.2	11.7	12.0	2.0	9.9	60	15
Feb. 1982	11.2	10.0	11.2	2.4	9.1	41	15
Nov. 1982	10.5	11.8	11.3	2.3	9.4	40	16
Average	11.6	16.6	13.4	2.9	11.4	42	15

**Fine Gael**

Election	Dublin	Rest of Leinster	Munster	Connacht- Ulster	Ireland	Candidates	Seats
1922	40.9	35.6	30.6	52.2	38.5	65	58
1923	50.3	33.0	33.9	43.7	39.0	107	63
June 1927	30.8	23.5	24.0	32.8	27.4	97*	47*
Sept. 1927	47.8	36.2	34.8	39.7	38.7	89*	62*
1932	38.9	34.7	34.3	34.6	35.3	101*	57*
1933	40.4	26.4	28.9	29.6	30.5	85	48
1937	30.0	35.0	36.5	35.7	34.8	95	48
1938	33.9	32.9	33.8	32.7	33.3	76	45
1943	26.0	25.9	23.5	18.0	23.1	87	32
1944	26.3	23.3	18.5	16.0	20.5	55	30
1948	24.6	21.6	19.0	15.7	19.8	82	31
1951	26.2	26.3	27.0	23.3	25.8	77	40
1954	34.6	36.6	29.7	28.6	32.0	89	50
1957	26.5	29.6	25.2	26.0	26.6	82	40
1961	31.7	33.7	30.5	32.7	32.0	96	47
1965	29.5	33.3	30.9	43.8	34.1	102	47
1969	28.4	35.0	32.5	41.6	34.1	125	50
1973	32.1	35.4	33.2	40.8	35.1	111	54
1977	27.6	28.4	28.4	39.3	30.5	116	43
1981	36.2	35.8	35.2	39.3	36.5	126	65
Feb. 1982	38.9	37.1	34.8	39.1	37.3	113	63
Nov. 1982	41.1	38.8	36.2	41.7	39.2	115	70
Average	33.8	31.7	30.1	34.0	32.0	95	50

Source: Gallagher (1985, pp. 156-8).

In an effort to explain the relative weakness of social cleavages in determining party support in the Republic of Ireland Whyte (1974) employed the Lipset-Rokkan (1967) framework on party systems and voter alignments. The difference between Whyte's use of this model in the Irish case and that of more recent studies employing this framework (Garvin, 1974, 1977, 1978, 1981) lies in the politico-geographical arena to which it has been applied. Whyte saw the appropriate unit as being the United Kingdom of Great Britain and Ireland while Garvin has used the twenty-six county state set up in 1921. The difference in the respective starting points of these authors has led to fundamental differences in the interpretations of the Irish party system. Before examining their arguments we will present the essentials of the Lipset-Rokkan model.

Lipset and Rokkan's (1967, p. 50) major work on voter alignments had as its starting point the observation that 'the party systems of the nineteen-sixties reflect, with few but significant exceptions, the cleavage structures of the nineteen-twenties... the party alternatives, and in remarkably many cases the party organisations, are older than the majorities of the national electorates,' and it could reasonably be suggested that this point is as pertinent to the 'eighties. Their model suggests that party systems have been largely determined by the manner in which four major conflicts are resolved within states. These conflicts are firstly, that between Church and State, secondly, that between a dominant and subject culture (centre and periphery), thirdly, that over industrial and agrarian interests and, finally, a division along class lines between bourgeoisie and working class. We will now examine the utilisation of this model by Garvin.

Garvin applies the model to the 26 county state and this renders several of the cleavages redundant. Firstly, because of the religious homogeneity of the new state, with around ninety per cent of the population Roman Catholic in 1921, and with none of the parties being anti-clerical, no electorally significant religious cleavage has existed in independent Ireland. Secondly, the smallness of the industrial sector, in the first decades of the state, meant little conflict between industrial and agrarian interests. The weakness of the industrial base also accounts for the relative lack of conflict between bourgeoisie and working-class. It is the fourth cleavage, that between centre and periphery on which Garvin concentrates. Garvin (1974, p. 307) has suggested that 'Ireland affords an example of a polity in which the political concerns and style of the rural periphery came to "invade" and dominate the urban centre for more than a generation'. He suggests that this cleavage is reflected in the support bases of the two major parties, that Fianna Fail was the party of the periphery in the first decade of the new state and had invaded the centre by the 'thirties, becoming predominant within the Irish political system.

Carty (1976, pp. 197-8) has criticised Garvin's argument in several respects. Firstly, at the level of the political elite, he pointed out that although the periphery had one third of electors, only one-fifth of the Fianna Fail ministers in the 1932 cabinet were returned from constituencies there. Secondly, in terms of party structure, he suggested that if Fianna Fail was initially a party of the periphery its organisation ought to reflect this. But Carty shows that the percentage of Fianna Fail constituency clubs from the periphery had remained very stable over half a century. The third and most substantial part of Carty's criticism of

Garvin's argument has to do with the proportion of the increased votes cast in Ireland between 1923 and 1932 which came from the periphery, and the proportion of these that went to Fianna Fail. Garvin (1974, p. 309) asserts that most of the new voters over this period were concentrated in the western half of Ireland and argues that Fianna Fail was a party of the periphery because it 'appears to have acquired the bulk of the newly mobilised voters, particularly in the western periphery'. Carty (1976, pp. 198-9), however, shows that between 1923 and 1932 'the proportion of the total vote that was cast in the constituencies on the Irish periphery remained remarkably stable' and, on the second point, that 'the periphery's contribution to the total Fianna Fail vote share was quite stable, indicating that the Party's rapid growth during the decade cannot simply be attributed to its strength within the Irish periphery'.

Building on Carty's case Sinnott (1984, p. 299) further points out that the difficulties with the centre-periphery dichotomy 'relate to both sides of the putative cleavage'. He agrees with Carty's demonstration that Fianna Fail's advance was on a national and not a peripheral basis and, furthermore, argues that neither did Cumann na nGaedhael, the forerunner of Fine Gael, have the characteristics of a party of the centre. As evidence of this he notes the conclusion of Rumph and Hepburn's (1977, pp. 75-81) cartographic analysis of Cumann na nGaedhael support in the June and September elections of 1927, which showed that its votes were fairly evenly distributed throughout the country.

While agreeing with each other that the Lipset-Rokkan framework cannot be employed as Garvin has used it Carty and Sinnott diverge in

their conclusions as to where this leaves the Irish party system in comparative perspective. Carty (1981, p. 140) is brought to the position of seeing Ireland as a 'deviant case'. Carty (1981, p. 90) points to the role played by the political elites at the formation of the party system in structuring political competition, suggesting that by their response to the Treaty setting up the Irish Free State 'the members of the Sinn Fein government defined and created the central issues of Irish politics' and then chose 'to mobilise electoral support on the basis of these political differences'. Sinnott (1984, p. 300) describes this approach 'as a highly voluntarist view of Irish political cleavage' implying that the elite 'could equally well have chosen other issues and that they were acting without significant constraints'. This was obviously not the case. Sinnott (1984, p. 301) believes that the problem with Carty's position derives from the latter's premise that the party system began in 1922, but asserts that if 1918 is taken as the starting point for the system 'an altogether different view as to the applicability of Lipset and Rokkan to the Irish party system emerges'.

In applying the Lipset-Rokkan framework to the Irish case the major reason for beginning the analysis with 1918, when the country was still part of the United Kingdom, rests on the model's own essential criterion. Lipset and Rokkan (1967, p. 50) note, and emphasise as critical, 'the freezing of the major party alternatives in the wake of the extension of the suffrage and the mobilization of major sections of the new reservoirs of potential supporters'. This occurred in Ireland in 1918 when the Representation of the People Act increased the electorate from 701,475 to 1,936,673 so that almost two out of three electors were due to vote for

the first time (Farrell, 1970). We can now examine the four cleavages the model postulates to see if they help in explaining the development of the political configuration of Ireland, at the time of mass mobilization.

Sinnott's and Whyte's conclusions, in this respect, are fairly obvious. The predominant issue in 1918 was indeed the conflict between the British centre and the Irish nationalist periphery. Further to this, two of the other cleavages were strong, but ran along the same fault line as the centre-periphery cleavage and each were, therefore, mutually supportive. In this respect the periphery was largely Roman Catholic and agrarian whereas the centre was Protestant and industrial. The fourth cleavage, that between workers and bourgeoisie, was weak in Ireland. But this is a classic example of Lipset and Rokkan's (1967, p. 49) general proposition that 'the working-class movement tended to be much more divided in the countries where the "nation-builders" (in this case the British establishment) and the Church (in the Irish case the Roman Catholic Church) were openly or latently opposed to each other during the crucial phases of educational development and mass mobilization'.

Lipset and Rokkan (1967, p. 49) themselves found the Irish case so striking as to instance it. They noted that in Ireland: 'The Catholic Church was no less hostile to the English than the secular nationalists, and the union of the two forces not only reduced the possibilities of a polarization of Irish politics on class lines but made the likelihood of a Communist splinter of any importance very small indeed'. Further to this Sinnott (1984, p. 302), following Farrell (1970), points out that 'the dominance of the centre-periphery conflict was accentuated by the Labour Party's strategy of standing aside' in the 1918 General Election.

Employing the Lipset-Rokkan framework for an understanding of the development of the Irish party system means taking the 1918 General Election as the starting point for that system, because it was then that mass mobilization took place. At this point three major cleavages coincided and this fact suggests, within the parameters of the model, the failure of the fourth cleavage to become more strongly translated into the resultant political configuration. Secondly, it accounts for the homogeneity of the two major Irish parties. Thirdly, not only does it account for this homogeneity, but explains the division within this group, the basis of the two largest parties. As regards the conflict within the peripheralist nationalist movement Sinnott (1984, p. 303) suggests that 'far from being unrelated to the 1918 mobilization and institutionalization around the centre-periphery issue, it developed from it and in turn reinforced it'.

Now that we have established that the Lipset-Rokkan framework can be utilised for an understanding of the formation of the Irish party system we must ask where that leaves us in explaining developments since 1918. In this respect Lipset and Rokkan (1967, pp. 50-1) noted some of the questions that their framework raised. Most importantly, if the essential conclusion deriving from the model is that party formation is determined by the cleavages in society, it begs the question of what happens when the conflict around these cleavages no longer predominates. For the Irish case Sinnott (1984, p. 305) notes that 'the interpretation of the system in terms of degrees of nationalism suggests that the differences that are built into the system are not without very real implications for a polity

faced with a Northern Ireland crisis that is well into its second decade'. He concedes, however, that this must remain a 'qualified conclusion'.

It is clear that nationalism has not been a predominant electoral issue dividing the major parties in Ireland since at least the nineteen-thirties. This is not to deny that at different times it has been important but, as we shall see later, the main concern of Irish politics has long been economic. Even when the nationalist issue did enter a new phase, with the developments in Northern Ireland since 1968, the reaction of the parties in the Republic was to seek a bipartisan approach rather than divide on the issue. We are still left with the question as to how the major parties were able to advance electorally from their positions established in 1922, after which the significance of the cleavage which was their raison d'etre was on the wane. It is this fact that leads us to the conclusion that the Lipset-Rokkan model does not help us to understand the Irish party system after its formation. In order to do this we need to employ a different framework.

### Party System Dynamics

One method of understanding party systems is in terms of the dynamics created by the number of parties within a system. The development of a theory of party systems is a relatively new project in political science, the starting point being Durverger's (1959, p. xiii) self-conscious attempt in 1951 'to sketch a preliminary general theory of parties, vague, conjectural, and of necessity approximate, which may yet serve as a basis and guide for detailed studies'. This pathbreaking work has



been criticised on methodological grounds, on the inaccuracy of its examples and on its French centred bias which led to the formulation of generalised rules which proved not to be general at all (Daalder, 1983, p. 11). Even so, no comprehensive updating took place for over a quarter of a century. Despite the fact that the empirical material on party systems increased massively over this time it was not accompanied by conceptual exactness. Indeed Sartori (1976, p. x) complained of political scientists: 'It would seem that the more sophisticated we become technically, the more inept we become conceptually'. But it was after a decade of sojourning through the complexities such studies had thrown up that Sartori was to complete the study which was to replace Durverger's classic. Sartori's work takes the same starting point as Durverger's, that is the dynamics formed by the interaction of the number of parties in a system, but his models are much more sophisticated and accurate than Durverger's and much more comprehensive than those studies of the intervening years.

The usefulness of system dynamics lies in the fact that it allows a party system to be analysed without relating it to social cleavages. The fact that the Republic of Ireland is characterised by a relative weakness of the influence of social cleavages in the party system, after the formation of the new state, a system dynamics approach should prove useful. Farrell (1970) was the first to employ such an approach when he attempted to apply Blondel's (1969) two-and-a-half party model to the Irish system. He suggested that Ireland did fit this typology, with some qualifications. Mair (1977, p. 446) has argued, however, that the application of this model to Ireland must remain tentative. As he notes:

The Blondel model postulates the distribution of votes between the relevant parties as being 45-35-20, and, as Farrell points out, both the election of June 1927 and that of 1938 clearly fall outside this mode. He also expresses doubt about the election of 1933, and those which occurred within a 'period of instability' lasting from 1943 to 1961. The model would also seem inappropriate for the September 1927 election, in which the distribution of votes among the three major parties was 39-35-9, while that of 1977 was 51-30-12.

The two General Elections of 1981 and February 1982 could also be considered approximate fits to the framework, the distribution of first preference votes, in percentage terms, being 45-36-10 and 47-37-9 respectively. The applicability of the criterion for the November 1982 Election is more questionable, with the allocation of votes being 45-39-9. Accordingly, the two-and-a-half party system can only really be said to have prevailed in Ireland after six out of twenty-two general elections, representing only around sixteen out of sixty-six years since independence and, even then, the smallness of the Labour party remains problematic for the model.

At a theoretical level the major problem with this approach is that it fails to give an explanation of the situation it describes. As Sinnott (1984, p. 290) concludes:

In default of such an explanation, there is the danger of reliance on an equilibrium assumption, that is that the two-and-a-half party situation has a dynamic that tends to maintain itself. Perhaps this is so, but, if it is, then the underlying mechanism by which it operates needs to be spelled out. Confirmation of the limited explanatory power of the model comes from the fact that, when Farrell attempts to deal with an important aspect of this question of explanation, that is the reasons for the minority status of the Labour Party, all references to the two-and-a-half party system are dropped. This is not because he is now concentrating on a particular

aspect of a particular case and must accordingly take a non-comparative approach. It is rather that, when it comes to explanation, other comparative theories and approaches become more relevant.

It was because of the conceptual and practical problems of the Blondel model, in the Irish case, that political analysts turned to other frameworks in search of explanations for the Irish party system.

Following Farrell's attempt to fit Ireland into a comparative systems perspective Mair adopted Sartori's concepts to explain the development of the Irish party system. Mair (1979, p. 447) argues that the analysis must begin with the election of June 1927, since the Elections of 1922 and 1923 were conducted in conditions, in the wake of the Civil War, which make them suspect as indicators of the true strengths of the competing parties. For Mair (1979, pp. 450-1) the Irish party system for the period 1927 to 1932 can be explained under a modified version of 'polarised pluralism'. He argues that this type of system 'can, in a sense, carry within itself the source of its own transcendence'. He suggests that its dynamics moved the Irish system through a transition period of 'moderate pluralism', which lasted until 1938, the Irish party system becoming thereafter a 'predominant party system'. We will now examine his case.

Sinnott (1984) offers an incisive critique of Mair's attempt to utilise the Sartori category of polarised pluralism. Sinnott (1984, p. 294) goes through the list of eight distinctive features Sartori offers for this category and concludes that for the Irish system, between 1927 and 1932:

...a case can be made for the existence of only two of Sartori's eight features of polarised pluralism, i.e., polarisation and ideological patterning and, in regard to one of these, the argument for its existence is quite tenuous. The conclusion would seem to be that, even taking into account the latitude that Sartori allows, the Irish party system in the 1927-32 period was not a form of polarised pluralism, modified or otherwise.

Moving logically on, Sinnott notes that if polarised pluralism did not exist in Ireland in this first period then one cannot explain the developments in Irish politics thereafter as determinants of the dynamics of this system. His overall conclusion is that Mair's whole analysis breaks down because the latter has tried to explain developments in Irish politics as a progression from one type of system to another, the dynamic for this movement arising out of the inherent characteristics of the first system.

Sinnott demonstrates forcefully that Mair's categorisation of this initial period is misconceived, but we must consider if this means abandoning the whole of Mair's analysis, as Sinnott does. We will now examine the second era Mair has categorised to see if it corresponds to Sartori's model. Secondly, since we have abandoned the polarised pluralism category, as an adequate explanation of the period from 1927 to 1932, we must ask how the system during these years might be classified, or if it cannot be, why this is so. We will begin with an appraisal of the period 1932 to 1938 which, Mair suggests, is characterised by moderate pluralism.

According to Sartori (1976, p. 193): 'Limited and moderate pluralism... basically encompasses... from three to five relevant parties',

and clearly Ireland satisfies this condition in the period 1932 to 1938.

Sartori (1976, p. 178) argues that:

...moderate pluralism is entitled to separate recognition to the extent that its systemic properties are neither the ones of twopartism nor the ones of polarised pluralism.

Vis-a-vis the properties of twopartism, the major distinguishing trait of moderate pluralism is coalition government. This feature follows from the fact that the relevant parties are at least three, that no party generally (emphasis added) attains the absolute majority, and it appears irrational to allow the major or dominant party to govern alone when it can be obliged to share its power.

This certainly applied to the Irish system in the period under discussion. In 1932 and 1937 Fianna Fail was dependent on Labour support to remain in government. In 1933 it took office by the slenderest majority possible. It had exactly half the seats in the Dail but was placed in a majority by the accepted practice of the Ceann Comhairle (chairman of the Dail) always voting for the government in the event of a tied vote (O'Leary, 1979, pp. 23, 28).

Sartori (1976, p. 179) offers three characteristics for a system of moderate pluralism. These are '(i) a relatively small ideological distance among its relevant parties, (ii) a bipolar coalition configuration, and (iii) centripetal competition'. We will apply each of these aspects in turn to the Irish system to see how much it corresponds to the model. In relation to the first characteristic small ideological distance is taken to mean, by Sartori, that there is no 'relevant and/or sizable anti-system parties'. Fianna Fail, the erstwhile anti-system party had explicitly changed its policy of abstentionism by August 1927, and indeed during the June

Election of that year had implied that they would enter the Dail, with their slogan 'Fianna Fail is going in' (Gallagher, 1985, p.12).

Sartori's (1976, p. 179) affirmative statement on this aspect is more enlightening. He states that 'in a system of moderate pluralism all the parties are governing oriented, that is available for cabinet coalitions. Hence all the non-governing parties can coalesce qua oppositions, and this means that the opposition will be 'unilateral' - all on one side...' This observation quite obviously holds for the year 1937 when the only party in opposition to Fianna Fail and Labour was Fine Gael. In 1932 it is also quite clear that the opposition was 'all on one side' when we consider that the Farmers Party had been in coalition with Cumann na nGaedhael in 1927. These facts also show that Ireland did correspond to a bipolar coalition configuration. In regard to the third facet of moderate pluralism we note that by 1937 the number of parties in the Irish system had been reduced to three from four in 1932, a manifestation of centripetal competition with support moving from the smaller parties to the larger ones. This tendency started in 1927 and this fact is a useful starting point for an analysis of the elections of that year.

Now that we have concluded that the period 1932 to 1938 was characterised by moderate pluralism we can turn to an appraisal of the system from 1927 to 1932. In his criticism of Mair's application of the polarised pluralism class to this time Sinnott (1984, p. 293) demonstrates that one of the main elements of polarised pluralism, an anti-system party, did not exist: 'At the crucial electoral level... the emphasis was on moderation rather than an anti-system orientation'. Secondly, he

concluded that the system was characterised by a centripetal rather than a centrifugal drive. The movement of electoral support clearly shows this. Between the General Election of June 1927 and that of 1932 the smaller parties lost support to the larger ones. Votes for the Farmers' Party dropped by 5.8 per cent, Labour by 4.9 per cent, others by 8.3 per cent, and the National League lost about six per cent until it disbanded in 1931. Altogether a total of 26.3 per cent of the vote moved from the smaller groupings while the two larger parties gained 25.9 per cent over this period, Fianna Fail taking an extra 18.4 per cent and Fine Gael improving by 7.5 per cent.

When a check is made on the coalition configuration we will see that it was bipolar. Cumann na nGaedhael went into formal coalition with the Farmers' Party. The National League could also be considered part of this pole since it merged with Cumann na nGaedhael in 1932 (O'Leary, 1979, p. 26). The other pole was represented by Fianna Fail and Labour, between which the ideological divide was not so great as to prevent Labour from supporting Fianna Fail later. To sum up, the party system in the period 1927 to 1932 was characterised by ideological moderation among the parties, centripetal movement in votes and bipolar coalition configuration. Taking these three facets of the system we, therefore, conclude that the 1927 elections can also be understood within Sartori's category of moderate pluralism.

Sinnott's cogent criticism of Mair's characterisation of the Irish party system, in the period 1927 to 1932, has led him to reject all of Mair's analysis. But we have shown that Mair's analysis falls down only in

its application to this initial period. Sinnott is correct in denying Mair's appeal to system dynamics as an explanation of the postulated movement from one type of system to a second. But his critique is not sustained beyond this point. We have seen that Mair's argument that there was movement from one system to another does not hold up because, as Sinnott demonstrates, Mair's classification of the period 1927 to 1932 is misconceived. But, further to this, we have argued that there were not two types of system. Sinnott's general dismissal of Mair's conclusions are flawed because they start from this same flawed assumption. There was no movement, arising out of system dynamics, from one system to another because there were not two systems. The Irish party system conforms to Sartori's moderate pluralism category from the period 1927 to 1938. Now we will turn to an examination of the system after that time.

### Irish Coalitions

Mair (1979, p. 451) has suggested that Irish political configuration since 1938 corresponds to Sartori's (1976, p. 196) predominant party system, which exists 'to the extent that, and as long as, its majority party is consistently supported by a winning majority (the absolute majority of seats) of the voters'. Mair (1979, p. 452) does accept that this precise situation has not existed in Ireland since 1938, indeed it does so at only one-third of the elections since then, but he believes 'the Irish system does approximate very closely to a predominant party system'. In the forty-eight years since 1938 Fianna Fail has been in government for thirty-four of them. The picture is even more dramatic when we look at the situation from 1932 when Fianna Fail was to start an unbroken run in office of sixteen years, a feat it was to repeat between 1957 and 1973.



A major aspect of Fianna Fail predominance is its refusal to consider formal coalition. In this respect Mair (1979, p. 455) is correct in his argument that the 'dynamics of the predominant party system as it operated in Ireland, is clearly evident in the strategic behaviour of the minor parties, particularly that of Fine Gael and Labour'. In spite of the fact that on a left-right continuum these two parties tend towards opposing poles, Fianna Fail's refusal to engage in formal electoral pacts means that the only way Fine Gael or Labour have been able to serve in government is in coalition with parties which have opposing policy tendencies. We will now see how this has affected the political configuration of the Republic of Ireland.

After the Civil War the defeated wing of Sinn Fein, later Fianna Fail, refused to take their 44 seats won in the General Election of 1923. Cumman na nGaedhael, the forerunner of Fine Gael, formed the Government with 63 seats and Labour the Opposition, with 14 seats. By 1927 Fianna Fail had decided to enter the Dail. In 1932 they won enough seats to form a minority government, dependent on the Labour deputies' support. However deValera, an excellent electoral strategist, called a snap election in 1933 and won an overall majority. The same sequence occurred in 1937. Fianna Fail formed a minority government which was kept in office by Labour. Once again, with Labour growing disillusioned, deValera called a snap election and was able to get a majority of seats. Labour's support for the minority government was an unsolicited support and this coupled with the short duration of tacit agreement meant that Labour was not able to win any of its own specific policy demands.

Fianna Fail was to stay in office for an unbroken run to 1948. There was the possibility of a coalition pact in 1943, when Fianna Fail lost ten seats and its overall majority in the General Election, but Labour was too distant from either major party to consider such an option and so Fianna Fail continued in office as a minority government. Fine Gael was considered too right-wing by Labour. Fine Gael had been formed out of an amalgam of various groupings around Cumman na nGaedhael in 1935, which included the semi-fascist Blue-Shirts, whose leader General Eoin O'Duffy was to become president of the new party (see Manning, 1970). Even though this 'experiment' ended by 1935, when O'Duffy was replaced, the memory lingered in Labour minds, constantly refreshed by events in Europe.

Fianna Fail had also become distant from Labour. In 1941 the Government passed the Trade Union Act, which was seen by many as an attack on the trade union movement. The Labour Party and unions campaigned against the Act, and some parts were declared unconstitutional by the Supreme Court. But, if Labour had reason not to support Fianna Fail, it is unlikely that the latter would have agreed to coalition anyway. Manning (1972, p. 73) suggests that 'long before 1948 Fianna Fail had come to regard itself as the natural ruling party', which would not contemplate any formal coalition. A third factor in the distancing of Fianna Fail and Labour was the 'red scare' campaign waged by Fianna Fail in 1942, in which it suggested that Labour had become dominated by communists.

The 'red scare' was serious for Labour at the time, resulting in a

split in the Party. This division was a manifestation of the differences in the wider labour movement between the politically conservative wing, as represented by O'Brien, the general secretary of the Irish Transport and General Workers Union, and on the other hand, the revolutionary element, as personified by the trade unionist organiser and ex-communist, James Larkin. The O'Brien group founded National Labour, which argued that the Labour Party had been taken over by communists. In terms of Dail representation the split did damage Labour somewhat. In 1943 Labour received 15.7 per cent of the vote and 17 seats. When the two separate parties contested the General Election of the following year they got, in total, only 11.5 per cent of the vote and 12 seats. In 1948 they had 19 seats between them but only 11.3 per cent of the vote. This phenomenon of increased seats for less votes is due to the operation of the electoral system at a time of increased party competition. The parties re-united in 1950.

The coalitions of 1948 to 1951 and 1954 to 1957 were similar to each other but different from ensuing coalitions. The first inter-party government was made up of five parties, and even then it needed the support of some independents. The second term was much the same, except that the support of one party, Clann na Poblachta, was tacit rather than formal. But, what characterises all coalitions in Ireland since the 'thirties is the fact that the parties which have agreed pacts 'are not really adjacent in policy space, particularly when questions concerning socio-economic outlook are raised' (Cohan, 1979, p. 333). This is because of Fianna Fail's continued reluctance to become involved in formal coalition.

After 1957 several developments took place in the party system. First of all Fianna Fail reinforced its dominance in the system by extending its support throughout the electorate. Secondly, the 'sixties saw the demise of the plurality of parties in the Dail. In 1961 seven different parties sat in the Dail along with six Independents. By 1969 only the three major parties had seats, along with one Independent. Thirdly, the two opposition parties had become disillusioned with the coalition strategy. They both found the previous coalitions unsatisfactory, particularly the second. Also related to this point was the fact that Labour believed through the 'sixties that they were on the verge of making an electoral breakthrough and had become decidedly left-wing, which increased the policy distance between it and Fine Gael.

Labour's movement to the left saw an influx of new members from the growing professional, technical and business classes. Notable intellectuals joined the party, such as David Thornley, Justin Keating, Noel Browne and Conor Cruise O'Brien. The party had been making gains in the semi-skilled and unskilled urban areas, especially Dublin. In the 1969 General Election ninety-nine candidates were put forward as opposed to thirty-nine in 1965 (O'Leary, 1979, p. 72). As Busted and Mason (1970, p. 375) noted: 'in a country noted for the conservatism of its national life, the speech and the programme for the 1969 Election reads like a summons to the barricades!' In the event Labour lost three seats overall. The major importance of the election is that it marks the point when Labour became a predominantly urban party, holding ten of its seats in Dublin.

The failure of either Fine Gael or Labour to make any significant headway in 1969 brought the question of coalition back onto the agenda.

But the strategy for the election of 1973 was different from that of the two previous coalition periods. Cohan (1977, p. 329) explains:

The third postwar coalition came into being in rather changed circumstances from previous coalitions. The reason for this change is threefold. First, the parties agreed to a programme prior to the election, thus demonstrating some concern about their credibility in running for office together. Second, only two parties were involved in the proposed coalition. Third, and perhaps most significant, the leadership of both parties understood that, without coalition, neither party could hope to serve in office in the foreseeable future. What remained the same however, is that it would have been difficult to consider Fine Gael and Labour adjacent on given policy continua.

On this first point it must be noted that the significance of campaigning on a specifically coalition ticket is much greater, in the Irish case, than simply the maintenance of credibility. Since the Irish voting system, proportional representation by single transferable vote, allows the elector to vote for more than one candidate, in order of preference, transferred votes can be important in the election of a candidate. O'Leary (1979, pp. 100-111) has shown that the larger parties gain more seats in proportion to votes than smaller parties do. The proportionality of the system is weighted in a descending order from the largest party downwards. A coalition pact decided before an election encourages the transfer of votes between the coalition partners, so helping to negate somewhat the advantage to the largest party.

The Coalition's victory in 1973 silenced some of its Labour critics, at least for the time being. Support was strong at grassroots level. Labour was given a number of ministries commensurate with its voting strength, and in Departments where it could best put its policies into effect. There

was a slight dent in the smooth honeymoon period when the Coalition's candidate failed to get elected to the Presidency. There was little open dissent within the Coalition, however, until the Labour Conference in October 1973. The major issue on which the anti-coalitionists made their stand was the sale of oil and mineral rights to overseas companies. But a motion for the nationalisation of any deposits was defeated.

The branch level of the Labour Party, however, was showing increased disillusionment with coalition. Although a motion, at its annual conference in October 1974, calling for the Party to leave the Coalition was heavily defeated, a resolution was easily passed which called for a special conference to discuss the question of coalition unless the Parliamentary Labour Party got 'a statement of intent to implement Labour policies' (Gallagher, 1982, p. 214). A vigorous attack was also launched on Fine Gael's Minister for Education, Dick Burke, for his lack of enthusiasm for comprehensive schools, for allowing the continuation of corporal punishment and on his support for separate Protestant and Catholic schooling. What was most ominous for the Labour Party was that the increasing opposition to the coalition strategy came from that very sector of the electorate where Labour had only recently made inroads: Dublin. In 1976 attendance at branch level had fallen dramatically, in some areas by up to two-thirds (Harvey, 1980, p.63).

With a general election approaching in 1977 both coalition partners failed to note the ominous signs against them, as did many of the commentators (O'Leary, 1979, pp. 88-90). It was felt that the Coalition might just hold on. In the event Fianna Fail won a resounding victory,

taking over 50 per cent of the vote, only the second time that had been achieved. Labour lost votes throughout the country, but in rural areas managed to maintain its seats. It was in Dublin where they suffered most, where the economic ills of the day were concentrated along with the anti-coalitionists. The Party's strength in the Dail dropped from 20 to 17, although it was felt that they had done better than Fine Gael, which lost eleven seats. Perhaps the transfer of votes between the Coalition partners exacerbated this situation. Fine Gael's transfers to Labour rose slightly, but the transfers in the opposite direction fell from 71.9 per cent in 1973 to 58.8 per cent and in Dublin to 50.4 per cent. On this evidence Gallagher (1982, p. 218) suggests: 'It seems fair to conclude that most Labour voters favoured a continuation of the Coalition, although they were less enthusiastic than in 1973'.

After the General Election of 1977 Fine Gael and Labour parted company. When the Labour Party's electoral strategy was first discussed, at the Killarney Conference in April 1979, it was decided that Labour would contest the next election on its own manifesto and, if no overall majority existed, they would then enter into negotiations on coalition. This strategy had the advantage to Labour of not tying its hands on policy and alleviated the possibility of dissension that might have split the Party. In voting terms the 1981 General Election saw Labour at its weakest point since 1957, winning only 9.9 per cent of the vote. Even though it lost only two seats overall, down to 15, it was left with just three seats in Dublin, its lowest since 1961.

Fine Gael increased its vote dramatically in 1981 and won more

seats than ever before. The liberal wing had been in the ascendency since 1977, culminating in the election of Dr FitzGerald to the leadership of the Party. The new image and policies of the Party attracted much middle-class support for Fine Gael. Also, the whole party structure had been changed and its organisation at grassroots had been overhauled and strengthened. Fine Gael got 65 seats, up from 43 in 1977. Fianna Fail lost 6 seats, down to 78, and were unable to secure enough support from Independents to form a government.

The question of coalition had to be addressed once more. With the euphoria which had engulfed Fine Gael after their success they were determined not to give way on any fundamental parts of their manifesto. Fine Gael's programme had promised increases in spending on social welfare. It planned to finance this by increases in indirect taxation, which Labour opposed. Labour had been as forthright in their promise to bring back a wealth tax. The result of the Election had another effect, however, which probably made it easier for Labour to enter coalition despite policy differences. The Labour leader, Frank Cluskey, on the centre left of the Party, had been defeated. He was replaced by Michael O'Leary, a strong supporter of coalition strategy. The Party rallied round the new leader and accepted his pact with Fine Gael.

The Coalition Government still depended on the tacit support of some Independents, since they only held a majority of two over Fianna Fail, with eight Independents in the Dail. It was defeated in a budget division and was to lose office after the election of February 1982.



The Government had fallen on one of the harshest budgets ever introduced into the Dail, particularly its plan to tax children's clothing and footwear. But it decided to fight the short election campaign on this basis. This was not a particularly bad strategy since the major parties argued, and most people had been convinced, that the country's finances were in a parlous state. The tax on children's clothing and footwear was duly dropped. Labour believed though that it was likely to lose heavily because of its association with the Budget. It thus nominated only 41 candidates, the lowest since 1961. In further hedging its bets the Party announced that it would not take part in a coalition government, although its TDs would support a minority Fine Gael administration.

The February Election changed the government but little else. Labour's vote dropped to 9.1 per cent, equalling the lowest ever, but it maintained its total number of seats. The seats of two retiring deputies were lost, but two other seats were regained in Dublin, bringing the Party's strength there up to five. The pattern of vote transfers seems to suggest the voters approval of coalition. The rate of transfers from Labour to Fine Gael was 59.4 per cent while the reverse situation was 69.1 per cent. The high rate of transfers secured four seats overall and contributed to the winning of two others (Gallagher, 1982, p.251). The Fianna Fail administration was only able to stay in office until the November of 1982. After cuts in social services the Workers' Party felt unable to further support Fianna Fail and the Government was defeated on a no-confidence motion.

Over the ten months between the 23rd and 24th Dail Labour was again examining its coalition strategy. At its conference in 1982 the

coalitionists were defeated and this caused the resignation of the Party leader, Mr O'Leary. His departure was hardly greeted with surprise. What shocked many though was the fact that he immediately joined Fine Gael. Labour's non-coalition strategy went further than before. It refused to urge its voters to give their preferences to Fine Gael. Dr FitzGerald called this 'unfair', although he excused the new Labour leader, Mr Spring, from his stricture on the basis that he had gone as far as he could in the Dail in indicating his personal preference for Dr FitzGerald as Taoiseach (Irish Times, 11 November 1982).

The Election showed a large swing to Fine Gael giving it 70 seats, its highest ever. Fianna Fail lost three seats, down to 75, and Labour made a gain of one overall. When the time came to form a government a coalition agreement had been made. Fianna Fail had refused to enter into a coalition with Labour so the latter joined with Fine Gael. There are essentially two reasons why Labour went into coalition. The general atmosphere of the time mitigated against a minority government situation. This had been the third general election in only eighteen months and a possible third change in government. Concern at this instability was widespread, particularly in view of the economic problems the country was faced with. Also, the election campaigns of the political parties had left them financially exhausted.

The Labour Party had the power to decide the political configuration. Fianna Fail would not have them as coalition partners and Labour did not want to support any party in government if they got nothing in return. From Fine Gael they did get some agreement on a

number of policies and commitments on others, and this within an overall economic package that seemed less severe than that of Fianna Fail. The second point concerns the internal politics of the Labour Party at that time. Still smarting from the shock defection of its former leader to Fine Gael, the party rallied round its new leader and, because there was little alternative that it could see, supported his coalition strategy.

This survey of coalition configuration in the Irish case leads us to conclude that Ireland does correspond to Sartori's predominant party system from 1938 to 1948 and 1957 to 1973. The roots of this system can be traced to 1933. This characterisation is not negated by the breaks between 1948 to 1957 and 1973 to the present, for as Sartori (1976, p. 199) notes: 'The predominant-party system is a type, not a class. This is to recall that the criterion here is not the number of parties but a particular distribution of power among them'. It is with regard to this statement that we can consider O'Leary's (1979, p. 98) assertion that 'a difficulty with Sartori's model is that he does not draw a consistent line between his categories', to be invalid. O'Leary's argument is that Sartori classifies Ireland as being among the countries with systems of moderate pluralism and, also, being within the predominant-party category. But as Sartori (1976, pp. 199-200) concludes, 'it should be borne in mind that the predominant-party system can just as well be a variant of any multipartism'.

Our survey of coalition configuration in Ireland, while confirming the existence of the predominant-party dynamic also shows up the inadequacy of system dynamics in explaining other political relationships,

such as the parties' ability to attract support. For instance, Fine Gael has increased its electoral, and subsequently its parliamentary, strength quite dramatically since the nineteen-forties. System dynamics does not explain this. Neither can we appeal to this source for an explanation of the continued weakness of the Labour Party. It is to this latter question that we now address ourselves.

### Explanations of the Weakness of the Labour Party

One of the most obvious cleavages which exists in Western European political systems is that of 'class', a manifestation of this being the existence of large labour or social democratic parties. The lack of such a cleavage in the Irish system, in determining party support to the degree it does in other European countries, has led to a burgeoning of information on the Irish Labour Party and the problems it has faced and still faces. From our discussion so far we concluded that the political system of the Republic of Ireland fits into the Lipset-Rokkan comparative model of the formation of party systems. What this framework does not do, however, is to explain developments in the system after its formation. System dynamics also fails to offer an adequate explanation of the continuing weakness of the left in the party politics of Ireland, for the dynamic of party change it focuses on, that between the number of parties in the system, is too narrowly conceived, implicitly relegating the relation between parties and the electors to a secondary position. A broader analysis would need to take into account party policies and ideologies.

Explanations of the weakness of Labour in the Republic of Ireland focus on several aspects. Firstly, we will note the organisational factors which militated against a stronger party. Secondly, we will look at the internal divisions which have affected the Party and these, we will suggest, are essentially ideological. Following from this second point we will, thirdly, examine the general thesis which relates the lack of strength of the Labour Party, indeed the radical left in general in the Republic, to the social structure of Ireland characterised, it is suggested, by a peasant culture. This will lead us onto a discussion of the usefulness of the clientelist model as an explanatory tool in Irish political analysis.

Many studies of the Republic's Labour Party start off with the observation that it is the oldest, yet the smallest, of the parties in the Irish political system. The performance of the Labour Party in electoral terms ranges from a high point of 22 (14.5%) seats in the 1927 Dail, to a low of only 7 (4.7%) seats in the 1932 parliament. The figures (pp. 24-5 above) also show up the relatively large movement in the quantity of seats held, although they conceal an even higher turnover rate of seats. For instance, in the February 1982 General Election Labour retained the same number of seats as in that of 1981, but two seats, which had been vacated by the retirement of Mr Corish and Mr Tully, were lost, while two other seats were retaken by two former Labour TDs, Mr Cluskey and Mr Quinn.

The electoral performance of the Labour Party has been different, however, from any of the other dozen or so small parties which have sat in the Dail. Unlike the others Labour has contested every election since 1923 and has always had parliamentary representation. Most of the other

small parties have rarely lasted more than two General Election contests, although Clann na Talmhan held seats in the Dail for eighteen years, or seven General Elections and, in 1944, actually eclipsed the Labour party in terms of seats and votes. It is this smallness, yet persistence, of Labour in the Republic which political analysts have sought to explain.

The weakness of the Party can be understood, to some degree, by factors within its own control. Until recent years its grass roots organisation has not been sufficient for a sustained electoral performance. Gallagher (1985, p. 69) has emphasised this lack of organisation, especially in the initial years. He suggests that the Party could hardly be said to have existed, other than on paper, until 1918 at which time candidates were selected and a manifesto drawn up. Even then, he notes that this work involved only a small number of people, and presents the view that at that stage Labour was 'a head without a body party'. In the event Labour decided not to contest this election.

The main issue in the 1918 Election was the question of independence from Britain. The party divide in Ireland was essentially between the constitutional approach of the Irish Parliamentary Party, which wanted self government for Ireland within the United Kingdom, and the more militant Sinn Fein, which sought complete independence for Ireland. Labour stood back from the election in the hope that the result would resolve the issue within Ireland. Thus, Gallagher (1982, p. 37) argues that 1922 is a more realistic date for the Party's birth since it was in the General Election campaign of that year that it actually sought support from the electorate.

Farrell (1970) has argued that, because of the enduring influence of the 1918 Election, Labour's decision not to stand goes a long way in explaining its minor position in the Irish party system. Farrell's emphasis on this decision, however, may be overestimating Labour's potential at the time. As Orridge (1977, p. 171) has noted: 'Labour would have had to contest seats on a national scale to win major party status and it is clear from the information presented in (Farrell's) paper that Labour leaders were planning to field candidates in only fifteen largely urban seats'. Consequently, although there has been much debate on the implications for Labour of its decision not to fight the 1918 General Election (see Gallagher, 1985, p. 70) it is evident that the working class organisations were unprepared as an independent voice in the great political upheavals which were taking place in Ireland at the time.

The lack of an independent working class organisation in the formative years of the Free State can only be understood by reference to the political issue which dominated Irish politics from before the turn of the century, that is the demand for independence from Britain. This nationalist movement embraced a wide spectrum of political, social and economic opinion, ranging from those who wanted to establish a completely independent socialist republic, to those who wished only to have legislative independence for Ireland within the British Commonwealth. The class cleavages, which certainly existed in Ireland at the turn of the century, did not form the basis of party divisions. Class interests were, to a large extent, submerged under the amorphous movement for national independence, which was to be given shape by the rise of Sinn Fein.

The success of this cross class alliance was not to be sustained indefinitely. When the War of Independence, which broke out in 1918, ended at the negotiating table in 1921 the latent class fissures were to become more obvious again in response to the settlement. The Treaty which set up the Irish Free State, giving twenty-six counties of Ireland legislative independence under the British Crown, was supported by those who had most to gain from the least change in relations with Britain. These were the establishment classes of Ireland, the former ruling class, the merchants and the large farmers, for the Treaty preserved their trade links with Britain and thus bolstered their economic and political position in Ireland. They were to give their votes to Cumann na nGaedhael, later Fine Gael. The anti-Treaty group gave their support to Fianna Fail, the party established out of the section of Sinn Fein defeated in the Civil War over the Treaty.

In this way the unifying force of nationalism in 1918 was replaced by a division over the Treaty. This divide manifested much more the class cleavages in Ireland, but it did not break down completely the inter-class alliance which had been forged in the independence struggle. A major reason for this was the lack of an independent working class organisation and leadership, for these had been debilitated long before the emergence of the Treaty issue, out of which was to come the major party divisions in Ireland. We will now examine how this happened.

Thornley (1964, p. 8) has noted that the radicalism of the labour movement in Ireland in the early years of this century was very largely the work of two men, James Connolly and Jim Larkin. Connolly was one



of the most important marxist activists of his time in the western world. After working in the United States for seven years, with the Socialist Labor Party and the Industrial Workers of the World, he returned to Ireland in 1910 where he worked for the Irish Transport and General Workers Union (ITGWU). The ITGWU had been founded by Larkin who also believed in the marxist concept of class struggle and saw militant trade unionism, particularly the sympathetic strike, as an important weapon in this struggle. He led a long drawn out strike in Dublin in 1913, over the recognition of the right of workers to join the union. After a 'lock-out' by employers, the workers were forced back to work without winning this demand. The outcome of the strike left the unions in Ireland financially destitute and numerically much reduced. Larkin left Ireland in 1914 for America, to raise funds for the ITGWU. He was remain there for the next nine years.

Despite the dire consequences of the strike for the labour movement, one radical development it had given rise to was the formation of the Irish Citizens' Army, an armed force of workers, albeit small, to defend pickets against attacks by police. Connolly, however, saw a much greater role for this army.

An armed organisation of the Irish working class is a phenomenon in Ireland. Hitherto the workers of Ireland have fought as parts of the armies led by their masters, never as a member of any army officered, trained and inspired by men of their own class. Now, with arms in their hands, they propose to steer their own course, to carve their own future (Workers Republic, 30 October 1915 quoted in Berresford-Ellis, 1981, p. 23).

Connolly was to lead this force into the Easter Uprising of 1916. This action saw the welding together of the revolutionary class organisation and ideology with the radical nationalist movement, in declaring an Irish Republic.

The Rising was crushed by the British and Connolly was executed for his part in it. Thus, in the space of three years, the Irish working class lost its stoutest revolutionary intellectuals and organisers. It also saw the destruction of its armed wing, in the form of the Citizen Army, and the decimation of its general organisation, with the weakening of the unions. It is hardly any wonder then that the growth in the nationalist movement, given impetus by the 1916 Rising and the executions which followed, passed the Irish working class by, as an independent force in the nationalist struggle.

After 1916 the labour leaders gave up on Connolly's major project: a synthesis of nationalism and socialism. From America, Larkin kept abreast of developments in Ireland. He viewed with concern the rise of Sinn Fein and the Labour Party's decision to take a back-seat in the struggle. As Mitchell (1974, p. 241) points out, late in 1918 Larkin was pressing the labour movement:

Don't be led astray by the ephemeral political movements of a moment. Our work is fundamental. Not only do we want an independent Ireland, but we demand a free Ireland of free men and women. I realise the torturous paths you and your colleagues must walk. Certain forces in Eire seem to have exploited the struggle for their own ends. Don't be in any way deterred...

But the leaders of labour in Ireland did not share the marxist vision of the class struggle. The trade union leaders were more concerned with rebuilding their organisations and increasing membership, so they stayed clear of 'politics'. The Labour Party was more a collection of individuals than a mass electoral machine, and its members too were politically conservative.

The decision of Labour to stand back from the 1918 Election should, therefore, be seen as indicative of the inability of its leaders to understand the importance of the politics at that juncture. Thinking in purely electoral terms they believed that once the issue has been voted on it would go away. In that they were grossly wrong. Their decision to stand down in 1918 was only a manifestation of their unwritten decision to stand outside the 'nationalist' debate over this period. Labour after the Rising did exactly what Connolly warned against: it dis severed the cause of labour from the cause of Ireland.

The result of Labour's decision not to contest the 1918 election, it is argued, was that it allowed the two dominant parties of the Irish system to monopolise nationalism as an issue. It is suggested that the predominance of this cleavage in Irish politics has worked to the detriment of Labour which, it is posited, wishes to fight its politics on an 'ideological' level. As Gallagher (1982, p. 25-6) puts it:

...the major parties' anti-ideological position, means that a party adopting a coherent socialist policy will rarely elicit a coherent capitalist response. Labour was faced with the problem that its opponents have refused to argue with it on its own terms... A self-professed left-wing party fighting against

two larger parties which deny that terms like 'left' and 'right' have any meaning in the context of the society in which they operate, while occasionally describing themselves as 'if anything, slightly left of centre', is in an unenviable position.

This argument implies that Labour's problem in winning support lies in its radicalism. However, the conservative political myopia which characterised the leaders of the working class movements at the formative years of the new state was to persist long after the independence struggle.

An aspect of this was, what might be called, the Labour Party's introverted nature. Up until the early 'thirties the Party regarded itself as the political wing of the trade unions. Initially, membership was limited to those who were members of affiliated trade unions and Labour candidates for public bodies had also to be trade union members. Even when non-trade unionists were formally allowed to join the Party and sit as representatives on public bodies, Party membership and candidature remained trade unionist dominated. Thus, Gallagher (1982, p. 5) notes that in the Election of 1927 twenty-seven of the forty-four candidates were trade union officials, in 1957 50 per cent were officials and the proportion was still as high as one third in 1981. There are also wider social structural reasons for the Labour Party's lack of electoral success.

Growth in social democratic parties in Europe followed on the heels of increased industrialisation. Despite the fact that the Republic has become increasingly industrialised, especially in the past two decades, it still lags behind most of the rest of Europe. Additionally, Gallagher (1982, p. 203) points out:

The low proportion of industrial employees in Ireland is made up for the most part of those working in small firms employing 300 workers or less... The most striking consequence from the point of view of social stratification is the lack of any large units of employment which provide an industrial base for working-class proletariat.

This situation was exacerbated by the partition of the island and the loss of industrial Belfast. Mitchell (1974, p. 285) noted that 'it was clear to all political observers that the severing of the industrial heart of Ireland from the rest would be a crippling blow to the rest'. The Labour Party's natural constituency has thus been small.

As we have seen the Labour Party was moulded by the conservatism of Irish society, it was not a radicalising force. We will now look at other aspects of Irish society militating against a strong left wing movement. One of the dominant factors in any explanation of the conservatism of Irish politics, in general, has been the role of the Catholic Church. The fact that there was no numerically significant religious divide in the new state, nor anti-clerical movement, meant that the Church's views were seldom opposed and, in this sense, the Church had an open field in the moulding of consciences. One of the most notable examples of the Church's direct intervention into the politics of the Labour Party itself surrounds the new constitution adopted by the Party in 1936. This included the objective of the establishment of a 'Workers' Republic'. The Catholic Church hierarchy expressed its objection to this aim and so the 1939 annual conference voted by 89 votes to 25 to drop the phrase.

This gives us some indication of the regard in which the wishes of the hierarchy were held at the time. But, when we consider that it was

people within the Party itself who had raised the question of the Party's new constitution with the Church, we get an insight into the character of Labour members themselves. In this respect, the comment by Busted and Mason (1970, p. 374) on Labour members seems to be most apt: 'Their aims appear not to be rooted in a Marxist view of society but rather in a moral indignation derived from a Christian social conscience and an almost puritan distaste for... the 'vulgar affluence of the few'. This should dispel any notion that the Labour Party was a radical party, confined and constrained by a conservative society, biding its time and coping the best it could until the electorate matured. It was more a product of the social system than a moulder of that system. The major indictment against it is not that it failed to raise class consciousness, but that after 1916 it did not see the need to do so.

We have already noted that the social make-up of Ireland has been traditionally rural, although the situation is changing. The synonymy of conservatism and ruralism is by no means absolute. Indeed, the independence movement in Ireland was largely built on, and fuelled by, the agrarian disturbances embarked upon by Irish farmers in the second half of the nineteenth century against their landlords. However, as Orridge (1977, p. 154) points out, most of the root causes of agrarian discontent had been resolved before the turn of the century.

Rural Ireland on the eve of independence was very largely a society of independent proprietors of modest plots... these proprietors have possessed secure incomes for most of the period since independence. Apart from a period of acute disagreement between the British and Irish governments in the nineteen-thirties, the Irish farmer has been well placed geographically, climatically and economically to provide one

of the major export markets for food in the developed world with one of its major demands -beef... It would be wrong to say that there has been no tension in this agrarian society since the 1920s... But in a comparative perspective... the overall picture is of a rural society lacking those besetting sources of agrarian discontent: landlord-tenant relations, landlessness and subdivision, and economic marginality.

Further to this, the wide dispersal of the rural population, with over 50 per cent living outside settlements of 200 or more persons in 1961 (Gallagher, 1982, p. 206) has tended to reinforce conservatism, parochialism and individualism.

Another factor working on the rural community to preserve its conservatism is emigration. It was only in the last two decades that the net flow of migration away from the country had been arrested, although recently it is on the increase again. The function of emigration has often been seen as a 'safety-valve', siphoning off youthful enthusiasm, the bedrock of radicalism. But it has functions other than this release of pressure. It also contributes to the maintainance of the social structure which spawns conservatism. In this regard Jackson (1971, pp. 203-4) notes that emigration:

...has provided a source of funds in the form of remittances which have served to support the economy of small farms and shops and has consequently often acted to retain and preserve those very elements in the social structure which partly contributed to the factors that necessitated the emigration itself.

It is argued that the largely rural aspect of Irish society has encouraged the predominance of a peasant culture which has inhibited the

development of class based politics in Ireland. It is to an examination of this general thesis that we now turn.

### The Clientelist Approach

Up until this point we have we looked at methods of understanding political configurations in liberal democratic systems. We have concluded that Ireland can be understood within typologies for other western European states, but that these frameworks themselves are inadequate in explaining political development fully. The empiricist Lipset-Rokkan model, in noting a correlation between certain alignments of cleavage representatives at the creation of the system, focussed on the determinants of party systems at the time of mass mobilization of the electorate. The Sartori model concentrated on the development of party systems on the basis of the interaction of the number of parties. Neither explain the ability of parties, through their interation with electors, to maintain and increase their support over time. To do this we will need to look at the political process in a much wider perspective. One of the most dominant concepts in analyses of the Irish political system has been that of clientelism, predicated on the characterisation of the Irish polity as one imbued with a peasant culture, generated by its rural society. At this stage we will examine the development of the notion of clientelism to see how far it goes in explaining the Irish political process. We will note the links the theory has had with modernisation theories and suggest why the various concepts of clientelism have dominated and persisted in Irish political analyses.



Clientelism deals with the interaction of individuals occupying, basically two, socially differentiated roles: that of the client and that of the patron. Willerton (1979, p. 163) defines the patron-client relationship succinctly as 'an affective, reciprocal one, whereby each member gains from the other through given transactions in which each is a contributor, while the influence and power of each is in some manner dependent upon, or responsible to, that of the other'. Blok (1969, p. 366) further suggests that in these transactions the patron can be distinguished from the client since it is the former who directs and initiates the transaction.

The basis of the clientelist perspective is rooted in anthropological studies which have thrown up qualitative, often subjective, information on social relations in particular settings. Initially this area of study was dominated by the Chicago School of Sociology, notably with the work of Gans and Wirth, in their theory of the rural/urban continuum. In connecting social relations to social structure they argued that the modern world spawned ties between individuals which were different from those among people in traditional societies. Essentially the importance of modernisation for the Chicago School lay in the movement from the rural to the urban society and the change in social relations consequent upon this. As Wirth (1956, p. 207) put it:

The City, sociologically speaking, is a relatively large, densely concentrated aggregation of heterogeneous individuals living under conditions of anonymity, impersonal relations, and indirect control. Physical nearness and social distance, which characterise urban living, make it necessary for human beings to cultivate reserve. Among the highest human virtues in the city are sophistication, the ability not to be 'taken in' by others, and a wholesome scepticism. And yet, in order that each may achieve his own individual ends, urbanites must

associate themselves with others. Hence in the city voluntary associations flourish. They are not, as in the country, based on kinship and common tradition, but upon highly specialised interests.

Urbanisation, a major characteristic of modernisation, would mean a decline in rural culture which would have a profound affect on social relations.

Initially then, clientelism was bound up with a particular theory of change. This connection was soon found to be problematic for clientelism, since the rural/urban continuum postulated that clientelist relations would break down in the face of modernisation. Schmidt (1977, p. 306) has suggested several reasons for this assumption.

First, clientelist relations to begin with are most likely in situations of resource scarcity, inequality of access to services and unequal influence. Secondly, the sheer size of changing (growing) in communities, their increasing complexity and differentiation of roles and functions ought to make it more difficult to maintain intimate and multiplex relationships. Finally ...the demand for greater bureaucratisation in the face of commercial and industrial growth, the impressive expansion of relationships with other societies could be cited as pressure (for) a breakdown of the 'traditional' and 'personalistic'... qualities of clientelism.

But there is much evidence that personalistic interaction, in situations of power differentiation, with the object of achieving some transaction to the mutual benefit of the actors, can and still does take place in other than traditional rural societies. Clientelist ties persist in non-traditional societies and, indeed, in one form or another in practically all modern social settings (Clapham, 1982).

The failure of clientelist ties to die in the face of modernisation, defined as the demise of rural society, has been explained by the ability of such relationships to adapt to new situations and to be strengthened by the process of change. Thus, Blok (1969, p. 367) is reluctant 'to speak of societies where clientelist relations exist and other societies where they are absent'. Blok (1969, pp. 367-75) suggests, all that is required for patronage to prevail is some degree of social ranking and, he goes on to outline four different types, or variations, of the patron-client relationship, which he relates to the specificity of the social structure.

Vassalage. Throughout the whole structure of the feudal society political ties are exclusively conceived in terms of personal dependence and subordination.

Brokerage. In segmented societies, central authority is firmly set but in urban centres rather than throughout the countryside. Mediators or brokers are required to provide links between these two segments of the society.

Friendship. Friends ...mediate occasionally and as a rule on behalf of successive clients. It appears that their mediation is much less relevant to their position in the society than is the case with brokers whose mediation is their very raison d'etre.

Patronage disguised. In this type (universalistic) of society personal relations of protection and preferential treatment are normatively valued as 'bad'. In fact, patronage is a bad word and so is nepotism... Yet, patron client ties do have important pragmatic functions in 'universalistic' societies and, as such, they make up part of their culture. In this respect we may consider the political machine.

The essential difference between Blok's approach and that of the Chicago School lies in their differing perceptions of what 'society' is.

The Chicago framework implicitly ignores governmental configuration. Within its parameters society is defined by its position

along the continuum between the ideal-types of rural and urban. Blok sees society as a political configuration: an area over which a governmental power claims control, more or less effectively. Where Gans and Wirth related the interaction of individuals to their geographical environment, Blok related the interaction of these different local systems within the state. Where Gans and Wirth saw urbanisation as being the determining facet of the modern society Blok saw the major characteristic of modernity as being the existence of centralised authority, with its attempt to integrate the different parts of society over which it claimed control. For those who drew their basic assumptions from the Chicago School clientelistic relations would be expected to break down in the face of modernisation, that is the rise of urban centres and the consequent change in personal interaction. For Blok new forms of clientelism developed to integrate the sub-systems of the 'political' society.

Silverman (1977, p. 294) in utilising this functionalist approach develops the concept of the 'mediator'. Taking Wolf's (1956, p. 1075) reference to brokers as persons who 'stand guard over critical junctures or synapses of relationships which connect the local system to the larger whole' Silverman (1977, p. 294) presents the mediator as someone who 'functions as a link between a local system and the national system'. This idea has been followed by Clapham (1980, p. 5), who has suggested a dichotomy which separates clientelist relationships 'contained within a single hierarchy (such as) that of the 'traditional' agricultural system... which is effectively self-contained', from those of the 'encapsulated' society 'in which clientelism becomes the means by which the population is linked to the national government and system of rewards'. Clapham (1980, p. 5) suggests that:

A powerful incentive to the creation of national clientelist networks in many countries, for instance, has been the grant of the vote, and hence the distribution throughout the adult population of a resource which would-be national politicians needed, and which they therefore had to organise and pay for.

It is within this theoretical development that we can locate the notion of the political machine.

Boissevain (1969, p. 380) details the mechanics of the political machine and the patron and broker roles within it. He points out that there are two types of resources involved, which are controlled by the patron. 'The first are those such as land, work, scholarship funds, which he controls directly. The second are strategic contacts with other people who control such resources directly'. He calls the first type first order resources and the latter second order resources. This same dichotomy is used by Bax (1977) in his descriptions of the Irish political machines. Further to this Boissevain (1969, p. 380) defines the broker as someone who 'places people in touch with each other either directly or indirectly for profit... a broker is then a professional manipulator of people and information to bring about communication'.

Blok's main theoretical contribution lies in his replacement of the rural/urban continuum, seen as the major characteristics respectively, of the traditional/modern ideal-types employed by the Chicago School. He suggests that the main facets of the traditional and modern societies which should be juxtaposed are those of diffuse and centralised authority. In traditional societies power is diffuse and this necessitates multiple and informal transactional arrangements between

patrons and their clients. Modern societies, he argues, are characterised by centralised authority which seeks a monopoly over power relations. In this respect, Blok (1969, p. 376) suggests that his four propositions:

...may be conceived in terms of a continuum on which patronage and bureaucratisation (i.e. centralised authority) 'move' in opposite directions. One pole of this continuum is the feudal society in which patronage is fully fledged... On the other pole, authority is fully centralised; patronage is dysfunctional and is likely to be absent.

Blok does not see his continuum as rigid. In his fourth proposition he accepts that in 'universalistic' societies clientelist ties still exist. These are societies characterised by an ideology of equality, within socially defined groups, of similar individuals in their access to resources. But he regards clientelist ties here much in the same way as Wolf (1977, p. 168) who wrote that 'the formal framework of economic and political power exists alongside or intermingled with various other kinds of informal structures which are intersitial, supplementary, parallel to it'. The acceptance of the existence of these peripheral clientelist ties in societies where patronage is pejoratively regarded is believed not to weaken the central thrust of the argument on which Blok's continuum is based. Indeed, it is suggested that since 'patronage is a major functional prerequisite of peasant society... the probability of its occurrence (or persistence) in a society with an overwhelming and recent peasant tradition is high' (Bauman, 1979, p. 184). Fundamentally the continuum should hold true and clientelist ties should break down in the face of bureaucratisation, while those clientelist relations which continue would be epiphenomenal. However, there is evidence to suggest that this is not the case.

Not only does bureaucratisation not prevent clientelist relations from existing, it may actually produce them. As Schmidt (1977, p. 316) has pointed out:

The brokers... are not necessarily characteristic of only traditional or marginal segments of society. It was found that sometimes the growing complexity and incomprehensibility of state or bureaucratic agencies virtually require a broker to 'interpret' or translate difficult procedural matters into a form suitable for community decision-making.

Further to this, Schmidt (1977, p. 317) suggests:

...modern bureaucrats may find it necessary to establish clientelist links with people of communities they are trying to serve, before these people are willing to accept new methods, new programmes or bureaucratic advice. The bureaucrat himself may object to and resist going beyond his official function when he is dealing with people, however it is the people's initiative itself which often forces him (or her) to establish more multiplex relationships.

This has led some writers to argue that clientelism must not be regarded as a system dependent upon social structure, but, as a universal phenomenon. In this respect Clapham (1982, p. 10) has been led to conclude that 'clientelist forms of politics exist as a common category, underlying which is a common logic of power relations. This logic is independent of any particular cultural setting... it depends... on general aspects of human society and behaviour which may be found in any suitable setting'. We can now summarise the main developments in the notion of clientelism.

The initial concept postulated that social relations are dependent upon geographical environment. The process of change, or modernisation,

is seen from the point of view of an altered physical environment which leads to changes in social relations, defined in terms of individualised and personalised interaction. Modernisation is defined by the characteristics which are thought to be most important in structuring these individual and personal relations. In Gans and Wirth urbanisation is held to be the predominant characteristic of modernisation. Since clientelist ties still operated in the urban setting other theorists of clientelism adopted different bipolar models emphasising other aspects of change.

For Blok the important characteristic of modernisation was the extension of centralised authority. He suggested that this would lead to the waning of clientelist ties, but as we have seen, it did not. Consequently, Schmidt developed the theory further. He also saw modern society as being characterised by centralised authority. The importance of this for him was the proliferation of agencies which regulated people's interaction with government. Clientelist ties grew up as people sought to make sense of this bureaucracy and to use it to attain some resource. Modern society then also gives rise to clientelist relations. Subsequent to this some theorists moved to the position of seeing clientelism as a natural human predisposition and not primarily as a socially learned phenomenon. We will now look at the application of the theory of clientelism to Ireland.

The theory of clientelism, in its various guises, aims to explain the relative importance of certain aspects of modern society, including urbanisation, increased control by a central authority and the increased growth of bureaucracy. It is, therefore, not difficult to understand the



enthusiasm with which proponents of this perspective approached the Republic of Ireland, for it exhibited all the qualities of the classic laboratory-condition specimen so much sought by social researchers of the nineteen-fifties aiming to demonstrate the essentially scientific nature of their work. Just before independence Ireland was a predominantly rural society with an agricultural system based on small family-owned and worked farms. Its industrial and urban base was of a relatively small scale. In spite of the fact that under colonial rule it had a centralised administration with a highly developed legal system, Ireland had a history of rebellion and sporadic local unrest, so that this central rule did not run, at all times at least, throughout the whole country. Indeed, in the few years immediately prior to independence it had a provisional government with its own legal machinery. Even for a short time after independence, in the Civil War years, some areas of the country were held by forces opposing the new Free State government. Also, due to the prevailing laissez-faire ideology of the time, Ireland had not as yet a large welfare orientated bureaucracy.

A brief sketch of the changes which have taken place in Ireland since independence suggests a prima facie case for fitting the country within the clientelist framework. In the nineteen-thirties politics in Ireland settled into the British parliamentary practice which the institutional legacy demanded. The large abstentionist party (Fianna Fail) was cajoled into taking its seats in the Dail and was soon to become the government. Thus, by this time, the central authority of the state was accepted throughout the whole country. Although successive governments modified the general laissez-faire approach to economic planning this

involvement was concentrated on commercial policy, in particular with providing incentives to indigenous entrepreneurs. This was all to change in the late 'fifties, when faced with continued high emigration and unemployment the very economic viability of the country itself came under question. To relieve the situation the Government of the day intervened in the economy to increase growth by encouraging an expansion of the industrial sector.

In the 'sixties economic planning was attempted in Ireland. There was a shift from the 'inward-looking' policies, import substitution through the protection of home industries, to 'outward-looking' policies, where protective barriers were gradually dismantled and foreign investment in the Republic was encouraged to provide the impetus for the expansion of the industrial sector needed to produce a level of economic growth to alleviate the unemployment problem. The initial results were relatively impressive. GNP which had been static between 1953 and 1958 began to grow at 4 per cent per annum, because of growth in the industrial sector.

The increasing wealth of the country stemmed the flow of emigration which had existed for over a century, so that the number of people in the country began to rise. Furthermore, and most important for the modernisation theories of the nineteen-fifties, this increase in population was accompanied by a trend towards the concentration of people in cities.

In 1926 959,000 persons or 32.3 per cent of the total population resided in urban areas. By 1971 the aggregate urban population had increased to 1,556,000 or 52.3 per cent of the total population... Since urban growth was largely confined to Dublin, many regions such as Donegal, the Midlands, the West

and North-West had less than 30 per cent of their total population urbanised in 1971. On the other hand the population of the East region has increased consistently from 684,000 in 1926 to 1,254,000 in 1979. The East regions share of total population has grown from 23 per cent in 1926 to 37.3 per cent in 1979; some 83.7 per cent of the increase in the region took place within Dublin sub-region (National Economic and Social Research Council (Report 45, 1979, pp. 41-2).

This development has had a direct affect on the composition of the Dail. 'The Dublin region now returns 30 per cent of the Dail members, as compared with 15 per cent in 1923 and 20 per cent in 1948. Its Dail representation (48) is almost as great as that for the entire Munster area (49) and it outstrips the rest of Leinster (37) and Connaught/Ulster (32)' (Browne, 1981, p. 104).

Clearly the changes, or modernisation, which are fundamental to the clientelist theory were taking place in Ireland. Its increased industrialisation, growing urban population, centralised authority and developing welfare bureaucracy made Ireland a most useful case study for modernisation theorists. Consequently, the clientelist perspective, with all its adaptations, has come to permeate many explanations of the development of the Irish social and political system. In this respect the starting point for such analyses was the work of the American anthropologists Arensberg and Kimball (1940) who analysed Irish rural society implicitly within the parameters of the ideal-type contained in the Chicago School's framework. Many of the subsequent forays into this area accepted this work as their starting point. Thus, Chubb (1979, p. 133) claims:

The rural culture which has so much influenced politics with the consequential persistence of elements of personalism and clientelism and which is inherently very conservative, is being inexorably eroded by the increasing pressures of industrialisation and urbanisation.

The clientelist perspective has predominated in Irish political analyses since the nineteen-sixties and we will now examine what it has provided for an understanding of the Irish political process.

We can start from Garvin's (1979, p. 355) presentation of the basic postulation of the clientelist model in respect of political systems. In its pure form:

This model suggests that... partisan alignments (have) little ideological or political meaning in the minds of the voters, cleavages at national level being understood as the summation of very many parochial factional divisions, more-or-less unrelated to national politics and aggregated at constituency and national level by 'brokerage' politicians. National political divisions would then correspond to no ideological or social fault line, except, perhaps, in a relatively accidental and incidental way. The empirical literature on Irish local politics indicates an intensely clientelistic, familial, personalistic and localistic style of political action similar to that documented of many third world countries or of much of nineteenth-century America.

However, none of those who utilize the clientelist framework for an explanation of Irish politics suggest that this pure form of clientelism operates there. Indeed, in face of the evidence they could hardly do so, for it is clear that a strong partisan divide does exist in the party system.

Garvin and Parker (1972, p. 39), from their study of voter behaviour, concluded that 'the picture is one of a high overall, voter consistency

between 1969-72... it is a confirmation of the highly entrenched character of party loyalties in the Irish electorate'. McCarthy and Ryan (1976, p. 279) modified the picture, however, by pointing out that a 'large group of voters consistently abstains and loyalty to party seems higher at general elections than at referenda or Presidential contests'. On the specific question of localism versus 'party' Marsh (1981, p. 72) writes:

For the most part the evidence presented here is consistent with the view that Irish electors seek deputies who will provide the constituency with a good service. Candidates who have served a political apprenticeship in the Senate, as candidates at an earlier Dail election, or less significantly, as local councillors, appear to be those whose skill and resources prove most effective electorally. It is argued that this is due in large part to their local reputation as effective politicians.

But in the final analysis, Marsh concludes that: 'Electors vote primarily within party constraints... preferences within parties are influenced by local considerations'. The evidence suggests that electors will vote along party lines. However, under the Irish electoral system they have to choose between candidates of the same party and are likely to do so on their perception of how good the particular candidate has been for their constituency, or perhaps for an elector individually.

It is because candidates have to compete with members of their own party that gives rise to the possibility of personalised transactional ties in the Irish political process. While there may exist a strong party vote, prospective councillors or TDs still have to convince their constituents to vote for them, as against supporting another candidate of the same party with whom they cannot compete on party lines. The fact that the Irish

electoral system encourages a more personalised relation between elected and electors has led many political analysts to suggest that Irish politics is indeed highly transactional. Thus, Chubb (1963) painted a picture of Irish TDs as mediators between voters and the growing bureaucracy in Ireland, with TDs 'going about persecuting civil servants', in order to satisfy constituents demands in return for their vote. Bax (1975, 1977) and Sacks (1976) argued that this led to the creation of political machines in Ireland, while Carty (1981) extended this analysis to the Irish political system in general.

In response to the suggested pervasiveness of clientelist ties in Irish politics some analysts have come to argue that the brokerage model, is not an accurate portrayal of the Irish political system. Collins (1986, p. 81) calls this latter presentation the epiphenomenal model, which he sees as 'an important corrective to the seemingly all-embracing brokerage model'. The basic point of the epiphenomenalists is that: 'The overwhelming majority of broker-client deals are quite trivial in content, and often constitute no more than personalised forms of obtaining normal legal entitlements' (Gibbon and Higgins, 1974, p. 41). And yet, as Collins (1986, p. 82) notes 'there is no evidence of what ratio of contacts between citizens and the bureaucracy is in fact mediated through politicians'. In this respect Higgins' view is all the more worthy since he is himself a politician. He concludes that: 'Apart from such a service as getting an answer more speedily and with more respect than their clients, clientelist politicians in the opinion of the author rarely objectively influence a decision. They create the illusion of assistance however' (Higgins, 1982, p. 121).

If the extent of TDs mediations is unclear, and the nature of such mediations without much substance, there is also a problem with the constituents response. Komito (1984, p. 174) found, from his study of party politics in Dublin, that although politicians drew influence from 'their ability to monopolise and then market their specialist knowledge of state resources and their access to bureaucrats who allocated such resources', that this 'did not create the committed political followers that is characteristic of clientelist politics'. This was because politicians had no way of compelling an elector to give them their vote in exchange for the politicians help. Instead, Komito (1984, p. 174) noted: 'Politicians used their special access and knowledge to create a reputation in the Community, and hoped their citizens would, out of moral obligation, reward them with votes'. Although Komito (1984, p. 174) concurs with the point that brokerage is strong within party machines, his evidence suggests that clientelist ties 'did not extend very far into the wider community'. The evidence suggests, then, that the brokerage characteristics of political machines does operate within the parties in Ireland. However, this does not substantiate the case that clientelist links are widespread in Irish society and certainly cannot lead conclusively to the view that votes are swapped by electors in return for politicians' favours. Even so, many Irish political scientists still cling to the clientelist perspective as a means of understanding the Irish political system.

Higgins (1982, p. 114) suggests that a reason for the tenacity, with which political analysts remain attached to the clientelist framework for an understanding of Ireland, resides in the ability of clientelism to offer

'an explanation of 'anomalies' which the Irish political system exhibits in comparison with Western European democracies'. Drawing from Chubb (1982), he notes that these anomalies include: 'the character of both the major parties as vertically integrated inter-class alliances; a lack of serious ideological differences between these parties... the dominance of national and local politics by the personal clienteles of politicians...'

However, we would argue, that within the clientelist perspective, clientelism is not seen as the explanation of anomalies, but simply the result of certain facets of political culture. The notion of political culture runs through much of the work applying the clientelist framework to Ireland.

Bax (1977, p. 7) in his work makes this point, about a peculiar Irish political culture, most forcefully and succinctly:

The main point of my argument is that machine-style politics is the outcome of a paradox in Irish political culture: on the one hand strong and traditional loyalty, on the other extreme pragmatism and self interest. This cultural paradox is maintained by the implications of a peculiar electoral system which functions in a predominantly pre-industrial society of small farmers who set great store in face-to-face relations and who have a strong particularistic attitude. (emphasis added)

Much the same assertion has been made more recently by Carty (1981, pp. 138-9).

Electoral politics in Ireland is characterised by intense competition between brokerage politicians who command personal parochial machines. Yet the result is not an amorphous contest between local notables. Strong partisan allegiances and the concomitant party voting forces these politicians into intra-party competition with one another. This pattern is



institutionalised by the electoral system, which allows a member of the electorate to vote for a party candidate of his choice. This system is extremely stable, for the behavioural patterns satisfy predispositions grounded in the political culture. (emphasis added)

The notion of political culture has long had a predominant position in Irish political science, and a not altogether helpful one. Garvin (1981, p. 8) outlines the influence this thinking has had on the analyses of Irish politics:

Basil Chubb (1969)... treats 'political culture' as an independent variable which is apparently envisaged as having been there a rather long time and as having been founded in circumstances and in an historical period remote from the present. Such treatments of 'political culture' are commonplace... This political culture appears to be a true independent variable which causes but is not itself caused, which persists despite anyone's wish is 'natural' and is independent of conscious human agency. The problem with an all enveloping concept like 'political culture' is that it can be easily come to be seen as part of the natural environment of politics.

## Conclusion

We set out in this chapter to evaluate the usefulness of the main theoretical frameworks used by analysts to explain the development of the Irish political system. Three approaches were appraised, the Lipset-Rokkan cleavage model, system dynamics, and the clientelist perspective. We decided that Ireland can be fitted into the Lipset-Rokkan framework, but that this had little to say about developments after the formation of the party system, at the time of mass mobilisation and political education. Also, we are still no nearer an explanation of why certain alignments had taken place. The empirical nature of the model, with its

concentration on correlative relationships, can show what tends to be the result of certain alignments. But it does not explain why this should be the case. In this sense, it might be better to say that the Lipset-Rokkan model fits the Irish case and not the other way around. It still does not show the dynamic of change involved.

The second framework we appraised was that of system dynamics. We concluded that the Sartori concepts of moderate pluralism and predominant party system can be applied to the Irish case. We accept with Mair (1979, p. 447) that we must exclude the elections fought just after the Civil War, since the results are suspect as indicators of the true strengths of party support. On the basis of Sinnott's (1984) critique we believe that the period between 1927 and 1932 cannot be regarded as a system of polarised pluralism, as Mair suggested. However, neither do we accept Sinnott's blanket dismissal of the rest of Mair's analysis. Instead, we concluded that Ireland can be classified as a system of moderate pluralism from 1927 until 1938 and, thereafter, it can be understood in terms of Sartori's predominant party system. Even though Ireland can be fitted within the system dynamics paradigm, this still does not get us too far in explaining Irish politics, for system dynamics is only one facet of the political process. It does not take account of the relationship between parties and voters, surely the greatest determinant of party position.

The clientelist perspective, in looking at the Irish political system in a much broader way, seems a most useful means of explaining the political process of the country. Indeed, it has long been a predominant concept in the political science and sociological literature. It is evident

that the relationship between electors and parties is more than just one of casting a vote at election time. It is clear that in Ireland, as in other electoral systems, that there is often a personal relationship between elected representatives and some voters. But where that brings us in explaining Irish politics is open to debate. The evidence suggests that Ireland is not satisfactorily characterised as a clientelist system. Voters are not tied to politicians through the exchange of votes for favours. To the extent that it exists, brokerage can be conceived of as the black economy of the formal political system. What seemed a useful framework for understanding Irish politics has, unfortunately, served to obfuscate a major dynamic of change in Ireland. This is because of the links the notion of clientelism has had with modernisation theories. We can conclude overall that the three perspectives we have appraised do go some way in explaining the Irish party system. However, they are inadequate because they fail to confront a major characteristic of Ireland. This is its nature as a capitalist country,

Our argument is that developments in the party system of Ireland must be understood by reference to the liberal-democratic nature of the system, which entails parties winning support from the electorate by means of their policies while, at the same time, promoting the development of the country along capitalist lines. The capitalist development of Ireland can be understood at two levels. Firstly, within dialectical materialism, which concentrates on class formation, produced by modes of production. Secondly, the position of Ireland within the world market system is a major influence on the economic development of the country. In Chapter Two we will set out both these frameworks.

## Chapter Two

### Ireland in the Capitalist System and Capitalism in Ireland

#### Introduction

In the first chapter we were concerned with explanations of the development of the Irish party system. Several approaches were appraised and the shortcomings of each pointed out. Our argument is that change in the party system can only be understood in relation to the wider political process. From this standpoint we concluded that while the Irish party system can be fitted into the Lipset-Rokkan cleavage model, Sartori's categories of system dynamics and, thirdly, various brokerage models, none of these lead to a fully adequate understanding of the Irish political process. Overall, we suggested that the major problem with these frameworks lies in their conceptualisation of change or development. In this chapter we will argue that marxist theory offers an explanation of the dynamic of change in Ireland.

There have been an increasing number of works which apply marxist theory to Ireland. Such works can essentially be divided into two groups. On the one hand there are those studies which concentrate on Ireland's position in the world capitalist system (Crotty, 1979, 1986). On the other some see the politics of Ireland as a product of the 'irrepressible reality of the class conflict generated by the capitalist structure of the Irish economy' (Bew and Patterson, 1982, p. 187). We will appraise the usefulness of these approaches in comprehending the Irish political process.

We will take as our starting point the criticism of modernisation theories, which have for long underpinned analyses of Irish social and political development.

Huntington (1970, p. 292) has pointed out that modernisation theory, or the sociology of development, was accepted into the mainstream of political science in the nineteen-fifties, the nineteenth century theories of progress having been discredited by the economic and political upheavals of the twentieth century. He goes on to provide a comprehensive account of the development of modernisation theory, and has furnished a scholarly critique of the theory in its many forms, which is all the more powerful since he was one of its major exponents originally. What concerns us here is the inability of modernisation theory to explain the dynamic of change. As Huntington (1970, p. 269) concluded:

...the writings on modernisation were much more successful in delineating the characteristics of modern and traditional societies than they were in depicting the process by which the movement occurs from one state to the other. They focussed more on the direction of change, from 'this' to 'that', than on the scope, timing, methods and range of change. For this reason they were more theories of 'comparative statics' than they were theories of change.

It is this fact which leads us to adopt a different analytical framework. We will take as our point of departure the assumptions upon which modernisation theory is based.

Modernisation theory derives essentially from the writings of Talcott Parsons (1949). Taylor (1979) details the major aspects of this discourse and argues that many facets included in Parsons' analysis of the social system have their origin in the particular assumption of an intrinsic

rationality of action of human subjects. He notes that Parsons took this concept, of 'rational organisation of means to achieve ends', from neo-classical economics, but discarded the limits placed on its use by the economic theories. Taylor (1979, p. 10) concludes that:

Consequently, Parsons' notion of rationalism in itself establishes very little. It only has any meaning when it is inserted into arguments concerning the reproductive needs of the social structure. The notion of 'goal-directed behaviour' is not, therefore, a founding concept produced through theoretical work on given raw material, but rather an empirical reflection of existing conceptions of what it entails to be human, as represented in prevailing ideological notions whose essential aspects Parsons has abstracted.

Taylor's (1979, p. 10) argument is that these ideologies are as much a result of the process of 'modernisation' as change itself and asserts that: 'What we must seek is an analysis based on the construction of these ideologies by the social formation'. Historical materialism provides such a framework. Mouzelis (1978, p. 61) points out that, at a general level, the difference marxism introduces to the notion of change is that it returns collective actors, classes, to the forefront of sociological analysis, unlike the Parsonian paradigm which concentrates on the core values of a social system 'viewed not from the point of view of actors, but so to speak from the 'outside', from the point of view of the system and its needs for maintenance and survival' (Mouzelis, 1978, p. 57). In this chapter we will utilise the marxist constructs for an understanding of the development of Ireland. Firstly we will provide the definitional framework.

Marxists differ on many issues although they share a common set of concepts. Marx's basic argument is that an analysis of society must begin

with an examination of social relations and not from individual choices, motivations or values.

In the social production of their existence, men enter into definite, necessary relations, which are independent of their will, namely relations of production corresponding to a determinate stage of development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation on which there arises a legal and political superstructure and to which there correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general (Marx, 1976, p. 3).

Within marxism types of society can thus be denoted, differentiation of each type being based on the dominant mode of production in that society. Apart from the simplest, the primitive communal, and the highest, the communist mode, each mode of production is characterised by the relations between two opposing classes, a class of producers and a class of non-producers which exploits the former.

As in modernisation theory the classical marxist theorists also conceive change by way of stages. Within this latter perspective modernisation can be viewed as movement from one mode of production to another. As Marx (1976, pp. 3-4) put it: 'In broad outline, the Asian, ancient, feudal and modern bourgeois (capitalist) modes of production may be designated as progressive epochs of the socio-economic order'. Despite the fact that such a stages view of modernisation would accept the existence of more than one mode of production in a society, for a mode might not be replaced in an instant, a major problem with this notion of development lies in the persistence of previous modes of production in

some countries over long periods. This realisation spawned a whole new school of thought, initially centered on Latin America, known as the dependency school or neo-marxists.

The dependency theorists differ fundamentally with the classical marxists. The neo-marxists argue that capitalist penetration of pre-capitalist societies promotes underdevelopment rather than development, by allowing the continued existence of the pre-capitalist social relations instead of replacing them. As Brewer (1980, p. 264) explains:

In the orthodox Marxist view, the capitalist stage has three main characteristics: commodity production, the relation between wage labour and capital, and the pressure to accumulate and to introduce new methods of production. In underdeveloped countries, however, the general penetration of commodity production has gone along with very slow development of material production, and wage labour has been confined to small sectors of the economy. Either these areas are not becoming capitalist (in which case what are they?) or capitalism has quite different laws of motion in underdeveloped areas (in which case, what use is the concept of capitalism?).

Attempts to understand this situation have created the divergence in marxism between the classical theorists and the dependency school. The essential difference in conclusion which divides orthodox marxism from the neo-marxists arises from the different methods of analysis of each.

Brewer (1980) gives a most comprehensive account and critique of the development of these two general trends of thought within marxism. Firstly we will look at the analysis provided by the neo-marxists. Brewer (1980, p. 264) points out that for them:



Capitalism... can only be defined as a world system. It must be defined in terms of production for exchange on the world market, regardless of whether wage labour is employed or not. This is a fundamental shift of definition. Its laws of motion, too, are quite unlike those analysed by Marx. Capitalism does not promote general development; it promotes the development of some areas at the expense of others...

This line of argument seems to me to contain an essential truth: the world system can only be analysed at a global level. This is not the same thing as saying that the capitalist mode of production can only be analysed at a world level, since modes of production can be conceived of as abstract concepts which do not exist in a directly observable form on a global, national, or any other scale...

By understanding that the differences in these two schools of marxism derives from their different analytical frameworks we can conclude that these two approaches are not necessarily mutually exclusive. Indeed they can complement each other. We will use both frameworks in order to give us a full understanding of the dynamics of change affecting the Republic of Ireland. Firstly we will analyse Ireland with respect to its economic position at a world level, characterised initially by its colonial position within the British empire.

The neo-marxist perspective is most useful in explaining the structuring of the Irish economy to meet the needs of the developing capitalist British economy, specifically in Ireland's production of food, particularly cattle, and also as a provider of a reserve army of labour. We will note that Ireland did develop somewhat under British rule in its infrastructure, capital accumulation and productivity. Secondly, Ireland underwent dramatic political upheaval, a product of the change in economic relations within the country. Dependency theory is weak in explaining these political developments for it concentrates on Ireland's

role within an economic system, characterised by exchange of goods in a market, rather than understanding economic relations in terms of classes. It thus fails to conceptualise adequately economic and political developments as produced by class interaction. To do this we will use the orthodox marxist framework.

The classical marxist framework concentrates on the wage relation as the defining feature of capitalism. The existence of wage labour denotes the rise of the capitalist mode of production. But, because wage labour is confined, over long periods, to relatively small sectors in some countries, Brewer (1980, pp. 264-5) notes that this is evidence that different modes of production can coexist within a single society. The existence of different modes of production and their interaction, or articulation, makes up the social formation. Defining societies in terms of the concept of a social formation has advantages for the general theory which is very pertinent to the Irish case. As Brewer (1980, p. 14) points out '...it permits the inclusion of the petty-commodity mode of production, a mode which has never predominated, and which therefore does not appear in a list of stages'. The petty-commodity mode is characterised by production for the market by independent producers who own their own means of production. A large area of economic relations in independent Ireland has been in this form.

Within this classical marxist perspective it will be argued that the dynamic of Ireland's development was the penetration of that society by capitalist relations of production. This began with imperialist penetration by British capitalism. However, we will show that this penetration was

slowed because Ireland had been previously dominated by mercantile capital. Ireland's modernisation can, in this way, be understood as the result of the dynamics of a social formation that is transitional, being characterised by the articulation between capitalist penetration and the mode of production which existed under mercantile capital. We will develop this argument later. Firstly we will look at the explanation of Ireland within the world capitalist system.

Dependency theorists have focused on the fact that even though the empires which characterised the division of the world in the nineteenth century have been broken up, thereby changing the political configuration of the world, this has not resulted in a radical change in the economic pattern of the international economy. In this respect although there has been an increase in the number of politically independent states, economically these new entities have tended to remain as underdeveloped as before, the ties to the previously politically dominant country often being maintained. It is argued that this economic continuity reflects the strength of the capitalist world economy.

Most studies utilizing the notion of a global capitalist system follow Wallerstein's (1979) categorisation of the world into three main zones. These three zones are made up of two poles, the core and the periphery. An intermediate zone, the semi-periphery, includes countries which have characteristics that place them somewhere between the two extremes. The core consists broadly of the colonial powers of the nineteenth century, Britain, France and the Netherlands, along with the powers which have achieved economic success more recently without major, long-lasting, colonial ventures, such as the United States, Germany and Japan.

The core countries are economically linked to the peripheral countries and extract the surplus produced there by way of the world market system.

The core countries are dependent on the periphery for raw materials for their industry and for agricultural foodstuffs. The involvement of the core countries with the countries in the periphery structures the economies of the latter to meet these needs of the core. The operation of this process often leads to many of the countries of the periphery being dependent upon the production of one agricultural product or the extraction of a mineral resource with which they are endowed. Usually they are linked to one country in the core as the market for these products and as the major source of their imports. The concrete signs of development in the core countries are absent in those of the periphery. In this respect the latter have little industry, slight infrastructural development, low wages and low rates of consumption. Where these countries have industries, usually in the extractive sectors, these industries tend to be owned overseas so that little profit is ploughed back into the home economy. All this, it is argued, prolongs and recreates the underdevelopment of the periphery. Before we consider attempts to fit Ireland into this core-periphery paradigm we will look at, what might be called, the traditional view of Ireland's lack of economic development in the nineteenth century, much of which is compatible with the core-periphery thesis.

#### Traditional Explanations of Ireland's Underdevelopment

Lyons (1973, p. 55) puts the traditional case forthrightly and succinctly. Noting the underdeveloped nature of the infrastructure, which

added relatively large transport costs to the price of Irish goods, and the difficulty of building up industry in a backward region of a free trade area, which exposed fledgling firms to the rivalry of developed competitors in England, he asserts '...that over most of Ireland the conditions for speedy, extensive and successful industrialisation simply did not exist'. Lyons lists several such conditions which he believes hindered Irish industrialisation.

The rapid decline of the population in the decades after the Famine; the poverty of the people and the retarding effect of the land system upon their ability to accumulate substantial savings and thus to provide either the nucleus for industrial development or a market for its products; the frequently disturbed state of the country; the scarcity of coal and of raw materials... all these things together combined to make Ireland a place where, with a few exceptions, businessmen preferred not to risk capital in the hazardous enterprise of creating new industry in so unpromising an economy.

These assertions are each open to question.

Firstly, although the population did decline this did not necessarily have a retarding affect on market potential. For instance, emigration from the Famine in the mid-eighteen-forties onwards, in fact down to the nineteen-sixties, remained high. This shows that there was surplus labour in Ireland, but that there was little work for this labour force to do there. Secondly, this labour force had been skilled, as we will see later, by the introduction of rail construction. Thirdly, small scale savings did exist in nineteenth century Ireland and, indeed, were increasing. Grimshaw (1889, p. 350), looking at the deposits in the Trustee and Post Office Savings Banks, found that in 1862 the total amount in the savings banks was £2,167,000. Twenty-five years later, in 1887, this amount had more

than doubled to £4,975,000, with a smaller population. The development of a cash economy in Ireland is also reflected in the growth of the banking system.

The Northern Bank was founded in Belfast in 1824. It was followed in rapid succession by the Hibernian and Provincial Banks (both set up in 1825), by the Belfast Bank (1827), the National Bank (Daniel O'Connell's creation of 1835), the Ulster and Royal Banks (1836), and the Munster Bank (1862)... In 1850 the total number of Banks doing business in the whole of Ireland was 165; by 1870 the total was 304 (including sub-offices) and by 1910 this had gone up to 809, and whereas in 1840 the banks together held deposits and cash balances amounting to about five-and-a-half-million pounds, by 1910 this figure had been multiplied almost ten times (Lyons, 1973, p. 59).

Fourthly, Ireland did possess raw materials and coal reserves. Paul-Dubois (1906, p. 320) points out that:

Ireland has no mineral wealth, it is said, no coal, and therefore no possibilities for industrial development. This is a mistake. She contains 209 million tons of coal, which might easily be worked. In County Antrim there are estimated to be 30 million tons of iron ore. In Ireland we also find copper ore, lead, zinc, excellent clay for bricks and pottery, admirable marble, granite and slate quarries. And finally she possesses immense reserves of power stored up in her turf bogs, or lying unused in her rivers and waterfalls. But all this, unfortunately, is as though it did not exist. Ireland is not a country without value. It is a country in which there are genuine possibilities and resources, but they are possibilities that have been undeveloped and, in some cases, unexplored, down to our own days.

We are thus led to conclude, contrary to the traditional view, that Ireland did possess raw materials and a surplus workforce which would have worked in Ireland given the opportunity to do so. Also, the accumulation of small scale savings allowed for an effective demand for goods. Further

to this, large scale finance capital existed in Ireland. This was because projects providing opportunities for investment of this capital had been introduced. The boom in rail construction in the mid-eighteen-forties is most important in this respect. We will now look at this aspect of the Irish economy.

We have seen that money held in banks as savings was on the increase throughout the nineteenth century. This would not indicate the entrepreneurial capital available, however, since this would be invested in other, more lucrative, ways. Most striking in this respect is the size of Irish investment in Government and India stock. Grimshaw (1889, p. 350) shows that this increased from £31,469,000 in 1841, £3.8 per head of population, to a high of £42,211,000 in 1857, after which it decreased gradually to £29,839,000 in 1887, although the amount per head of population had increased substantially to £6.2. This drop in the aggregate figure is attributed by Grimshaw to two factors. Firstly, government's decision to repay some of the National Debt meant that Irish fund-holders would have been paid-off proportionately with others. Secondly, and most importantly, he suggests that many Irish investors withdrew money from government stock to invest in Irish railways.

Lee (1976, p. 33) points out that railways were the largest consumers of fixed capital in mid-nineteenth century Ireland. Further to this, Lee (1968, p. 40) notes that: 'Of the £12.5 million invested in Irish railways between 1831 and 1852 about 12 per cent came from government, 10 per cent from private lenders and almost 80 per cent from private investors'. He calculates that by 1850 Irish investors had contributed roughly half of the total private investment of £8.7 million in

Irish railways, the other half being provided by English investors (Lee, 1976, p. 41). But this picture of Irish investment matching, if not surpassing, English investment masks a more complex picture which Lee has teased out. He suggests that the pattern of investment in Irish railways is one where English shareholders bore a disproportionate share of the risks initially, with Irish money venturing in 'when the rough had been made smooth' (Lee, 1976, p. 63).

On this lack of Irish risk capital Lee (1976, p. 63) concludes that 'many native investors lacked neither the capital nor the opportunity, but simply the will, to invest in Irish railways'. The question of why this will should be lacking is not investigated in great detail by Lee, but he believes the evidence supports the contention of the Irish Railway Gazette (1 February, 1847, p. 122 quoted in Lee, 1976, p. 50):

It is not that we are without money in this country to sustain our own legitimate enterprises, but rather it is that we lack self-reliance -that we are too timid about investing capital... and hence it is that we may say that all our great companies have been sustained in their early stages by English capitalists; yet afterwards, when they have proved remunerative and their shares have commanded premiums, Irishmen have become purchasers.

Later we will suggest an alternative explanation for why Irish investors were reticent about putting their money into shares. At this point we will sum up the shortcomings of the traditional view of Ireland's underdevelopment.

The question of why Ireland did not industrialise has usually been answered by pointing to the inadequacy of the internal economic



conditions of the country. However, we have seen that Ireland did possess those economic facets needed for industrial development. The country was endowed with natural resources; there was a surplus workforce; small-scale savings were on the increase and a cash based consumer population existed, as did investment opportunities. In order to understand what decreased economic activity in Ireland we have to go beyond its internal economic structure. In this regard Ireland's peripheral position to the core of Britain in a world capitalist system goes some way in explaining the failure of Ireland to become industrialised. It is to an examination of this case that we now turn.

#### Ireland Within World System Theory

Crotty (1979, p. 225) places his analysis of Ireland's development firmly within the neo-marxist perspective when he opens it with the statement that: 'Modern history may be said to have begun in Ireland, as in large areas of the world, with the impact on it of capitalist colonialism in the sixteenth century'. More recently he has asserted: 'countries that have been capitalist colonized, undevelop (sic); countries that have not been capitalist colonized, develop' (Crotty, 1986, p. 67). The thrust of his analysis is that Ireland as a colony was in a peripheral relationship with the core of Britain. Crotty (1979, pp. 229-30) has shown how this structured Ireland's economy.

Ireland's place within a capitalist colonialist system facilitated... the development of transport, legal, commercial and cultural links between core and periphery that reduced transaction costs. This furthered trade in labour and capital intensive commodities from the British core and in land

intensive capital from the Irish periphery. Both trades... reduced the land and increased unit production costs for non-exporting Irish industries so that, over time, the range of competing imports from the core widened and the range of exports from the Southern Irish periphery narrowed, ultimately virtually to livestock.

Britain's position as the heart of a capitalist colonial system facilitated growth there and hence reduction in unit cost production. It also provided opportunities for the profitable redeployment of Irish labour and capital abroad, hence reducing the amount of these employed and the scale of economic activity in Ireland and, thereby, reducing productivity of both labour and capital and raising unit production costs in Ireland.

Much of this presentation is compatible with the traditional view of Ireland's lack of industrialisation, because both analyses concentrate on market conditions. The traditional view implies that Ireland could develop. The fact that it did so only very slowly is explained by the inadequacy of certain facets of the Irish economy. The neo-marxist view asserts that Ireland could not develop, given its position as a periphery of Britain. Within this latter framework the inadequacy of Ireland's economy is understood not by relating it to internal market forces, but by its position in a world market system. While this explains broad developments at the international market level it does not adequately account for political developments within Ireland. In order to do this we will adopt the classical marxist position which emphasises class structure. In this respect a factor rarely mentioned in explanations of Ireland's lack of industrial development, and even when it is noted it is usually inadequately analysed, is the failure of the Irish bourgeoisie to industrialise the country.

## Ireland Within Dialectical Materialism

The failure of the Irish bourgeoisie to industrialise Ireland has mainly been seen as a reflection of the personality traits of that class. Witness the statements below drawn from the marxist analysis The Irish Industrial Revolution:

Ireland with a weak and incompetent bourgeoisie had neither towns, cities or jobs that might have absorbed those forced to take the emigrant ship (p. 21).

...the abundance of capital, an adequate supply of food, a surplus of skilled labour, a high literacy rate, excellent rail communications and an all-Ireland market system- none of these advantages seemed to rouse the southern bourgeoisie to action (p. 33).

...they (the bourgeoisie) had no real intention of doing the kind of hard work involved in creating a capitalist economy... (p. 35).

...the fact that a retarded capitalist class rooted in agriculture was unable to get up enough steam, held back the full development of the productive powers of the Irish economy... (p. 48).

Our argument is that the failure of the Irish bourgeoisie to industrialise the country is not to be related to some psychological disorder but must be understood by the location of that class within the the socio-political environment in which they existed in Ireland. This was determined by Britain's involvement in the country.

The reasons for Britain's involvement in Ireland have varied greatly over the eight hundred years or so since its first occupations of areas of the country, a fact which the neo-marxist framework does not take account of. The effective colonisation of Ireland by England started in the

fifteen-eighties in response to a fear that Ireland might be invaded by the Spanish. Throughout the seventeenth century Ireland was the battleground for further military campaigns often related to much wider European struggles. Cullen (1981, p. 11) points out that the three main wars fought in Ireland between the fifteen-eighties and 'nineties, the sixteen-forties and early 'fifties, and the campaigns between 1689 and 1691 were each followed by plantation, so that over this time Irish land passed out of Irish hands mostly into English ownership. By the end of the seventeenth century only about one-seventh of Irish land remained in the hands of Roman Catholic landlords, a proportion which was to further decline because of the operation of the penal laws.

The nascent Irish bourgeoisie was predominately Catholic. The attempt by the British Protestant state to destroy the Catholic religion in Ireland forced this emerging Catholic bourgeoisie into commerce rather than manufacturing. Wall (1976, pp. 37-8) has detailed the way in which the penal laws affected the economic activities of wealthy Catholics.

By these laws Catholics were prevented from buying and inheriting land in the usual way, and between 1691 and 1775 it was estimated that the acreage of land owned by them fell from 22 to 5 per cent. They were shut out completely from the professions of the law, the army and the navy, as well as from all positions in central and local government. For Catholics of ambition and initiative there remained a choice between emigrating or remaining at home to make the best of the limited openings available to them... Grazing or dairying could provide only a limited number of openings for investment, and many enterprising and ambitious Catholics were forced to seek their opportunities in trade, an area of life which had to a great extent escaped the network of the popery laws.

In this way the Catholic bourgeoisie became dominated by merchants, and these became predominant in the south and west of the island, because

such areas had substantial trading potential. Catholic traders flourished in Cork, Waterford, Limerick and Galway, as well as Dublin.

The growing wealth of this Catholic commercial class led to demands from sections of the English bourgeoisie to relax the penal laws in order to encourage this wealth to be invested in Ireland. With regard to this Wall (1976, p. 45) notes that those who wanted the penal laws repealed argued that, in relation to mortgages and leases, the restrictions on Catholics discouraged them from making capital investments and this aggravated economic distress in Ireland. Further to this, although Catholic traders earned considerable amounts they tended not to circulate this wealth in Ireland. They could not invest in land and therefore they lacked security for their money so that they were discouraged from lending money in the country. Instead Catholics tended to invest abroad. It was the political actions of the Irish parliament which entrenched the Irish bourgeoisie in commerce. The pressure from England on the Irish parliament built up so that eventually laws were passed, in the last quarter of the eighteenth century, which allowed Catholics to take a fuller part in the economic life of Ireland. In 1778 a law allowed Catholics to take leases for 999 years and in 1782 another act was passed enabling them to buy land outright. Further acts, passed in 1792 and 1793, took down the barriers to Catholics wishing to enter the professions.

When the political constraints on Catholic investment were relaxed some of this capital moved into areas to which it had previously been denied access. But this does not mean that it all moved into manufacturing, which is what was hoped. As Wall (1976, p. 47) points out, Catholics up until this point:

...had led lives in which ostentation could play little part and their opportunities for lavish spending were circumscribed. The desire, so long suppressed, to cut a figure in society, was now given opportunities for satisfaction, and Catholic merchants and manufacturers tended to divert more money than perhaps they should, from their commercial interests, while in many instances their sons turned to the professions instead of entering the family business.

Even at the end of the nineteenth century Ireland's bourgeoisie was intimately bound up with trade and the professions. Paul-Dubois (1906, pp. 334-5) found that in the half century between 1841 and 1891 the proportion of the population working in agriculture dropped from 50.9 per cent to 42.7 per cent, while the numbers employed in manufacturing and building was reduced from 29.3 per cent to 20.4 per cent. On the other hand, he found that the number of people dealing in trade and commerce had increased from 2.6 per cent of the population to 5.4 per cent. Furthermore, the numbers in the liberal professions in Ireland was proportionately much greater than elsewhere in Britain. In England 3.2 per cent of the population were involved in the liberal professions, in Scotland the figure was 2.8 per cent, while in Ireland it was 4.4 per cent. It is in this way that the characteristics of the Irish Catholic bourgeoisie may be understood, not from some systemic personality disorders but from the determinants of their social and political environment. It is for these reasons that the emerging Catholic bourgeoisie was made up mostly of traders and professional people, concentrated in the southern and western counties of Ireland, and not predominantly by industrialising entrepreneurs.

The predominance of mercantile capital had important consequences for the development of Ireland. Lyons (1973, pp. 55-6) has noted that

commentators on the Irish scene have suggested that Ireland had two economies existing side by side, a maritime and a subsistence economy.

The former, it is argued, existed mainly along the eastern fringe from Belfast to Cork (with offshoots in Limerick and Galway) and in this there had developed a cash economy tied to that of England by trade, traffic of people and growth of credit -in short, an outward-looking community which was a part, even if a peripheral part, of a wider world. At its back, and supplying it with its cheap labour and some of its essential foodstuffs, was the rural, subsistence economy on which -by the time of the Famine- depended about three-quarters of the population...

He does, however, warn that the use of the idea of two economies should not be pushed too far. The maritime economy did indeed interact with the subsistence agricultural economy and, as Cullen (1981, p. 16) points out, Ireland in the seventeenth century saw increasing commercialisation. Once again though, such analyses are conceived in narrow economic terms. A full analysis must take account of the social formation in Ireland, as characterised by opposing classes. In this respect, the main effect of dominance by merchant capital was to slow the development of imperialist penetration in Ireland by allowing the maintenance of a pre-capitalist mode of production.

Ireland's modernisation can be seen as the movement from one mode of production to another. Consequently two phases must be identified. In the first phase, since at least the seventeenth century, Ireland was dominated by mercantile penetration. The world system perspective is at its best in showing how this structured Ireland's economy. Where this framework is inadequate is in its inability to differentiate between this and the imperialist phase of development. This second phase must be

understood in relation to its particular effects of introducing capitalist relations of production, characterised specifically by the creation of free wage labour, through the removal of direct producers from their means of production. It is the articulation of the mode of production which existed under mercantile capital with the capitalist mode introduced by imperialist penetration which is a determining factor in Ireland's modernisation. We will now look at mercantile penetration of Ireland and the social formation maintained by it.

Under British colonialism the mode of production in Ireland was essentially feudal, which as Brewer (1980, p. 13) points out, 'in its classic form, involves production for local use by a class of unfree peasants or serfs who control their own subsistence plots, but are compelled, by extra economic coercion, to support a class of feudal landlords'. As we have already seen the process of British colonialism in Ireland, in the seventeenth century, had seen the expropriation of Irish landlords and their replacement by English. These new landlords tended to live outside Ireland. Beckett (1966, p. 168) points out that the absentee landlords were mostly concerned to get a steady income at the least possible trouble so they rented out their estates in large tracts, on long leases, and at reasonable rents. However, these initial lease holders rarely worked the land themselves. Instead they sublet their holdings and lived off the rents they accrued in this way. There were several of these subdivisions and at each stage the leases were for shorter periods and higher rents. The operation of this process meant that the working farmer on whose labour the whole edifice rested was faced with exorbitant rents and little security of tenure.



Subdivision was further exacerbated by the pressure of an increasing population which grew from around two-and-a-half million at the beginning of the eighteenth century to around four million by the seventeen-eighties. Lyons (1973, p. 41) has noted that by 1845 there were 135,314 holders of plots of land of less than one acre each, twenty-four per cent of all the holdings in the country were between one and five acres in size and around another forty per cent between five and fifteen acres. This dependence of the majority of the population on subsistence farming left it extremely vulnerable at times of food shortage.

The series of potato failures, the staple diet of the Irish subsistence farmers, led to prolonged and extensive food shortages in Ireland in the mid-eighteen-forties and an epidemic of diseases. This period, known as the Great Famine, had a dramatic effect on population and economic structure. Lyons (1973, p. 44) suggests that it killed perhaps one million people and started a mass exodus from the country which totalled around two million between 1845 and 1855, and which was not arrested until over a century later. The Famine had the effect of reducing the number of smaller holdings. Lyons (1973, p. 47) informs us that farms of 1 to 5 acres declined from nearly 182,000 in 1845 to 89,000 in 1851 and only 62,000 in 1910. The number of farms of 5 to 15 acres dropped from 311,000 to 154,000 from the Famine until 1910. The medium sized farms of 15 to 30 acres declined slightly at this time from 146,000 in 1847 to nearly 137,000 in 1910. Those above 30 acres rose in this period from 157,000 to 167,000 acres. Less dramatic, however, was its influence on the mode of production.

The Famine changed the economic structure in Ireland, allowing for clearance of a large number of very small plots and consolidation of these into larger farms. But, this did not necessarily lead to a change in the quasi-feudal nature of production. Even though many of the landlords themselves went under in the Famine, to be replaced by owners some of whom set about commercialising production on their estates, relations between landlords and tenants remained much as before. What was to change the mode of production in Ireland was the tenant struggles, coupled with the political project of British imperialism, which were to predominate in the second half of the century.

### Imperialist Penetration

The predominance of merchants capital in Ireland, and the fact that it did not break down the quasi-feudal relations already in existence there, affected the development of the capitalist mode of production in the country. At this point we are, therefore, concerned with Britain's involvement in Ireland in that phase of capitalism known as imperialism. We understand imperialist penetration of non-capitalist social formations as the introduction of capitalist relations, characterised by the use of free wage labour in privately owned businesses producing for the market. The main effect of imperialist penetration is the separation of direct producers from their means of production. In the Irish case this penetration was slowed because Ireland had been previously dominated by mercantile capital. Once more it is worth reiterating that the neo-marxist perspective does not conceive of this change and therefore cannot give a full understanding of political developments.

Taylor (1979, p. 197) has argued that mercantile penetration forms a barrier to the development of capitalist relations for several reasons.

First, because the resultant political power of the landowning classes enabled them to restrict penetration by indigeneous capitalist groups and foreign capital in the agrarian sector... Secondly, because the reaction of imperialist states to the non-capitalist production set up by merchants capital has remained contradictory... Whilst on the one hand requiring the retention of the non-capitalist agricultural sector in order to secure cheap agricultural products and raw materials, and needing political alliances with the landowners initially to secure markets and investments, both foreign capital and indigeneous capitalist groups have on the other hand been forced into political opposition to the land owning class by the latters restrictions on the migration of labour from the countryside, by the reluctance to increase their output by capital-intensive means, and by the refusal to allow any process of land reform that would both permit the emergence of a capitalist class amongst the peasantry and develop a home market for foreign and indigeneous industry.

Before we go on to consider the political dimension outlined by Taylor we will look at the economic aspect of imperialist penetration of Ireland.

Taylor (1979, pp. 211-2) has identified a number of ways in which the imperialist state carried out its strategy of separating direct producers from their means of production. Following the classical marxists he agrees that one of the most remarkable aspects of this project was the construction of railways. This is a method most pertinent to the Irish case. The building of railways has two effects. Firstly, it provides the opportunity for the employment of wage labour, establishing a 'bridgehead' from which capitalist relations of production could develop. Secondly, this labour force was established in the economic sectors in which finance capital could be most profitably employed. We will now detail the operation of this strategy in Ireland.

In 1842 there were only 14 miles of railway track in Ireland taking just £57,000 in receipts. Only 45 years later the length of track had increased to 2,620 miles grossing £2,780,000 in traffic receipts (Grimshaw, 1889, pp. 346-7). The main reason for this substantial development was of course economic, for as Lee (1967, p. 95) notes, railway shares were more remunerative in Ireland than in England in the middle of the eighteen-fifties. The explanation for this lies in the fact that construction costs averaged only £16,000 per mile in Ireland compared with £39,000 in England. Cheap labour was the most important single factor contributing to lower construction costs in Ireland than in England. Irish labourers earned between 9 shillings and 12 shillings a week, less than half the English average, and as labourers alone accounted for 45 per cent of total construction costs lower wages saved Irish companies about £10,000 per mile compared with England (Lee 1967, p. 103). The construction of railways reinforced the development of an indigenous capitalist bourgeoisie and also created a proletariat, that is free wage labour.

In the boom years of railway construction, 1846 to 1848, roughly 40,000 were working in railway building, although the numbers fell sharply when the boom tapered off in 1849, fluctuating between 10,000 and 20,000 from the early eighteen-fifties. But, the total number of labourers involved with the railways was greater than this number suggests because of the turnover in the labour force. Lee (1967, p. 145) suggests that this high turnover was due to the fact that unskilled workers were prevented from moving along with the railway because of the pressure to employ local labour. There were two main sources of this pressure. Firstly, local

labour was employed in order to avoid disturbances from those who wanted, and felt they had a right to, the work being done in their area. Secondly, this policy also soothed local landowners, who could be unco-operative, by relieving them from the burden of the poor rate. In this way the actual number of individuals who were converted into this 'bridgehead' of capitalist relations, by way of their experience in railway construction, is much greater than the total figures of any particular year.

The importance of the training of these workers was noted at the time. Lee (1967, p. 141) points out that the Irish agricultural labourer needed some experience in even simple tools and, also, a better diet before becoming a competent railway builder. The Irish labourers who worked in England had frequently had their training working on Irish railways. By the eighteen-forties then a bridgehead of capitalist relations, characterised by the employment of free wage labour, was being established in Ireland through railway construction. Furthermore, we have noted that capital accumulation in monetary form had been well advanced in Ireland since the first quarter of the nineteenth century. Much of this was concentrated in railways, that sector of the economy dominated by imperialist concern to introduce capitalist relations to the country.

So far we have seen the economic dimension of capitalist penetration of the pre-capitalist mode of production which existed in Ireland in the nineteenth century. The pre-capitalist social formation was maintained by that class which derived most benefit from it: the landlords. Their power to maintain these social relations hindered

capitalist penetration. The strategy of the capitalist British state now changed towards this class. The main aim of the capitalist state is to guarantee the functioning of capitalism. We have seen how British involvement in Ireland in the seventeenth century relied on a close political alliance with the landowners whom they installed. Since these landowners would not create the conditions for capitalist relations to flourish, that is they would not reform the land structure to produce commercial farms and a class of free wage labour, then the British state set about this task. To do this it had to undermine the power of the landlords.

Despite the fact that the Great Famine had gone some way to relieving the pressure on the land it did not radically alter the relations of production. This was because of the power of the landlords to resist change. Over the next half century this power was challenged both by the tenant struggles in Ireland and by the British state. As Beckett (1966, p. 352) points out, by the nineteenth century: 'The obvious solution, it seemed to many people, was to clear out these shiftless proprietors, and establish in their place new and efficient landlords, who would provide the capital and skill needed to transform the agricultural system...' He further notes that the aim of those who hoped for such a change was to see the establishment of free trade in land, that the sale of land should be made as easy as the sale of any other commodity. This hope was to become the fact over the next fifty years or so and it transferred the ownership of land to the tenant.

The movement towards this started with an act passed in 1848, without serious resistance. When it proved insufficient a more radical one,

the Encumbered Estates Act, was passed in 1849. This act also failed to bring about the desired influx of landlords willing to reorganise agriculture along commercial lines. Nor did it see the introduction of much needed capital. The failure of the land system to change exacerbated agrarian discontent and led to pressure from the tenants. These agrarian struggles took the form of rural disturbances by tenants to secure rights which did not exist for them in law. This struggle spawned the growth of parliamentary representation based on securing such rights as fair rent, security of tenure and compensation for improvements carried out by tenants. The disturbed state of Ireland concentrated the will of successive British governments to solve the land problem. Between 1852 and 1869 a series of land bills was introduced, but landlord influence was strong enough to defeat any important concession to tenants.

A major development in the tenants' struggle was the fact that in the eighteen-fifties the campaign for tenant rights became the basis of a renewed demand in Ireland for legislative independence. The failure of parliamentary representation to secure the satisfaction of tenant demands led to the growth of a new independence movement, the Fenians, at the end of the eighteen-fifties. The Fenians believed in expelling Britain from Ireland by force. The movement attracted a considerable following in Ireland and encouraged agrarian disturbances. The discontent in the country focussed the mind of the British Prime Minister, Gladstone, and by the 'sixties he had developed a policy on Ireland which was based in part on the reform of the land system.

Gladstone introduced a land bill in 1870 which had three components. Firstly, tenant rights established by custom were to be

recognised in law. Secondly, a tenant not enjoying the benefit of custom was to be protected by an extension of the right to compensation for improvements he had made to his farm on giving up the holding and, if evicted, he was to be compensated by the landlord for 'disturbance'. Thirdly, tenants were to be encouraged to purchase their holdings. To this end they were allowed to borrow up to two-thirds of the cost of their farms from the commissioners of public works and pay off both capital and interest in thirty-five years, at the rate of £5 a year for every £100 borrowed. When this act failed to achieve the wholesale transfer of land to tenants two royal commissions were set up to investigate the land situation in Ireland, in response to continued agitation for reform which had been galvanised into a mass movement by the setting up of the Land League in 1879.

The two royal commissions published a plethora of reports in early 1881 underlying which, Beckett (1966, p. 390) suggests, '...was a substantial measure of agreement that the power of the landlord must be restrained much more effectively than had been done by the act of 1870'. Gladstone accepted this basic point and introduced a bill in April 1881 which 'virtually conceded the basic demands of the Land League agitation... fair rent, to be assessed by arbitration; fixity of tenure, while the rent was paid; freedom for the tenant to sell his right of occupancy at the best market price' (Beckett, 1966, p. 390). Despite opposition from landlords in Ireland and the landed interest in Britain the Bill was passed unchanged. This act dramatically curtailed the power of landlords. As Beckett, (1966, p. 391) notes:



...by recognizing the permanent interest of the tenant in his holding, the act of 1881 established a system of dual ownership, and reduced the landlord to little more than a receiver of rent. This loss of independence made the landlords more ready to co-operate in a policy of land purchase; but the financial assistance offered by the act was insufficient to attract the tenants.

This shortcoming was overcome by an act in 1885 introduced by the Conservatives. This act provided for the loan to a tenant of the whole sum necessary to purchase his holding. This loan was to be repaid over forty-nine years, at the rate of four per cent per annum, covering both interest and repayment of capital. This act was highly beneficial since a tenant buying his holding would have to pay an annual charge amounting only to about seventy per cent of what he had formerly paid in rent. The problem of land was to remain a dominant theme in British-Irish relations, even though much had now been done to remedy tenant grievances.

The land struggle in Ireland had been built upon to include a much wider demand, that of independence from Britain, and this force was gathering momentum throughout the 1880s. The British political parties realised that the nationalist movement was intimately connected with the land question and sought to sap the strength of the former by a resolution of the latter. When the Conservatives were returned to office in 1886:

They were convinced that the home rule movement derived much of its strength from social discontent, and that if this discontent could be cured the movement would wither away. In order to preserve the parliamentary union unimpaired they were willing to outbid the liberals: Gladstone had curtailed the power of the landlords; the conservatives proposed to eliminate landlordism altogether (Beckett, 1966, pp. 405-6).

To this end, in 1888 an extra £5,000,000 was made available for the

granting of loans for the purchase of farms under the 1885 act. Further to this a more extended voluntary sales scheme was introduced in 1891.

It is in relation to the strategy of the British state to introduce capitalist relations to Ireland that we can understand British government policy to reduce the power of the landlords. By the last decade of the nineteenth century this had been largely achieved. A mark of its success was the fact that the landlords in Ireland, with their influence substantially reduced, combined with tenants to demand better financial settlement for their properties, something unthinkable only a decade or so earlier. A conference in December 1902, representing landlord and tenant interests, produced a plan which was accepted by the Government as the basis of a new land purchase act. The landlords got higher prices for their properties. The tenants had their annual charges reduced to  $3\frac{1}{4}$  per cent with a corresponding extension of the repayment period. This act was passed in 1903 and went a long way to making the sale of estates universal. 'At the time of its passage there were still more than half-a-million tenant farmers. By 1909 some 207,000 purchases had been negotiated and a further 46,000 were pending. Little more than a decade later, landlordism in rural Ireland had become a thing of the past' (Beckett, 1966, p. 407).

The removal of landlordism from Ireland did not solve the economic problems of the tenants, which were essentially due to the bad quality and smallness of their plots. Strauss (1951, p. 173) argues that the impoverishment of the Irish producers undermined the economic foundations of the Union and put the mutual economic interests between

the two countries in danger of collapse. Agitation for Irish self-government continued. Strauss (1951, p. 177) notes that the opposition of the land-owning aristocracy in Britain and Ireland to this could be taken for granted but that the violent hostility of the British middle-class is 'almost incomprehensible but for (the) intermingling of political and economic factors'. The most important development in this respect was the Irish middle-classes' ascendancy to the leadership of the nationalist movement.

The Irish middle-classes sought to retain the support of the masses by promising an economic renaissance for an Ireland free from Britain. Its policy to achieve this was one of industrialisation. This was only feasible if protective tariffs against British goods were introduced. This was not a strategy acceptable to the British business classes. As Strauss (1951, p. 178) put it: 'The clash between the economic implications of Home Rule and the interests of the British business classes was the ultimate reason why even land purchase failed to reconcile the dominant classes of Great Britain to Home Rule'. This opposition effectively curtailed the attempts by the British Liberal Party to achieve a solution to the Irish question through limited self-government for Ireland.

The failure of the third Home Rule Bill in 1912 and the growth of opposition in Ulster placed the constitutional nationalists in a difficult situation. The armed uprising on Easter 1916 and the treatment of its leaders by the British Government afterwards transformed the face of the nationalist movement in Ireland, making it much more radical. Sinn Fein, founded in 1906, had a policy of abstention from Westminster. In the

General Election of December 1918 it won 105 of the Irish seats, the Unionists got 26 and the Irish Parliamentary Party was decimated, winning only 6 seats. Sinn Fein refused to take their seats in the British parliament and instead set up Dail Eireann (parliament of Ireland) in Dublin. This was proscribed by the British. The attempt to suppress the functioning of Dail Eireann was met with sporadic armed resistance.

The War of Independence, as the guerilla war is known, ended in a truce in July 1921 and in December of that year the Anglo-Irish Treaty was signed by the British Government and a delegation from Sinn Fein. This treaty set up the Irish Free State, encompassing twenty-six of the thirty-two counties of the island, with dominion status under the British Crown. The Treaty produced a divide within Sinn Fein over the extent of self-government. The pro-Treaty view was that it consolidated the nationalist gains. The establishment of the Irish Free State could be used as the basis for winning further autonomy from the United Kingdom. The anti-Treaty view was that the Sinn Fein delegation should have held out for a thirty-two county Republic.

The debate in the Dail resulted in the acceptance of the Treaty, by 64 votes to 57, and the General Election in June showed a clear majority of the electorate in favour. The anti-Treaty group, led by deValera, refused to accept the legitimacy of the Government and civil war broke out. This came to an end in May 1923 when the anti-Treatyites conceded that 'military victory must be allowed to rest for the moment with those who have destroyed the Republic' (deValera in his proclamation to his followers, quoted in Longford and O'Neill, 1974, p. 222). Thus it was that

the divide over the Treaty became translated into the party politics of independent Ireland. But, we will argue later, that this divide was also underpinned by class interests.

At this stage we will draw our conclusions together on the development of Ireland up to independence. We have argued that the dynamic of change must be seen at two levels. On the one hand, fitting Ireland into the neo-marxist perspective allows us to understand the structuring of the Irish economy. It explains how Ireland became dependent on beef exporting as the main product of the economy. This was the main need of the British core. Such an analysis gets us away from the incongruity of the traditional view which sees internal economic development as most important, whereas in fact Ireland was endowed with many of the facets needed for industrialisation.

We argued that the problem with the neo-marxist perspective is that it is unable to conceptualise adequately political developments in Ireland, for it does not perceive the British state strategy in the capitalist imperialist phase (and neither does the traditional view). This had economic effects, but it also entailed political change. The classical marxist approach must be employed to explain these developments. It shows that British policy changed towards Ireland around the first decades of the nineteenth century. This was the phase of imperialist penetration. It was characterised by a change in the strategy of the British state towards Ireland. The essential need of the capitalist state is to provide the conditions for the functioning of capitalism. Imperialist penetration does this in several ways. It introduces projects where finance capital can

be invested and it creates a class of free wage labour by separating producers from their means of production. In order to carry through this project the power of the landlords in Ireland had to be undermined. This had been achieved before the First World War and it changed the class structure in Ireland, from the quasi-feudal relations which had existed under merchant capital, to the predominance of the capitalist mode of production in agriculture. Further to this, a large section of agricultural activity became based on petty-commodity production. Economic and class forces produced the dynamic of social and economic change in Ireland before independence. They had the same central position after independence.

#### Class and Economic Forces in Independent Ireland

We have seen how land historically held a central position in the social, economic and political make-up of Ireland. Dominated by English landlords up until the nineteenth century, many of them absentee, the change of ownership was dramatic. As Peillon (1982, p. 11) informs us, 'in 1870 only three per cent of those who worked the land owned it whereas in 1921 the figure reached 64 per cent. By 1923 the agrarian revolution was complete and the farming class was to be the backbone of the newly established Free State'. And yet, as O Tuathaigh (1982, p. 167) points out, the change in ownership did not provide a solution to many of the problems in Irish agriculture, such as inefficiency, low productivity and inadequate investment, which had existed for centuries. In this respect he suggests that the grievances of the small-holders, the large majority of Irish farmers, was not their status as tenants but rather the size and quality of their farms.

After the formation of the Irish Free State the small-holders and landless farmers supported the anti-Treaty forces. This is reflected in the social basis of votes for Fianna Fail, the party formed out of the defeated wing of Sinn Fein. Gallagher (1976, p. 19) notes that Fianna Fail:

...was strongest in relatively agricultural constituencies with a low average rateable value of land, a high proportion of farmers (especially farmers employing no labour) and of Irish speakers, and which suffered high emigration rates. It tended to be the weakest where a low proportion of the labour force was employed in agriculture, where unemployment and the proportion of managers and employers were highest and where non-Catholics were relatively numerous.

Conversely Gallagher (1976, p. 30) has written of Cumann na nGaedhael, the party formed out of the pro-Treaty wing of Sinn Fein, that the 'strong positive relationship with the proportion of employers and managers observed at the 1932 and 1933 elections implies that the Party won the support of the business world and of the wealthiest sections of society generally'. The small-holders supported Fianna Fail essentially because the economic policy pursued by Cumann na nGaedhael offered no solution to the agricultural problems these farmers faced. The Cumann na nGaedhael Governments from 1922 to 1932 operated a policy of free trade, in common with the economic orthodoxy of the western world at that time.

The essential reason for this policy was that Cumann na nGaedhael was dominated by large farmers and the large industrial interests. These classes needed free trade in order to secure unhindered access to their markets. Fianna Fail's refusal to take their seats in the Dail allowed the free trade policy to prevail, for there was no other electorally effective

challenge to the Government. In this way the Irish state's economic policy reflected the class needs of big farmers and large scale industrialists. This was not a policy conducive to the development of new industry. It was difficult for fledgling firms to compete against the manufactures of larger companies, mostly based in Britain. These big companies undercut the prices of Irish produced goods through economies of scale. The free trade policy also put pressure on the petty-commodity producers, because it did not allow a policy of general state intervention to modify market conditions, or the rationalisation of small farms to increase their economic viability. Even though Cumann na nGaedhael introduced customs duties on a few products, such as butter, oats, oatmeal and bacon, there was no wideranging price support for agricultural products.

The free trade policy, therefore, isolated the small farmers, the unemployed and industrial workers and small-business entrepreneurs from the Government. In the early 'twenties these groups gave their support to the anti-Treaty section of Sinn Fein, partly because of its long-held aim of making Ireland economically self-sufficient. Although Sinn Fein's support varied widely at by-elections this can be explained by the abstentionist stance of the Party, a vote for which could be seen as a wasted vote. This changed in 1927 when Fianna Fail was formed after a split in Sinn Fein over abstentionism. At the first General Election it contested, in June 1927, Fianna Fail won 26.1 per cent of the vote, although it still did not have an explicit policy of entering the Dail. This was to change within the next two months.

When the deputy prime minister was assassinated on 10 July the Government responded by introducing a bill to compel Dail candidates,



upon nomination, to swear that if elected they would take the oath of allegiance as prescribed by the constitution. On 11 August the 44 Fianna Fail deputies took their seats in the Dail. At the General Election in September 1927 Fianna Fail increased its vote to 35.2 per cent and won 57 seats, only five less than Cumann na nGaedhael (Gallagher, 1985, p. 12). The Fianna Fail vote increased at each of the seven by-elections (two of which it won) held over the next six years. The major reason for Fianna Fail's increasing support was the development of its social and economic policies during this time. Gallagher (1985, p. 13) points out that: 'In particular, it emphasised the idea of tariffs and import quotas, to enable Irish industry to develop behind protectionist walls'. At the General Election in 1932 Fianna Fail won 44.5 per cent of the vote and 72 out of the 153 seats. It was supported by Labour and formed the Government.

The clear difference in economic policy between Fianna Fail and Cumann na nGaedhael in the 'twenties and 'thirties reflects, to a large extent, the class nature of Irish politics and the position of the country in the international market system. The free trade policy of the state, in the first decade of independence, was determined both by the class interests of the supporters of Cumann na nGaedhael and by the international economic orthodoxy of the time. But, Bew and Patterson (1982, p. 191) have noted that:

The more or less coherent social programme of mainstream Irish nationalism...(from) the early eighteen-eighties... meant the rejection of large cattle ranches in favour of smaller farms, more tillage and a larger agricultural workforce. For industry, it meant the project of an Irish industrial revolution probably assisted by the use of the weapon of tariff protection.

When Fianna Fail was formed it took this policy as a central tenet of its economic and political philosophy.

In this way the class cleavages which had been subsumed under the nationalist movement became obvious again. The cleavages can be seen in the support bases of Cumann na nGaedhael and Fianna Fail, and they underpinned the differences in economic strategy between the two parties. For Fianna Fail the need to create jobs determined the maintenance of agricultural employment through the modification of free market forces by the state. Further to this the project of an Irish industrial revolution could not be achieved without protection from the international market system. The adoption of such a policy was made easier by change in the international economic system.

The economic depression experienced in the 'twenties and 'thirties led many countries into putting up protectionist barriers. Thus when Fianna Fail took office their economic policy was in keeping with the trend in the international economy. The move to protectionism by the Irish Free State was given added impetus by the Anglo-Irish economic war. This was caused when Fianna Fail decided to withhold the land annuities from the British. This was the money being paid by Irish farmers, under British government schemes, to buy out their former landlords. In response Britain imposed tariffs on Irish agricultural exports and the Fianna Fail Government retaliated with tariffs on Irish imports from Britain.

Fianna Fail's policy of economic self-sufficiency included extensive support for agricultural goods. In 1933 guaranteed prices were introduced

for barley, wheat and oats, and protection was given to growers of sugar beet and to dairy farmers. Since Irish farming is heavily export orientated its development is directly involved with international market conditions. In the first decades of Ireland's political independence its market dependence on Britain continued. Consequently, the trade war between the two countries, over the land annuities, hindered Irish exports to the British market. Although Fianna Fail introduced export bounties to mitigate the adverse effects on farm incomes these were not sufficient to restore farm prices to their previous levels (Matthews, 1982, pp. 243-4). Also, whereas the Fianna Fail support policy for agriculture aided that sector of the economy, the industrial protection which the Government embarked upon raised the costs of agricultural inputs and the cost of living. Nevertheless, the perception of Fianna Fail as the Party with the interests of the small farmer at heart reinforced its support among the small-holders, despite their material difficulties.

Irish agriculture remained in the doldrums until it was given a fillip by international events. The Second World War, which caused disruption of agricultural output in the rest of Europe, increased the demand for Irish produce and revived farm prices. This situation was not to continue after the War though, as European production increased rapidly, leading to the reinstatement of protectionist measures and the closing of most markets to imports. Although the British market remained partially opened the amount of competing exports for sale there made for low-prices. Growth in Irish agriculture was thus restricted, the increase in volume over the seven years to 1960 being less than 1 per cent per annum (O'Connor and Kelly, 1978, p. 56). The low growth in Irish agriculture was encouraged by

the state guaranteed prices for agricultural produce. This supported the incomes of the petty-commodity producers and maintained many of the low-output and inefficient farms. The low growth meant that the children of farmers had to leave the land in search of work.

One of the main beliefs underpinning the self-sufficiency strategy was that it would help to create an indigenous industrial base which would provide employment opportunities for those leaving the land. However, production by the new indigenous firms tended to be orientated towards the domestic market. By the 'fifties many of these firms had reached the limits to growth imposed by the domestic market. Their protected market situation also encouraged inefficiency in production. Mainly for these two reasons this sector was unable to provide the employment needed to soak up those leaving the farming communities. In the mid-'fifties emigration was exceeding 40,000, which is all the more dramatic when compared to the birth rate of 60,000. Further to this the cost of the strategy was producing balance-of-payments problems.

The low growth in agriculture in the 'fifties, which led to increasing unemployment and emigration and decreasing incomes, was a major factor in the crisis of confidence in Ireland's economic viability which swept the country at the end of the decade. As Whitaker, one of the leading voices in the call for change in economic policy, put it: 'An integrated programme of national development for the next five or ten years which I believe will be critical years for the country's economic survival as an economic entity' is what is necessary (Economic Development, 1958, p. 227). The new strategy which was adopted led to the reorientation of

economic policy, marked by the First Programme for Economic Expansion in 1958. The dramatic shift which took place, from protectionism to free trade, saw a concentration on industrial development, based on the inducement of foreign firms to the Republic, as the major impetus to economic growth. The form the Republic's economic policy took was determined by events operating at two levels.

At the level of the world economy Wickham (1980) suggests that the main pre-condition for the opening up of the Republic's economy was the development of the trans-national corporation. Despite the fact that the technical feasibility for the international organisation of production within one firm existed since before the Second World War, Wickham (1980, p. 55) believes that: 'what appears to have been crucial in facilitating their development was political change -the development of an international order, initially under US hegemony'. He suggests that this development had two planks:

Firstly, the creation of an international monetary system based upon the dollar (Bretton Woods, 1944) (which) enabled the movement of profits and funds at a much greater frequency than direct investment appears to require. Secondly, the post-war settlement in Europe -a politically imposed settlement based on Marshall Aid and NATO, which tied the western half of Europe to the US.

The second level concerns the implications of the economic situation in the political arena of the Republic.

The crisis in the economy was reflected in political uncertainty. Fianna Fail's predominance in the political system came under challenge. In the General Election of 1948 Fianna Fail lost 7 per cent of its

vote and 8 seats. After sixteen years in office it was replaced by an inter-party government. Fianna Fail returned to office in 1951 but was unseated by another inter-party government which lasted from 1954 to 1957. Both main parties, Fianna Fail and Fine Gael, were coming to realise the need for a change in economic direction. As early as 1952 Mr Costello, Fine Gael TD and son of the former Taoiseach, was advocating economic planning based on Keynesian ideas. A growing liberal wing within Fine Gael took this as its central tenet. However, Gallagher (1985, p. 51) points out that the leadership of the Party was against any such policy for their 'attachment was to unfettered private enterprise'. It was not until 1964 that the views of the liberal wing were reflected in the policies of the Party. By this time Fianna Fail had already changed the economic direction of the Republic.

Fianna Fail, under its new leader Mr Lemass, had particular advantages in carrying through this new economic strategy. As Wickham (1980, pp. 57-8) explains:

Once the problem was posed ideologically as the very survival of the nation who better to rescue the nation than that party which had hegemonised the political articulation of national identity -Fianna Fail. Precisely because Fianna Fail was not linked directly to the dominant economic groups, it had the political room to manoeuvre, free from immediate pressure group constraints, necessary to reverse existing policies over a wide range of areas. At the same time, as the national party, it was ideologically independent of the apparent natural allies of an export-orientated policy...

Opening up the economy actually meant lessening dependence on Britain. Politically it meant, giving the international constellation of the nineteen-fifties, political dependence on the USA. The ideological basis of this shift is clear -given the identification of Britain as the historic enemy and the USA as the historic ally, such a relationship would hardly have been perceived as dependence.

In the same vein, Bew and Patterson (1982, pp. 189-90) have argued that the new economic strategy 'was crucial in reinvigorating Fianna Fail as the dominant mass party'. They point out that since the late 'thirties:

Fianna Fail propaganda has been directed at the removal of social conflict from the political stage, at presenting itself in deValera's words as 'a national movement rather than a political party organisation'. By the mid-nineteen-fifties this ideology was clearly in danger of losing any links to a material reality. Lemass realised that no attempts to reinvigorate the Party's 'national' status would succeed if they ignored the demands of the main organisations of the masses, the unions, for an expansion of the productive forces... (The strategy) served to link the unions to a process of 'expansion' which clearly subordinated both the number of jobs created and the social and taxation aspects of policy to the dictates of an essentially capitalist rationality of efficiency and competitiveness.

The interaction of the economic situation with the party political developments bears out our thesis that the politics of the Republic of Ireland must be understood in relation to the capitalist nature of the Irish state. The growing consensus between the two main parties on economic issues since the 'fifties is only understandable when related to the need of the capitalist state to guarantee the functioning of capitalism.

The economic options for the further capitalist development of the Republic in the 'fifties were limited. It was clear that exports would have to be increased substantially in order that imports could be paid for, without further increasing Irish foreign debt. One way to achieve this would have been to further subsidise exports by shifting government resources away from social welfare spending. Bew and Patterson (1982) have pointed out that this was the policy favoured by the Central Bank.

However, it is clear that the political parties took the view that this was an electorally untenable position. The policy that was chosen was the opening-up of the economy by dismantling the tariff walls. Opening the economy was the quid pro quo for inducing economic growth through the importation of foreign capital. A logical development in this strategy was the Republic's entry to the EEC and the further deregulation of trade.

### The Agricultural Sector

The First Programme for Economic Expansion had little to say on agriculture, being mainly concerned with the development of an industrial base. The guaranteed prices already in existence were maintained, although these were at a very low level throughout the 'fifties. The main objective this economic plan set out for agriculture was a substantial increase in beef production, since this was the one commodity which did not need an export subsidy (O'Connor and Kelly, 1978, p. 58). The Second Economic Programme 1963 gave greater attention to the agricultural sector of the economy. The Programme was informed by the realisation that much greater state subventions were necessary to encourage the exports of most agricultural produce. This was to be achieved by a greater emphasis on increased price supports. The subsidisation of the farming community had been made possible by the increased income from the industrial sector, where output and employment had increased substantially after the policy change in 1958.

It was believed at the time that this subsidisation would be temporary, since it was thought that the Republic would soon join the



European free trade zone. When this failed to transpire the financial burden of supporting agricultural prices placed a great strain on the Irish exchequer, which was partly relieved by the Anglo-Irish Free Trade Area Agreement, signed in 1966. This lowered tariffs on British industrial exports to the Republic on the one hand, and substantially increased quotas of Irish dairy produce going to Britain on the other. In this way the British consumer offset some of the cost of the subsidisation of Irish farmers. Even so, by the end of the 'sixties the effort to maintain Irish farm incomes threatened to overwhelm the financial capacity of the Irish non-farm sector, a pressure which was not relieved until Ireland's entrance to the EEC in 1973 (Matthews, 1982, p. 245).

Even with entrance to the EEC the overall decline in the contribution of the Irish agricultural sector to the economy has continued. Just after the Second World War agriculture was employing 38 per cent of the Irish labour force, producing 32 per cent of its GNP, and making up 75 per cent of its foreign exchange earnings (Matthews, 1982, p. 24). Between 1960 and the 'eighties the contribution agriculture made to GNP dropped from around 22 per cent to about 15 per cent. Over the same period agricultural employment declined by around 40 per cent and, by 1983 this sector only accounted for 15 per cent of total jobs in the Republic. In 1985 the Government projected a continuation of this trend, with a loss of 9,000 jobs, about five per cent of total agricultural employment, between 1984 and 1987 (Building on Reality, p. 26).

Despite the percentage drop in the contribution of agriculture to the Irish economy this sector remains a predominant aspect of Irish economic

activity, particularly because of its export orientation. In 1984 gross agricultural output was worth IR£2835 million of which IR£1725 was exported (Administration Yearbook, 1985, p. 332). This large proportion of output which is sold abroad is very significant to the balance of payments and, in relation to net foreign earnings, agriculture is even more significant than its gross export value suggests because of the relatively low import content in agricultural commodities. Even though employment in agriculture is falling, output in this sector is increasing. In the years 1980 to 1983 the cumulative percentage output growth in agriculture was 11 per cent, and in 1985 the Government expected a further 10 per cent increase over the period 1984 to 1987 (Building on Reality, p. 19). Looking at the aggregate figures, however, hides a more complex picture of structural change at which we will now look.

Irish agriculture is heavily dominated by cattle, with 36 per cent of total output being accounted for by dairy products while the beef herd makes up a similar proportion. Sheep, pig products and poultry contribute around 14 per cent of agricultural output, while tillage, which includes grain and vegetable products and sugar beet accounts for under 15 per cent of output (Administration Yearbook, 1985, p. 332). Climatically Ireland is not ideally suited to cattle production. O'Connor and Kelly (1978, p. 79) have noted 'that weather imposes one of the most serious constraints on the growth of Irish agricultural output'. They point out that high rainfall in Ireland makes conditions for cattle farming difficult, for although this type of weather is ideal for grass growing it is not suitable for conserving grass or for grain growing for winter feed. Consequently, they conclude, Irish cattle are well fed in the summer but badly so in

winter. Yet, if the Irish climate is not wholly suitable for cattle production, the country's place in the international economy has more than made up for such adversity in the structuring of the Republic's agricultural output.

From the mid-'fifties the cattle herd in the Republic began to grow from the total of around 1.2 million which it had been at for almost a century. There were several reasons for this. Firstly, in 1964 the Government introduced a subsidy on each additional heifer as an impetus to increasing beef production. This scheme was discontinued in 1968, but the prospect of the Republic's entry to the EEC, with its large demand for beef and relatively higher prices, sustained the growth in the beef cattle herd (EEC Report, 10, 1975, p. 30). By 1977 Ireland exported over 1.6 million cattle. This figure increased to 1.85 million in 1980, whereafter it declined to 1.4 million by 1983 (Administration Yearbook, 1985, p. 333).

The second component in the growth of cattle numbers is the increase in milk output. Growth in the consumption of fresh milk is obviously constrained by the limits of the domestic market. On the other hand, the processing of milk, particularly into butter, has increased substantially. As part of Fianna Fail's self-sufficiency strategy in the 'thirties guaranteed prices for butter sold on the home market, and subsidies on butter for export, were introduced. Matthews (1982, pp. 246-7) details the various price support arrangements which were made in the 'fifties and 'sixties. He points out that what underpinned the changes in these arrangements was the attempt by government to restrict the increasing cost of the support policy and, he suggests, that entrance to

the EEC saved government from the need to further restrict its commitment in this regard. The guaranteed prices and larger market of the EEC has encouraged the production of increasing amounts of dairy produce from the Republic. Milk prices have risen since 1975 by over 125 per cent and this is reflected in increased milk intake at Irish creameries, which has reached around 1 billion gallons per year, compared to only 708 million in 1972. It is in this regard that the high percentage of pasture land in the Republic of Ireland, 12.5 million acres out of a total of 14 million acres, is understandable.

Entry to the EEC helped the cattle and dairying farmers in several ways. Firstly, it gave them access to a much larger market than the British market on which they were dependent. Secondly, prices for beef and dairy produce were much higher in the EEC and this is reflected in higher earnings amongst farmers in the Republic. Walsh (1981, p. 288) notes that 'between 1972 and 1977 the average farm income per family worker in farming rose by 245 per cent, compared to an increase of 195 per cent in average industrial earnings'. Thirdly, the total cost of the subsidisation of the Irish agricultural sector for Irish consumers was substantially reduced, since the transfer of resources is now borne by the EEC consumers. As Barrington and Cooney (1984, p. 94) note: 'For every IR£100 gained by a farmer from a price increase, IR£70 is paid by consumers in other member states and only IR£30 by Irish consumers'.

Two main questions can be raised about this improved situation for Irish farmers, however. We have seen that growth in agriculture is concentrated on cattle. O'Connor and Kelly (1978, p. 80) note that a cycle

occurs every nine or ten years causing prices to collapse and suggest this is 'bound to occur again in future years'. Secondly, agriculture's improved position, due to the CAP, came about in years of a buoyant market. This is no longer the case and in recent years the whole concept of the CAP has come under increasing pressure. In this regard, the Commission in 1983 proposed a levy on surplus production of milk above 1 per cent of total deliveries in 1981. This policy would have meant a cut in milk production of around 13.5 per cent and a loss of more than IR£100 million to the Irish economy. After the Taoiseach, Dr FitzGerald, threatened to invoke the veto on this policy, and thus throw the EEC Budget into disarray, a deal was eventually arrived at which allowed Irish milk production to increase in 1984 by 4.6 per cent on 1983 levels (Barrington and Cooney, 1984, pp. 95-8). Despite the fact that the Irish Government was satisfied by the compromise it is clear that the EEC market for dairy produce has reached its growth potential and this is likely to prevent increases in Irish output to the extent experienced in the first decade of membership. Most recently, in November 1986, the European Commission proposed to cut milk production by 10 per cent for the 1988 to 1989 season. It also proposed to abolish the System B dairy quotas used in the Republic of Ireland, the United Kingdom and France. This allows farmers who overproduce to take up any unused quota of another farmer.

Entry to the EEC, a boon for agriculture in general, has not helped the petty-commodity producers. This sector of the Irish farming community has become increasingly marginalised. As Peillon (1982, p. 12) points out:

Mechanisation, crop specialisation, flexibility of response to a fluctuating market -in short, everything that is meant by viability and development potential- cannot easily be achieved by small scale farming. The characteristics of the most successful farmers are rarely found among small farmers: willingness to borrow, high educational level, involvement in agricultural organisations, and so on. The policy of modernisation backed by successive governments is aimed at increased agricultural productivity and at the same time at guaranteeing a decent standard of living for farmers; it encourages land reorganisation, facilitates productive investment, promotes innovation as well as up-to-date farming methods. But this policy is a costly one in social terms, involving as it does the elimination of small farmers and a significant overall drop in the number of farms, while the possibility of reabsorption remains severely limited.

The commercialisation of farming is the crux of development in the agricultural sector and is manifest in the dichotomy between large and small production. O'Connor and Kelly (1978, pp. 72-3) note that although the total number of registered farm holdings has remained fairly steady 'many of these holdings are now virtually derelict, being operated by old people who are unable or unwilling to work them well. Other people purchase farms as a hedge against inflation and have little interest in working them either'. They conclude that whatever growth is being achieved in agriculture arises on about two-thirds of Irish farms and that very little, if any, growth is coming or will come from the other third unless they are transferred to those people who will farm them efficiently. The dichotomy in farming has been exacerbated by the opening-up of the economy to the full demands of the international market system.

### The Industrial Sector

The change in the Republic's economic strategy in the late 'fifties came about because of the internal political crisis produced by the failure of the strategy of self-sufficiency to provide the wealth and employment

to satisfy the needs of the Irish people. Further to this Fianna Fail's policy of subsidisation stretched the financial resources of the state to breaking point. By maintaining incomes it encouraged the persistence of petty-commodity production in agriculture, which could neither expand wealth creation nor job opportunities sufficiently. Protection of the industrial sector also saw the orientation of production to the domestic market, for with reciprocal tariffs on Irish exports by other countries Irish exports were uncompetitive on international markets. In response to this situation of low economic growth, a strategy of industrialisation was embarked upon. The stimulus to industrial export and employment increases was to be the import of foreign capital. It was hoped that this new economic strategy would benefit the Republic in several ways.

It was thought that by attracting foreign firms an industrial base could be established quickly and relatively cheaply. These firms, it was believed, would establish links with the economy around them, providing business opportunities for Irish entrepreneurs. This industrial development, by increasing economic activity, both directly and through multiplier effects, would promote economic growth and decrease unemployment. Since the foreign firms would be export orientated this would aid balance of payments equilibrium. Further to this it was thought that the export markets of the new foreign industries would change the Republic's trade dependency on Britain. Overall, it was believed that an indigenous industrial base would develop to such an extent that it would become self-sustaining and the attraction of foreign firms, on a large scale at least, would become unnecessary. We will now examine the success of this strategy in light of these hopes. We will start with the general picture of industrialisation.

The industrial sector of the economy has been making an increasing contribution to GDP and employment. In the nineteen-fifties it accounted for around 28 per cent of GDP, but by 1986 it made up over 35 per cent. With the service sector's contribution remaining fairly constant, at over 45 per cent of GDP during this period, the increase in contribution of the industrial sector to output was necessary to offset the decline in the agricultural sector, which it more than did. In relation to employment, however, the change has not been as successful. Despite the fact that industry has increased its percentage of employment this has not been sufficient to make up for the loss of jobs in agriculture along with the overall increase of the working population. The number of people seeking work in the Republic has increased quite dramatically since the 'sixties. Ironically this has largely been a result of the increased economic activity in the country which, until recently, encouraged those seeking employment to stay at home rather than emigrate. This tendency was further strengthened by the reduction in job opportunities in Britain, the major source of employment for Irish emigrants.

An aspect of Irish economic development since the 'sixties is that increases in industrial output have not been matched by proportionate increases in employment. Recent figures show that cumulative manufacturing output grew by 7.5 per cent in the period 1980 to 1983 but employment fell slightly. It is expected that cumulative growth over the years 1984 to 1987 inclusive will be in the region of 36 per cent for manufacturing industry but that this sector will generate only around 12,000 to 14,000 net jobs by 1987 (Building on Reality, pp. 19-21). Kennedy and Foley (1978, p. 94) suggest that the reason why the rapid



growth in output has not been accompanied by a proportionate increase in employment in manufacturing is related to a growth in capital intensity. This is a point we will return to later.

### The Indigenous Industrial Sector

Looking at aggregate figures hides structural changes which have occurred within the industrial sector. A report by Telesis (international economic consultants) for the National Economic and Social Council (NESCC, 1982, p. 12) showed that although the total number of jobs created in manufacturing during the period 1973 to 1980 was 21,850 only 2,000 of these were in areas where indigenous-owned firms (i.e those with a majority Irish holding) predominated. Thus it found that the number of jobs in textiles, clothing and footwear fell by more than 10,000 over the period. This was matched by increases in sectors where foreign firms predominate, such as metals and engineering (more than 5,000), food, cement and glass, and printing and packaging (2,000 each). Output too has fallen in the areas where indigenous-owned manufacturing industries are located and increased in those sectors in which foreign firms dominate. From 1975 to 1983 output in the first group dropped, by 1 per cent in textiles, 6 per cent in timber and wooden furniture production, and 17 per cent in clothing, footwear and leather manufacture. In the second area output increased by a dramatic 173 per cent in chemicals and 93 per cent in metals and engineering, albeit from a small base (Administration Yearbook, 1985, p. 349).

In relation to exporting, indigenous manufacturing has also done relatively poorly. To some extent exports from the manufacturing sector may be overrated in comparison to other sectors since manufactured exports have a higher import content than other exports. In this respect McAleese (1984, p. 146) notes that:

...on average every £100 increase in manufacturing output (excluding food processing) requires roughly £50 of imported materials and services. Secondly, as incomes increase, people spend more on imports and the marginal propensity in this regard is much higher than the average (of the EEC countries). The combined effect of these two forces can be to create up to £80 of demand for imports for every £100 of additional output.

Within the manufacturing sector indigenous companies exported less than one-third of their production, in comparison to almost three-quarters for the foreign sector (NESC, 1982, p. 13). Of course it might be suggested that indigenous firms are old and backward. However 1,262 new indigenous companies were set up between 1973 and 1980, but a third of these were established in the declining clothing, footwear and textiles sectors.

In relation to the Republic's attempt to shake off its economic dependence on the United Kingdom the evidence suggests some success here. In 1973 50.8 per cent of the Republic's imports were provided by Britain while almost 55 per cent of exports went to the British market. Ten years later Irish imports from Britain had dropped to around 45 per cent and exports to the British market declined to just under 40 per cent (Administration Yearbook, 1985, p. 351). Thus the British market has

remained predominant in Irish trade. We will now sum up the evidence on the indigenous manufacturing sector.

Indigenous-owned enterprises are concentrated in the declining sectors of the economy. They tend to be in areas where output and employment are decreasing. The Irish firms are largely dependent on traditional forms of production, traditional products and traditional markets. The hopes of successive governments that these generally would expand their markets, employment and output have not been realised. To achieve this NESC (1982, p.16) argue that 'the opportunities for Irish industry lie in better exploiting the market provided by multinational companies currently in the country, and in expanding current industries, now serving only Ireland and the UK, to serve the rest of the EEC market and beyond'. The multinationals are, therefore, of central importance to the Irish economy.

### The Foreign Industrial Sector

We will now examine the growing contribution foreign firms have made over the years and judge their success, once again, in terms of the goals successive governments have set this sector. The aim was to increase employment by expanding economic activity. This was to be achieved by industrial development based on the importation of foreign capital. The first issue we will look at is the question of employment. This will be approached from two angles. On the one hand, the extent of actual job creation and, on the other, the quality of these jobs. On the first point, foreign-owned firms employ about 80,000 people in the Republic of

Ireland, or about 34 per cent of the total manufacturing workforce. The increase of over 20,000 in the number of jobs provided by overseas firms from 1973 to 1980 contrasts with the modest increase of just over 2,000 jobs in indigenous industry over the same period (NESC, 1982, p. 18). In terms of total employment creation foreign firms are thus of major importance to the economy.

Despite this contribution to employment, it has long been accepted that foreign investment tends to be largely capital intensive. Farley (1972, p. 18) noted that 'the period 1953 to 1967 was marked by a rising capital to labour ratio in 42 out of 44 manufacturing industries in Ireland'. Kennedy (1974, p. 55) suggested that the reason for this was that: 'While the size of the grant may be influenced by the projected employment, there is no incentive for an enterprise to meet or exceed the employment target once the grant is received'. To redress this situation governments have attempted, through differentiation in grants, to sponsor companies with high ratios of labour to capital in their production processes. As McAleese (1974, p. 83) points out 'a project with a high capital/labour ratio will, all things being equal, receive a lower percentage grant on fixed assets than a project with a less capital intensive profile'. Recent figures seem to demonstrate some success for this policy. Between 1978 and 1980 well over half of the new foreign companies in the Republic were capital intensive and yet accounted for 57 per cent of job approvals. But NESC (1982, p. 21) found that:

A number of those in new foreign-owned ventures we interviewed indicated that they had been overly optimistic about projections for employment... because it was expected of them. Others said that they indicated 30 per cent or 40 per cent more jobs than they expected because "the IDA only expects to get a 60 per cent hit rate".

Thus, although foreign firms have contributed substantially to total job creation, the fact that they tend to be capital intensive means that many more overseas firms will have to be attracted if employment prospects are to be improved.

The second aspect of the jobs created by foreign firms relates to the quality of the employment offered by them. Farley (1972, p. 18) has argued that these firms tended to employ mainly unskilled labour thereby adding little to the skill content of the Irish workforce. More recently, NESF (1982, pp. 19-20) report that in mechanical engineering firms 'consist mainly of sub-assembly and assembly shops of the sort commonly found in newly industrialising societies'. In the chemicals and pharmaceuticals sector, 'only two of the thirty-two foreign companies surveyed carry on research and development in Ireland and none managed the distribution from Ireland'. Thus, while foreign firms are important to job creation, their significance in this respect is tempered by the fact that they tend to provide largely unskilled assembly-type work.

The second major aim of inviting in foreign firms was to encourage indigenous investment to move into manufacturing. But Irish entrepreneurs have failed consistently to invest in the Irish manufacturing sector. We have argued that this must be understood by reference to the fact that the Irish bourgeoisie developed as a class of traders, large farmers and those in the liberal professions, rather than as a class of industrialising entrepreneurs. While the policy of self-sufficiency gave openings for industrial development this was orientated to the domestic market, which

limited the scale of enterprises and created a myopia in entrepreneurs' market development. In relation to this lack of an industrialising bourgeoisie Sweeney (1973, p. 284) points out that:

We (the IDA) found it a considerably more difficult job to induce a local investor whose experience and tradition disposed him to other endeavours such as commerce, agriculture or the professions to undertake a venture in the manufacturing field than it (was) to convince a long-experienced entrepreneur from a highly developed industrial society... You must convince your local entrepreneurs that besides being a patriotic duty it is in their interest to save and invest in manufacturing, to study opportunities for either undertaking industrial ventures on their own or going into partnership with others. ...until such times as local entrepreneurs are willing to enter the manufacturing field, we will have to rely on outside venture capital and know-how.

The aim that foreign capital would boost the indigenous sector, therefore, has not been realised. The NESC (1982, p. 16) suggests two problems:

Few of the newly created businesses serve the sub-supply needs of foreign firms in Ireland. Only eight per cent of the components and sub-assemblies used by the largest foreign sector, engineering, were sourced in Ireland in 1976. In Belgium, a small country with a similar proportion of foreign owned firms, indigenous firms are three times as successful in supplying the requirements of foreign owned companies.

The overall impression is that individual entrepreneurs and investors have rarely been able to develop significant export businesses beyond the 'British zone' and that most successes have required some form of continuing external support from public procurement or direct transfer of human skills from abroad -for example, through Irishmen returning after gaining extensive experience abroad.

Investment opportunities for indigenous entrepreneurs and the development of a skilled labour force and managerial staff must be examined in relation to the linkages of foreign capital to the local situation.

While foreign and Irish new grant-aided firms in the food industry (where labour-skill is low) both had very high backward linkages with the Irish economy, in other sectors the import content of foreign firms was clearly higher than that of the new Irish grant-aided firms. For instance NESO (1982, p. 21) found that of sixty companies in Electrical Engineering 'none have a truly stand-alone operation in Ireland, and only three have operations in Ireland which embody the key elements of the company's business. All the others are currently manufacturing satellites, performing partial steps in the manufacturing process'. In concluding our review of the changes in the manufacturing sector since 1958 it must be remembered that the open-door strategy was pursued with the large, unskilled labour force and the lack of incentives for indigenous entrepreneurs in mind. It was believed that foreign capital would become involved in the training of the former, and new opportunities would be created to help the latter overcome their myopia. It is clear that these expectations have not been realised.

Another major issue concerning the Republic's open-door policy concerns the dominance of foreign interests. This is an issue often misunderstood in the Irish case. The problem arises when it is assumed that the home country of a foreign firm operating in the Republic may try to influence the party political situation in the country, through the actions of that firm. As Seers (1981, pp. 137, 135) points out Chile (1970-3) provides the causus classicus of foreign intervention by this means. But, as he further suggests, such dramatic occurrences are only likely when states attempt, to some extent, a delinking from the world capitalist system. The Republic, once it invited in foreign companies and opened up

its economy to free trade, has not tried to expropriate foreign capital or impose substantial controls on it, nor to exclude imports, the major aspects a delinking strategy would involve. In this sense foreign companies are not used as instruments of their home country to purvey a particular political line in the Republic, simply because this is not needed.

A second strand to the question of foreign dominance concentrates on the economic power of firms. But even here commentators are sometimes over conspiratorial in their analyses. Thus Long (1976, p. 73) presents the view that 'it is also true that it is quite convenient for these (multinational) firms through collective effort to make joint demands to the Irish government'. There is no doubt that there is a bargaining process that is gone through, between the firm and the IDA over grants and subsidies etc., but once again there is no need for any underhand political machinations. Successive Irish governments have done the utmost to create the climate in which foreign capital can thrive. As Jacobsen (1978, pp. 298-9) notes:

Distinctions between Ireland's plight and the traditional images and circumstances of exploited nations are instructively illuminated (with or without a trace of black humour) by an economist who shrewdly cites several reasons for the ostensible harmony between foreign firms and the natives. First, the national composition of foreign ownership is quite diverse (33% British, 29% American, 19% German...), therefore the political animosities aroused by instances of direct domination such as that of United Fruit in Honduras, or Firestone in Liberia do not arise in Ireland. Secondly, tax evasions... noted as a standard feature of multinationals elsewhere are obviated as a source of tension since no tax is imposed on exports anyway... Thirdly, xenophobic (?) resentment over excessive profit rates by foreign firms is largely muted since Ireland does not compel disclosure of this intimate information! (According to the US Chamber of



Commerce, Ireland was the most profitable country in manufacturing investment in the world in the mid-seventies with an average adjusted earning rate of return of 29.5 per cent).

The Republic of Ireland's dependence is not the result of a coercive political dominance by other outside forces but as an integral part of the world capitalist system and the belief of its main political parties in the development of the country along capitalist lines.

The thrust of state strategy, since the 'fifties, has been to introduce the Republic of Ireland wholeheartedly into the international market place, a system based on the free mobility of labour and capital. We have seen that for agriculture this meant the commercialisation of farming with the tendency toward the concentration of holdings on the one hand, and the demise of the 'family-farm' as a way of life on the other. This shake out of excess capacity was to be expected in the agricultural sector, but these freed resources, it was believed, would be taken up by a newly thriving industrial sector, sparked into life by the import of foreign capital. This has not been achieved. The indigenous sector has become increasingly dependent on the foreign component, rather than more independent.

In overall terms, the growth generated by foreign firms in the Republic has not been sufficient to attain full-employment. NESF (1982) submit that it is reasonable to expect a continuation of job losses in foreign-owned firms at a rate similar to that of the past decade. This means that new companies must be attracted in order that sufficient employment gains will be registered to effect a reduction in the overall

unemployment rate. This has important consequences for governments' management of the economy. Stanton (1979, p. 108) argues that it forces the Irish state to provide relatively cheap basic labour. In Chapter Four we will examine how the state has set about this project in general. At this point we will show its implications for government policy in the state sector of the economy, which is of particular importance because of this sectors strategic position.

### The State Sector

As with other developing economies the growth of direct government intervention into the commercial arena has been witnessed in the Republic of Ireland, with the setting up of statutory corporations and publicly owned companies. Such companies, referred to in Ireland as state sponsored-bodies, vary widely in their size, form and business concerns. It is therefore difficult to come up with a definition to cover them all, other than in a general way. The Ministers and Secretaries (Amendment) Act 1973 asserts that this sector comprises: 'such bodies established by or under Statute and financed wholly or partly by means of grants or loans made by a Minister of State as may stand designated for the time being by regulation made by the Minister'. As Ritchie Ryan (1973, p. 387), a former minister for the public services, noted a body is a state-sponsored body if a Minister for the Public Service says so. This difficulty in laying out strict parameters to cover all the state-sponsored bodies is the clearest indication of their raison d'etre. They have grown up pragmatically, to fulfill particular needs which no other private body would, or could, discharge.

Under the Ministries and Secretaries Act 1924 the Government of the new Free State sought to concentrate the business of central government in the hands of its ministers. But, within only three years bodies had had to be set up which brought back, in a new form, the system of autonomous boards, which had existed under British rule, to carry out specific. The reasons for the setting up of the first four bodies in 1927 bear out the diverse origins of the state-sponsored sector. As Barrington (1980, p. 59) informs us:

The Agricultural Credit Corporation was intended to fill a gap arising from the shortage of credit to farmers at that time. The Dairy Disposal Company was established to take over agricultural processing industries that were collapsing. The Electricity Supply Board was established to provide for a major piece of infrastructure for the society. The Medical Registration Board was established, like the Dental Board in 1928, basically to control the profession by means of regulation.

In regard to the variety of their nature Chubb (1982, p. 271) has noted that: 'State-sponsored bodies do not constitute a neat or even coherent group of public authorities. On the contrary, a thoroughgoing pragmatism uninfluenced by socialist doctrine or administrative theory was the main feature of their growth and development in Ireland'. The number of these bodies has continued to increase so that by 1979 there were around one hundred of them (for a list see Chubb, 1982, pp.354-5). Their contribution to the economy has also increased steadily so that by recent times 'they employ about one-quarter of the public service and consume about half of the state's annual investment programme' (Barrington, 1980, p. 60).

In general, this sector can be divided into two groups, under the headings of commercial and non-commercial bodies. This latter group can

be subdivided further, according to the activities that the bodies are engaged in: marketing, promotion, research, advisory and training services, registration and regulation of professions, and miscellaneous bodies providing services, mainly in the health field (Barrington, 1980, p. 60). It is the group of commercial state bodies which we will concentrate on here. This is the larger part of the state-sponsored sector, employing over five times as many people as the non-commercial sector (Humphreys, 1983, p. 86). This sector is comprised of 'those bodies, usually known internationally as public enterprises, which received all or most of their revenue from the sale of their products: they carry on activities which, in other countries, may be found in the private sector' (Bristow, 1982, p.165).

Essentially the state-sponsored sector has grown up as a response by government to the needs of economic development, in areas where the private sector has failed to provide the necessary kind of economic activity. As Lemass (1958, p. 278) put it: 'State financed industries have been set up only where considerations of national policy were involved or where the projects were beyond the scope of, or unlikely to be undertaken by, private enterprise'. The state-sponsored concept and the conglomeration it has produced has proved very pliable in the face of changing economic orthodoxy. It was developed in the era of 'self-sufficiency' in the nineteen-thirties and conversely, it was under its guise that the bodies for the promotion of the outward-looking policies of the nineteen-fifties were set up. As Bristow (1982, p. 166) notes:

The nineteen-thirties saw the nearest thing Ireland has experienced to the use of public enterprise in pursuit of an ideology -that is, economic self-sufficiency... The Irish Sugar Company was set up in 1933 and the decade saw the beginning

of governmental involvement in peat production (which led to the eventual establishment of Bord na Mona in 1946) and in air transport with the foundation of Aer Rianta in 1937. Import substitution continued to be important in the nineteen-forties with the nationalisation of Irish Steel in 1947 and even after self-sufficiency had ceased to occupy a central position in development policy (Nitrigin Eireann and the British and Irish Steam Packet Company were set up as late as 1961 and 1965 respectively). A variant of it -security of supply of imports in times of international trouble- is still alive today. Not only did this idea provide the rationale for the foundation of Irish Shipping in 1941 but, in 1979, it was the stated justification for the establishment of the Irish National Petroleum Corporation (INPC) and the taking over by that company of the Whitegate refinery in 1982.

The state-sponsored sector has come under increasing review by successive governments. The main reason for this is related to attempts to direct the economy and, in particular, to control general wage rates. The first impetus to a review of the state-sponsored sector grew out of the movement into large scale planning of the economy at the end of the 'fifties. When this planning was embarked upon the realisation of the strategic importance of the commercial state-sector began to dawn, although quite slowly at first. Lemass, who presided over the change, saw the importance of state-sponsored bodies in the planning process. However, Bristow (1982, p. 171) points out that the first few programmes for economic development 'hardly affected the role of the public sector at all', and he further suggests that:

...the obsession with questions such as 'how can we get the private sector involved in plan construction to the extent that it will actually do what the plan sets out for it?' explains why, at a time when institutional innovation was probably more acceptable than it had been for a long time, an opportunity for a fundamental review of the objectives and policies of state-sponsored bodies was not seized upon.

In general, the earlier reviews argued for greater centralisation of the state-sponsored sector so that stronger ministerial control could be exercised over the various bodies, to ensure that new guidelines of efficiency were met. In this respect Chubb (1982, p. 280) notes that: 'Problems of ministerial control are comparatively recent. They hardly arose in the first twenty or thirty years of the state's existence, when there were comparatively few state-sponsored bodies and when most of those few were reckoned to have commercial objectives'.

Another reason why there was relatively little concern for fundamental appraisal was probably the lack of financial problems related to this sector. As Bristow (1982, pp. 168-9) points out, in the early years:

...the ESB was receiving a small subvention for rural electrification and the need for a subsidy to CIE had only just been recognised. All other enterprises at least broke even. The financial health of the semi-state sector gave the political and administrative machinery an excuse for its lack of concern with the way in which resources were used in that sector and was a major contributory factor to the prevailing view that efficiency required the minimum interference with the operations of these enterprises.

More recently, however, there has been increasing concentration on the economic performance of state-sponsored bodies. In this respect the Devlin Report, published in 1969, which reviewed the public services, recommended that:

...the public bodies must be effectively integrated in the public sector... commercial state sponsored bodies should be linked to the (Departments) to which they are functionally related... sponsoring Departments should not interfere in viable commercial enterprises but should actively engage in the definition and review of goals, the appraisal of results and the control of capital expenditure (pp. 163-4).

Despite the fact that the recommendations of the Report were never formally accepted or fully implemented they have still been influential. This was particularly so when set against the intellectual milieu of the time, which saw the increasing application of cost-benefit analysis to public budgeting and decision-making. Several studies were carried out using this type of analysis on a number of public expenditure programmes in the Republic in the 'seventies (Bristow, 1982, pp. 171-2). An important development was the establishment of the Joint Oireachtas Committee on State-sponsored Bodies in 1976. This was formed to appraise the performance of this sector. It was reconstituted under the title the Joint Committee on Commercial State-Sponsored Bodies in 1983 and has published twenty reports (for a list of the reports see Administration Yearbook, 1985, p. 113).

The most recent critical attitude by government to the state-sponsored sector has arisen out of the increasingly large part this sector plays in the economy and the rising cost of these services. Thus the Coalition Government's economic plan Building on Reality: 1985-1987 (p. 68) presents the view that: 'Recently major cost overruns and catastrophic losses have seriously damaged the image of public enterprise. Many of the commercial state bodies, once a source of innovation and dynamism, have become a drain on national resources, and a burden on the taxpayer'. The Government plan pinpoints three problem areas:

- failures in planning, project design and execution, including weak management and in some instances inadequate Board supervision;

-excessive Government emphasis on social and other policy objectives, leading to heavy investment in industries which did not have good prospects;

-lack of clear definition by Government of the strategic, economic and social roles of the State enterprises and failure to develop accounting arrangements and performance targets which would enable Government to appraise the results achieved by public enterprises against agreed policy requirements.

Essentially the Government's new approach to public enterprise means that: 'Primary emphasis will have to be placed on developing modern industry with emphasis on commercial viability and profits' (Building on Reality, p. 67).

The reappraisal of the state-sponsored sector using commercial criteria arose out of the Coalition Government's desire to use these bodies to direct the economy. In this respect the Labour Party, the minor partner in the Coalition, had long argued for the setting up of a National Development Corporation (NDC). It saw the NDC as a co-ordinator of the state sector with the aim of creating jobs, because the private sector had failed to expand sufficiently to prevent unemployment from increasing. In June 1983 the Minister for Industry and Energy, Mr Bruton, met the chairmen and chief executives of the seven largest commercial state-sponsored bodies. The seven bodies (Electricity Supply Board; Bord na Mona; Bord Gais Eireann; Nitrigin Eireann Teoranta; Irish National Petroleum Corporation; Irish Steel and Ceimici Teoranta) have a combined turnover of £900 million and a workforce of 21,500. The seven bodies had their share capital invested in the NDC, as a holding company. The initial equity capital was set at £200 million, much less than the Labour Party's proposal of £500 million. Cabinet responsibility was invested in Mr Bruton.



The Joint Programme for Government issued by the Coalition partners suggested that the NDC would become a major vehicle for job creation through direct state investment aimed at import substitution and export markets, while stimulating projects within the existing public sector and engaging in further public or joint venture projects. However, in office the main thrust of the proposals became clear. Before Mr Bruton's round of meetings with the seven bodies to be included in the NDC it was suggested that he would be emphasising the need for the companies to adhere strictly to the Government's wage guidelines (Irish Times, 7 June 1983). After his meeting he called on the seven bodies to become more commercially orientated and to draw up five year corporate 'rolling' plans in respect of their activities. The preparation of the plans would be a matter for the boards in the first instance and would subsequently be agreed with government. He revealed that the seven bodies had debts of £1,222 million between them and argued for greater efficiency in the state sector, expressing his concern at the low rate of return on the investments of the state-sponsored bodies relative to the rate of interest on borrowed funds.

The concern with measuring the effectiveness of the state-sponsored bodies is essentially a response to the new economic orthodoxy prevalent in western capitalist countries in general. The aim of many governments has become the balancing of its country's outlay with its income (Building on Reality, pp. 127-8). The commitment to free trade, and membership of the EMS has removed major instruments (tariffs on imports, subsidies on exports, devaluation of the currency) by which Irish governments can influence the competitiveness of Irish goods on

international markets. In their place Irish governments have attempted to control the price of goods by controlling production costs, particularly wages. This is the most important aspect of the present concentration on the profitability of commercial state companies, because of the special position these companies have in the Irish economy.

The strategic position of the state-sponsored bodies in the economy means that this sector exerts more influence, as far as government attempts to manage the economy are concerned, than would be expected given its proportionate size to the rest of the economy. Its strategic importance has several facets. First of all government may alter certain aspects of the economy directly through the state sector. It can, and has, created employment through, for example, a building programme by the National Building Agency. It could increase economic activity by means of its lending organisations, such as the Agricultural Credit Corporation or the Industrial Credit Company. It might aid economic activity in general, by reductions in fuel charges through the Electricity Supply Board or Bord Gais Eireann. Thus a government can affect the market world in which private enterprise operates through the pricing and supply of the tradeable products of the state-sponsored sector,

The most important facet of the strategic position of the state-sponsored sector is that since it is controlled by the government of the day, in the final analysis, the pay increases awarded there are looked upon, by both the private sector employees and employers, to test a government's determination on the wages front. It is for this reason that government is not just concerned with the situation within the state

sector per se. It is to a large degree also concerned with the effect this sector has on the rest of the economy. The concentration by governments on the control of public sector pay rates is related to the strategic importance of that sector in influencing general changes in pay levels throughout the economy. Thus, the Government economic plan asserts:

Public Sector pay ultimately affects the international competitiveness of the economy to the extent that it has to be paid for by taxation or charges for public services. In Ireland, these compare unfavourably with our trading competitors. This factor must be taken into account in determining pay developments in the public sector. The overriding need to restore balance to public finances must be a primary consideration in public sector pay developments.

The need for governments to be involved directly in controlling wages must be understood within the Irish development pursued since the 'fifties. This has meant government giving-up other ways of influencing the competitiveness of Irish goods. The commitment to free trade which membership of the EEC demands<sup>1</sup> means that tariffs cannot be put on imports, nor subsidies on exports. Further to this, entry to the EMS has ruled out substantial devaluations in the Irish currency. This is an aspect we will be looking at in the next chapter. At this point we will sum up the major points of our analysis so far.

### Conclusion

In this chapter we have argued our essential thesis that the development of Ireland must be understood by the capitalist nature of the

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1. 'The European Community's Legal System.' European Documentation Periodical 5/84.

Irish economy and its position within the international economic system. Analysing Ireland in this way provides an understanding of the interaction between the political and economic forces affecting the country. Up until the mid-nineteenth century British involvement in Ireland had important implications for the social formation in Ireland. British state policy had maintained a feudal class system in agriculture where the mass of farmers worked subsistence plots or small farms and were forced to pay rent to landlords.

In the mid-nineteenth century the strategy of the British state altered towards Ireland. This was the phase of capitalist imperialism. The state sought to provide the conditions for the functioning of capitalism. This meant breaking down the feudal class system in agriculture by removing the producers from their means of production. This entailed making the sale of land like the sale of any other commodity. To do this the power of the landlords, whose interests lay in maintaining this class system, had to be broken. The project of the state, in this respect, became de facto allied to the tenant struggles at the end of the nineteenth century. The result was the establishment of a rural bourgeoisie, a large section of which was based on petty-commodity production. This hampered the development of capitalism in agriculture and retarded the possibilities of economic growth in this section of the agricultural economy.

Capitalist imperialism might have been expected to create an industrial revolution in Ireland. It provided infrastructural developments, particularly the building of railways, which, within the capitalist project,

had two functions. Firstly, they created opportunities for the investment of finance capital. Secondly they provided a proletariat, that is a class of workers whose only means of subsistence was to sell their labour on the open market. These opportunities, however, were not taken-up, on a large scale at least, by the Irish bourgeoisie. We have argued that this must be explained by reference to the socio-economic character of this bourgeoisie and the historical forces which fashioned it.

The emerging Catholic bourgeoisie had been forced into commerce by laws passed in the seventeenth and eighteenth centuries. When these laws were relaxed at the end of the eighteenth century the capital held by the Catholic bourgeoisie tended to be employed for their education in the professions, in ostentatious displays of wealth and in the purchase of land. Much remained in commerce, and that which did go into industrial and infrastructural projects did so only when the initial risks had been borne by British investors and in this way returns proven. Ireland at independence, therefore, continued to lack a sufficiently strong indigenous industrialising bourgeoisie. This was a situation to which the state had to address itself.

The primary function of the capitalist state is to create the conditions for the functioning of capitalism. A determining factor on this project is the position of the economy in the international market system. This is particularly important for small states such as Ireland which are heavily dependent on trade. Further to this, in a liberal-democracy political parties must encourage the development of capitalism, while at the same time achieving support from the classes within the country. We

have seen that the class cleavages which existed in Ireland before independence were subsumed under the unifying influence of the nationalist struggle. They were to become more obvious again in the divide over the Anglo-Irish Treaty which established the Irish Free State.

Within this framework we argued that in the first decade of independence the economic policy of Cumann na nGaedhael was dictated by the class interest of its supporters, the large farmers and big industrialists, which was to secure their international markets. This policy was unable to gain the Party a sufficiently wide electoral appeal to maintain it in office. Cumann na nGaedhael remained in government largely because of the refusal of the other main party, Fianna Fail, to take its seats in the Dail. When Fianna Fail changed its abstentionist stance it soon formed a government. Its economic policy of self-sufficiency promoted the capitalist development of the Irish Free State, while its intervention in social policies provided an electoral appeal which sustained the Party in office for sixteen years.

The Fianna Fail strategy of self-sufficiency could only be pursued by modifying the effects of the international economy on Ireland. This was done through the building of tariff walls behind which capitalism in Ireland could develop. There were problems inherent in this strategy. Industrial development tended to be orientated towards the domestic market. The prospects for industrial expansion were thereby limited. In the agricultural sector Fianna Fail's price support policy maintained the incomes of small producers and won the Party votes. But it also slowed the development of capitalism in agriculture by propping up the petty-

commodity producers, who would otherwise have been unable to subsist on their inefficient and low-productivity holdings. The final major problem was that the financial cost of the strategy had to be borne by foreign borrowing. This was because of the need for Irish manufacturers to import much of their raw materials. In the absence of sufficient exports to pay for these imports balance-of-payments deficits resulted. These had to be covered by loans from abroad, which reached such a scale in the 'fifties that the very economic viability of the country came into question.

The belief of the two major parties in the capitalist path to development produced a growing consensus in both, through the 'fifties, that the Republic's economic problems could only be overcome by increasing exports substantially. Given that further foreign borrowing, on the scale necessary to increase export subsidies as the basis of an export drive, had been ruled out by the size of the Irish foreign debt the alternative was obvious. Tariffs on Irish imports would have to be removed so that reciprocal reductions on other countries' tariffs on Irish exports could be achieved. It is clear that the room for manoeuvre of a small capitalist economy is confined by its position within the international economy. It is in this way that we can understand the consensus between the two major parties, in regard to economic policy, that has existed since the 'fifties. Further to this, opening the economy has reduced the power of Irish governments over the domestic economy. This is an argument which we will develop in the next chapter.

### Chapter Three

#### Ireland in the European Regional Policy and Monetary System

##### Introduction

In the last chapter we presented our essential thesis that the economic and political development of Ireland must be understood by the capitalist nature of the economy and the position of the country in the international capitalist system. In this chapter we will further develop our analysis of the implications of the international economy for the continued capitalist development of the Republic and its effects on the politics of the country. The policy of economic self-sufficiency pursued in Ireland up until the late nineteen-fifties was aimed at promoting the conditions for the functioning of capitalism in the country. The state could only do this by modifying the market conditions imposed by the international economy on the domestic economy. We have argued that this strategy could not be pursued indefinitely. The limit to the economic power of the Irish state to control the implications of the international economy was reached in the nineteen-fifties. In reaction to the economic and political crisis which arose because of this, Irish economic policy altered, from protectionism to free trade. A logical development of this new strategy was the Republic's entry to the European Economic Community (EEC) and the European Monetary System (EMS).

In this chapter we will present the case that the membership of the EEC and the EMS restricts the political room for manoeuvre of the main

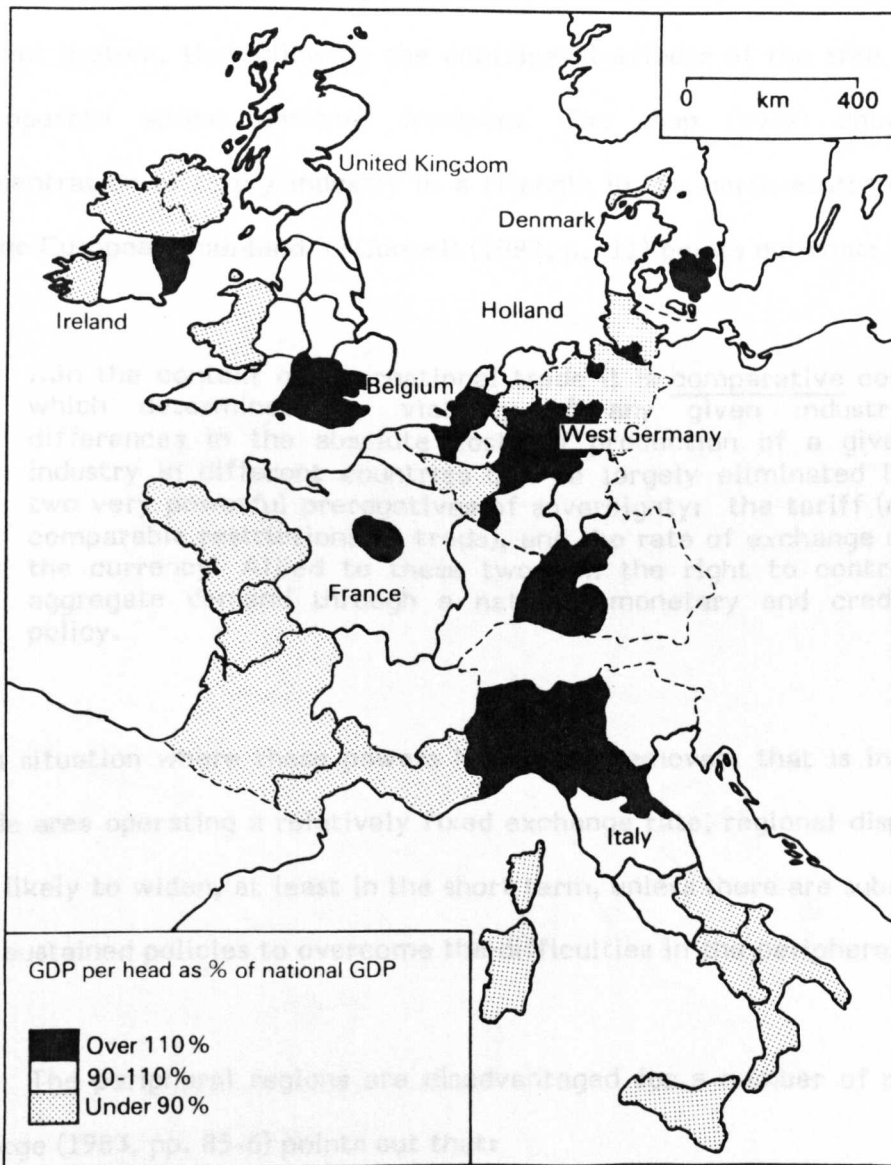


parties within the Republic and in this way enforces the consensus on economic policy which is a noticeable facet of the Irish party political system. For our purposes in this chapter we here define political decisions on the economy as those which seek to redirect the allocation of resources from what free-market forces would otherwise dictate. Such main political decisions must now be taken at the European level. An examination of the development of the European Regional Policy will allow us to measure the political will that exists among the stronger countries of the EEC to aid the poorer economies. In the same vein, it was realised that membership of the EMS would impose strains on weaker economies and that some compensation would be needed to help these countries overcome these added difficulties. An examination of the negotiations on the EMS will, once again, give us a measure of the political will of the EEC to help weaker economies.

At the national level we will detail the views of the main political parties to the negotiations on regional policy and entry to the EMS. The main parties in the Republic are committed to the development of the EEC. They have both argued for a strong regional policy to help weaker members. They both saw the establishment of the EMS as an important component in the development of the EEC. They also argued that for the Republic to enter EMS it would need substantial transfers of resources to compensate for the difficulties membership of the System would entail. We will argue that this consensus is understandable when viewed against the backdrop of the constraining influence of the international economy on the domestic economy.

Regional Development and Underdevelopment

A major characteristic of free trade is the geographical concentration of economic activity. This is because capital will move, on the whole, to a location which allows it to spend the least on production and transport costs, thereby raising the greatest profit. The map (below)



graphically demonstrates this tendency, showing the geographical differentiation in the location of wealth within countries. The adoption of outward-looking policies led logically to the Republic's accession to the EEC. It was recognised that this involvement in Europe was likely to pose problems for the Irish economy. This is because membership of the EEC meant government giving up major instruments with which it could modify the conditions imposed on the domestic economy by the international market system, thus allowing the centripetal effects of the free market to operate across national frontiers. The map (over) shows the concentration of heavy industry in a triangle in the north-eastern corner of the European mainland. O'Connell (1982, p. 11) points out that:

...in the context of international trade it is comparative cost which determines the viability of any given industry; differences in the absolute costs of production of a given industry in different countries can be largely eliminated by two very powerful prerogatives of sovereignty: the tariff (or comparable restrictions on trade), and the rate of exchange of the currency. Allied to these two is... the right to control aggregate demand through a national monetary and credit policy.

In a situation where these powers have been removed, that is in a free trade area operating a relatively fixed exchange rate, regional disparities are likely to widen, at least in the short term, unless there are substantial and sustained policies to overcome the difficulties in the peripheral areas.

The peripheral regions are disadvantaged for a number of reasons. George (1983, pp. 85-6) points out that:

The poor regions tend to fall into one of two categories: they are either areas with a traditional dependence on small scale agriculture which have never developed the infrastructure for

industrial development, or they are regions which have been heavily dependent on traditional industries, such as steel, textiles or shipbuilding, that have been in decline in post-war Europe. Their difficulty is in attracting investment in modern, productive industrial activities. For the first group, their lack of infrastructure (roads, communication networks, social facilities) is a serious handicap. For the second group there is an infrastructure, but it is often in poor condition to meet the requirements of new industries. Also, the workforce will tend to possess inappropriate skills. There is, in addition, a distinct likelihood that the poorer region will be situated on the geographical periphery... at a distance from the centre of the market, which acts as a further disadvantage.



The Republic of Ireland to some extent fits into both these categories. The economy of the Republic has been dominated, until fairly recently, by small-scale agriculture. Rural communities centered on the family-farm based on petty-commodity production still make up a large proportion of the economic life of the country. In this respect the Republic certainly fits into the first category. On the other hand, as we saw in the previous chapter, many of the Republic's indigenous firms are based on traditional industries, such as clothing and footwear manufacture, which are in decline.

#### Early Irish and EEC Regional Policy

The centripetal tendencies of the free market have seldom been allowed to operate with their full force. Increasingly, from after the Second World War, governments in European states have attempted to alleviate regional disparities within their own borders. Successive Irish governments, particularly since the early 'fifties, have been concerned with the regional problem within the country. The Undeveloped Areas Act 1952 established incentives for locating industry in particular regions. Cash grants of up to 50 per cent of the cost of plant and machinery and discretionary grants towards the cost of land and buildings were made available to firms in the more depressed areas of the Republic. But, with the change in the direction of Irish economic policy towards the end of the decade regional planning became less urgent, the belief being that the regions would prosper as the economy as a whole grew. As the Government White Paper 1958 on the economy put it:

In our present circumstances, with virtually the whole country underdeveloped, it seems wasteful to subsidise remote areas especially by providing more extensive grants. Special subsidisation of this kind entails additional burdens on the community as a whole and retards progress in the most suitable areas where concentrated effort could give better results (Economic Development, 1958, p. 160).

This reasoning has also underpinned Irish governments' attitude to membership of the EEC. It was thought that Community membership would increase the Republic's economic growth to such an extent that it could replace jobs lost because of the speeded decline of the traditional industries brought about by increased competition. In the same vein it was believed that the overall growth of the European economy would bring the poorer members, such as the Republic, up to the standards of the other, stronger, economies.

The first period of the European Community, up until its first enlargement in 1973, was dominated by the concern to dismantle trade barriers and promote the free mobility of capital and labour. As Hart and Laffan (1983, p. 133) point out, although the Treaty of Rome contained a commitment to reducing regional imbalances there was no provision for a regional policy as such or for a regional development fund. The consideration of regional disparities in the EEC in the nineteen-sixties came from a rather negative direction. There was concern at the possibility that member states might distort free trade by using regional differences as an excuse for offering investment incentives to industry. George (1983, p. 86) notes that the first effective agreement on regional policy was aimed at preventing this.

In an effort to overcome the possibility of such distortions in free trade the six original members of the EEC agreed to limit the amount of government assistance for investment projects. A ceiling of 20 per cent of the total cost of projects was set for the more prosperous regions of the Community. Following enlargement of the Community, the system of ceilings was extended in 1975. The regions were divided into four groups. In the first group were the richer areas, for which the 20 per cent ceiling continued to apply. In recognition of their special problems in attracting investment West Berlin and the eastern frontier regions of the FRG were allowed an increase in their investment limit to 25 per cent, and this formed the second group. The third group comprised those regions of Britain which were classified by government as Assisted Areas, along with their French equivalents and some Italian regions. This group had a 30 per cent ceiling. Finally, the poorest regions formed a group for which there was no ceiling, although the Commission was permitted to scrutinise projects for which government aid exceeded 35 per cent to ensure that EEC principles were not being breached. In this group were placed the Italian Mezzogiorno, the Republic of Ireland, Northern Ireland and Greenland (George, 1983, p. 86).

There were essentially two factors which led to a more positive interest in regional policy in Europe at the beginning of the 'seventies. The first was related to the aim of EEC member countries for the common market to develop into a political union. In this regard the political elites of Europe realised that the Community must present a profile that would allow the people of Europe, its constituents, to identify

with it. This was the development of the 'Human Face' of the union. The second factor concerned the wish of the Community member states to move towards monetary union. It was understood that such a development would be likely to further accentuate regional disparities. It was realised that the Community would have to have an acceptable and effective policy for overcoming such adverse tendencies if countries most likely to suffer were to be convinced of entering a monetary union. Both these factors produced the view amongst the Heads of Government and the EEC institutions, particularly the Commission, that a positive regional policy was a necessary part of Community responsibility. The accession of the United Kingdom (UK) and the Republic of Ireland at the time provided an impetus that brought regional policy onto the agenda.

It is clear that the main Irish political parties saw a Community regional policy as an important component in the decision to enter the EEC. Successive Irish governments' attempts at producing a national regional plan had not met with much success. In 1969 the Buchanan Report was published. It had been commissioned to draw up a development strategy for the regions. It recommended a three-tier hierarchy of growth centres involving three national, six regional and four local centres. It was proposed that 75 per cent of all new industrial jobs should be located in the eight national and regional centres up to 1986. These proposals sparked off much controversy and, as O'Farrell (1983, p. 307) points out, the debate made it clear that such a high degree of spatial concentration was untenable for any Irish government. It was decided to further consider the issue and in this way action was postponed.



Following the furore produced by the Buchanan Report little was done in the Republic on the regional issue until 1972. The Government issued a brief statement, a week before the referendum on entry to the EEC, announcing a regional policy which it said had been designed to derive the greatest benefit from a Community regional policy. The thrust of this plan was that, although there would be some concentration of resources on nine major centres, there would be substantial overall growth in other towns. This was largely a reversion to the attitude held in regard to regional policy in the late 'fifties. The Government also accepted the IDA's Regional Industrial Plans 1973-77 in which manufacturing job targets were specified for 177 towns.

#### Development of the European Regional Policy

On the eve of the Paris Summit in October 1972 the chances of a concrete plan of action on a European regional policy seemed bleak. Despite general recognition of the problem there was a divergence of opinion on what could be achieved. Essentially there were two sides. The UK, Italy and the Republic wanted a strong regional policy to overcome the problems they were experiencing. On the other side were France and Germany. France was against further concentration of power in the EEC. Germany was the richest member state of the Community and, even though it wished to smooth the accession of the new countries, the German Government was wary that it would be the largest net contributor to the cost of any regional policy and wanted, therefore, to restrict the size of a fund.

France held the Presidency of the Council of Ministers at the time. President Pompidou said, on the eve of the Summit, that the social content of the Community must receive priority attention if it was to counteract the hostility of a wide section of the EEC population. He was, nevertheless, against any real centralisation of regional planning at the European level. However the UK, the Republic of Ireland and Italy were satisfied by the commitment to remove regional disparities which was made at the Summit. To this end the Commission was asked to prepare a report on regional policy and to put forward proposals. National governments agreed to co-ordinate their own regional policies. Most importantly, a European Regional Development Fund (ERDF) was to be set up before 31 December 1973, to be financed from then on by the Community budget. Significantly, the size of this fund was not decided.

The scale of the ERDF was to become the focus of attention in assessing progress on regional policy. This even though there are other EEC instruments directly concerned with regional development, or which have a large 'regional' component in their operation, such as the Common Agricultural Policy (CAP). As George (1983, pp. 88-9) points out: 'Funds for retraining of workers and restructuring of regional economies are available under European Coal and Steel Community auspices; the European Investment Bank makes loans for regional development purposes; and the European Social Fund also has a regional impact'. There are basically two reasons why the negotiations for the setting up of the ERDF assumed an importance greater than the expected financial changes might have implied. Firstly, the other instruments were weak and were seen to be so and, secondly, the debate over the size of the Fund

demonstrated the amount of political will that existed among the strong members of the EEC to tackle the regional problem.

The principles upon which the regional policy was to be pursued and, more particularly, the distribution of the ERDF were discussed in the early summer of 1973. The Republic stressed the importance of rejecting the principle of juste retour which it was believed the UK was pushing for in the operation of any regional fund. Dr FitzGerald, the Minister for Foreign Affairs, made this clear in the Dail debate on the European Communities Bill in May 1973.

As the least developed country in the Community and the one that most needs assistance through the regional policy, the social fund and investment in agriculture, we could not concede that the Community could possibly work on the basis that anything you pay out you must get back because in that event the net benefit to this country would be minimal (Dail Debates<sup>1</sup>, 265, 1973, p. 1849).

In July concrete plans were being firmed up, although the question remained of how a fund would be distributed.

By 25 July the Commission had still not come to any firm conclusions, although a document leaked from the meeting then in progress suggested that the Republic was to get only 3.9 per cent of the Fund, much lower than would have been justified by the application of simple economic criteria and well behind the amounts suggested for the

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1. Hereafter abbreviated to DD.

other countries: 30 per cent for Italy, 20 per cent for the UK, and 9 per cent for the FGR (Irish Times<sup>1</sup> 26 July, 1973). None of this was confirmed by the EEC Regional Commissioner, Mr Thomson, when next day he announced the Commission's proposals for a ERDF of £1,000 million spread over three years beginning in 1974. No mention was made of how the money was to be distributed. Mr Thomson denied, however, that it would be on the basis of national quotas (IT. 27 July, 1973). When the final text of the proposals was published on 1 August the omission remained.

Speculation continued in the Republic over the next few months on the ERDF. At the second meeting of the Oireachtas Joint Committee on the Secondary Legislation of the European Community concern was voiced over the determination of the distribution of the Fund and especially the fear that a quota system would be used (IT. 6 September, 1973). A quota system, it was argued, would reduce the Republic's share of the Fund by limiting the free working of objective criteria for regional assistance, quotas being related to the size of population. The President of the European Commission visited Dublin in early September and suggested that the ERDF would be distributed according to quotas. In response Mr Lynch, the leader of the Opposition, launched a campaign against these proposals.

The Fianna Fail party regrets the implications of the recent statements by Mr Ortoli. These statements were in direct conflict with the decisions of the Paris Summit and with the

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1. Hereafter abbreviated to IT.

guidelines set out by the European Commission last May. Fianna Fail believes that no Irish government should settle for any such departure from these principles. As a matter of policy Fianna Fail has decided not to accept, and would oppose, putting into operation a European Regional Policy other than the one which is generally motivated by, and which results in, a real transfer of resources from richer to poorer regions in the Community. It will insist upon the Irish government obtaining a major share of the fund. In the event of proposals not resulting in a genuine transfer of resources from rich to poor regions, Fianna Fail would urge the use by the Irish government of the veto on all proposals put forward in the Community with a view to achieving goals of economic and monetary union by 1980 (IT. 14 September, 1973).

Fianna Fail also suggested that the size of the Fund, £1,000 million, was too small, and that they wished to see this figure raised to £1,500 million. Despite the fact that one of the major Irish demands was accepted when the country was recognised as one unit for regional aid purposes, the Coalition Government also saw major shortcomings in the regional plans.

In October the Minister for Foreign Affairs outlined his reservations on the ERDF to the Oireachtas Joint Committee. He argued that it could not be accepted that the Republic would be put on a par with prosperous areas of the Community in distributing aid. He was not happy about the criteria for determining which areas would benefit from the Fund, since no account would be taken of their ability to pay the national government's proportion of the cost of projects. He believed the scale of the Fund was inadequate and attacked the fact that no mention had been made of what the allocation would be after the initial three year period. He suggested that the proposals did not reflect the intensity of the problems which existed in the one-third of the Community in need of help. This proportion for special aid had been set by the EEC itself when it had

drawn up the Protocol which the Republic had signed on accession. Dr FitzGerald also pointed out that the Commission's criteria were unsound from a statistical view. He argued that in the consideration of unemployment the rate would not take account of the large number who had emigrated from the Republic (IT. 12 October, 1973).

Building on this position a few days later Dr FitzGerald, in a hard-hitting attack on the regional policy proposals of the European Commission, said that the promises made to the Republic to get it to join the EEC had not been kept. The Taoiseach, Mr Cosgrave, concurred with Dr FitzGerald's argument for a strong regional policy 'which would recognise the real needs of the different regions and is sufficient to counteract the centripetal effect... of the great manufacturing and service centres of the Golden Triangle of Europe' (IT. 26 October, 1973). It was clear that there was a consensus between the two main parties in their attitudes to a European regional policy.

The political will for the further development of the Community, beginning with a strong regional policy, was to evaporate very quickly in the final months of 1973, when international events changed the concerns of the Community members, particularly the stronger countries. The disruption of oil supplies caused by the Arab-Israeli war in October 1973, and the substantial oil price rises by the Organisation of Petroleum Exporting Countries (OPEC) in 1974 placed the energy issue ahead of regional development in the European agenda. This polarised the two sides in Europe over the importance of a regional policy. As George (1983, p. 88) points out:

Following established EEC principles of linking issues together in order to arrive at package deals, the Germans attempted to negotiate the energy question in tandem with the regional fund. But the British would not accept this linkage... The German response was to become much more difficult on the regional fund, a line which the FGR found easier to follow, since the recession made the objective of economic and monetary union by 1980 unrealistic anyway.

After the inconclusive meeting of the Foreign Ministers in mid-December Dr FitzGerald met Mr Ortolí on 20 December, but by now it was clear that nothing would be achieved by the deadline set at the Paris Summit.

With the passing of 1973, the deadline set for the establishment of the ERDF, the Irish Government came under pressure on the lack of progress. In the first days of January 1974 the Irish Sovereignty Movement suggested that the Government should embark on a radical reappraisal of membership of the EEC if a substantial regional policy was not agreed. They argued that the Irish people had been convinced to join the EEC by the hope of large transfers of resources, but the signs were that they had been misled. The Labour Party in particular came under pressure to reappraise its position as part of the Coalition Government. Against this backdrop Dr FitzGerald, in mid-January, drew up his own proposals to settle the deadlock. This consisted of a complicated hybrid incorporating compromise plans already put forward by France, Germany and Luxembourg. Essentially it gave the Republic £100 million over four years, £66 million in the first three, roughly double what the Commission had proposed.

Despite the fact that there was a report from Bonn in the last week of January that the German Government was considering doubling the size

of its contribution to the ERDF little was done. The political situation in the UK, one of the proponents of a regional policy with a sizable fund, served to reduce the British concern with particular European policies. The General Election in March 1974 resulted in the return of a Labour Government committed to the total renegotiation of the British terms of entry to the EEC. This meant the removal of British pressure for progress on the ERDF, which was much less central to the concerns of the new Government. Despite a resolution, passed by the European Parliament in mid-March, criticising the Council of Ministers for not establishing the regional fund by the deadline set, very little was done over the summer of 1974. The major forces pushing for the development of an EEC regional policy had lost interest as their priorities changed, while the most disadvantaged countries, the Republic and Italy, did not have the political weight to secure their demands in this area.

In order to get the ERDF back onto the agenda Dr FitzGerald threatened to veto the Paris Summit which was to be held in December, 1974. Within a few days France responded by proposing an interim regional fund to aid only Italy and the Republic. In the last week of November the French Foreign Minister, Mr Chirac, visited the Republic to discuss the French plan. Out of the Summit came a deal which set up a fund of £542 million, to be shared out over a period of three years with the Republic of Ireland getting £35 million over that time. The Taoiseach, Mr Cosgrave, praised the allocation as a 'real and tangible benefit' to the country (IT. 11 December, 1974). Fianna Fail repudiated this claim and Mr O'Kennedy, their spokesperson on Foreign Affairs, said it raised serious questions over the development of the Community.



Mr O'Kennedy suggested that the small regional fund indicated an unwillingness among the Heads of Government of some states to give effect to the principles laid out in the Treaty of Rome. He noted that the Summit reaffirmed the commitment to economic and monetary union and argued that the elimination of economic imbalances through a meaningful regional policy had always been acknowledged as a vital first step towards this objective. The £542 million, he suggested, would not be effective in meeting this end (IT. 12 December, 1974). The difference between the Government's reaction to the Regional Policy and that of Fianna Fail cannot be taken as a breakdown in the underlying consensus of the two. The Government would have liked a larger ERDF. What they got was what was practical at the time, given the political will of the stronger countries in the EEC.

The Paris Summit did not completely finalise the matter. Any major decision on the British renegotiation was left until the meeting of Foreign Ministers in Dublin in mid-April. Here the EEC budget talks petered out when the UK used the veto to prevent the European Parliament from having any control over the ERDF. However the British relented within a week and the ERDF came into operation. George (1983, p. 88) has suggested that the removal of the British from the pro-fund coalition may have made it easier for the FGR to agree to the establishment of the Fund. The major German concern was that the UK should not gain large transfers of resources. But, without British backing, the alliance of the weaker countries was not able to overcome Germany's desire to restrict the size of the allocation, with the result that the ERDF was created smaller as well as later than had been hoped.

The effectiveness of the EEC Regional Policy has been limited by several factors. Firstly, since the ERDF is classified as non-compulsory expenditure the European Parliament can only increase it by single figure percentage points in any one year. Further to this Laffan (1983, p. 91) has noted that:

...the budget as a whole is in danger of reaching an absolute financial ceiling when the limit is reached of the EEC's own resources. This check to the growth of the ERDF can only be avoided if either the member states agree to increase the ceiling, or some progress is made in restructuring the budget to allocate less to agriculture and more to other policy areas, including regional policy.

The latter option was the one adopted in 1979. The Commission had proposed an ERDF of IR£807 million. The European Parliament (EP) opted to accept a compromise figure of £571 million. It seemed surprising that the Fianna Fail Government supported this decrease. The situation became clearer about a week later when the EP restored the cut in the Regional fund, in a compromise solution which increased the milk tax from 0.5 per cent to 2.0 per cent. This move effectively reduced the farm fund by £190 million. This example bears out the Republic's dilemma. The farm policy is a de facto regional aid transfer to the country. If the size of the Community budget remains relatively static reallocation of monies from the CAP to the ERDF are unlikely to aid the Republic absolutely. All fifteen MEPs from the Republic voted against the amendment, but it was carried.

A second limit to the effectiveness of the ERDF is that it is largely allocated on the basis of national quotas. This method prevents the use of

objective economic criteria for establishing the allocation of monies. The Republic of Ireland's proportion, at less than 6 per cent, in the 1975 agreement was a great deal less than that warranted by the scale of the regional problem in the country compared to the regional disparities in other countries which got much greater allocations. Even in the revised distribution of 1981 the increase to 7.31 per cent for the Republic was not a significant advance. The contribution of the ERDF since 1981 represents only around 3 per cent of the public capital programme per year. Ironically, the repayments to Britain which began in 1980 were rationalised as a movement towards 'economic convergence': bringing all the economies of the EEC up to par. The Irish Government responded by stating that the Republic is below even the UK level. The Government suggested that the repayment of funds should be coupled with an increase in the ERDF and argued that only those regions with a per capita GDP of less than 70 per cent of the EEC average should qualify for regional aid (IT. 1 February, 1980). This has not been accepted as Community policy.

An important development in the structure of the ERDF was the proposal by the Commission, in 1979, that a section of the Fund be distributed on a non-quota basis. Although this was rejected at the time, two years later 5 per cent of the Fund was set aside as a non-quota part of the system. In its review of the ERDF in 1981 the Commission suggested that this non-quota section be increased to 20 per cent and that the Fund be administered on the basis of programmes rather than, as at present, on the basis of individual projects. It also recommended the involvement of local and regional authorities in the operation of the Fund. This, it was argued, would lead to the decentralisation of the ERDF and

it would allow checking for additionality. However this is unlikely to affect the centralised administration of the Fund in the Republic, for as Laffan (1983, p. 146) points out:

In the first instance, the country would still be designated as one region so that, for the purpose of the ERDF, central government would technically still constitute the regional authority making local and regional involvement in the formulation of Ireland's regional development programme unnecessary in the central government's view. The second factor is the nature of measures financed under the non-quota section, which means that Ireland is unlikely to benefit from an extension of the non-quota section from its present level of 5 per cent to 20 per cent.

The central control of the ERDF in the Republic of Ireland makes it difficult to decide if money from the Fund is spent in addition to government spending, or instead of it. Laffan has drawn the tentative conclusion that the money has been added to government expenditure. She cites as evidence for this the fact that the part of the Public Capital Programme financed by the ERDF grew at a faster rate than did the overall figure for capital expenditure, particularly from 1978 onwards. 'Taking into account inflation and the level of receipts from the Fund there was still an increase of around £50 million in expenditure during the period between 1975 and 1981'. She concludes that: 'At least in arithmetic terms, therefore, additionality has been evident in Ireland since 1975' (Laffan, 1983, p. 144).

Clearly the ERDF has been of some help to the Republic of Ireland. Between 1975 and 1981 Ireland received £156.39 million that it would otherwise not have had. This has been channelled into projects which have

been aimed, on the whole, at improving the backward nature of the Republic's economic infrastructure. But, we have seen that the efficiency of the EEC regional policy has been impaired by its very structure. Improving on this would certainly help the regional aid to achieve much more. But the overwhelming impression given by the EEC debates on this subject is that the political will is lacking even to change the details of the present arrangement. The possibility, therefore, that a massively increased ERDF, which is what is needed to tackle the scale of the regional disparities in Europe, might be achieved in the foreseeable future is as remote now as it has ever been. Regional disparities will continue to exist, if not worsen.

If the ERDF remains at its present size it will always only be a cosmetic attempt at trying to soften regional disparities. If the impetus to the development of a regional policy in the EEC was the accession, in particular, of the Republic of Ireland and the UK, once membership had been achieved the political will of the other member states in regard to regional policy waned substantially. The issue was brought back onto the agenda once more when the plans for a European monetary system were being discussed. We will examine this development in the second part of this chapter. First of all we will draw together our conclusions on the formation of the European Regional Policy.

We set out in this chapter to show how Ireland's position in the international market system affects the internal politics of the country. For this purpose we defined political power as the ability of the state to

modify market conditions. In Chapter Two we noted that the Irish state, from the nineteen-thirties, encouraged the capitalist development of the economy, both by protecting domestic markets from overseas competition, through tariffs on imports, and by aiding exports, through subsidies. However, we argued that this strategy was not sustainable beyond the nineteen-fifties, because of the financial strains it placed on the exchequer. The new policy adopted was that of free trade. There was a consensus between the major Irish parties on this new economic direction, for it was seen as the only, electorally viable, means of continuing the capitalist development of the country.

We opened this Chapter by noting the centripetal tendency of the free market system to concentrate economic activity and wealth in particular geographic areas. The abandonment of tariff controls by the Irish state thus made it likely that Ireland would become further underdeveloped, relative to most other European countries, as economic activity was made free to move to the industrial heartland of Europe. The political decisions to modify this tendency would now have to be taken at the EEC level. This realisation led the main Irish parties to campaign for a strong European regional policy. Our examination of the development of the European Regional Policy leads us to conclude that the stronger members of the EEC lack the the political will to construct a regional policy sufficient to mitigate the deep-rooted and long-established problems faced by the peripheral and disadvantaged countries.

The Irish state gave up the formal means of modifying the international market conditions when it embarked on the free trade

strategy. The political decisions to aid the underdeveloped countries are now made at the European level. This fact explains the essential consensus between the major Irish parties in their demands on the EEC. Thus, although Fianna Fail objected to the Regional Policy established under the Coalition Government. But we have suggested that this was all that could be achieved. The implication is that Fianna Fail, had they been in office at the time, would not have won a substantially better deal than the Coalition. The negotiations over the EMS were undertaken under a Fianna Fail Government. This fact allows us to compare its performance in the negotiations on the EMS with that of the Coalition on the Regional Policy.

#### Ireland's Monetary System

Ireland's heavy dependence on Britain as a trading partner and its integral involvement with the British monetary system were aspects of its colonial position which could not be altered as quickly as the political situation was with the establishment of the Irish Free State. It was not until 1932, when Fianna Fail was elected to government, that free trade, which continued and encouraged the high dependence of Irish exports on the British market, and the higher dependence of the Irish manufacturing industry on Britain for raw materials, gave way to a new strategy of self-sufficiency. After the trade war with Britain over the land annuities, from which the weaker Irish economy suffered relatively greater damage, a new free-trade agreement was signed.

If a radical attempt to change Ireland's dependent trade relations with Britain had ended in failure not even this could be said of Ireland's involvement in the British monetary system. Except for a period between 1797 (when Britain suspended gold convertibility) and 1826 (when parity was restored) the Irish pound had always been linked to sterling. Indeed, apart from the design of notes and coinage, it can hardly be said that a separate Irish currency had existed, nor more importantly had the institutional and legal basis to sustain a separate system. The Central Bank of Ireland was set up in 1943 as the principle monetary authority in the state under the Central Bank Act 1942, but its powers still fell short of those usual for a central bank. For instance it did not acquire custody of the reserves of the commercial banks. Neither did it become banker to the government, nor was it given statutory powers to control the volume of credit. It was not until 1971 that it became a fully-fledged central bank, with all the normal characteristics of such banks.

Two provisions of the Central Bank Act 1971 are most pertinent to our discussion here. Firstly, it removed the statutory requirement, under the Currency Act 1927 and the Central Bank Act 1942 to value the Irish pound (punt) in parity with sterling. Secondly, it allowed that a break with sterling could be approved by a government decision only, rather than by full Dail agreement as before. It was not until 1971, therefore, that the institutional and legislative means had been established which would enable an Irish government to conduct a currency policy separate from sterling. The consideration of the delinking of the punt from sterling must be seen against the backdrop of events in the international currency



system, the most important aspect of which was the setting-up of the European Monetary System (EMS). It was developments in the international monetary field which gave rise to the consideration of a European monetary system, so we will now present a brief outline of these.

### The International Monetary System

Several monetary regimes have existed in the world economy in this century. Up until the First World War international trade was conducted on the basis of the Gold Standard. Major currencies were valued in terms of gold, so that in relation to each other there existed a fixed exchange rate. In theory the Gold Standard is self regulating since, over time, it cancels out balance-of-payments surpluses and deficits. But this is dependent on a downward flexibility in prices<sup>1</sup>. What tended to happen in the nineteen-thirties was that prices adjusted downwards only very slowly and gold stocks in deficit countries became perilously depleted. In face of this many countries came off the Gold Standard. The 'thirties were years of economic uncertainty. States set about protecting their own economies

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1. If a country has a trade deficit it must pay for this out of its gold stocks. Since money in the economy is based on gold, the money supply in deficit countries is reduced while that in surplus countries is increased. A decrease in the amount of money in the economy reduces economic activity there, thus creating job losses which in turn leads to downward pressure on wage rates and eventually the cost of domestic goods. This train of events is reversed in the economy with a surplus of gold. The money supply increases, wages rates rise and this leads to inflation in the price of goods, thereby reducing their competitiveness. By this means the two countries eventually come back into equilibrium.

through trade barriers, mostly tariffs on imports. As other countries retaliated the western economy slipped into the Great Depression.

In 1944 the Bretton Woods system was set up. It had two central features. Firstly, United States (US) dollars held by central banks were made directly convertible into gold at \$35 an ounce by the US. Secondly, national currency authorities declared a fixed exchange rate between their own currency and the US dollar. The central banks of each country agreed to buy and sell its own currency, with foreign reserves, in order to keep it pegged to the dollar. The International Monetary Fund (IMF) was set up to ensure that countries maintained fixed exchange rates except at times of fundamental disequilibrium in their balance of payments. Secondly, it made short-term loans of foreign exchange, out of funds subscribed by member nations, to enable the central banks of countries in temporary (rather than fundamental) balance of payments difficulties to defend their fixed exchange rates. The Bretton Woods system encountered major difficulties, however, some of its own making.

First of all the system was still based on gold, in that currencies were pegged to the dollar which was linked directly to gold. This meant that the world's supply of money was not able to expand fast enough to provide enough reserves for the financing of rapidly expanding levels of world trade. Despite the fact that world prices rose generally, the rate of convertibility for gold remained fixed at \$35 an ounce. The only way around the problem of an inadequate supply of money was for the US, in particular, and Britain, the countries whose currencies were most widely accepted in international trade, to run balance of payments deficits. This solution had an inherent contradiction.

### The Background to a European Monetary System

The US pumped reserves into the world economy by running up deficits, but this destroyed the credibility of the dollar and opened it up to speculation. In the late 'sixties speculators began to convert their cash into gold at its artificially low price, thus depleting US gold reserves. In response the US announced the suspension of the convertibility of the dollar into gold in the autumn of 1971 and this undermined the very core of the Bretton Woods system. Further to this, speculation against the dollar, in favour of strong currencies such as the Deutschmark, had already become so severe that some countries had already allowed their currencies to float against the dollar. The suspension of convertibility of the dollar into gold led to several countries joining Germany and the Netherlands in allowing their exchange rates to float. It was against this background of uncertainty on international currency markets that consideration of a European monetary system developed.

The lynchpin of the Treaty of Rome is free trade and although it did not set monetary union as an objective, as Emerson (1979, p. 25) points out, it prescribed most of the factors necessary for such integration.

For in general one would expect monetary integration, and ultimately union, to become a proposition relatively advantageous to a region that has a high degree of trade interdependence and of capital and labour mobility; a region that is politically homogeneous enough to devolve to common institutions powers of directly applicable legislation.

Quinn (1975, pp. 265-6) has argued, however, that although monetary

union has certainly economic effects 'it is not an evolution which derives solely or even predominantly from economic causes'. He points out that free trade can be realised under different monetary regimes and that: 'There is no inherent superiority in a fixed rate or common currency regime, independently of prevailing economic circumstances, and individual preferences of the countries involved'. The decision by some of the Community members to seek a monetary union was indeed prompted by the problems of the money markets at the time, but the particular solution they arrived at was a political one. This was based on the belief of EEC members that the Community would evolve into a political union, where monetary policies would be co-ordinated at a European level.

The EEC Council of Ministers approved a monetary plan in March 1971 based on the Werner Report on monetary union, published in October 1970. Essentially the plan narrowed the permitted fluctuations in exchange rates between EEC currencies, established credit facilities to support the tighter exchange rate system and suggested the progressive co-ordination of monetary policies in EEC member countries. This plan was a variant of two other failed systems, Bretton Woods and the Smithsonian agreements, and all were approximately fixed exchange rate regimes. Under Bretton Woods currencies were maintained within a band of  $\pm 1$  per cent of a fixed exchange rate against the dollar. When this system had broken down the Smithsonian agreements widened the fluctuation band to  $\pm 2.25$  per cent. However, the margins of fluctuations had stretched to a very large 4.5 per cent by 1972. Reacting to this situation the EEC states agreed to narrow the band of fluctuation

between member countries to no more than  $\pm 1.25$  per cent, but the whole Community band was allowed to move in the wider margins set up under the Smithsonian agreements against the dollar. This system became known as the Snake in the Tunnel.

In anticipation of their entry to the EEC, Denmark and the UK (and therefore the Republic of Ireland) joined the Snake. But because of speculation against the pound the UK (and therefore the Republic) left the system after only a few weeks. At various times the currencies of France and Italy also left the Snake when governments felt that the pressure of maintaining the fixed exchange rate against the dominant Deutschmark was too great, in terms of the constraints on domestic economic policy and the pressure on foreign currency reserves that it implied. In March 1973 the US authorities decided to let the dollar float. The EEC countries, apart from Italy, Britain and the Republic of Ireland, decided to continue to stabilize their currencies against each other but to allow them to float jointly against the dollar: the Snake was out of the Tunnel.

The economic background which drove the Community countries to work towards their own currency stability proved too severe for the Snake to continue. The monetary crisis of the late 'sixties, largely a result of the difficulties of the dollar, developed into a world recession in the early 'seventies which, exacerbated by the huge rises in oil prices which began in 1973, led to record rates of unemployment and inflation in the industrialised countries. The recession hit different economies with differing degrees of force. Thus the strong German economy was not as

badly affected as the weaker economies such as Italy, the UK and the Republic. In such circumstances the chances of monetary stabilisation are much reduced.

When two countries are linked together in a system of free trade and a fixed exchange rate the level of inflation in the prices of tradeable goods would tend to be the same in both countries. At given levels of labour productivity, if cost-push wage pressure in one country exceeds that of the other, then profits, output and employment will tend to fall in the country with the higher wage levels. Although increasing unemployment might be expected to lessen wage costs, experience has shown that, in the short-term, organised labour is able to defend against dramatic falls in wage rates. Furthermore, the use of the mechanism of unemployment to achieve this is likely to be politically unpopular. In this situation there is pressure on governments to bring wage levels down by forcing up prices generally, through devaluation of the domestic currency. In the longer term, prices of tradeable goods and factor prices, especially money wage rates, will tend to increase at the same rate across the member countries of a free trade area with approximately fixed exchange rates. But, if labour productivity is improving more slowly in one country than in the others real profit margins, output and employment will fall in this country. This puts pressure on the low productivity country to maintain its competitiveness by means of devaluation.

The experience of the Snake showed that for this type of fixed exchange rate to be viable there must be co-ordination of monetary

policies between member countries. What it also showed, especially to countries with weaker economies (and even to countries which are not so economically weak, such as France) was that the maintenance of a fixed exchange rate exacted a high price from their growth and employment prospects. This is because of the imbalances created by the centripetal pull of strong productive sectors in free market economies. Such imbalances are accentuated in the restructuring of the economy which takes place during recession. In this situation governments are often unwilling to give up those limited controls they have over their economic environment.

The Marjolin Report, published in 1975, in addressing itself to this situation, reversed the trend of thinking at that time in the matter of European monetary integration. It 'emphasised the need to concentrate on common anti-inflation and anti-unemployment policies, and on the co-ordination of measures to promote investment, remove regional disparities and tackle balance of payments disequilibria' (Quinn, 1979, p. 269). It saw these measures as lessening, if not removing, the disadvantages of monetary integration for weaker countries. These facets were incorporated into the developing notion of a European monetary system.

The basic objective of the EMS is to create monetary stability in Europe. Its characteristics are more subtle and more complex, however, than the Bretton Woods system. As Baquiast (1979, pp. 50-1) notes:

The EMS includes a number of new traits; the existence of wider margins, the possibility of adjusting the pivotal rates, the scope and flexibility of the different mechanisms, and last but not least, the creation of the ECU (European Currency Unit<sup>1</sup>) and its role in the system. Moreover, the EMS can be distinguished from a regional Bretton Woods by its goals, which are more far reaching than those of Bretton Woods and involve facilitating the economic integration of the member countries of the Community.

The aim of bringing the economies of the Community into convergence with one another was the most novel facet of the proposed EMS. This aspect also accounts for much of the debate which has surrounded the relative size and function of the Regional Fund which developed at the negotiations for the setting up of the EMS and has continued since, although to a lesser extent. Thus, in April 1972, the Minister for Foreign Affairs in the Fianna Fail Government, Dr Hillery, argued that monetary union only made sense if regional disparities were generally removed. Moreover, he suggested that the Republic of Ireland could not support European monetary union within the enlarged EEC if there was not an effective regional policy, centrally controlled by the Community (IT. 25 April, 1972).

#### The Debate on the EMS in Ireland

The debate in the Republic of Ireland on whether or not to join the EMS bears out our argument that the position of the Irish economy in the

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1. For an account of the development of the European Currency Unit see 'The ECU.' European Documentation Periodical 6/84.



international economic system narrows the political room for manoeuvre of the parties in the Irish political system. Both main parties were in favour of the Republic joining the EMS. The reasons they gave for this, on which there was consensus between Fianna Fail and Fine Gael, concerned the influence of the international economic system on the domestic economy. The debate had basically two components. First of all the need for the Republic of Ireland, with its small open economy, and therefore the tendency in the long run to import the inflation of the currency it is linked to, to be involved in a zone of monetary stability.

The backdrop against which this facet must be seen is the continuing decline of sterling throughout the 'seventies, coupled with the stagnation of the British economy and the higher inflation rate experienced there relative to most other EEC countries. The Republic of Ireland was inevitably dragged along this road. When the realisation came that the Republic could be better off by breaking the link with sterling other questions arose. For instance, the political parties argued that a decision to break the link would have to take into consideration the implications for Irish unity. There was also the fact that breaking the link with sterling was not considered except in relation to linking the Irish punt with another, stronger, currency or monetary system. But, the second major component of the debate was the concern that the EMS be organised in such a way as to aid the weaker economies.

We have already noted that the role of a regional policy was considered to be of the utmost importance for the Republic. In October 1972 the Taoiseach, Mr Lynch, had signed the European Charter. This

aimed at movement towards a monetary union with support for the stability of all currencies; social expansion and increased standards of living; full employment, improvement in the quality of life and the democratisation of the Community institutions. Commenting on the Charter the Irish Council of the European Movement suggested that the major achievement for Ireland was that regional policy was now firmly placed in the framework of economic and monetary union. The Council suggested that this would mean that from 1974 the Community budget would be used to bring industrialisation to the towns of Ireland and, particularly, to those on the western seaboard. It accepted that monetary integration without a regional policy to transfer resources to the periphery might accentuate the economic development problems of the country (IT. 24 October, 1972). We can now return to the first component and examine the background in which Irish attitudes were formed.

In 1973 sterling was under increasing pressure. On 10 September Irish bank lending rates rose by 0.75 per cent, to 12.50 per cent for personal overdrafts, the fifth increase in the year. However, there was little talk of a break with sterling for all the Community countries seemed to be moving toward involvement in a European monetary system. In January 1973 the Commission had completed draft proposals to set up a European Monetary Co-operation Fund (EMCF) by April 1974, the first step in setting up a new monetary system. In response to this development the Minister for Finance, Mr Ryan, said that the Government was considering the evolution of the Republic's economic and monetary policy which would take account of the objectives of the European economic and monetary union. In this respect the new National Economic and Social

Council was asked to formulate policies to combine national and EEC objectives. But the momentum towards European action was to break down by the end of the year. In early December the FGR, France and the Netherlands, the countries with the largest reserves, refused to pool ten per cent of their foreign currency in the EMCF during 1974. Instead they referred the issue back to their experts with a view to making proposals by the end of June. The European initiative had been put into abeyance.

The sterling slide continued so that by early 1975 advocates of a break in parity were gaining support in the three major Dail parties and in the Cabinet. The most important of these people were Mr Keating, the Minister for Industry and Commerce, and the Labour leader in the Senate (upper chamber of parliament), Brendan Halligan. A committee was set up to examine existing parities and there was the suggestion that parity might be broken by 1976. This movement was further bolstered by the continuing decline of the pound, which had slumped 25.2 per cent in the four years to May 1975. By the autumn of 1976 the Coalition Government in the Republic had drawn up contingency plans for the breaking of parity (IT. 4 April, 1975).

There were two major reasons which forced the Government to move cautiously. Firstly, it was widely believed that if parity were broken the punt would appreciate against the pound, so making Irish goods more expensive in Britain. This was a most serious consideration since over 50 per cent of Irish exports still went there, while Irish tourism was heavily dependent on visitors from Britain. Secondly, it was widely accepted that

the link could not be broken unless it had the backing of one of the stronger currencies of Europe. This was unlikely to happen because of the lack of co-operation on currency stabilisation in Europe at the time. There was another factor which eased any pressure for the Irish Government to act quickly. In December 1976 Britain went to the IMF for a loan and, in a mini-budget, cut government spending. The effect of this action was to arrest the immediate decline of the pound.

The British economy continued to experience difficulties and in January 1977 a report by Cambridge Economists suggested that the pound was likely to devalue by at least another 8.5 cents before it would stabilise in 1979. The differences which were to emerge among the three main parties, on whether or not parity with sterling should be broken, concerned their attitudes to the relative strengths of the sources of Irish inflation. The fact that neither the Coalition Government nor Fianna Fail, which took office in 1977, were to actually break the link in face of the great sterling instability of the time, is evidence that none of the parties believed that this was a viable option if the punt could not be linked to some other currency or currency system.

In a debate in the Dail on Bretton Woods, in April 1977, Mr Ryan argued that parity tied the Republic of Ireland to the long-run UK inflation rate, although he emphasised that: 'Until domestic sources of inflation are brought under control... a change in the exchange rate arrangements would not benefit this country' (Dail Debates<sup>1</sup>, 298, 1977, pp. 998-9). Mr Halligan, the General Secretary of the Labour Party,

argued that the Republic should break the link because although inflation in Britain was then moderating, it would be increasing in 1978 again with the increases in wages there. He accepted that if the Republic did not control its prices it would experience increased inflation and increased unemployment, but he suggested that support for income moderation by the Irish trade unions would be forthcoming if Ireland were to break the mechanism by which it imported British inflation -the sterling link (DD. 298, 1977, pp. 990-2).

Mr Barry, the Fine Gael spokesperson on Economic Affairs, was less optimistic than Mr Halligan over workers support for wage moderation if the link were broken. Referring to revaluation he said that although the profit margins on Irish exports to the UK would be reduced, he believed that it was unlikely that this would be reflected in decreasing wage demands. Mr Barry argued that the future performance of the UK economy was important to any Irish decision to break the link with sterling. Noting the decrease in the value of sterling up to the beginning of 1977 he said it was obvious that if the decline had continued it would have been necessary to break parity before too much damage had been done to the Irish economy. He pointed out that this decline had been arrested by the effects of oil in the British economy and that in years ahead sterling would be excessively strong. This, he said, would be an unrealistic proposition given the size of the projected unemployment problem in the Republic in the decade ahead (IT. 27 October, 1977).

In early June it was reported that the Coalition was again considering breaking parity with sterling if it should drop below the \$1.50

mark. Several reasons were suggested as to why the break was being considered at that time. Firstly, it was thought that the Irish economy was entering a steady growth phase. Secondly, inflation in the Republic was moderating -it was expected to be 13.5 per cent to May and only 7.5 to 8 per cent in the second half of the year. Thirdly, economic growth was expected to be between 4.5 and 5 per cent in 1977 compared with 3 per cent in 1976. The general feeling was that the Irish economy had weathered the two major problems in the 'seventies: the oil crisis in 1973 and the inflation arising from the March 1975 fall in sterling. The Government believed that the major threat to renewed inflation was the further decline of sterling. It was thought that the Irish economy was set for a period of growth, but only if sterling was stable. If it was not, the possibility of breaking parity had to be seriously considered (IT. 9 June, 1977).

In June 1977 there was a general election in the Republic, which Fianna Fail won substantially. The election was fought almost solely on the economy. It is an indication of the seriousness in which the Coalition held the break in parity that they suggested that Fianna Fail's promises of increased spending would prevent this. It was argued that the addition by Fianna Fail of a further £125 million onto the Public Service Borrowing Requirement for 1978, thus extending Irish indebtedness to anywhere between 12.5 per cent (Fianna Fail figures) and 15 per cent (Coalition figures) of GNP, would lead to a drop in confidence in the Irish economy and would thus deny the country the benevolent protection of the stronger currencies (IT. 19 June, 1977).

Fianna Fail did not see the shape of the British economy being as decisive as the Coalition did in any Irish decision to break the link with sterling. The Minister of Finance in the new Government, Professor O'Donoghue, suggested that a break in parity should not be based on projected divergent trends in the British and Irish inflation rates. He said the link should not be broken if the ten per cent pay norm, then being advocated in Britain, was exceeded, even if the Irish Government secured the five per cent pay level it wanted. He accepted the view that since the punt had to follow sterling that this contributed to Irish inflation, but criticised the view that the full impact of inflation could be avoided by a break in parity. This, he argued, would require concerted action on the prices and incomes front. He concluded that differentials in exchange rates did not simply occur on the basis of differences in inflation rates, giving as an example sterling's strength due to North Sea oil, while inflation there continued to exceed that of Britain's major trading partners (IT. 27 October, 1977).

### The Development of the EMS

The debate in the Republic after 1977, concerning a European monetary system, must be understood in relation to events which were taking place at Heads of Government level in Europe. The most important events were the three summits of Copenhagen, Bremen and Bonn, between the months of April and July 1978. The leading figures in these meetings, the Gang of Three as they became known, were Germany's Chancellor Schmidt, France's President d'Estaing and the UK Prime Minister, Mr

Callaghan. Initially though it was the first two who managed to get discussion of a monetary system onto the agenda. There were four main features of the Franco-German plan:

- 1) the creation of a European Monetary Fund (EMF), which would take over the capital and functions of existing Community institutions and facilities, including the European Investment Bank (EIB), and the credit and swap arrangements connected with the Snake;
- 2) the partial pooling of official reserves, with each member contributing between 15 and 20 per cent of its reserves;
- 3) increased use of European currencies rather than dollars in interventions on the exchange markets;
- 4) the expanded use of the EUA, both as a means of settlement between central banks and in due course as a new form of reserve asset comparable to the Special Drawing Rights of the IMF.

The plan was not as ambitious as a single currency zone, as suggested by the British Foreign Minister, Mr Jenkins, although it was argued that it might eventually lead to this. Also, it was accepted that there would have to be transitional arrangements, including wider margins of fluctuation, for weaker currencies. After Copenhagen the discussions were handed over to a group of advisors from the FGR, France and the UK, with the decision to keep these talks secret (Ludlow, 1982, pp. 92-4).

A meeting of the economic and finance ministers of the nine members of the Commission (ECOFIN) was held on 19 June. A dramatic change had taken place since the previous meeting, eight weeks earlier. As Ludlow (1982, p. 103) points out:



At the April meeting, most of the ministers had seemed mystified about what had happened and some were opposed outright to a fresh attempt to create a fixed exchange rate system. In June, by contrast, there was little or no disagreement on the general principle that a new effort to create a stable exchange rate system in the Community was desirable even before the problems of diverse inflation rates and balance of payments positions had been solved.

Ludlow attributes this change of heart to 'the momentum that had been generated in the Monetary Committee and, doubtless, by speculation about what the committee of three was engaged in'.

The Monetary Committee was given the job of summarising the conclusions of the ECOFIN meeting and preparing a paper for the European Council. Seven principles were listed for the basis of new exchange rate arrangements:

- 1) The new system should embrace all Community currencies though there might be transitional arrangements for non-Snake members. Other European currencies might also be associated.
- 2) It should achieve symmetry between the obligations of both strong and weak members.
- 3) It should not be damaging to third countries.
- 4) The Snake should continue to exist for its members.
- 5) Membership of the system should involve acceptance of an obligation to intervene where necessary and to undertake economic policy commitments where appropriate.
- 6) Although the system should help to reduce divergences in economic performance, it should not be so rigid as to prevent changes in exchange rates when these divergences necessitated them.
- 7) There should be modifications in the Community's short-term and very short-term finance support arrangements.

The committee of three was soon to become a committee of only two when the British representative, Mr Couzens, left. This was because 'Mr Couzens and his masters at home did not share and failed to grasp the significance of the determination of the French and the Germans to get something done, come what may' (Ludlow, 1982, p. 108). The result was that the document produced, which was later published virtually intact as an Annex to the Bremen Communique, was a Franco-German proposal (Appendix 1, p. 235).

At the meeting in Bremen, on 6 and 7 of June, it was agreed that the Franco-German document should be allowed to stand intact, as the starting point for detailed, technical, discussions and that it should be prefaced by a preamble explaining in more detail the procedures that were to be followed and some of the reservations on points of substance that had emerged at Bremen. For the Republic of Ireland the most substantiative point to arise concerned Chancellor Schmidt's suggestion that less-prosperous countries might be helped by the extension of the activities of the European Investment Bank (EIB). The Taoiseach, Mr Lynch, stressed that the main point of his demand was for an outright transfer of resources and not simply loans (Ludlow, 1982, p. 24). This was to be a precursor to the argument which was to develop between the Republic and the rest of the Community.

#### Irish Reaction to the Developing Debate

In June Mr Colley, the Irish Finance Minister, outlined the Government's position in relation to the European talks. He argued that

because of the importance of trade to the Republic, the country needed currency stability with its trading partners. The Government thus supported EMS in principle. Mr Colley noted that the Republic was faced with two possibilities. Firstly, if the UK were to join the EMS the Republic would be brought in anyway because of the parity link with sterling. In this case the currencies would remain on a parity basis initially and after that fluctuations would be limited. Secondly, if the Republic were to join and Britain did not, parity would be maintained initially, but eventually the currencies would be pushed apart by diverging rates of inflation and interest rates. Mr Colley suggested that this movement would be in the Republic's favour. The Minister asserted that the position of Northern Ireland, as regards a break in parity, would also influence the Irish Government. Referring to decimalisation, he pointed out that Britain's lead had been followed in order to prevent a further barrier between north and south. Finally, Mr Colley was adamant that the Government's support of the EMS was conditional. Regional Fund transfers were essential and agriculture had to be left out of the scheme (IT. 21 July, 1978).

Due to the fact that the European talks took place when the Dail was in its summer recess there was little public debate in the Republic on the EMS. However, there were some misgivings voiced about the developments, mostly from those competent in the technicalities and intricacies of the system. Mr Blake, the chief economist with the Irish Farmers Association (IFA), warned in early September that the EMS would lead to a gradual decrease in agricultural support prices for the Republic. His fear was that the EMS would speed up Community efforts to change

the exchange rate used for determining agricultural support prices and the distribution of the border system of taxes and subsidies -monetary compensatory amounts (MCAs). At that time the unit of account for the MCAs was based on the Snake currencies. Mr Blake argued that the EMS would encourage the unit of account to be based on the ECU. In this case, he suggested, the Republic would have a positive monetary gap rather than the negative gap it had since joining the Community. This would mean a monetary subsidy on Irish agricultural exports and a tax on agricultural imports on CAP products. However, it would also mean the application of an automatic adjustment system for phasing out the MCAs which would mean a gradual decrease in intervention in other support prices in the Republic (IT. 6 September, 1978).

The chairman of Barclay's Bank, speaking in Ireland, also voiced his reservations. He said that the fall in Irish exports to Britain was not reason enough for the Republic to break the link with sterling, especially considering its dependence on British tourists for earnings. The importance of this period to the debate was that it allowed the Government to gauge reactions to the EMS and to firm up its case. In early September Mr Colley answered some of the criticisms raised. He argued that it was not satisfactory that 'when the secretary of the British TUC, or when a banker in London made a noise, when sterling went up or down, the punt went with it'. He pointed out that exports to Britain had fallen and that 40 per cent of exports to Britain were, at that time, in agriculture and therefore not subject to the EMS. He said that there was every chance that the Republic would enter the EMS but that the conditions had to be right (IT. 9 September, 1978). One of the important

aspects of the debate which emerged at this time was the suggestion that the Government was seeking around £620 million over the first five years of membership, to overcome the economic dislocation the system was expected to entail (DD. 308, 1978, pp. 258-62).

The Taoiseach informed the Dail on 17 October of the progress made at the European Council. He pointed to three areas which the Bremen meeting had covered. Firstly, there was the agreement that countries without inflation and balance of payments problems would act to increase domestic demand and economic growth, while countries with steeply rising prices undertook to concentrate on inflation. Secondly, the Bremen Council affirmed the aim of further liberalising world trade by reducing tariff and non-tariff barriers. In respect of these two aims Mr Lynch asserted that 'economic growth, in itself, will never achieve the convergence as between the different regions which is one of the basic aims of the Community'. To this end he had advocated the need for a strong and coherent regional policy and it was on his insistence that the reference to "other less favoured regions" was included in the Bremen Council call for 'continued consideration of special agricultural problems in the Mediterranean regions and other less favoured regions' (DD. 308, 1978, p. 405).

Turning to the EMS he argued that: 'The creation of a zone of monetary stability in Europe is a desirable objective' and pointed out that the Council had agreed 'that measures to strengthen the economies of the less prosperous member states would be essential if the zone of monetary stability is to succeed' He suggested three reasons why the EMS might,

initially, raise difficulties for the Republic. Firstly, it might 'mean an accentuation of the strong tendency for the central areas to draw wealth and resources towards them'. Secondly, in the initial period the parity of the Irish currency might be higher, thus imposing strains on competitiveness. Thirdly, the balance of payments deficit might have to be reduced more rapidly than envisaged if the country was 'to maintain generally stable parities without an excessive loss of reserves'. For these reasons the Taoiseach noted the need for Community aid, arguing that:

...in the short term, it would relieve difficulties in financing the public capital programme on which the necessary investment, including private investment, is heavily dependent but which is constrained by the need to reduce the public sector borrowing and to avoid increased taxation. It would also cushion the effect on our resources of the increased imports which would initially be induced by the necessary acceleration of investment.

In conclusion, Mr Lynch stressed that: 'If the new system comes, the need for discipline will be even greater', and continued:

In particular, it will be essential to ensure that the rate of increase in incomes does not outstrip productivity. Expectations must be rapidly adjusted to the sharply lower rate of inflation that may be expected to rule in the EMS... Failure to observe the disciplines inherent in the system will result inevitably in lower growth and less jobs.

The Finance Minister, Mr Colley, started his contribution to the debate in the Dail with a preamble on the need for greater monetary stability (DD. 308, 1978, pp. 419-33). He suggested that if the other eight EEC members joined the EMS, it would be 'almost unthinkable' for the Republic not to do so also since the new system 'would represent the

optimum zone of stability for Ireland'. The only situation offered for discussion was what should Ireland do if the UK did not join. Mr Colley offered five advantages in joining if Britain stayed out:

In the first place, while we would be losing the link with sterling we would be joining a currency zone whose member economies are growing more rapidly than that of Britain...

Secondly, the link with the stronger currency zone would assist us in reducing further, and containing, the rate of inflation, provided that the necessary disciplines were observed.

Thirdly, there should be an increase in investment from non-British firms, attracted by our membership of the new system, provided we contained our costs sufficiently. Experience has shown that these firms export a greater proportion of their output to the continental EEC countries.

Fourthly, there would be greater scope for an independent monetary policy. This could be of importance as regards interest rates.

Lastly, Ireland would benefit from the increased credit supports and from any additional Community aid agreed as a result of the concurrent studies.

He also went on to outline the principle arguments against joining if Britain were to remain outside the system.

Firstly, Ireland has a stable currency relationship with the UK which accounts for almost 50 per cent of our total trade, or almost 40 per cent if one omits trade in those agricultural goods which are insulated from exchange rate fluctuations through the operation of the common agricultural policy. The other seven EEC countries account for about 24 per cent of our total trade though admittedly this percentage is increasing rapidly.

Secondly, if the Irish pound appreciated relative to sterling there would be a danger that Irish exports to Britain would be placed at a competitive disadvantage and that Irish firms would also lose out in competition with British imports on the home market, with consequential adverse effects on our output, employment and balance of payments...

Thirdly, investment in Ireland by British and by native Irish firms, whose exports tend to be concentrated on the British market, would be adversely affected.

Fourthly, in the tourism sector an appreciation of the Irish pound would make Ireland less attractive to visitors from outside the State, especially those from Britain and Northern Ireland...

Lastly, an element of uncertainty would be introduced into the financial arrangements between the two countries.

Mr Colley also pointed to another factor to be considered which, in the final analysis, weighed heavily in Ireland's decision to enter the EMS, when he warned of 'the possibility that, outside the system, we might find ourselves relegated with Britain to the second tier of a two-tier Community, with each tier developing at a different speed'.

On the question of resource transfers Mr Colley said the concurrent studies set up after Bremen 'advanced an estimate of £650 million over five years as a very rough indication of what that increased investment might be'. Further to this, in what was to prove a prophetic statement, he said: 'It might be argued that it (the figure) should be very much greater, but it is necessary to have regard to and take a view of the balance of political and tactical realities'. Mr Colley also echoed the point, on wage policy, which Mr Lynch had made in his contribution to the debate, when the Minister for Finance stated: 'If it is felt that the balance of advantage would lie in our joining the system even without Britain, the real issue will be whether we are prepared to accept the much tighter disciplines on economic policy which this would entail'. Essentially this meant 'a genuine commitment to the necessary incomes policy from the commencement of the new system'.



The replies to the Government statements by Fine Gael and Labour were, understandably, in general terms since the only definite information deputies had was the annex to the statement issued after the Bremen summit. As Mr Bruton, Fine Gael spokesman on Agriculture, pointed out, the debate was being 'carried on almost entirely in the dark' (DD. 308, 1978, p. 457). Mr Peter Barry, Fine Gael spokesman on economic affairs, based his case on the fact that the most difficult situation for the Republic to face would be if the UK were alone among the Nine to stay out of the EMS (DD. 308, 1978, pp. 435-48). He then highlighted some of the problems he thought this would involve. He suggested that if Britain did not join then the consequences for the relationship between the Republic and Northern Ireland would be a 'big factor'. As he put it: 'People move freely now across the Border but in the sort of situation I am speaking of there would have to be set up certain controls along the border and these would represent an interference with the everyday life of the people. This situation would hardly be tolerated'.

Turning to the linking of the Irish currency to a "basket" system rather than a parity system he said that 'the "basket" system would suit our currency best in that we would have a basket of currencies against which to measure ourselves rather than having to measure ourselves against individual currencies'. He voiced concern in regard to the tourist industry over the possibility of the Irish punt appreciating against sterling, and also since 'more than a quarter of our trade with Britain is in the sphere of manufactured goods... this trade would become less competitive on the English market while English goods would become more competitive in Ireland'

One of the points on which Mr Barry 'disagreed strongly' with the statement by Mr Colley was in relation to whether or not the Irish punt would be allowed to float against sterling if Ireland joined the EMS and Britain did not. Mr Barry contended 'that if we join the EMS we should allow our currency to float independently of the pound' in order to overcome 'the disadvantage of not having experience of dealing with the normal central bank machinery or the inter-government machinery that is necessary in regard to currencies that are not of parity'. Due to the lack of information on these aspects of the system Mr Barry could only highlight areas in which there might be difficulties. Many of these problems had already been noted by Mr Colley but no resolutions had been forthcoming.

There were three other aspects of the negotiations which Mr Barry considered. These were concerned with the Government's handling of the negotiations. Firstly, he criticised the eagerness with which the Government had embraced the EMS without knowing the technicalities of the system. He suggested that: 'The impression was given that we would rush in', and argued that this 'did not help our negotiating position'. Secondly, he complained about the amount of transfers, of £650 million, which the Government had indicated as the amount needed to cover the initial cost of Ireland's entry to the EMS. He asserted that: 'This is an inadequate sum of money. We need about ten times this amount of money to off-set the disciplines involved in joining the system'. This figure was to become one of the main points of contention in the continuing debate.

The third plank of Fine Gael's case concerned the Taoiseach and Mr

Colley's statements on incomes policy. Mr Barry noted: 'The thread running through the Minister's speech and the Taoiseach's speech was that if we go in we have to ensure that our competitiveness is not interfered with by excessive growth in wage costs'. He suggested that: 'It is hard to see how this Government can attempt to impose severe wage restraint given their record over the past 12 months'. He pointed out that one of the legs of Government policy had been that a 5 per cent limit on wage rises was essential if their strategy for the economy was to succeed but that this target had become '8 per cent and 10 per cent has become the norm' while many firms in the private sector were giving rises of up to 16 per cent and 'the Government appear to be doing nothing about this nor do they appear to appreciate in what a dangerous position this puts us if we go into the European Monetary System on 1 January with wage costs escalating at this rate'.

The Labour leader, Mr Frank Cluskey, centered his criticism on the fact that few details of the system existed: 'Not least of these (being) the position of Great Britain and the transfer of resources from the Community to the weaker economies' (DD. 308, 1978, pp. 450-7). He noted that the proposals had originated from the heads of state of West Germany and France and warned: 'We should be very careful not to assume that what is good for comparatively strong economies such as the German and French economies is necessarily good for our economy'. He suggested there was 'a kind of romantic approach to breaking the link with sterling' but asserted that joining the EMS was 'not a break which would leave us with full monetary control... It would be exchanging economic dependence on one economy, one currency, for dependence on another.

Criticising Fianna Fail for using the EMS proposals as 'an excuse for the failure on the domestic front of their own economic policies' he concluded that while the Labour Party was not opposed to EMS in principle: 'No one can make a proper value judgement on these proposals because of the lack of information so far'.

At the beginning of November it became clear that Germany would be opposing the amount and the form of aid to the Republic. Mr Colley travelled to Bonn on 8 November to meet Chancellor Schmidt. Their discussion revolved around the form the aid would take. The Chancellor wished to provide loans but Mr Colley argued that the loans would not solve, and might even worsen, the Republic's economic situation. Ludlow (1982, p. 256) suggests one reason for the German attitude

...was their absolute determination, which was openly admitted to the Irish... that the British should not benefit from any EMS-related aid as long as they remained outside the system. Since help through the Regional Fund or any other existing Community instrument could only be made discriminatory with considerable difficulty, there was an understandable reluctance to try. Better bilateral grants in the last resort, the Irish were told, than multilateral negotiations that might in the end profit the British. Best of all would be loans.

Mr Colley returned from Germany and remained optimistic, although no deal had been reached. With the difficulties several of the countries had in reaching agreement there was talk in mid-November of postponing the starting date for the EMS. However, Mr Colley said that the Republic could not support such a move because of the consequences on the money markets (IT. 14 November, 1978).

From the beginning of October discussions over the European Monetary System had had a dramatic affect on Irish finance. On 3 October 1978 the Central Bank of Ireland placed restrictions on personal loans for six months. These measures had been prompted by a massive growth in personal lending which had risen by 45 per cent in the year to August. Commenting on the move Professor O'Donoghue suggested that the borrowing boom was being used to import consumer goods and was thus having a detrimental affect on the Republic's balance of payments. This he argued undermined the possibility of having an independent Irish pound. If the UK were not to join the EMS and the Republic did the Government did not wish to have to change the punts parity with sterling, for an initial period at least (IT. 4 October, 1978).

The stock market was also to come under some pressure towards the end of the month. On the weekend of Friday 20 October to Tuesday 24 October over £70 million in government securities were sold, mostly to British investors, who believed that a break in the sterling link was an increasing possibility. The Department of Finance increased the price of government stocks in order to decrease their attractiveness against British government stocks, believing that some of the investment was speculative and liable to flow out of the country as quickly as it had come in. New stock worth £90 million was created and the Central Bank tried to put a brave face on the situation by pointing out that a similar occurrence had taken place in 1975 over the British referendum to stay in the EEC and that then investment had not moved out again in vast quantities (IT. 24 October, 1978).

These developments in the stock market continued so that on 26 October the Central Bank informed all the commercial banks that it could no longer provide them with quotations for the value of the punt against the dollar in forward exchange markets. The interpretation of this move was that the parity of the punt and sterling could not be guaranteed in the future. This move caused some confusion in foreign exchange dealings in the Republic, a situation not helped when Professor O'Donoghue refused to make any comment. Indications were that the Central Bank had laid plans in anticipation of a parity break and that this action had been taken to prevent the possible massive outflow of funds (IT. 27 October, 1978).

The Fianna Fail Government was now also coming under pressure from different sections of the Irish economy as these groups assessed the implications of entering the EMS. The old and labour intensive industries were felt to be most vulnerable. The Apparel Industry Federation complained that entry to the EMS, if it caused a break in sterling, would increase unemployment. This would be a drastic situation for that industry, where the workforce had dropped from 30,250 to 22,550 in the five years up to 1977. The Clothing and Footwear manufacturers argued that an effective revaluation of the punt against sterling would inhibit their export drive and force them to relinquish a bigger share of the domestic market where 52 per cent of the demand was already being satisfied by imports (IT. 22 November, 1978).

Mr Lane, President of the IFA, suggested that the Government's headlong rush to join the EMS had to be stopped, since there was a number of important technical matters to be ironed out first. He believed that the

Green pound might be replaced by the ECU. If this were to happen, he pointed out, the ECU would be worth 20 per cent less than the agricultural unit of account then in operation and would, therefore, automatically depress farm prices by 20 per cent. He assumed prices would be revised upwards in this eventuality to maintain farm incomes. But, he suggested that if the adjustment was to be left to Finance Ministers a political decision could result which would lower farm prices regardless of the decision taken by the group of Agriculture Ministers (IT 22 November, 1978).

The General Secretary of the ICTU, Mr Roberts, sent an Executive Council letter to the Taoiseach outlining the problems in the labour intensive industries and urging him not to enter the EMS until the terms were published and publicly debated. Mr Conlon, Director General of the Confederation of Irish Industries, pointed out that if the Republic was to join the EMS, with Britain staying out, there would be a speculative run on sterling which would damage Irish economic prospects in 1979. He advocated special measures for Irish industry if the punt were to appreciate against sterling and, even though he saw potential advantages in the long term, he was worried about the transition period and said that the Government should not make up its mind until it had seen the package. He believed that there was danger, even if Britain joined, for the Irish manufacturing sector. He said that pay could not rise by more than 6 or 7 per cent in 1979 without jeopardising employment in industry. Suggesting that since excess pay increases in 1978 had almost taken up the 'allocation' for 1979 he stated that no further growth in pay should be allowed (IT. 27 November, 1978).

With this sort of pressure building up at home Mr Lynch set off for Paris, London and Bonn, towards the end of November. The Taoiseach detailed the outcome of his meetings in a statement to the Dail on 30 November (DD. 310, 1978, pp. 410-12). He reiterated that the EMS proposals had not yet been finalised and that many important features had to be discussed at the European Council meeting in Brussels, in the first week of December. In particular he referred to 'the conclusions to be reached on the Government's case that significant Community action is needed to strengthen the Irish economy in a new monetary system'. Reporting on his series of meetings he said that he had told President d'Estaing of France that the Republic was 'anxious' to join the new EMS. The reasons he conveyed for the wish to join the system were firstly, that Ireland 'had a deep commitment to the ideal of closer European integration', and secondly, 'because of the potential economic advantages (the Republic) saw in participation under the right circumstances'. But Mr Lynch said that he also 'stressed that our decision depended entirely on the circumstances being favourable'. The Taoiseach further stated that the President 'exhibited a strong wish to have Ireland enter the system from its inception'.

On his meeting with the British Prime Minister, Mr Callaghan, Mr Lynch said they had both asserted that their respective governments had not made a decision on entry at that time. The Taoiseach also advanced the view that 'Mr Callaghan showed the utmost goodwill and understanding of our position'. It was the third meeting, with Chancellor Schmidt, that was most important. Germany had a central role in the negotiations because of its economic strength and its commitment to the



EMS, which it saw as an important stage in the movement to political union. As Ludlow (1982, pp. 256-7) points out:

The German capital seemed to hold the key, and from the Irish point of view therefore it was distinctly encouraging to discover that, true to their promise, Dr Lahnstein and his officials had been working hard since the Colley visit to devise methods of helping them. The Germans still insisted that the Irish were setting their targets too high, and that a substantial portion of the sum eventually raised would have to be provided through loans rather than grants. That said, however, they indicated that they were prepared to seek the support of their partners for a package involving a 'third window' on the Regional Fund, which would be specifically related to the EMS, an increase in the credit facilities available through the EIB, amounting to one billion EUA, a further extension under the Ortolli Facility and interest subsidies on both types of loan.

Mr Lynch told the Dail that he had been 'greatly encouraged by the Chancellor's very positive response'. He said that the Chancellor 'indicated that he will be prepared to support transfers to Ireland to the fullest possible degree'. For his part, Mr Lynch maintained Ireland's position 'that grants should be the predominant element in transfers (DD, 310, 1978, p. 414).

In coincidence with the Dail debate a confidential EEC report, leaked to the press, suggested that that juncture was the optimum time for the link between the punt and sterling to be broken. It took the view that there was no inherent reason why the Irish economy could not take the strain of the EMS. It argued that the break was feasible because of the changing geography of industrial exports and the operation of the CAP, while the currency support mechanisms of the EMS would make it easier for the punt to go it alone. On the effects on 'national unity' the

report concluded that the barrier between North and South would not be of any substance in the context then obtaining and that if this step meant a faster growing economy this, along with a strong punt, might have a positive effect on the psychology of those in the North (IT. 30 November, 1978).

The lack of any concrete proposals was still the most worrying factor for the opposition political parties in Ireland. In reply to the Taoiseach's statement in the Dail on 30 November Dr FitzGerald criticised the Government's failure to give information on the terms and effects of EMS (DD. 310, 1978, pp. 419-25). He pressed Mr Lynch on the amount and form of aid he was prepared to accept. The prospect, which had been raised, of loans rather than grants worried the opposition parties. Dr FitzGerald also expressed concern over industries most vulnerable to the effects of freeing trade and he criticised the Government's failure to consult industry and underlined the worrying state of industrial relations.

The implications for industrial relations had become an important aspect for Labour. Even though Mr Cluskey had said that the Labour Party was not opposed to the regulation of the finances of the EEC in principle, in response to the Taoiseach's statement in the Dail, he laid down six conditions for Labour's support to enter the EMS.

- 1) that there is adequate transfer of resources in the form of grants to the minimum extent of £650 million over a five-year period, any loans to be in addition to transfer of resources; 2) that the transfer be in the form of grants which are untied, without conditions and capable of being applied as the

Government sees fit in order to protect employment: for example, they should be capable of being used for either capital or current purposes; 3) that if agreed, the grants should be used by the Government as expenditure on new projects in addition to current schemes and not as a substitute for them; 4) that there is no alteration in the real value of the CAP income to the Irish economy; 5) that there is a clear commitment given by the Government there would be no statutory incomes policy, that they will not introduce such a policy and then tell us that it is because of our membership of the EMS and that we have no option but to introduce a statutory incomes policy; 6) that the impact of the final scheme be properly evaluated by the Government and be presented by them to the Dail showing employment effects in the short run, employment effects in the medium term, effect on our GNP in 1979, effect on the rate of inflation in 1979 and budgetary changes particularly with regard to foreign borrowing policy (DD. 310, 1978, p. 438).

The main reason why the Government was unable to give details of any concrete plans was simply that they did not exist.

In order to arrive at some consensus, before the Brussels Summit the Germans called a meeting of senior officials at Frankfurt airport on 1 December, 1978. This meeting made some general progress. Firstly, it was agreed that the Heads of Government should issue a declaration affirming the need for the Community to strengthen and develop policies designed to hasten the convergence of the member states' economies. Secondly, it was agreed that whatever specific measures were adopted by the Council they should be limited to the states that participated in the EMS. In relation to a 'third window' in the Regional Fund, it was proposed that the money granted through this facility would be divided out in the following proportions: 50 per cent to the Italians, 30 per cent to the Irish and 20 per cent to the British which, given the size of the UK's contribution, would ensure that it neither benefited nor lost from the exercise. Agreement was not reached on the forms the aid was to be in, nor over the question of how much money was needed overall (Ludlow, 1982, pp. 260-1).

The European Council meeting of 4 and 5 December began with some optimism. But it was soon to turn sour because of disputes over the MCAs and the concurrent studies. More importantly for the Irish it was becoming clear that their demands for £650 millions over five years, in the form of grants, was far too optimistic an expectation. Although Chancellor Schmidt, particularly, was sympathetic to the Irish case and willing to raise the level of grants to them he was unable to persuade the others who had to finance the aid to raise their contributions. The most generous offer Chancellor Schmidt could persuade the French President to agree to consisted of the following elements:

- 1) Loans of up to 1 billion EUA (£650 million) per annum for five years to be issued both through the EIB and the Ortoli Facility, two thirds going to Italy and one third to Ireland.
- 2) The loans were to be for fifteen years, with a moratorium on principle repayment of three or five years.
- 3) Interest subsidies at a level of three per cent totalling no more in any one year than 200 million EUA or £130 million per annum.
- 4) The total subsidy to be drawn the moment the loan was agreed (Ludlow, 1982, p. 266).

The Taoiseach detailed the developments arising from the Brussels meeting to the Dail on 7 December (DD. 310, 1978, pp. 981-5). He mentioned three problems the Republic would face if it were to join the EMS immediately and unconditionally. Firstly, he felt that the Irish punt would appreciate, with the implications this had for competitiveness. Secondly, he cited the problem that the relatively underdeveloped state of the Irish economy posed. Thirdly, he noted that monetary union, towards

which the EMS was tending, would increase the gravitational pull on investment and labour to the central areas of the Community. To overcome these difficulties he stated that 'we would require a resource transfer of approximately £130 million a year over five years on the assumption that the United Kingdom was within the system'. Detailing the scheme presented at Brussels he concluded that this would give the Republic a grant equivalent of £45 million per year for five years. In this respect he pointed out that:

The figure of £45 million a year for a period of five years corresponds to the estimate of £130 million a year which I have mentioned as representing the size of the resource transfer necessary to offset our entry into the scheme in the transitional years. Because of the disparity, I told the council that I could not at that stage indicate to them that I would recommend joining the scheme but that I would consider the matter further in consultation with my Government (DD. vol. 310, 1978, pp. 981-5).

Negotiations were to continue. On 7 December Mr Lynch contacted Chancellor Schmidt by telephone (DD. 310, 1978, p. 1988). A meeting was held in Luxembourg on 11 December, attended by Dermot Nally of the Prime Ministers Office, Maurice Horgan of the Ministry of Finance and Brendan MacDonald of the Ministry of Economic Planning and Development and a small number of German officials led by Dr Lahnstein (DD. 310, 1978, 2048). In a statement to the Dail on 15 December the Taoiseach detailed the improvements gained at these discussions. He said his previous reservations related to two broad areas. Firstly, there was the form and the adequacy of the resource transfers. He said that it had now been assured that the resources 'will not be wholly restricted to infrastructure'. On the latter point, he said that a number of the more

prosperous countries were satisfied as to the unique difficulties the Republic faced and had thus made bilateral arrangements for further transfers of resources (DD. 310, 1978, p. 1988). This added up to about £50 million over two years.

Mr Lynch's second reservation had concerned the attitude of the other countries (DD. 310, 1978, 1989-90). It was now clear that only the UK would not be joining the EMS, but it had voiced its intentions of working 'for a continuation of the exchange rate stability sterling has enjoyed for nearly two years'. With this in mind the Irish Government expected that the punt and sterling would not diverge from parity 'for some time at least'. On the basis of this improved package the Taoiseach announced that 'the Government have decided that Ireland should also participate in this system, with her partners in the Community as from 1 January'. Ludlow (1982, pp. 268-9) suggests some reasons why the Government accepted this new plan, in spite of the fact that the new offer was not much of an improvement.

Why then did they accept it? The answer, it seems, is that they concluded they had little choice. They had asserted their independence of the United Kingdom before Brussels and they had to accept the consequences of it now. If they went in, they obtained some extra cash in the short term and kept the goodwill of the governments with which they and the official opposition felt their future increasingly lay. If they stayed out, they ran the risk of forfeiting this goodwill and, still more important, of tying themselves even more strongly to the UK. (Also, since it was believed that the UK would eventually join) the Irish government knew that it would have no alternative but to enter itself. Better therefore to enter immediately while there was cash and kudos on offer, than to creep in on the coattails of the British government at a moment of their choosing. Despite the disappointing shortfall in the funds available, therefore, Mr Lynch and his colleagues had no real alternative.

These points are surely valid, but they do not explain the eagerness which characterised the Irish Government and, indeed, Fine Gael in Coalition, in respect of EMS. It is true, as Mr Lynch put it in his Dail statement, that they believed in the desirability of creating a zone of monetary stability. But another factor seemed more important. As the Taoiseach (DD. 310, 1978, p. 1990) said:

We have pursued policies aimed at the full and enthusiastic participation of Ireland in the development of Europe. In particular we have tried to avoid the creation of a two-tier or two-speed Community. Non-participation in the present system, which is a step in the direction of monetary union in Europe, would, we believe, lead to the creation of just such divisions.

This statement demonstrates forcefully our argument that the development of the Irish economy is intimately involved with the international economy. It also bears out the lack of power an economically weak country has in influencing the political development of the EEC.

The debate in the Dail, on entry to the EMS, took place on the 21 December 1978. The Taoiseach detailed the essentials of the system and concentrated on the need for wage restraint. He said that income must not be allowed to move ahead at the pace experienced in recent years and that income expectations must adjust rapidly to the lower rate of inflation. He noted that in 1978 wages increased in the Republic by 16 per cent, 12½ per cent in Britain and 5½ and 8 per cent in Germany and the Benelux countries respectively. He said the vital element to success was wage costs: 'If we achieve a faster rate of productivity growth than our

partners then it will be possible to award ourselves higher pay increases without exacerbating inflation'. In regard to the unification of the country Mr Lynch commented that economic benefits could heighten the perception in the North of the Republic's comparable levels of economic development and living standards and of its independent political role in Europe. Once again, he reiterated the point that if either, or both, Italy or the Republic of Ireland had decided not to enter the EMS 'we would be faced with the danger of providing a basis for the creation of a two-tier or two-speed Community... to the certain disadvantage, within the Community, of the countries in the lower tier' (DD. 310, 1978, pp. 2051-55).

The Fine Gael leader, Dr FitzGerald, although endorsing the Taoiseach's words regarding a commitment to the further development of the Community into a federal type structure, said that he had 'been personally shaken by the incompetence with which the negotiations seem to have been handled and astonished by the bungling of their presentation to Irish public opinion' (DD. 310, 1978, pp. 2141-52). On the exchange control procedures introduced, he pointed out that when the Taoiseach had declared that the Republic would join the EMS, this statement having been made on Friday 15 December, the Exchange Control Order issued by the Central Bank did not operate until the following Monday, 18 December. Dr FitzGerald's fear was that much of the £400 million which had flowed into the Republic in the weeks leading up to the Brussels Summit would now flow out again following commitments made between the lunch-time on Friday and the midnight of Sunday. Dr FitzGerald also criticised the drastic character of the exchange controls, berated the



Government for borrowing money without, seemingly, knowing the interest rate to be paid and urged a rethink on the decision to maintain the punt within the 2½ per cent band, rather than the looser 6 per cent.

The Labour Party leader, Mr Cluskey, said that the one benefit the Republic had secured on entry to the EEC, the CAP, was now weakened and that the UK had been given the opportunity to undermine it as a condition of their later entry to the EMS. He criticised the small amount of aid given to the Republic and suggested that the Brussels negotiations had been 'a political face saver for Fianna Fail, and obtained at great cost to the dignity of this country as a nation'. Commenting on a report by the Economic and Social Research Council, which predicted a halving of the Irish economic growth rate, and its effects on employment, he said that 'the Government have called the tune but the workers in Irish industry will pay the piper' (DD. vol. 310, 1978, pp. 2070-9). Labour's motion opposing membership on the negotiated terms was defeated by 77 votes to 13, with Fine Gael abstaining. The same margin saw the entrance of the Republic of Ireland to the EMS.

The EMS did not, however, come into operation as planned. France refused to give the go-ahead for the monetary system to begin on 1 January, 1979. The reason for this had more to do with French domestic politics than with the system itself. The French had already expressed concern over the application of the ECU in agricultural transactions, at the European Council at Brussels. The use of the ECU threatened to extend and make permanent the MCA system which the French

Government wished to see dismantled. At Brussels a corrective factor was introduced to stem the effect the ECU system would have on farm prices and a commitment was also given to avoid the creation of permanent MCAs. At the Agricultural Council of 18 and 19 December the French Minister demanded that any new MCAs that might be created as a result of the revaluation of the currency should be subject to an automatic time limit of twelve months. This would have almost certainly caused a fall in farm incomes in Germany, something which the German representative found totally unacceptable (Ludlow, 1982, p. 280).

The dispute ended almost as unexpectedly as it had begun. At the meeting of the Agricultural Ministers on 5 and 6 March the French gave in. There was a partial sop to their feelings in the form of a 'gentleman's agreement' to reduce the newly created MCAs in two stages, but no time limit was imposed and the agreement specifically excluded any reduction of agricultural prices in the currency of the country concerned as a result of the phased elimination of the MCAs. The French President himself announced, on 7 March, that France would lift its reserve on the EMS which would, therefore, begin to operate. This it did on 13 March, 1979 (Ludlow, 1982, p. 283). We will now turn to an examination of the Republic of Ireland in the EMS.

### Ireland in the EMS

The debate over whether or not the Republic should join the EMS was essentially concerned with the pressure the participation would put on the Irish economy in the short term and, therefore, the difference

between the aid that was felt to be necessary and the aid that was forthcoming, to get the Republic over this 'transition period'. Where there was general agreement among the major parties was in their attitude to the broader notion of monetary union and the internal effects this would have on the Irish economy. Monetary union was seen as an important step in the convergence of the EEC members' economies. The EMS was seen as the best, politically obtainable, way of moving towards this goal at the time. Although the actual deal which joined the Republic to the EMS was not as good as the Irish parties wanted, their great fear was that not to enter would see the creation of a dichotomy in Europe between the stronger economies and the weaker ones. This decision was bolstered by the belief that the EMS, although not a monetary union, would promote currency stability in Europe. The desire for currency stability lay in the belief that it would decrease the inflation rate of the Republic, bringing it into line with the inflation rates of the countries to whose currencies it was linked. We will now assess to what extent membership of the EMS has seen the creation of this zone of currency stability and the convergence of inflation rates.

The major factor underlying Ireland's dissatisfaction with the parity link with sterling was the evidence that, despite short-term deviations of the Irish and British inflation rates, over time the Irish rate remained very close to the inflation rate in Britain. With the instability in sterling and the very high inflation rates in Britain, in comparison to the other EEC countries during the 'seventies, it was felt that the parity link of the Irish currency with sterling was undesirable, since the Republic's inflation rate would consequently remain higher than its other European partners.

It was realised, however, that breaking the link with sterling could cause the Republic problems because of the amount of trade between the UK and the Republic of Ireland. The decision to go ahead and join the EMS, with Britain staying out, implies that several assumptions were made at the time, the effects of which would mitigate this adverse situation. Firstly, it was believed that inflation in Britain would continue to run well ahead of the rest of Europe. The coming to power of the Conservative Government which was successful in reducing the British inflation rate to around the level of its European partners was not foreseen. Secondly, it was hoped that Britain might soon join the EMS. After seven years this has still not happened. Thirdly, it was suggested that the proportion of Irish trade would decrease with Britain while increasing with the other EEC countries. Such a shift, however, has been very slow, being only around ten per cent over fifteen years. The fact that none of these assumptions have been realised has caused problems for the Republic of Ireland in the EMS.

As regards the zone of monetary stability Zis (1984, p. 68) has argued that the EMS has been successful, in that it has resulted in a greater degree of exchange rate stability while, at the same time, being flexible enough to allow exchange rate changes to be effected in an orderly and deliberate manner. However, this success must be qualified in the Irish case, because the proportion of Ireland's trade with the sterling area has remained high. Thus, Walsh (1984, p. 179) has noted, that although the punt has found stability within the EMS, membership of the system has not meant an overall stabilisation of the Irish exchange rate. In the first couple of years in the EMS the punt fell by 14 per cent against

sterling, making Irish imports of manufacturing raw materials from Britain more costly. After a fairly unsettled number of years for sterling it has begun, since the middle of 1985, to steadily depreciate against the EMS currencies, thus making Irish exports to the sterling area much more expensive.

The situation in 1986 shows up the dilemma the Republic is faced with. Before the slide of sterling against the EMS currencies from 1985, the punt stood at around 78p against the pound. Although the depreciation of sterling continued into 1986, the Irish government decided not to adjust the punt accordingly in the EMS realignment in April 1986. Their hope was that by maintaining the punt against the ECU the Republic would derive benefits in the form of decreased inflation. However, by the end of July the Irish punt had increased to 95p against the pound and, with the decline of the dollar also affecting ten per cent of Irish exports, the Irish Government devalued the punt by eight per cent, the ninth realignment of the EMS and the fourth involving a single currency. The Minister for Finance, Mr Bruton, said the devaluation was necessary because the decline of the dollar and sterling had left the punt at an artificially high rate against these currencies and this would involve a loss of competitiveness of Irish goods in these countries leading to a possible increase in unemployment in the Republic. He accepted that the move would add about 0.5 per cent to Irish inflation in 1986 (Financial Times, 4 August, 1986). This was disappointing to the Irish political parties for they had believed that one of the main attractions of the EMS would be a reduction in the Irish inflation rate.

In relation to this hoped for convergence of the inflation rates of EMS members at a lower level, the situation is again more complicated than it might appear on the face of it. It is clear that the inflation rates of the members have decreased since the system was set up, but attributing this fact to the EMS is open to question. Rogoff (1985, p. 96) comparing movements in the inflation rates of Italy, Germany and France, all members of the EMS, with the movements in rates in countries outside the EMS, concluded that the amount of convergence in the former group was much less noticeable than the degree to which the inflation rates of Germany moved downwards towards that of countries such as the UK, Japan and the US. Clearly, the decreasing rates of inflation experienced by the EMS countries cannot be attributed, at least not wholly, to the operation of the system. A substantial part of this success has had to do with the internal economic policies pursued by national governments.

### Conclusion

The essential thesis of this work is that the economic, political and social development of Ireland can be understood, to a large degree, by the capitalist nature of the economy and, secondly, by its position in the international market system. In Chapter Two we detailed two frameworks which would provide such an understanding of Ireland. We explained the predominance of Fianna Fail within the Irish party system by its ability to create a cross-class alliance through its economic strategy of self-sufficiency, pursued from the early nineteen-thirties to the late 'fifties. This strategy involved the expansion of national economic activity through the protection of the domestic markets from the full demands of the

international market system. We noted the drawbacks inherent in this policy, particularly the creation of Irish enterprises of small-scale, arising out of their orientation towards satisfying domestic demand and, secondly, the inefficiencies this led to within Irish businesses, because of the virtual absence of external competition and the lack of economies of scale. We concluded, therefore, that this strategy was only viable in the relatively short-term, for it placed a great strain on the Irish exchequer, because the uncompetitiveness of Irish goods on international markets created large balance of payments deficits. The problem of increasing indebtedness produced a consensus between the two largest parties that a new economic strategy had to be embarked upon. It was Fianna Fail which changed Ireland's economic direction and its initial success resulted in the reassertion of Fianna Fail as the predominant Irish party.

The new economic policy was centered on industrialisation. The capital for this was to be provided by overseas firms locating in Ireland. Since these firms are largely export orientated it was necessary to dismantle Irish tariff barriers, so that reciprocal penalties on Irish exports by other countries would be withdrawn. Further to this, Ireland had to secure access to EEC markets in order to attract overseas firms which wished to get behind the Common External Tariff, which is the defining feature of the EEC. Subsequently Ireland joined the EMS, membership of which, it was believed, would further encourage trade between Ireland and EEC countries, since it removed the uncertainty over competitiveness which adverse currency movements might create.

Ireland's free trade strategy led logically to its entry to the EEC

and, subsequently, its membership of the EMS. Thus, Ireland has given up the two major formal powers, tariff barriers and control over the national currency, by which the state could aid the competitiveness of domestic produce on international markets. It was realised that Ireland's membership of a free trade area with relatively fixed exchange rates would put great strains on the underdeveloped economy. We have argued that since the decisions to help the peripheral economies are now taken at the European level this produced a consensus between the major parties in the Republic in the demands for large transfers of resources. We used the debates surrounding the setting-up of the European Regional Policy and the EMS to test this hypothesis. The appropriateness of these two policy developments as case studies lies in the fact that a Coalition, headed by Fine Gael, was in government when the European Regional Policy was established and Fianna Fail was in office when Ireland joined the EMS. This has allowed us to measure the extent of the consensus between the two main parties on these issues. Secondly, it enables us to gauge the importance of the performances of either in their negotiations.

In detailing the negotiations surrounding the European Regional Policy and the EMS we showed that both major parties wanted substantial transfers of resources from Europe to aid the underdeveloped Irish economy. When agreement was reached on the European Regional Policy, Fianna Fail attacked the Coalition Government for not gaining sufficient transfers of resources and blamed this on the Coalition's performance in the negotiations. Likewise, when Ireland joined the EMS Fine Gael castigated the Fianna Fail Government for its performance in the negotiations, for it failed to secure the amount of transfers Fianna Fail



suggested were necessary. We have argued that this does not signify a breakdown in the fundamental consensus between the two main parties. Rather it shows the impotence of the weaker countries in influencing the stronger countries of the EEC. Both Fine Gael and Fianna Fail would have liked more aid from Europe. What they got from their respective negotiating roles was all that was possible, given the lack of political will among the stronger EEC countries to sanction greater transfers.

The Irish free trade strategy has meant that the Irish state has given up the formal controls with which it could aid the competitiveness of Irish goods on international markets. The fact that the EEC has not transferred sufficient resources to Ireland to enable it to overcome its disadvantaged position, on the periphery of the European market, has forced the Irish state to attempt to increase the competitiveness of Irish goods by other means. In this respect, the main component in the costs of production over which the Irish state may exercise some control is that of domestic wage levels. This fact explains why, since the beginning of the nineteen-seventies, domestic wage levels have been central to the management of the economy by the Irish state. This is the thesis which we will present in the next Chapter.

Appendix 1

1. In terms of exchange rate management the European Monetary System (EMS) will be at least as strict as the 'Snake'. In the initial stages of its operation and for a limited period of time, member countries currently not participating in the 'Snake' may opt for somewhat wider margins around central rates. In principle, interventions will be in the currencies of participating countries. Changes in central rates will be subject to mutual consent. Non-member countries with particularly strong economic and financial ties with the Community may become associate members of the system. The European Currency Unit (ECU)\* will be at the centre of the system; in particular, it will be used as a means of settlement between EEC monetary authorities.

2. An initial supply of ECUs (for use among Community central banks) will be created against deposit of US dollars and gold on the one hand (e.g. 20 per cent of the stock currently held by member central banks) and member currencies on the other hand in an amount of a comparable order of magnitude.

The use of ECUs created against member currencies will be subject to conditions varying with the amount and the maturity; due account will be given to the need for substantial short-term facilities (up to one year).

3. Participating countries will co-ordinate their exchange rate policies vis-a-vis third countries. To this end they will intensify the consultations in the appropriate bodies and between central banks participating in the scheme. Ways to co-ordinate dollar interventions should be sought which avoid simultaneous reverse interventions. Central banks buying dollars will deposit a fraction (say, 20 per cent) and receive ECUs in return; likewise, central banks selling dollars will receive a fraction (say, 20 per cent) against ECUs.

4. Not later than two years after the start of the scheme, the existing arrangements and institutions will be consolidated in a European Monetary Fund.\*\*

5. A system of closer monetary co-operation will only be successful if participating countries pursue policies conducive to greater stability at home and abroad; this applies to deficit and surplus countries alike.

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\*The ECU has the same definition as the European Unit of Account.

\*\*The EMF will take the place of the EMCF.

## Chapter Four

### Wage Negotiations in Ireland: Beyond Corporatism

#### Introduction

In this work our essential thesis is that the development of Ireland must be related to the capitalist nature of the Irish economy and its position in the international capitalist system. We saw in chapter two that Irish economic policy changed dramatically at the end of the nineteen-fifties and this involved the dismantling of national barriers to international trade. The logic of this strategy led to the Republic's entry to the European Economic Community. A further stage along this path was membership of the European Monetary System. In the last chapter we argued that these developments have important implications for national economic planning in that they reduce government ability to modify international market conditions for the domestic economy. This is particularly the case in the short-term. Irish exports have now to compete directly on international markets. Because a large component of the price of exports is labour costs, wage policy has become a central issue for government. In this chapter we will analyse the management of this aspect of the economy by the Irish state.

The fact that during the nineteen-seventies the Republic of Ireland had successive national agreements on wage policy, involving government, the Irish Congress of Trade Unions (ICTU) and employers' organisations, is evidence that a system of tripartism exists there. Institutional tripartism

is a feature of many capitalist states. Marsh and Grant (1977, pp. 197-8) have suggested four distinct characteristics of an ideal-typical tripartite system. Firstly, by definition, it would involve government and the two main interest groups: business and labour. Secondly, the system would be underpinned by a basic consensus, involving a willingness by the negotiating parties to set aside disagreements about ultimate goals in order to arrive at solutions to particular problems. Thirdly, the organisations would have to be able to ensure their members support for agreements. Lastly, the three parties need to have sufficient influence on the evolution of policy in order to feel an obligation to accept any agreement. It is the fact that these conditions can be said to have been largely fulfilled in the Irish case that have led some authors to apply this framework to the Republic of Ireland.

Over the past decade or so the analysis of institutional tripartism has tended to be linked to corporatist theory. In this chapter we will, therefore, be concerned firstly with the development of the theory of corporatism and, especially, the reason why it has become important in political science in recent years. For this we will outline the merits the theory is said to possess in explaining particular developments in advanced capitalist society. Secondly, the major shortcoming of corporatist theory will be pointed out. This is its inability to conceptualise the role of the state under capitalism. Thirdly, the development of the tripartite structures in the Republic of Ireland will be detailed. Fourthly, on the basis of the preceding critique, an alternative explanation will be presented of the system of tripartite negotiation on major economic matters which has existed in the Republic. Finally, the development of

tripartite negotiations in the Republic will be shown in light of this alternative analysis.

The notion of corporatism has been around since at least medieval times. It is based on the view that all the various interest groups of society make up the one corpus or entity, the dynamic for change being co-operation rather than conflict. Until the last decade or so the use of the concept of corporatism had become unfashionable because of its links with Italian fascism during the Second World War. In more recent writings the fascistic connotations with which corporatism had been tarred have been dispelled by redefining this form as 'state' corporatism which is imposed from above, contrary to 'societal' corporatism which develops popularly from below. It is this second model which has gained currency in political science in the last decade.

Interest has been reawakened in the theory of corporatism because it is thought to offer an understanding of economic management in advanced capitalist states, where centres of power exist outside of government and with which the latter must find some accommodation. In addressing itself to this situation corporatism is thought to overcome the shortcomings of pluralist theory. Cawson (1978, p. 182) argues that pluralist theory views the political arena 'as analogous to the competitive economy in that the elector replaces the consumer as the principle determinant of market behaviour'. He suggests that if economic theory has had to adapt 'to the reality of imperfect competition in the modern economy', with its monopolies and oligopolies which can dictate market trends, so must political theory. Thus, he concludes that 'if (for pluralism)

the essential feature of liberal democracy is the relationship between individual electors and sovereign parliament then that of corporatism is the representation of functional interests' (Cawson, 1978, pp. 182-3).

Schmitter (1982, pp. 93-4) was one of those who rekindled the debate and his is the most commonly used definition of corporatism.

...a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.

This definition contains two elements. Firstly, there is the government recognition of interest-group organisation. The major problem here is that comparative studies have shown that this is not sufficient to differentiate corporatism from pluralism. As Lehbruch (1982, p. 24) notes:

So far as institutions are concerned, we are led to the rather trivial conclusion that some institutionalization of organizational participation in corporatist policy formation is of course always to be found, but that no specific institutional framework leads with necessity to the emergence of corporatism.

Contrary to the assertion that this is a 'rather trivial' conclusion this fact does pose a major problem for the empirical definition of the theoretical constructs. In the absence of clear parameters Rhodes (1985, p. 301) has pointed out the major danger with the theory:

The logic of the corporatist argument can appear circular. A system is corporatist when the characteristics are present to a greater (unspecified) degree and it remains corporatist (with contradictions) when they are absent to a lesser (unspecified) degree. Consequently, the theory can 'explain' everything and it is peculiarly difficult to identify counter-factual statements.

We are still left with Crouch's (1984, p. 114) question: 'What is it then, that leads a country's institutions to become orchestrated in a corporatist manner, the existence of explicit tripartite concertative bodies being neither necessary nor sufficient?'. Emphasis is shifted to the second aspect of Schmitter's definition in seeking an answer. The operative word here is control.

McBride (1985, p. 440) observes that in Schmitter's theory corporatism can be distinguished from pluralism because the interest groups in the latter type of society 'are not specifically licensed, recognised, subsidised, created, or otherwise controlled in leadership election or interest articulation by the state and... do not exercise a monopoly of representational activity within their respective categories'. McBride sets out to empirically test the argument that tripartite structures of interest intermediation and the recognition and control of groups by government are found together. From his case study of four countries McBride (1985, pp. 441-2) finds that this is not the case.

The consequences of this result for the concept of corporatism, at least in its Schmitterian version, are quite serious. First, its theoretical significance and empirical existence, even as an approximation to its posited ideal-type, are thrown open to doubt. At a minimum, state-trade union relations are shown to have greater complexity than the definition can comfortably handle. Secondly, greater proximity to the real world of state-group relations can be gained only at the cost of reduced conceptual distinctiveness.

To dilute the characteristics of corporatism in order to take account of the complexities of reality brings it closer to pluralist theory and, consequently, lays corporatism open to the criticisms pluralism has faced. In particular, the theories can be criticised for their inability to adequately conceptualise the capitalist state, specifically in its role of reproducing the conditions necessary for the functioning of a capitalist economy. This criticism comes mainly from marxist writers. At a general level marxists differ from corporatist theoreticians in that they see the growth of corporatist structures not as a movement deriving from social harmony but as a product of class conflict. More specifically the institutional forms of this conflict are dictated by the needs of capitalist states, both to create the conditions for the promotion of capitalist development and to integrate working class organisations within this state strategy.

Cawson (1978, p. 189), in addressing himself to this dual project of the capitalist state, draws a broad sketch of a theory to explain 'the extension of the scope and level of state activity in response to economic, social and technological change, in relation to the requirements for an effective system of interest representation'. He finds both the pluralist and corporatist explanations wanting. He suggests that a crucial time for emergent capitalism was the First World War, because it precipitated state intervention in the economy and social policy. This movement was strengthened by the acceptance of Keynesian economics after the Great Depression. The fundamental development he notes is 'when interest groups change from being private protective associations and move towards the establishment of regular and mutually supportive



relationships with government'. Cawson's (1978, pp. 191-2) argument is that this is a result of the state's role as guarantor of capitalism.

...to perform the integrative and regulatory role which the market can no longer achieve by itself the state requires specialised knowledge and professional capability in addition to the legitimacy conferred by consultation and representation. To the extent that the economic role is the fundamental one, access and mutual support will be granted to the representatives of indispensable economic interests. Thus producer groups will be corporatised as a necessity whilst the expansion and activity of consumer groups will occur largely outside the purview of the state...

The interpenetration of groups and the state apparatus develops unevenly according to the changing requirements for capitalist reproduction at different stages of development. It is most highly developed and institutionalised where co-operation is most indispensable in the pursuit of collective goals such as stable prices and regulated income growth in the post-war period.

It is within this framework that we will analyse the development of institutional tripartism in the Republic of Ireland.

There is a paucity of literature on the theorisation of this development in the Republic. Lalor (1982) has made one of the few attempts to do this, taking Schmitter's definition of corporatism as his starting point. In a critique of Lalor's article, Hardiman (1984, p. 77) has suggested that a problem with Lalor's analysis is that he only implies a link between the theory of corporatism and the institutional developments in the Republic. Hardiman (1984, pp. 77-8) asserts that the link is tenuous and that the development of the institutional machinery with which Lalor is concerned is not corporatism, but institutional tripartism. In reply, Lalor (1984, p. 88) makes the valid point that Hardiman does not make

clear the reason why she draws this distinction. Within the marxist framework, which we will utilise, the reason for the distinction is that corporatism fails to understand the role of the capitalist state and, therefore, cannot explain fully the development of tripartism.

The most forthright attempt to analyse developments in the Republic within corporatist theory is that of Lee (1979). He argues that the process of corporatisation began at the time of the radical change in the Republic's economic policy, at the end of the 'fifties. Lee (1979, p. 20) emphasises the role of the Taoiseach at that time, Mr Lemass, and suggests that: 'Under his aegis, Ireland began to shuffle towards a version of the corporate state.' Lee distinguishes between Lemass's attitude to corporatism, in the 'sixties, and his stance on the corporatist ideas which had wide currency in Ireland in the 'thirties and 'forties.

The notion of corporatist organisation first entered Ireland in the 'thirties by way of the Catholic Church's ideas on how society should be structured. A measure of their influence was the corporatist flavour of the 1937 Constitution and the appointment in 1939 of the Commission on Vocational Organisation. But when the Commission published its report in 1943 its proposals were not acted upon and, as Lee (1979, p. 21) notes: 'A bitter critic of that report was none other than Mr Lemass'. Whyte (1979, p. 74) suggests that a reason why the report's recommendations were not taken up was because the vocational organisation it envisaged would have 'meant breaking up established habits of work in government and civil service' and concludes that 'it was easier for politicians and civil servants to stick to the system they were used to'.

Lee (1979, p. 21) suggests that the new corporatism pursued by Mr Lemass was different from that of the Commission on Vocational Organisation.

The Commission... criticised civil servants for doing too much. Lemass criticised them for doing too little. The Commission wanted a corporate society, Lemass a corporate state. The Commission criticised the civil service for failing to consult adequately with interested parties. In the 'sixties, the Government was trying to find interested parties worth consulting. Lemass's corporate state embraced the civil service and private enterprise as partners in a common adventure, not as mutually exclusive sources of decision-making...

Bew and Patterson (1982, pp. 187-8), from the standpoint of marxist theory, have criticised Lee's framework.

As he points out, corporate structures are riven through with limitations and contradictions. They are inevitably unstable in the face of repeated struggles about whether trade unions become mere agencies of the state or preserve their role as autonomous working class institutions. Given this instability and the concentration of such structures on economic intervention, corporate structures are incapable of displacing the more specifically 'political' institutions of the state and therefore there can be no such thing as a 'corporatist state'.

In their analysis, Bew and Patterson (1982, p. 187) have noted the substantial contribution Leo Panitch (1981, p. 24) has made to marxist thinking on corporatism, which he sees 'as a system of state-structured class collaboration'. As such, its extension poses not an opportunity, but a danger to working class organisations'. Bew and Patterson (1982, p. 190) have concluded that the Irish unions were incorporated in the Irish state strategy for they were linked to 'a process of "expansion" which clearly

subordinated both the numbers of jobs created and the social and taxation aspects of policy to the dictates of an essentially capitalist rationality of efficiency and competitiveness'. In this Chapter we will show how, in practical terms, this took place. But, to understand the ability of the state to incorporate the unions it must be realised that the trade union movement in Ireland has not been a revolutionary movement, in marxist terms, since before independence. In Chapter Two we showed how the unions were deradicalised in the second decade of this century. Thereafter, they perceived their role in social-democratic terms. In general they have confined their struggles to the areas of wages and working conditions. In this respect, involvement in the tripartite structures helped the ICTU to unite the trade union movement behind certain generalised claims, such as improving the position of the lower paid. Indeed, in the mid to late 'seventies, the unions were able to use their influence in the tripartite machinery to make wider demands, in particular for the increased taxation of farmers and the introduction of job creation schemes. The extent of these gains is perhaps indicated by the refusal of government and employers to maintain the system in the 'eighties. Before we go on to consider this we will detail the development of the tripartite machinery in the Republic.

The formal tripartite structures which arose in Ireland, did so for reasons specific to their role at particular times. The fact that they were mostly concerned with economic issues, particularly wages, is evidence of their underlying raison d'etre. They are the result of the capitalist liberal-democratic nature of the Irish state, the requirements of which are the creation of the conditions for the functioning of capitalism and the need

to do this within a system of interest representation. The increasing use of tripartism, with the concentration on wage policy, was a product of the industrialisation strategy introduced at the end of the 'fifties. This increased the importance of the industrial sector, particularly in its contribution to employment. The fact that the nature of the industrial sector differs in some important respects from the agricultural sector meant that a new form of state management of the economy was required.

The main aim of Irish economic policy from the 'sixties has been to increase exports. Since a large part of agricultural activity was based on petty-commodity production, where the produce is consumed mainly by the producer, this section of agricultural production was excluded from the state strategy. On those farms where the capitalist mode of production operated, that is those run as private businesses employing free wage labour, workers were represented by the unions, while farm owners were represented by employers' organisations in the tripartite structures. The free trade strategy reduced government control over international market conditions. Thus, in order to ensure the competitiveness of exports the state required control over general wage levels. This it attempted to do through tripartism. We can identify four general periods in the development of the tripartite approach to economic issues in Ireland. The first period lasts from the Second World War until the end of the 'fifties. The second lasts from then, until 1969. The third period starts with the 1970 national wage agreement (NWA) and ends in 1982. The fourth period began in 1982 and continues to the present.

### Tripartism in Ireland Pre-1960s

O'Brien (1981, p. 9) notes that before the Second World War wage increases were negotiated between workers and employers with little regard to the settlements of others, except in the differential relationships which groups had won and sought to maintain. There was little generalised pattern in agreements. This situation ended during the War when the Wages Standstill Order was introduced by the Government to control wages. When the Order was lifted after the War there was a general upward movement in wages, which is referred to as the first national wage-round, and this ushered in the first period. During this time, from after the War until the 'fifties, the system of regular general upward adjustments in wages became much more systematic. There were three isolated occasions on which the social partners opted for centralised bargaining but these were essentially ad hoc responses to particular economic circumstances. Decentralised collective bargaining remained dominant.

This period also saw the first moves in the setting up of the tripartite machinery. In 1946 the Labour Court was established to mediate in industrial disputes. In 1949 the Industrial Development Authority was founded and included businessmen in its appointments. By the end of the 'fifties several bodies included representatives from industry, the unions and the public service, including the Irish Tourist Board, the Income Tax Commission and the Capital Investment Advisory Committee. Such representatives also sat on the boards of some state-sponsored companies.

The changes which introduced the second period took place at the end of the 'fifties.

We have already noted the crisis the Republic of Ireland went through in the 'fifties. After a generation of political independence, with unemployment, poverty and emigration all increasing relentlessly, the very economic viability of the country was being questioned. The answer came in the form of large scale government planning of the economy in which the Taoiseach, Mr Lemass, played a prominent role. The tripartite machinery increased as Mr Lemass sought to draw the social partners into the state strategy, the incorporation process witnessed in other industrial states.

The National Employer-Labour Conference was established in 1962 with the job of assessing economic prospects in preparation for national wage negotiations. In 1963 the National Industrial Economic Council was set up and included representatives from the public service, the ICTU, the Federated Union of Employers (FUE) and other employers' organisations. In 1967 the National Agricultural Council was founded with both state and agricultural representatives. In 1968 the Committee on Industrial Progress was established. In 1973 the National Economic and Social Council (NESC) was set up, filling the void left by the disbandment of the NIEC in 1971 (Lalor, 1982, p. 78). The NESC's brief is to advise government on the economy and the achievement of social justice. The Council is now made up of a chairperson, five persons nominated by agricultural organisations; five persons nominated by the Confederation of Irish Industry (CII) and the

Irish Employers Confederation (IEC); five people nominated by the ICTU; five persons appointed by government; and the secretaries of the Departments of Finance, and of the Public Service (Administration Yearbook, 1985, pp. 136-7).

The development of the tripartite institutions in this period did not result in an increased number of national wage agreements. Indeed, between 1959 and 1971 only one national agreement was reached, albeit for two-and-a-half years. McCarthy (1974, pp. 60-1) sees this agreement as the real forerunner of present day arrangements.

...in it we can see the sketchplan of what we have today. In the first place the objective was a national one, quite transcending the traditional interests of employer and employee within a particular employment; instead the parties were concerned with national economic issues, with social issues -indeed essentially with the business of politics.

He has identified three important aspects in the pay award. Firstly, everyone was to get the increase, and get it immediately. Secondly, a percentage increase made up part of the settlement, so that differentials could be maintained. Lastly, a minimum increase of £1 for all adult men was agreed, as a way of remedying social inequities.

McCarthy (1974, pp. 61-2) suggests four reasons why the 1964 agreement was not superceded by further agreements. First of all, since there was no institutional check on prices, and because they increased dramatically in the months after the settlement, money values decreased generally. Secondly, there was a problem in containing some sectional



claims. Thirdly, salaried groups appeared to get more than wage earning groups in the matter of exceptional pay increases. Finally, these three problems were complicated by the fact that there was no institutional means by which employers and unions could come together to identify and resolve such problems. The breakdown of the 1964 NWA signalled the end of national agreements for the next four years.

Another aspect which McCarthy (1974) emphasises, in his explanation of the breakdown of the 1964 agreement and subsequent negotiations in 1965, is based on negotiation theory. A component of this theory concentrates on the ability of negotiators. As McCarthy (1974, p. 62-3) puts it:

...agreements can founder not because what they recommend is not right, but because the general consensus does not extend so far. It is notoriously difficult to identify the limits of consensus; apart from anything else, it is continuously changing. Ultimately it requires a political talent, particularly when one is dealing at national level with large numbers of people...

No doubt this aspect is important, but we will argue that the major determinant of the limits of consensus is the social partners' understanding of their economic background.

In seeking to understand why further NWAs were not agreed until the 'seventies we have to identify the reasons why each of the partners, at different times, believed that they could at least defend, if not actually advance their position through tripartite discussion. Our contention, on

whether or not a tripartite national agreement can be reached, is that a solution is dependent on whether or not the three parties to the negotiations, government, business and labour, can accommodate their interests within the overall package. We will see that agreement was reached through the 'seventies and early 'eighties because all the partners believed that in any settlement, even when they lost ground, this was better than having the uncertainty of no agreement at all. The system of national wage agreements broke down because the Coalition Government, which took office at the end of 1982, decided that it could achieve more of its aims outside of national settlements. Returning now to the second period we suggest that the absence of national agreements between the end of the 1964 NWA and that of 1970 is largely explicable by reference to the economic environment in these years along with the social partners appraisal of their position in relation to this background.

The 'sixties saw the advent of planning in the Republic. GNP was growing, job creation was advancing, investment, wages, profits and trade were all on the increase. In an expanding economy many of the unions were willing to take their chances in improving their own members conditions. Employers were willing to give-in to many union demands since they could then pass the costs on in the form of price increases. Finally, although governments were concerned about inflationary pressures they did not regard them in the way they were to do so in the 'seventies. For these reasons we can conclude that there were few national wage agreements over this period because there was not a sufficient desire for them. There was always at least one partner which was willing to take its chances

outside a centralised structure, while the others were unwilling to give further concessions to bring them back to the negotiating table. This situation was to change in the 'seventies and this was the third period.

### National Wage Agreements in the Early 1970s

Two major trends dominated the 'seventies. Firstly, the Republic's entrance to the European Economic Community presented a major challenge to the competitiveness of Irish industry. Secondly, the developing world recession also threatened Irish firms. Both these pressures deflated the Irish growth bubble and created a particularly uncertain economic climate. The tripartite agreements offered each partner the means of controlling, to some extent, the situation in which they operated. The ability to exercise some control over an increasingly uncertain economic atmosphere is the predominant reason for the existence of the centralised wage agreements throughout the 'seventies.

The early 'seventies saw the deepening of the world economic recession, further exacerbated by the increases in world oil prices. In the Republic of Ireland unemployment was increasing, output was declining and, very importantly, inflation was quickly rising. Workers wished to see some order restored to their purchasing power. Employers wanted stability in their costs, essential for their investment plans. Government too was looking for some calm in the middle of the economic storm. Against this background the 1973 Budget, O'Brien (1981, p. 81) notes, was concerned with the prospects for a third successive NWA. As the Minister of Finance

said in his budget speech: 'A prime aim of this year's budgetary policy is... to set a favourable climate for the conclusion of a further national agreement that will be of maximum advantage to the economy'. The Budget, however, did not define a norm explicitly and did not threaten any fiscal penalty for those who might exceed any voluntary NWA norm.

At this time the employers were pressing for the simultaneous consideration of wages, taxes and social welfare. At the Trade Union Congress in September it was argued that the Government's interest in having a NWA should be used to further the unions' demands for government action, particularly in relation to taxation. In respect of this pressure from employers and unions O'Brien (1981, pp. 81-2) concludes that it was at this stage that 'the historic pincer movement by the social partners which was soon to encircle traditional government budgetary and policy-making prerogatives was set firmly and irreversibly in motion'.

The idea of price control in exchange for wage control was to become predominant in the minds of workers, and thus Congress, over the next year. Wage increases could soon be cancelled out by the rapid growth in inflation. So when the ICTU Executive recommended the draft NWA for 1974 it argued that it was necessary that the Government strengthen price control. The ICTU also called for taxation of farmers, the introduction of a capital gains tax and a wealth tax on the one hand, with increased tax relief for wage and salary earners on the other. There was no concrete commitment from the Government on these matters so that the NWA for 1974 was defeated at the Special Delegate Conference (SDC) of the ICTU

by 295 votes to 103. The Government's initial response was to increase the monetary limit in the original proposals. But further to this:

As voting by affiliated unions on the new proposals got under way the Government, in an overt bid to influence the voting, issued a categorical statement to the effect (a) that the Budget would increase tax-free allowances, (b) that these increases would be 'a first step towards a policy of reviewing personal (tax-free) allowances regularly and at frequent intervals', (c) that a White Paper on capital gains tax would be published in a matter of days and (d) that 'the continuation of NWAs would facilitate the process of continuing tax reform' (O'Brien, 1981, pp. 89-91).

The revised proposals had the desired affect and they were accepted by 283 votes to 129.

The Budget of 1974 was awaited as a test of faith that the Government would deliver on its promises. In the event it did not satisfy the majority of Congress. An increasing number of unions came to believe that the Government could not be trusted to deliver on its commitments. Because of this the sequence in which NWAs and the Budget occurred in relation to each other came under scrutiny. At the 1974 Annual Delegate Conference it was argued that before agreement on a NWA could be reached 'the government of the day must show its hand in advance and make known to the unions in clear terms and without vague promises just what income tax reliefs and associated benefits are contemplated' (O'Brien, 1981, p. 105). This was to become the aim of union negotiators over the next few years.

In the first few months of 1975 the negotiations for a new NWA moved very slowly with the employers being very apathetic. By the middle of March the proposed agreement included a 6 per cent first phase plus three quarterly increases of 4 per cent. A clause allowed firms in difficulty to defer these increases if they could satisfy their unions that they must do so. The SDC of the ICTU accepted the NWA by 281 to 117. This was accompanied by a warning from the ICTU to the FUE to ratify the Agreement or the unions would begin to seek their own increases from their individual employers. In face of this the employers agreed to sign the NWA.

In June, in reaction to rising inflation, the National Economic and Social Council called for the abandonment of the second phase of the NWA in return for a decrease of 4 per cent in prices. The Minister of Finance, Mr Ryan, took up this stance in calling for a renegotiation of the Agreement. He suggested this might be done 'for example, by dropping the third phase or by modifying the third or fourth phases or some equivalent adjustment'. Further to this he asserted: 'The Government consider it crucial, as part of the fight to slow inflation and protect jobs, that any modification of the standard increases of the 1975 National Agreement should be accompanied by an embargo on special increases' (Dail Debates<sup>1</sup>, 282, 1975, p. 1948). The ICTU proposed an increase in line with inflation instead of the second and third phases of the Agreement. By mid-September the FUE accepted the ICTU amendments to the NWA

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1. Hereafter abbreviated to DD.

which took account of the fall in inflation. The ICTU only agreed to amend the NWA when the Government lifted its embargo on Special Pay increases, although it did call for restraint in this area.

In December 1975 the Taoiseach, Mr Cosgrave, met the unions and employers to tell them that the Government was to embark on a change in economic strategy (DD. 287, 1976, p. 623). Essentially he wanted a pay pause, which the ICTU rejected. In January the Minister for Finance introduced a widerangingly severe budget. At the end of February an extra £45 million was given over to the Public Employment Programme to create jobs in the construction industry. In early March Mr Ryan reiterated the Government's desire for a pay pause until the end of the year. Against this background the Employer-Labour Conference talks on a new NWA broke down. It was the linking of budget and NWA which was to develop dramatically over the next few months.

A wage agreement signed in a particular economic climate can soon be negated if that climate were to change adversely. It was quickly realised by the unions that government budgetary policy was a strong component in moulding the economic climate. Employers' also wished to see the national agreements extended beyond wages. No doubt their hope was that if the 'social' wage, that is, health and welfare benefits and decreased taxes, was raised then workers would be willing to have smaller money wages. The Government, although arguing that budgetary policy was solely its prerogative, felt an even greater need for some sort of order on the wages front, particularly in face of ever rapidly rising inflation. O'Brien (1981, p. 144) puts the developments concisely:

After half a decade of passivity the Government (as such) now emerged dramatically to demand a re-negotiation of the 1975 NWA, to breath life into the notion of BTN (below the norm) increases in the public sector, to impose a unilateral embargo on ATN (above the norm) increases, to declare the imperative necessity for a zero sum and even to speak of the previously almost unthinkable option of general wage legislation. In the end it balked at the notion of such legislation and at the notion of a wages free-for-all and opted (some might say it was enticed) into a new trilateral 'bargaining relationship' with the social partners. This remarkable step (and subsequent developments from it) may eventually be seen in retrospect as the most profound change in the nature, functions and prerogatives of democratic government in the history of the state.

This introduction has shown us the broad politico-economic developments which formed the background to the NWAs in the early to mid-'seventies. We have seen that the unions, and indeed the employers, could achieve more by drawing government further and further into the tripartite structure. Throughout the 'seventies successive governments believed that they needed co-operation in order to manage the economy successfully and were willing to give some concessions to achieve this. As the economy slipped deeper into recession the demands by unions and employers on government economic policy increased steadily. By the 'eighties both Fianna Fail and the Coalition were coming to the conclusion that this incremental encroachment on governments' budgetary prerogative had gone too far. However, because of the electoral uncertainty between June 1981 and November 1982, which saw three changes of government, they were unable to approach wage negotiations much differently since the cost, in electoral terms, could be too high. It was not until the present Coalition, with a majority which guaranteed its electoral position, that the new direction could be embarked upon. These are the major themes in national economic management from the mid-'seventies.



### National Wage Agreements from the mid-1970s

Four phases are distinguishable from the mid-'seventies to the early 'eighties, although they should not be seen in isolation from each other but as a progression from one to the next. From the mid-'seventies the power of the unions and employers is in the ascendancy and this is reflected in the broadening of the centralised wage bargaining from a bipartite system, where government was represented only as an employer, to a tripartite system, in which governments' budgetary policy formed part of the eventual agreement. The peak of this development is the second phase, 1979 and 1980, where the NWAs become National Understandings (NUs) and heralded the entrance of 'entirely new sections on employment, taxation, industrial relations (aspects other than pay), industrial democracy, education and training, health and social welfare... into the agreed text for the first time' (O'Brien, 1981, pp. 152-3). If these two phases see increasing consultation between government, unions and employers the other two phases see a decrease in tripartism.

The third phase lasts from 1981 until the Coalition Government was formed after the General Election of November 1982. This phase is characterised firstly, by the development of a consensus between the two major parties on the limits to government expenditure and, secondly, by electoral uncertainty. Both major parties came to agree that the Republic's borrowing must be reduced. They decided the way to achieve this was through decreased spending. The fact that a large proportion of government expenditure goes on its wage bill brought income control to the centre of government policy. The political uncertainty of the time

made it difficult for either party to approach the wage negotiations in a fundamentally different way from the established practice. This was a period of crisis management.

This situation of crisis management was overcome in the November 1982 General Election out of which a Coalition government, with an assured majority, was formed. This made way for a new long term strategy to be adopted. The fourth phase, made up of the past few years, sees this strategy in operation. It is characterised by the waning of union power in the face of government action to reduce it, by the threat of legislation; to defy it, by adhering strictly to pay norms less than the inflation rate for public sector workers, and to attack it, by laying the blame for the country's economic ills at the door of the 'selfish' unions.

#### Phase One: The 1977 and 1978 Agreements

The two years 1977 and 1978 are part of the first phase but are worth looking at in detail for several reasons. Firstly, they are agreements arrived at through tripartite discussion, with the formulation of budgetary policy firmly on the agenda. This is the essential characteristic of phase one which distinguishes it from previous agreements. Secondly, the 1977 agreement was signed under the Coalition Government, in March of that year. A Fianna Fail Government was elected in June 1977 with a large majority, having won 84 out of the 148 seats in the Dail. The Agreement of 1978 can thus be compared to that of 1977 in terms of party response to the economic situation. Thirdly, because of the Fianna Fail majority, and therefore its electoral safety for

at least four years, this strength can be weighed against any perceived need to manage the economy in a relatively popular manner. We start with the NWA of 1977 signed by the Coalition Government.

One of the most remarkable aspects of the 1977 NWA was that it was signed after, and on the basis of, the Budget. We have already seen that the unions were no longer prepared to accept government promises on what budgets would contain, so they held back in wage negotiations in 1977 until the Budget was presented. This allowed them to make suggestions on budgetary policy and then take into account the Government's response to such suggestions when the national wage negotiations began in earnest. Through this manoeuvre the unions gained considerable advantage.

In mid-January the Taoiseach, Mr Cosgrave, had separate meetings with the unions and the employers. He told them both that the Budget would give £50 million in tax cuts and a further £50 million for job creation. The unions, however, demanded tax concessions in excess of this figure. A few days later the proposed NWA for 1977 was released. It is illuminating to note that this was the deal actually agreed upon a month later, but at this stage the unions wished to wait for the Government to show its hand in the Budget. In the last week of January Congress restated its unhappiness with the Government's promises and tied its support of any new pay deal to the Budget provisions.

The 1977 Budget was delivered with an air of optimism by the Minister for Finance, Mr Ryan, on 26 January (DD. 296, 1977, pp. 236-9).

Detailing the relatively good performance of the economy in terms of economic growth, increased industrial production and, to a more qualified extent, in decreasing unemployment and inflation rates, he noted how dependent the Republic is 'on world influences over which we have for practical purposes no control'. In this respect he suggested that much of the country's export success in 1976 was due to 'world trade being more buoyant than anticipated and to the sharp fall in the value of the pound sterling'. He suggested that this fall in the value of sterling had 'helped to cushion the effect of exorbitant income increases on our competitive position in recent years', but argued that it would be folly to rely on such 'fortuitous circumstances'. Mr Ryan concluded by pointing out that: 'The Government regard moderation in income increases as the pivot on which the future of our economy hinges' and went on to assert that 'the Government's commitment to moderation in the growth of incomes is total'.

The Budget was designed to win the broadest support for the Coalition in an election year. The £93 million which was extra spending was made to go a long way, with spending here and there especially in urban areas where an election could be won or lost. In the same vein the main tax-free allowances were raised by between 7 and 9 per cent, income tax rates were cut considerably and excise duties were held at their existing levels. Food subsidies were increased, a move which Mr Ryan suggested would knock  $2\frac{1}{2}$  per cent off the inflation rate. A further 6,500 farmers were drawn into the tax net. It was calculated that the tax yield from the agricultural sector for that year would be £35 million, a substantial increase over the total of £6 million for the period since 1974. But the thrust of the Budget was concern with the wage negotiations.

Mr Ryan pointed out that the £50 million in tax concessions along with an increased allocation of £56 million for employment projects were only possible in return for income moderation and the offers could not be maintained if the proposed agreement was not ratified. Further to this, he suggested that all these concessions hinged on the limitations within the proposed NWA on special claims and he concluded by stressing that: 'Any further increases here would necessitate the imposition of extra taxation' (DD. 296, 1977, pp. 240-2). It is evident that the unions were satisfied that the Budget had gone sufficiently far in meeting their demands as to allow them to reach an agreement on wages. The NWA 1977 was ratified by the ICTU on 23 February by 249 votes to 155. It included for the first time, in the clauses dealing with below-the-norm increases, a reference to public sector inability-to-pay. In this respect a plea could be entered if application of NWA terms would have 'serious financial or budgetary consequences' (O'Brien, 1981, p. 146).

When Fianna Fail took office in June 1977 they set as their major economic priority a reduction in the number of unemployed. To this end the ban on public service recruitment was lifted and in mid-July the Government announced a £15 million plan for local authorities and the public service to create 3,000 new jobs. The second plank in their strategy was to cut the balance-of-payments deficit and so mitigate the adverse affect this had on economic growth and job creation. To do this they sought to increase exports and to decrease imports. One way to encourage this was through their buy-Irish campaign. Another method was to restrict earnings so that there was less uncontrolled expenditure, much of which

went on imported consumer goods. This meant a pay policy over which the Government had some control.

The next few months saw the three groups involved in negotiating a wage pact, government, employers and unions, drawing up the battle lines for their campaigns and attempting to create an atmosphere conducive to their own interests. In mid-October the leaders of the Irish Employers Confederation met with the Taoiseach, Mr Lynch, and his economic ministers. The need for an integrated pay policy was reaffirmed and the Government suggested that if a 5 per cent wage guideline was exceeded elements of its Manifesto might have to be reviewed. The setting of wage limits before negotiations had begun raised the ire of the unions but, nevertheless, the SDC voted in mid-November, by 238 votes to 131, to start talks on a new NWA.

The sequence of budget first and then the negotiations for the NWA, which had been followed in 1977, was also followed in 1978. In December the Taoiseach argued that the Government's strategy on pay, unemployment and prices could 'lead to prosperity never before experienced', but that problems over incomes had to be avoided immediately (Irish Times<sup>1</sup>, 15 December, 1977). There was some welcome news for the Government when the inflation figures for the three months to mid-November showed a drop in the rate to 1.7 per cent over the three months, bringing the annualised rate down to 10.8 per cent. In response

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1. Hereafter abbreviated to IT.

the Minister for Finance and Tanaiste (deputy prime minister), Mr Colley, suggested that the Budget, planned for February 1, would 'transform the economic climate and produce the best growth (prospects) yet' (IT. 16 December, 1977).

Many trade unionists still remained sceptical about a new wage deal, particularly when it was suggested that the NWA would include a rigid no-strike clause. In the first week of January the ITGWU advised its members to serve claims on their employers in case no wage agreement could be reached. At the same time the ICTU officials suggested that the likelihood of a new NWA would depend on the Government's attitude to taxing farmers in the Budget. This theme was taken up by the Taoiseach when, in a speech delivered only a few days later, he said:

Nobody wants to pay income tax but what is important is that we will give farmers and other people to understand that there is a contribution much bigger than has been made by farmers who are in the position to pay income tax and we propose to see what we can do about that (IT. 9 January, 1978).

Manoeuvres over the NWA talks continued throughout the first week of the new year. There was little further progress in the negotiations and they finally broke down only a few days before the Budget was due. Discussions had foundered on the money terms, all else had been agreed. An offer had been made by the employers which went substantially beyond the Government's 5 per cent guideline but was turned down. It was quite clear that the Budget was awaited to see if it provided any basis for the reopening of the wage negotiations. Once again the unions wanted the Government to show its hand first.

The Minister for Economic Planning and Development, Professor O'Donoghue, introduced a White Paper on the economy in the second week of January. The White Paper promised to create a net average increase of 29,000 non-agricultural jobs per annum and to decrease inflation to 5 per cent by 1980. Professor O'Donoghue saw the promotion of Irish products as the priority in achieving these two objectives. His strategy also included an increase in foreign borrowings; an increase in public and private consumption; a decrease in the tax burden; a reform and limiting of the public sector, the reform of the land structure and the encouragement of income restraint. This White Paper formed the basis of the Budget delivered on 1 February.

The Budget introduced capital reforms, abolished the wealth tax, increased social welfare payments by 10 per cent and increased the main tax-free allowances by between 30 and 57 per cent, while leaving the scale of income tax rates largely unchanged. There were some minor adjustments of VAT, but excise duties remained largely the same. Once again the question of pay dominated the Budget. In his speech the Minister for Finance stated: 'Moderation in income increases is of crucial importance to the Government's programme for economic and social improvement'. To this end he set a limit of 5 per cent for pay increases and further asserted that: 'The Government's commitment is unequivocal and, if agreement to such moderation cannot be achieved, we shall have to take the necessary measures to ensure that excessive increases, if any, are recovered from those who secure them' (DD. 303, 1978, pp. 355-8).



The first Budget of the new Fianna Fail Government was similar to the last of the Coalition Government in that it was framed with the express intent of inducing a satisfactory NWA. Both also included some movement on the demand that more tax should be raised from the farming sector, the 1978 Budget bringing a further 7,000 farmers into the tax-net. Thirdly, there was the threat that if a NWA was not signed, that is if average income increases could not be agreed upon, then there would be government action to redress the situation. The Budgets could also be said to be similar in that they were both expansionary. The 1977 Budget was a little expansionary even though the PSBR was reduced. Ironically this was due to the absence of the pay pause for which Mr Ryan, the Minister for Finance at that time, had campaigned so assiduously. This led to a buoyancy in tax revenue with an unexpected £107 million being collected. The expansion in 1978 was based on the classical Keynesian approach. As Mr Colley put it in his budget speech:

It is crucial to our plans to revitalise the economy and set it on a path of faster, self-sustained growth. The increased public expenditure and the tax concessions for which it provides will give an impetus to economic activity which help create the conditions under which the private sector can take over as the engine of growth (DD. 303, 1978, p. 349).

It became obvious through the continuing negotiations for a new NWA that the Government was determined that this strategy would not be hindered by the unions.

A few days after the Budget the Cabinet decided that the pay norm of 5 per cent at first recommended by the Government could now be

increased to 7 per cent. Employers were thus given a fresh mandate for discussion, but the demand by unions for an 8 per cent increase was ruled out by the Cabinet. The Government warned that an 8 per cent pay increase would mean the creation of fewer jobs, an increase in inflation and corrective action in mid-year. It was believed at this time that the movement away from the 5 per cent norm was practically sufficient to secure a new agreement. However, there was some important opposition to the deal. Towards the end of March the Irish Transport and General Workers Union (ITGWU) was joined by the Amalgamated Transport and General Workers Union (ATGWU) in advising its members to reject the proposals. One of the major sticking points at this stage was the six-week 'cooling-off period', which was perceived as a no-strike clause.

In the second week of March, at another Cabinet meeting to discuss the negotiations for the NWA, action was threatened on excessive wage settlements. In a barely veiled threat at legislation Professor O'Donoghue argued that people were fed up with strikes and would welcome any arrangements that would decrease their number and consequences (IT. 10 March, 1978). The Government received some welcome news on the economy over the next few days. The inflation rate had dropped to 8.2 per cent and was in single figures for the first time in five-and-a-half years. They were able to use this good news as evidence of the success of their strategy so far, with the implications this had for agreement on the wages front.

By this time it was clear that the unions were deeply split. In a ballot of its members the ITGWU workers rejected the NWA proposals by

73,422 votes to 32,423, an overwhelming majority of 40,999. This was an ominous sign since the ITGWU held the largest single block of votes, 65, at the SDC. In the final analysis it was clear that the Government's 'carrot-and-stick' approach, an advertising campaign by the employers, and the slight upturn in the economy, cumulatively had the desired effect, and the NWA was accepted by 240 to 215 votes, the smallest margin ever.

The 1978 NWA brought the first phase we identified to a close. The main characteristic of this phase was the success of the unions in altering the timetable of wage negotiations so that governments' budgetary measures were already in place by the time the discussions on wages were nearing a conclusion. This allowed the unions to bring governments' budgetary policy into pay negotiations in a more concrete way than hitherto. This was also an aspect of the second phase but it was to have much greater import, for it led to the extension of the negotiations on pay to take in a much wider range of economic matters. We will now see how this came about.

### Phase Two: The 1979 and 1980 National Understandings

The year 1978 was to see the faltering of the Government's economic strategy, a split in the Cabinet over economic policy and the eventual dominance of those advocating retrenchment. The Government came to see a need for reductions in state spending. This realisation brought agreement on generalised wage levels to the centre of economic policy. There are essentially two reasons for this. Firstly, a major component of government expenditure is its wage bill. Secondly, wage

levels in the public service are highly responsive to those in the private sector because of what Conniffe and Kennedy (1984, p. 226) call the 'sanctity' of wage differentials. It is difficult to achieve moderation in the pay increases of government employees if there is not corresponding moderation in the wage levels of private sector workers and vice-versa. The result was the National Understanding of 1979 which increased dramatically the non-pay aspects of the wage negotiations. This represents the second and highest phase in economic planning through tripartism. This phase lasted until 1981, when Fianna Fail was defeated at the General Election.

The early months of 1978 saw inflation falling and the policy of increasing exports having some success. The March trade deficit of £50.7 million was substantially down on the £88.2 million of March 1977 and, on a twelve month basis, the accumulated deficit was at its lowest point since December 1976. The most serious problem for the Government was that its assault on unemployment was faltering. The Fianna Fail manifesto had promised a reduction of 5,000 in the number of people out of work by the end of 1977 and a further reduction of 20,000 by the end of twelve months. However, at the end of March 1978 the total officially registered unemployed was 114,014. This was nearly 4,500 less than April 1977, but the total was still 1,670 higher than in July of 1977 and, even when the figure was seasonally adjusted, it represented a decrease of less than 6,500 for the first nine months of the Fianna Fail administration. Against this background the Taoiseach announced, in the second week of May, that public spending programmes were being reviewed so that redeployment of

funds needed to sustain a rapid growth in employment could take place. He placed this review in the context of the Government promise to reduce Exchequer borrowing from 13 per cent of GNP in 1978 to 10 per cent in 1979 and 8 per cent in 1980.

The preparation of the Green Paper on economic strategy demonstrated sharp internal divisions between those demanding financial restraint and those who sought to have expenditure levels maintained. When the Green Paper was published in June it was obvious that the former group had won. The Paper proposed a strict control on public expenditure, decreased borrowing and schemes of worksharing or residual job creation to help produce full employment by 1983. Professor O'Donoghue argued that the plan would not lead to overall cuts, but would mean charges, where up until that point there had been none, or else increases in the costs of services to the public designed to meet the Government's targets on borrowing. The aim was to decrease social spending from the 20.7 per cent of GNP it was in 1978, to 18.9 per cent in 1979 and 17.9 per cent in 1980.

Only a week after the Green Paper was published unemployment had fallen to below 100,000 for the first time in three-and-a-half years. The Government readily used this as a vindication of their change in policy, although it was clear that the trend had been set earlier. But the reduction in unemployment soon began to falter as the change in policy worked its way through the economy. By the end of August unemployment was down to 98,811, although the underlying trend was still upwards, and

there had been some large rises, such as the increase of 1,633 between the second and third weeks of August. By mid-September the Republic had the second highest proportion of its labour force unemployed in the EEC (Eurostats, September, 1978). Inflation too was beginning to rise again and in September it was being reassessed upwards to 9 per cent per annum, and not the 7 per cent originally envisaged.

Despite the existence of the NWA, indeed because of it, the Government was not happy on the wages front either. Professor O'Donoghue complained that the Agreement was resulting in more rapid wage increases in the public sector than had been expected. When the Government opened its campaign in October for a new NWA it attacked two components of the 1978 Agreement which it saw as excessive. First of all there were the increases of around 60 per cent won by some workers who had successful productivity claims. Secondly, the Government disliked what it saw as the use of the NWA as a basis on which to build further increases. Professor O'Donoghue argued that the NWA along with the 1978 Budget measures had increased living standards between 6 and 7 per cent, the fastest rate for years. In view of this, he said that the Government wished to see less improvement in the future, so that it could concentrate on job creation (IT. 4 October, 1978).

The unions were unhappy about the state of the economy and the Government's attempt at 'public negotiation'. Several key unions had already come out against the holding of pay talks, including the ATGWU, the craft unions and the Local Government and Public Services Union.

Attention was focused on the attitude of the ITWGU which was arguing for linking the talks to much broader areas than pay. When this was not forthcoming the ICTU decided not to hold discussions for a new wage round. The reaction of the Government to this decision was to create an atmosphere of stringency. The Taoiseach and Mr Colley forecast a harsh budget for 1979. Mr Lynch argued that unless expenditure was controlled and public service wage increases resisted, the Government might find itself with a taxpayers revolt. Mr Colley argued that the community had to come to terms with the harsh realities of the Republic's situation and hinted at statutory pay curbs 'to protect jobs' (IT. 19 November, 1978).

The Minister of Finance introduced the Budget on 7 February 1979. It increased the main tax free allowances by 29 per cent and modified tax bands slightly. The taxes on cigarettes, spirits, beer, wine and petrol were increased moderately and the VAT rate on certain electrical goods was modified somewhat. Again Mr Colley asserted the need for wage moderation to protect the advances already made in the economy. He listed these as the highest growth rate in the EEC and OECD, at 7 per cent for the year 1977 to 1978; the biggest annual increase in employment in decades, the dramatic reduction in inflation from 13.6 per cent in 1977 to 7.6 per cent in 1978 and a balance of payments deficit of only £150 million instead of the £350 to £400 million forecast (DD. 311, 1979, pp. 632-3). Alluding to increased disposable income, brought about by wage increases and tax concessions in 1978, and the earlier reliefs on rates, motor taxation and social insurance contributions, he suggested that in regard to pay: 'The implication is that the scope for further increases this year is limited'. Also, by way of inducement, he suggested that:

...within the context of a ceiling on pay increases and a major effort to secure industrial peace, the Government would welcome an understanding with employers and unions on targets for the creation of employment and, possibly, changes in working conditions and policies in relation to non-wage incomes (DD. 311, 1979, p. 640).

The ICTU was not happy with the Budget in three areas. Its demands were not met on PAYE tax relief, where only £50 million was given rather than the £100 million it had sought. The ICTU felt that social welfare increases and the number eligible for the proposed new Health Scheme were insufficient. They found little in the Budget to convince them to open discussions with employers on wages. However, in a private document to the unions, which was reported in the press, the Government offered to guarantee 75,000 new jobs over three years, to keep social welfare increases in line with inflation and to broaden the tax base so that a significant number of low paid would be eliminated from the tax net. In return it wanted moderation in wage increases, with average rises in the region of 7 per cent (IT. 9 February, 1979).

The ICTU released guidelines at the end of February which stressed its aims of full employment and protection for the low paid. It called on the Government to underwrite 25,000 new jobs for the year otherwise it would recommend pay increases of  $6\frac{1}{2}$  per cent for productivity and 10 per cent for inflation, in a free-for-all over wages. The ICTU stated that although they were critical of some of the Government's specific proposals 'we note that it has, despite widespread criticism, maintained its commitment to full-employment over a time scale that must commend itself to the trade union movement' (IT. 27 February, 1979). Mainly for



this reason the SDC in mid-March decided by 215 votes to 188 to open talks on pay with the Government and employers.

The major obstacle against the achievement of a wage deal was the issue of direct tax. On 12 March a demonstration led by the ITGWU attracted up to 50,000 workers against the Pay-As-You-Earn (PAYE) tax system. When the pay talks opened they were dominated by the taxation issue so that when a working party was decided on by the Government and unions, to look at various aspects of the economy, taxation was included. In the third week of March upwards of 150,000 marched against PAYE in Dublin with some 40,000 in Cork. In this situation the ICTU gave the Government until the end of April to come up with a new incomes and taxation proposal.

At the third meeting between the unions and employers the former turned down an offer of a ten per cent increase in two phases over twelve months. The ICTU wanted a pay increase of 16 per cent over twelve months. When the talks broke down the Government stepped in to give the employers and unions the go-ahead for a phased agreement of just under 15 per cent over fifteen months, which would include a tax rebate of £35 million for PAYE taxpayers at the end of the year. The Taoiseach also renewed the Government's commitment to full employment, an autumn increase in welfare benefits, additional taxation of farmers and restriction of capital allowances and the introduction of a resource tax. However, he ruled out wage increases beyond those covered in any pact saying that 'it is vital that the agreement, once endorsed, is adhered to in the spirit as well as in the letter' (IT. 26 April, 1979).

The Executive of the ITGWU rejected the proposed National Understanding (NU) because it did not go far enough to help the low paid. Secondly, there was not enough movement on the tax issue and, thirdly, it did not like the restrictions placed on the right to take industrial action. The second largest union, the Workers' Union of Ireland, supported the agreement. It argued that 'the National Understanding was a significant step forward in the implementation of trade union policies on employment, national development, taxation, social welfare, health and pay' (IT. 5 May, 1979). However, there was much opposition from the craft unions. This stemmed from their traditional belief that their skills should command a higher price in an open market situation. Other important opposition came from the teachers, who disliked the restrictions on special pay claims in the proposed pact. The National Understanding was rejected by 318 votes to 119 in the last week of May.

Following the rejection of the Understanding the ITGWU called for an interim agreement while the Understanding was renegotiated. In the event the Government set a wage limit of 7 per cent. In response the ICTU declined an offer of pay talks extended by the Taoiseach. In reply Mr Lynch threatened to back the 7 per cent guideline with sanctions. In this situation the FUE called for talks with the ICTU on an agreement on wages for the rest of the year. It considered that a free-for-all would be disastrous for the economy and felt that there was little chance of the Government guideline of 7 per cent succeeding (IT. 22 June, 1979).

The ICTU met the FUE and they came up with a framework within which agreements at industry or local level should be reached. This accord involved a 16 per cent rise in two phases over fifteen months with protection against inflation and a minimum cash sum of £3 per week to improve the position of the low paid. The ICTU decided to recommend acceptance of this agreement if the Government would reinstate its commitments given in the Understanding. Mr Colley said that the pay increases in the agreement were too high but that the other factors involved made up for this. As he noted: 'We need industrial peace in the next twelve to fifteen months. If this understanding does not result in industrial peace then we will lose out very badly' (IT. 25 July, 1979). On this basis the Government accepted the deal and restored their commitments. The National Understanding was then passed at the SDC by 295 to 135 votes.

Despite the fact that the NU represented an advance for the unions, there were ominous signs that the strength of their position was not secure. There was increasing concern in Fianna Fail with the country's external debt. This had led to a reversal in the economic expansionism pursued by the Government in its first two years in office. Fianna Fail realised that it needed union support in order to have greater control over the economy. Initially, the Government tried to secure the unions' acquiescence to its policy of economic retrenchment, by threatening statutory pay-limits. Clearly, however, it decided that the industrial strife that might result would be more damaging to the economy than an agreement over which the Government had some control. Further to this,

the fact that the employers had arrived at a settlement with the unions enticed the Government into signing the Understanding. These same themes continued in the negotiations over a national agreement for 1980, but their relative importance in influencing events was changing.

A major party-political development at this time was the retirement of Mr Lynch and the election of Mr Haughey, both as party leader and Taoiseach. ICTU representatives met the new Taoiseach on 21 January. They voiced their concern over the abolition of the the Department of Economic Planning and Development which had performed important functions on behalf of the Government in relation to the NU. Mr Haughey said that these functions would now be fulfilled by the Minister for Finance. He presented the view that the Government would favour a further NU. He asserted that full employment was still a prime economic and social goal but, because of the short-term financial constraints, a prudent financial policy was necessary, although he emphasised that a deflationary policy was not needed (ICTU, 22nd Annual Report, 1980, pp. 121-2). This was reflected in the February 1980 Budget, the first of Mr Haughey's administration.

The ICTU, while expressing concern on unemployment, welcomed several aspects of the Budget. The movement towards equity in the income tax increases of single people was in keeping with the indexation Congress was seeking. The stated intention to increase farmer taxation was in line with previous proposals by the Minister for Finance, which the ICTU had accepted as reasonable in their pre-Budget submission. The full

acceptance of income splitting for married people in the assessment of their tax went further than the Unions had anticipated (ICTU, 22nd Annual Report, 1980, pp. 40-41). The President of the Federated Union of Employers welcomed the 'significant advantages' of the Budget for PAYE taxpayers. Despite the fact that he said that he could see no obvious benefits for industry and business in the Budget, he expressed the hope that changes in income tax would increase the incentive to work and thus decrease absenteeism. He did warn, however, that it would be a defeat for the Budget if employers were expected to give compensatory pay increases for the increases in indirect taxation or higher energy prices (IT. 28 February, 1980).

The Government committed itself in the Budget to resisting special pay awards. By the end of October 1979 it was becoming evident that average pay increases in the private sector were being pushed up dramatically by productivity deals and special increases. A figure of 18 per cent average increases was predicted. In the public sector it was believed that due to a series of special increases the pay bill was likely to increase by 21 per cent. Even though £100 million had been set aside for such payments an arbitrator's report on nurse's pay, which was accepted by them, accounted for over half of this sum. In view of this, the terms of reference for a review body on teachers' pay precluded any special payment before the beginning of 1980.

In March 1980 there were reports that the Government wanted a wage freeze for the last third of the year, after the NU had run out. In his

efforts to keep on good terms with the unions Mr Haughey, who had met the ICTU five times in the first three months of his administration, denied any such plan existed. On this subject the employers were not as reticent as the Government. In May, Mr McAuley, Director-General of the FUE and leading employers negotiator in national pay bargaining, suggested a pay pause from August until the end of the year. Mr Carroll of the ITGWU envisaged a new agreement from August which would run for a minimum of one year, give increases of 20 per cent to cover inflation and include indexation for the duration of the agreement. The Executive of the ICTU decided, with only three dissenters, to recommend to the SDC the opening of negotiations on a new agreement.

The ICTU feared that the Government wished to return to the old style NWA, without union input to social and economic policies (ICTU, 22nd Annual Report, 1980, p. 125). In a press statement it argued that 'the concept of a National Understanding is a Trade Union concept. It conceives of a society dedicated to social ends. It is for the Trade Union movement to ensure that the objective is fully and universally understood' (IT. 9 May, 1980). The SDC voted by 294 to 144 to open talks on a new Understanding. However, it criticised the Government on its failure to honour its commitments, particularly in the social field. It insisted that pay be index-linked to protect against inflation and it rejected suggestions that there could be no compensation for price increases stemming from indirect tax and imported energy charges (IT. 22 May, 1980).

At the end of May the Irish Employers Confederation, an umbrella organisation made up of the FUE and the managers of the state-sponsored

sector, agreed to open talks on a new wage agreement. It warned that unless full cognizance was taken of the harsh economic realities facing the country and without a serious effort to improve industrial relations, it would be impossible to get the consent of member organisations to a new Understanding. The Federation expressed disappointment at the number of serious industrial disputes in violation of the peace provisions of the NU and the pressure exerted by some unions to gain awards not provided for in the agreement (IT. 29 May, 1980).

At the beginning of June the Minister for Labour, Mr FitzGerald, met the ICTU and then the employers, to begin discussions on a new agreement. The Taoiseach entered the debate a week later when he said that he was 'aghast' at the reports that income increases under the proposed National Understanding would be in the region of 20 per cent or index linked. As he put it: 'Even beginning to talk in such terms was totally unreal in hard economic terms at this time' (IT. 14 June, 1980). The new Minister for Finance, Mr O'Kennedy, later suggested that the Government would contemplate introducing a supplementary budget in the autumn if special pay increases in the public sector were to exceed the £100 million guideline. He pointed out that the Government was 'very conscious of the cost of public service pay. In terms of another pay agreement or National Understanding, I would not accept one at a very high cost' (IT. 19 June, 1980).

The Minister for Labour pressed the ICTU to open talks with employers on industrial relation matters when they met on 19 June. The

ICTU refused to do this until sufficient progress had been made on economic and social issues particularly in regard to employment policy. It was decided to set up a working party on employment and, when this reported agreement on an outline employment programme to the Executive on 18 July, the ICTU decided to open negotiations on pay. The first meeting with employers was held on 19 July (ICTU, 23rd Annual Report, 1981, p. 73). In mid-July the Taoiseach called for an average pay increase of around 7 to 8 per cent and he also hinted at the possibility of statutory wage controls. Mr Haughey promised to underwrite the living standards of welfare benefit recipients and to consider sympathetically the case of the lower paid. He committed the Government to providing the greatest possible number of jobs for school-leavers (IT. 14 July, 1980).

By mid-August the Government had laid down its position on job creation. In a meeting with the ICTU it agreed to set up an Employment Guarantee Fund to create jobs. However it refused to underwrite any specific target, although the Minister for Labour expressed his confidence that 22,000 jobs could be created by the end of 1981 (IT. 8 August, 1980). In the third week of the month the Taoiseach announced that the Government was ready to take 'limited action' to stimulate investment and employment, in return for a favourable outcome in the negotiations. The extent of this reflation was not spelt out, since this was to be linked to the terms of any settlement. He said 'the Government will be in a position, immediately agreement is reached on a moderate pay settlement, to take action to check the present slide into recession' (IT. 18 August, 1980).



In response, the ICTU said it would give serious consideration to an initial pay pause. At this stage the talks centered on special pay claims. Both the Government and FUE wanted strict limits on these, no doubt mindful of the 25 per cent increase the Post Office workers' had received and the fact that the review body on teachers' wages was still sitting. By the end of the month the FUE were looking for a three month pay pause followed by a 5½ per cent increase and a second phase of 5 per cent over eighteen months. The ICTU wanted a 12 per cent phase from November to May and a second phase tied to inflation, giving a 20 per cent increase overall. The Government was still seeking a 7 to 8 per cent increase over twelve months.

Despite the fact that the talks collapsed in the first week of September, over the pay figure, positions had altered somewhat. The employers were now prepared to accept a fifteen month agreement, including a three month pay pause, a 6 per cent increase plus £1 for six months and then a 6 per cent increase for six months. The ICTU also wanted the agreement to run for fifteen months, starting with a one month pay pause, then an 8 per cent increase, plus £2.50 per week for eight months and the final stage increase to compensate for the rise in the Consumer Price Index between May 1980 and February 1981 (forecast to be about 11%). Talks were resumed in the second week of September following an appeal by the Minister for Labour. But they broke down again within a couple of days. The sticking point was still the size of the pay increases, and the duration of the deal was now causing disagreement. The main problem was the unions' insistence on linking pay increases to

inflation. Both sides also expressed their disappointment at the Government's non-pay input (IT. 13 September, 1980).

Talks were resumed again in the middle of the month following an appeal by the Taoiseach. Mr Haughey's economic strategy was based on the achievement of a moderate wage round for the year after the end of the 1979 NU. This would form the basis of his financial plans in the run-up to a general election, thought to be planned for 1981. It was understood ● that he had given some undertakings to the employers to enable them to move closer to the unions' demand for increases in line with inflation. The FUE had sought assurances that there would be no governmental labour cost increases for the duration of an agreement and were particularly concerned at a possible increase in employers' social welfare costs (IT. 15 September, 1980). This concession allowed a deal to be arrived at.

The 1980 National Understanding was to run for a period of 15 months, beginning with a one month pay pause. This was to be followed by an 8 month phase with pay increases of 8 per cent plus £1 per week. The final six month phase would be an increase of 7 per cent. In the event of the CPI figure exceeding 10 per cent for the period mid-May 1980 to mid-February 1981 the Employer-Labour Conference would consider an upward adjustment in the amount of the second phase, although this did 'not impose an obligation on employers to negotiate a particular level of increase'. The Unions were also allowed to negotiate up to nineteen days of leave. Strong conditions were set for the negotiation of pay increases above those laid down by the NU, that is for special circumstances (Second National Understanding for Economic and Social Development, October, 1980).

The non-pay elements of the package included a Government commitment to create 22,000 net new jobs by the end of 1981. Special PAYE allowances were to be increased from £400 to £600 per annum in the next Budget. Welfare payments were to be kept in line with inflation and a special double payment was to be made to long term welfare recipients in December. The Health eligibility limit was to be increased from £7,000 to £8,500 from June 1981. Paid maternity leave and a pay-related national pension plan were to be introduced from April. Low-rise mortgage schemes were to be reviewed. It was also agreed to publish the White Paper on Education before 14 November, extend the provision of the Trades Dispute Act to cover the public sector and to encourage worker participation at Board level in more State enterprises (Second National Understanding for Economic and Social Development, October, 1980).

The unions accepted the deal by 382 votes to 104 at the SDC in the last week of October. The employers were much more reticent about the NU. When they ratified it at the end of October they issued a blunt warning to the Government and unions that any departure from its provisions would end the deal. They had two main reservations. Firstly they thought that the pay increases were too high, given the country's economic situation. Secondly, many firms were claiming that they could not afford the increases and a significant minority were against ratification (IT. 31 October, 1980).

The 1980 National Understanding brings the second and highest phase of tripartism in the Republic to a close. This phase had several

important characteristics. Firstly there was the continuing growth of Irish foreign debt. While Fianna Fail sought to control this by decreasing public expenditure and controlling wage levels, it had to balance action in these areas against the need for electoral popularity and industrial peace. Although the Government had threatened to enforce a lowering of wage levels through legislation, it was clear that it believed that recourse to such action would be counter-productive. The general public would first have to be convinced of the correctness of such a policy. Fianna Fail's fear that the result of legislation might be widespread strikes was heightened in 1980 by the fact that a general election looked likely in the coming year. Gaining industrial peace and some control over general wage levels induced the Government to agree to the NU 1980. However, the need to control Irish foreign borrowing remained, while the reluctance of many employers to pay the levels of wages agreed nationally was increasing.

### Phase Three: 1981 to 1982

The year 1981 saw a general election, which resulted in a change of government and a change of economic policy. The economy, particularly unemployment, was to dominate the year. Fianna Fail attempted to spend its way out of the problem. Such a solution, rather than the retrenchment the Party had tried earlier in its term, was the mark of its new leader, Mr Haughey. In January the Government introduced a £1,700 million investment programme and, by the end of the month, the White Paper revealed a planned budget deficit of £524 million. The Budget in January

did not correct any of the major faults in the economy. The Consumer Price Index for the year to mid-February had risen to 21 per cent and by March the jobless total was up to 126,256. By April exchequer returns for the first quarter showed that the Budget projections were already seriously off target. £205 million of the planned £515 million had already been incurred. After Cabinet discussions on the economy, a new package was presented at the end of the month. This included food, electricity and CIE subsidies, at an estimated cost of £100 million in a year. In May, when bank interest rates rose by 1 per cent and building societies said they would follow suit, the Government announced that it would stop the mortgage rises with a subsidy.

The unions felt that the Government had embarked on a course which would lead them both into confrontation with each other. Public sector unions believed that the Government was seeking to promote uncertainty about job security in the public services, in the hope of lessening the militant attitude of the unions. They saw several examples of this, including the threat of 400 job losses at Nitrigin Eireann Teoranta and 500 job losses at Aer Lingus. Also, the Transport Minister refused to comment on a report that CIE was to be broken up for sale. Further, union leaders were not allowed access to the McKinsey report, which was thought to contain far reaching proposals on the future of the largest state-sponsored bodies. As Mr Geraghty of the ICTU put it 'trade unionists were getting increasingly frustrated by persistent sniping at the public sector by Government spokesmen' (IT. 27 January, 1981). There was also the Government proposals to limit the right to picket to official disputes only and the introduction of secret ballots before strike action (ICTU, 23rd Annual Report, 1981, p. 69).

Developments on the wages front were dictated by the inflation figures. The spate of price increases announced in the second week of March made it certain that inflation for the period covered under the second phase of the NU would be over the stated target of 10 per cent and, therefore, inevitable that the unions would seek a compensatory increase in pay. A meeting with employers was held on 10 April at which the ICTU representatives suggested an increase of 2.7 per cent. The employers argued that the economic circumstances did not permit an upward increase, although they agreed to pay the second phase, 7 per cent, subject to the provisions of the Agreement (ICTU, 23rd Annual Report, 1981, p. 78). The employers argued that, with many firms unable to pay even this 7 per cent, any further increase was out of the question (IT. 19 Mar., 1981). Relations between the two sides grew even more acrimonious with the refusal of the employers to set-up another Employment Guarantee Fund.

With the employers and unions very far apart, the Government stepped in with a package to break the deadlock at the end of April. It decided to increase subsidies on butter, milk, bread and flour. It also delayed the increases recommended by the National Prices Commission in rail and bus fares (20%) and electricity charges (12½%). The Government estimated that the effect of these measures would be a decrease in the annual rate of inflation to mid-February of 21 per cent, to 15½ per cent by mid-May, making the quarterly rate equivalent to an annualised rate of about 10 per cent. The Government announced that 'these measures are intended as a contribution by the Government towards a moderate attitude by all concerned to pay negotiation' (IT. 30 April, 1981).

In the electoral field Fianna Fail was dogged by misfortune. The year began with a Fianna Fail success in a by-election in Donegal. The Anglo-Irish Summit at the end of 1980 produced the feeling that there was some movement on the question of the North. But, as the Fianna Fail delegates gathered on 13 February for the Ard-Fheis (party conference), the Stardust disco fire in the heart of his constituency was the first stumbling block for Mr Haughey. The Ard-Fheis had to be abandoned until April, by which time it had lost much of its momentum. The North, an issue which Mr Haughey had played up was now beginning to rebound on him. Mr Paisley's 'Carson trail' confounded the impression the Taoiseach hoped to convey that there had been some movement away from the intransigence of the problem of Northern Ireland. Mr Haughey's timing of an election was further constrained by a hunger-strike by prisoners in the North. On 5 May Bobby Sands died and the system of 'staggered' fasts, which the prisoners had adopted, ensured that the issue would remain throughout the Republic's election campaign.

The Dail was dissolved on 21 May. Fianna Fail found itself defending a poor economic record. Fine Gael and Labour concentrated on this weakness, with Fine Gael offering a programme of tax reforms which included a reduction in the basic rate of income tax from 35 per cent to 25 per cent along with the transfer of £9.60 per week for wives working at home. These promises, on the one hand, against Fianna Fail's poor economic record, on the other, swung support behind the former. Fine Gael, with 65 deputies, emerged from the Election stronger than ever. Labour, with 15 seats, had not been so weak since the 'fifties. Fianna

Fail, with its total of 78, had 6 less deputies in 1977, though the new Dail had 18 seats more, the balance of power being held by Independents and representatives of smaller parties. After three weeks of negotiation an alliance between Labour and Fine Gael was agreed and, when the Dail assembled on 30 June, Dr FitzGerald had a majority of three.

The first economic news awaiting the new Government was good. Inflation had fallen to 17.1 per cent, partly due to the price subsidies Fianna Fail introduced before the Election. But a review of the state of the economy by the Department of Finance suggested that the 1981 deficit would rise to over £900 million. After lengthy Cabinet meetings a tough supplementary budget was introduced in July by the new Minister of Finance, Mr Bruton. The ten per cent VAT rate was increased to 15 per cent. Beer was increased by 6p a pint, a glass of spirits by 9p. Cigarettes went up by 8p for twenty and petrol by 13 pence per gallon. Road tax was reintroduced. Electricity charges were increased. Rail and bus charges were put up by 25 per cent and postal charges by 20 per cent. Social welfare benefits were increased by only 5 per cent. Two days after the Budget the subsidy was taken off mortgages and the rate rose by 1.4 per cent to 14.55 per cent. This rate rose further to 16.25 per cent in mid-August. Inflation had begun to increase again and by this stage was up to 20.1 per cent.

The unions expressed their concern at the wide range of price increases introduced in the Budget; the increase in VAT, the postponement of tax concessions and the Government's determination not to expand



employment in the public sector. They were also concerned at the announcement that the Government would request Public Sector employers to invoke the inability-to-pay clause of the NU in the case of pay claims not already under consideration. The FUE argued that many firms could not afford the 7 per cent increase under the second phase of the NU, so suggested that the Understanding be extended for some further time without further pay increases. Their argument was that the 7 per cent increase represented a rise in labour costs roughly equivalent to the average increases in the Republic's competitors.

In August the Government set up a Committee on Prices and Competitiveness, made up of three leading Irish economists, 'to make recommendations on the appropriate rate of domestic cost increases during a stipulated period consistent with sustaining the competitiveness of the economy at home and abroad'. The ICTU saw this as a 'pseudo-scientific charade embarked on by the Government... as a device to institute a wages norm' (ICTU, 24th Annual Report, 1982, p. 132). The FUE felt that the Committee could bring 'a degree of objectivity and impartiality which had been missing in the past' (IT. 14 August, 1981). The establishment of this committee became the main stumbling block for the unions in opening new negotiations on wages.

By the end of August the prospects for a new wage agreement were bleak. The employers were against the non-pay aspects of the previous Understanding which added to their total wage costs. They felt that there had not been sufficient trade-off between direct pay increases and non-pay elements and were particularly annoyed that these elements in the

1980 agreement had been negotiated between unions and government only. Fine Gael believed that, while the social partners might be consulted over pay policy,, they had no right to decide important social and economic policy (IT. 28 August, 1981). Despite the reticence of the unions, the SDC decided, at the the end of September, by 316 votes to 116, to open talks on pay. The unions were against any pay pause. Essentially their attitude was that they had nothing to lose by talking. But, since the 1980 NU would run-out for some workers at the end of September and for all others by the end of November, they set the end of October as the deadline by which a framework for agreement would have to be arrived at.

The Committee on Prices and Competitiveness suggested, in the middle of September, that the economy could only bear a 9.5 per cent average wage increase to the end of 1982. In October they revised this figure downwards, to 6.5 per cent, because of exchange rate adjustments which they claimed had further eroded Irish competitiveness. The talks continued only because no direct mention of money was made. The initial discussions concentrated on the structure of any new deal. The talks between unions and employers soon collapsed though. There was no particular issue which caused the breakdown. The approach of both sides was just so different that there seemed little point in continuing. The employers were interested in maintaining competitiveness while the unions wished to protect workers living standards. By the end of the month the Executive Council of the ICTU recommended that: 'Unions should establish machinery at industry and plant level to pursue claims for increases in pay at a level sufficient to maintain living standards' (ICTU, 24th Annual Report, 1982, pp. 131-2). No guideline was issued and claims of up to 35 per cent were lodged.

In the first week of November the Government suggested the reopening of pay talks although it laid down provisos on what it would agree. These included strict control on public sector pay and a settlement not to exceed significantly  $6\frac{1}{2}$  per cent. The employers proposed a fifteen month agreement starting with a three month pay pause with a lump sum payable at the end of it. Wage increases of around 7 per cent would follow. Provisions were also suggested for negotiations at local level on additional increases to cover the final six months. A ban on special pay increases was called for and an undertaking on industrial peace. The ICTU response was that this did not form the basis for reopening negotiations. It was the Government's movement away from the  $6\frac{1}{2}$  per cent norm and the commitment that public servants would not be singled out for special pay restraint that allowed for the resumption of talks again. In mid-November the Government proposed a 12 per cent increase over fifteen months. This would include a two month pay pause ending with a £40 lump sum payment, an increase of 5 per cent plus £2 per week for six months and a final phase to be negotiated at local industry level up to a maximum of 5 per cent.

Congress representatives met the Minister for Labour, Mr Kavanagh, on 13 and 17 November. The Executive Council agreed to meet the employers side to determine whether or not negotiations could be opened on pay, on the understanding that there was some flexibility in the employers' position. But the talks showed up fundamental differences between the employers and Congress on pay. First of all there was no agreement on the principles of equal treatment for private and public sector workers. Congress representatives suggested that the employers proposals would have meant:

...that for the duration of the Agreement no new comparability or relativity claims, or claims based on pay being out of line with established standards, could be processed in the private sector. In the public sector while claims could be processed, no increases could be paid before January 1983.

The second aspect on which agreement proved impossible was the level of pay increases. The union representatives reported that the employers' proposals were identical to those put forward by the Government on 17 November and did not come up to the minimum level of increase Congress thought necessary, given that 'the context of the talks was the prospect of price increases over the next fifteen months amounting to 20 to 25 per cent'. Congress negotiators had proposed phased pay increases of 2½ per cent for two months, £3 per week plus 4 per cent for six months and 5 per cent for seven months (ICTU, 24th Annual Report, pp. 130-1).

The union leaders were in favour of reopening negotiations if the employers would agree to increases some points over the 12 per cent offered by the Government. In an unprecedented step, however, the FUE went over the heads of the ICTU negotiators by releasing details of the latest offer and appealing to Congress to put it to a ballot of its members with a recommendation for acceptance. This proposal was for a fifteen month agreement starting with a two month pause, a second phase of £2 plus 5 per cent for six months and a final stage of up to 5 per cent for seven months, tied to productivity. The unions said that the employers action had made it 'virtually impossible' to conduct rational debate with them over pay and the talks collapsed. The Government decided not to seek the reopening of negotiations, for there seemed to be no basis for agreement (IT. 27 November, 1981).

In mid-December the Government approved a £200 million pay deal, consisting of an average 16 per cent increase over fifteen months, with public service workers. The increases ranged from 13.5 per cent to 21 per cent. It had three phases starting with a 2 per cent rise or £4 per week (whatever was greater) from 1 December. The second phase was a 6 per cent increase from 1 March, and the third phase was for 5 per cent payable from 1 October 1982. The deal, involving about 150,000 workers, was approved by the public sector unions in February. The key condition was a voluntary embargo on special pay claims. This agreement angered employers who said it was an 'utterly unreal example' out of line with wage increases in competing markets (IT. 17 December, 1981).

The National Coalition, with its slender majority and against a background of increasing economic difficulty, was only able to stay in office until February 1982. It was replaced by a Fianna Fail Government, again with a slender majority, dependent on the Workers Party and Independent TDs' support. Under Mr Haughey Fianna Fail continued to keep spending relatively high, but this strategy was to change in the last quarter of the year.

The first Fianna Fail Budget was similar to that of the outgoing Coalition in that it aimed to reduce the deficit to £679 million. However, this target was already under pressure because of the promises Fianna Fail had made in order to win enough support to return to office. The most unpalatable measures the Coalition had introduced were removed, including the VAT on clothing and footwear, and the abolition of food subsidies. The Independent TD, Tony Gregory, had also won a package of

concessions for his support, estimated at £80 million. Work was resumed at building an airport at Knock and the Whitegate oil refinery and the Clondalkin paper mills were reopened. A fund of £200 million was established to help private firms over difficulties produced by the adverse affects of movements in the exchange rate. Social Welfare benefits were increased by 25 per cent. Furthermore, around £70 million had been lost in revenues, because of the delay in introducing the Budget.

Measures were introduced in the Budget to raise an extra £200 million, through taxes on companies and levies on financial institutions. In spite of this, by the end of the first quarter 58 per cent of the deficit had already been spent. In April, mortgage holders were spared a 1.7 per cent increase in interest rates, by a £3 million package which gave Building Societies access to low-interest foreign loans. This was followed by tax concessions worth £45 million, on Pay-Related-Social-Insurance, which was aimed at helping private sector workers. By July the planned budget deficit for the year had already been reached. Unemployment had risen to its highest ever level at 150,859 (153,900 seasonally adjusted) and the National Debt was running at IR£10 billion.

Against this background the Government announced a package at the end of July to decrease spending by £120 million. The Dail was in summer recess at the time and the Government refused to recall it to debate the package. The Independent TD, Tony Gregory, said that it 'wouldn't get my support or the support of some other deputies' (IT. 2 August, 1982). The Government plan included the decision that public sector employers would not pay any further wage increases in 1982 or in

1983 and that the Minister for the Public Service would meet the Public Sector Committee of Congress 'with a view to securing its agreement to the postponement until 1 January 1983 of payment of the Third Phase increase in basic pay provided for in the current agreement'. On 9 August the ICTU issued a reply expressing its dismay and shock at 'the arbitrary breach of a freely-negotiated agreement' and suggested that 'to operate by way of diktat spells the end of free collective bargaining' (ICTU, 25th Annual Report, 1983, p. 145).

The Taoiseach and ministers met Congress on 17 August so that each side could clarify their positions. A government memorandum was sent to Congress on 19 August suggesting that the Public Services Committee of Congress should open negotiations on a pay deal for 1983. The Executive Council of the ICTU strongly recommended that such negotiations should not be started and also suggested 'positive action by unions to ensure that the Government and public sector employers honoured their commitments'.

To achieve this it was agreed that Congress, in co-operation with all affiliated unions, would embark on a programme of agitation leading to a mass demonstration in Dublin on the afternoon of 24 September. If by that time the Government has not agreed to implement the agreements, Congress would intensify the campaign...

In reply the Taoiseach wrote to Congress on 27 August.

First of all let me say that the Government's proposals do not constitute any threat to the free collective bargaining system in the public and private sectors as has been suggested. The Government's proposal in regard to the third, 5 per cent, phase

of the public service pay agreement was to enter into discussions with the public service unions to seek their agreement to a deferment of the implementation of this phase until 1 January 1983. I cannot stress strongly enough that only a deferment was involved and that the agreement of the unions was being sought for this on the basis that the money simply wasn't there (ICTU 25th Annual Report, 1983, p. 148).

After a further meeting between Congress and the Taoiseach on 10 September, and in the light of assurances given in a memorandum sent to the ICTU by the Government, it was agreed that the unions would enter into negotiations on the implementation of the original wage agreement. (ICTU, 25th Annual Report, 1983, p. 150). However, as the month of September drew on, it became clear that further progress on the wage front would await the publication of the Government's much heralded economic plan.

In October 1982, the Fianna Fail Government presented its White Paper on the economy, The Way Forward, to the Dail. The Plan aimed to reduce the Republic's dependence on foreign borrowing, through the elimination of current budget deficits over a relatively short period. At the same time the burden of taxation, as a percentage of GNP, was to be reduced. The PAYE sector was to be asked to contribute less and, within that sector, equity and progressiveness of taxation was to be improved. The reduction in the PAYE contribution, of by about £100 million, was to be balanced by an increase of around £400 million in taxes from capital and business profits, including the agricultural sector. Presenting the view that the necessity to phase out the budget deficit and the increase in the Exchequer pay-bill in 1983 would require some increased taxation, the main priority in the Plan was the reduction in government expenditure. To this effect Public Service employment, which accounted for almost a



quarter of employment, nearly 260,000, was to be reduced by 4,000 between 1983 and 1986. It was also proposed to increase existing, and introduce new, charges for public services.

It was obvious that this strategy would place pressure on the Workers' Party support for the Government and that it would also bring the relationship between the unions and the Government to the fore over the next few months. Fianna Fail attempted to win the backing of the Labour Party in order to avoid an election. But this was unsuccessful and the Government was defeated on a confidence motion on 5 November. A few days later the October figures on the economy were released. They showed that the inflation rate had dipped below 10 per cent for the first time since 1978, while the underlying rate had halved over the previous twelve months. But this news was easily countered by the unemployment statistics. The number out of work had increased by nearly 5,000 between September and October, to another all-time high of 165,015. The economy had been set as the major election issue.

Fianna Fail of course were wedded to their document, The Way Forward. This was in essence a U-turn from the expansionary path travelled by the Party up until then and the Government pinned its plan firmly to the mast when it announced a target budget deficit of £750 million by 1983. Fine Gael, erstwhile demanding financial stringency, had a less severe approach to deflation, with its leader, Dr FitzGerald, insisting on maintaining a flexible approach to the question of what budget target should be set. The main reason for the change in Fine Gael's strategy had to do with the emerging picture of the economy. It was

realised, around October, that the overshoot in the planned £900 million deficit had resulted, not from overspending by government as in previous cases, but from a sharp drop in tax revenues, particularly evident in the sluggish VAT returns. It was predicted that by November consumer spending in 1982 would be down by 5 or 6 per cent, as opposed to the drop of three per cent on which most forecasts were based. The main reason for this was a greater than expected fall in gross incomes.

At the outset of the 'free-for-all' wage round incomes in manufacturing and construction were expected to rise by an average of 15 per cent, whereas they only rose by around 12 per cent. With inflation running at 17.5 per cent for the year, the decrease in consumer spending of 5 per cent in volume is obvious (IT. 1 November, 1982). At this time a consensus was growing that the Government's economic plan would only add to this problem and further hinder the reduction of the deficit. Fianna Fail were stuck with theirs. Fine Gael were able to develop their strategy in the light of these recent developments.

The Labour Conference decided by 846 votes to 522 to go into office with Fine Gael. The Coalition strategy for government was released after the Labour Conference. On the economic front it was clear that the key to the new Government's economic strategy lay in the field of income determination. The agreed document concentrated on the need to increase the competitiveness of Irish goods and services, particularly in international markets. The major aim of the Coalition, therefore, would be to keep incomes down, most probably below the domestic inflation rate, which would mean that living standards in the Republic would be

cut. On this central aim of the Coalition neither Party had much to say, other than that they would be awaiting the outcome of negotiations with the unions.

The General Election in November 1982 ended the third phase in tripartite agreement on economic policy. We have seen that the major characteristic of this phase was the electoral uncertainty. The themes which dominated the economic environment in the late 'seventies continued in the early years of the 'eighties. The major aspect, in this respect, was the need to control the Republic's indebtedness. The public sector borrowing requirement was running at around 18 per cent of GNP by 1983 and external debt, in relation to GNP, was among the largest in the OECD countries (OECD, 1983, p. 10). To control this, government sought as much influence as possible over the general wage level in the country. Holding wages down could relieve the debt situation in two ways. Firstly, it could help to reduce the exchequer pay bill. Secondly, it would encourage exports by making them cheaper and could thus aid a reduction in the trade deficit.

Successive governments had to manage wage levels within the constraints imposed by their need for electoral support. Thus, although there was the underlying threat of statutory control on wages, governments baulked at this course of action, because of the adverse implications widespread industrial conflict might have had for their electoral chances. They were, therefore, cajoled into buying industrial peace, by offering greater inducements to convince employers and unions

to come to agreement on wages. In this way, the unions were able to advance their members' positions. Employers hoped that the extension in the scope of the tripartite agreements, to cover issues other than pay, would lead to moderation in wage demands. However, by the 'eighties, they were increasingly concerned that this was not the case. The result of the November Election guaranteed the electoral position of the new Government and thus allowed it to develop a longer-term strategy in wage policy.

#### Phase Four: The Coalition Government's Strategy

The election of the Coalition Government introduces the fourth phase we identified in the management of wage levels in the Republic since 1970. No national agreements have been arrived at over its time in office. Instead there has been a return to bargaining at firm and industry level. We have argued that the reason for tripartite agreements has been the belief of each of the three bodies involved, government, unions and employers, that without such a settlement their interests would suffer. The lack of such a solution is because at least one of the three believes it can gain more, in the longer-term, by not having such agreements. This has been both the Coalition Government's view and, since the 'eighties, that of the employers.

The Government's strategy has involved a reluctance to enter into negotiations for national wage deals. Instead, it has set wage limits which have been so low that they have been refused as the basis for negotiation

by the unions. In face of this, there has been a concerted effort by the Government to stick to these limits. In attempting to achieve this, part of the Government's policy has been to blame the unions for the country's economic malaise. In this respect the Minister for Finance, Mr Dukes, in the 1983 Budget said that he wished to see the achievement of moderation in income rises to reverse the decline in competitiveness 'which so endangers our employment levels' (DD. 339, 1983, pp. 1469-70). Pointing out that the Exchequer pay and pensions bill would rise by almost 11½ per cent compared with 1982, Mr Dukes asserted:

This leaves little room for a further increase, no matter from how late a date, on the expiration of the present public service pay agreement. I am, in fact, making no provision in the Budget for any further pay settlements in 1983. If the outcome of the consultations already referred to necessitates increased expenditure on pay this year, then it will be necessary in turn for the Government to take appropriate measures in order to fund the cost (DD. 399, 1983, p. 1477).

Further to this the Minister suggested that:

...most public service workers would agree that they enjoy a sense of security of employment which is lacking in almost every other area of the economy. This security can be guaranteed only if balance is restored to the national finances, a process which in turn is highly dependent on future developments in public sector pay (DD. 399, 1983, p. 1477).

In the Budget speech in January 1984 the Minister for Finance again complained of public sector pay and pension costs. On the general pay front, although he accepted that settlements had been more moderate in 1983 than in 1982, he said they were still too high and presented the view

that: 'The inadequate response by pay negotiators undoubtedly contributed to high redundancies in 1983'. He went on to assert that: 'Management and unions... must seriously consider whether there is scope for any increase in pay on the expiry of current agreements' and continued that the Government had 'decided to make no further provision for increases in public sector pay rates for 1984' (DD. 347, 1984, pp. 810-11).

In the run-up to the 1985 wage round the Cabinet responded to the ICTU request for a meeting, with the suggestion that it would be used to explore the possibility of a trade-off between pay and jobs. An ICTU executive council meeting, on 20 December, decided unanimously that this was not a basis on which they could meet the Government. In the 1985 Budget Mr Dukes accepted an independent arbitrators proposal of 3 per cent from January plus 3 per cent from July, in respect of civil service pay grades, and said that the 'Government are prepared to make provision for a 24th pay round in the public service based on this finding'.

For the private sector he suggested that increases should not exceed those in competitor countries. He expected that the average there would be 6½ per cent but argued that, because of the substantial carry-over from the wage settlements in the Republic in 1984, the scope for increases in 1985 were severely restricted if the competitiveness of Irish labour was to be improved (IT. 31 January, 1985). The unions did not see this as the basis for opening negotiations. The Government's policy, in particular its setting of wage norms at such a low level as to discourage unions from entering talks, demonstrates its unwillingness to pursue

tripartite negotiations. Thus, the system of national wage agreements, which was part of the fabric of economic policy in the 'seventies, has been brought to an end. This is evidence that the Government believes it can achieve more in its economic planning without the tripartite agreements.

The Coalition Government's unwillingness to negotiate on pay must be understood by reference to its primary function of maintaining the conditions necessary for the survival of the Irish economy in the international capitalist market system. It has had to ensure that wage levels are low enough so as to keep Irish goods competitive on international markets. Furthermore, its need to reduce foreign debt has included an attempt to cut the public sector pay bill. The fact that it believes that it can better influence wage levels by not becoming involved in national agreements is important in determining our conclusion on which partner has gained most from national wage agreements. In essence, it shows the advances the unions were felt to have made within institutional tripartism.

We argued, at the beginning of this chapter, that the marxist framework provides an appropriate means of analysing the development of institutional tripartism. The crucial event for the emergence of tripartism in the Republic was the opening-up of the economy at the end of the fifties. As we saw in Chapter Two, this reversal in economic policy arose out of the essential function of the Irish state, which is to provide the conditions for the continued capitalist development of the country. The new economic strategy removed the formal controls by which the Irish

state had been able to modify the international market conditions for domestic producers. With these controls gone, the competitiveness of Irish goods depends on their absolute market price, a major component of which is their cost of production. A second aspect of the economic policy change was the movement away from the concern to balance the exchequer accounts. Borrowing, for the purposes of demand management, following Keynesian principles, became acceptable. In a country highly dependent on trade, the major difficulty with demand management is the high propensity to import, particularly since import barriers had been removed. It was for these reasons that the state needed to increase its control over the economy. This led to the incorporation process in the Republic, which mirrors the development in other capitalist countries.

Incorporation means that the trade union movement in Ireland has accepted the major political parties' essential belief, and policies, for the capitalist development of the economy. Since the second decade of this century the unions have not offered a revolutionary alternative to the role of workers in Irish society. In this regard the Irish political system is very much like the liberal-democratic capitalist systems of the rest of western Europe. Operating within social democratic parameters the unions have made some gains. Over the decade of consecutive national agreements, we have chartered the advance of the unions' position. Firstly, in the mid-'seventies they were able to draw government into the negotiations as government, and not simply as an employer. Secondly, through the manoeuvres over the timetable of budgets and agreements, from 1977 the unions succeeded in bringing budgetary policy onto the wage agenda in a



more concrete way than ever. This, coupled with the Governments need for industrial peace, led to the wide ranging National Understandings achieved in 1979 and 1980. This was the highest point of the unions' influence.

How much the unions had gained is reflected in the political parties' attitudes to the agreements, at the turn of the decade. Both the major parties were becoming increasingly reluctant to pursue further national agreements. However, because of the electoral uncertainty between 1981 and 1982 governments could not adopt a radically new policy. When the Coalition was elected in November 1982, with a majority in the Dail which guaranteed its electoral position for several years, it was able to embark on a longer term strategy in relation to wages. This policy has essentially been concerned with enforcing wage norms. The absence of institutional tripartism in these years points to the conclusion that the Government believes that it can achieve more of its aims, in its promotion of the continued capitalist development of Ireland, without union involvement.

## Chapter Five

### Change in the Value System of Ireland

#### Introduction

Up until this point we have analysed the interrelationship between change in the political, social and economic structures of the Republic of Ireland. We have argued that a major dynamic influencing the development of Ireland is the fact that it is a capitalist country. In this Chapter we will examine an area where change in Ireland has been noticeable in recent decades, the value system of the country. We will not be concerned with the values per se, but with the system and its interrelationship with the social, economic and political structures of Ireland. We will argue that the social and economic change which arose from the opening-up of the economy, at the end of the 'fifties, put pressure on the maintenance of the traditional value system. Since the Roman Catholic Church has been such a strong force in the moulding of this value system we will concentrate on its position in the country.

From the nineteen-sixties Catholic moral teaching has been challenged increasingly as a guide to social practice. More recently, the influence of the Church in the Republic's laws and institutions has come into question. The Pope (John-Paul II, 1979) addressed this first aspect explicitly on his visit to the Republic in 1979.

Yes, Ireland, that has overcome so many difficult moments in her history, is being challenged in a new way today, for she is

not immune from the influence of ideologies and trends which present-day civilisation and progress carry with them... The most sacred principles which were the sure guides for the behaviour of individuals and society, are being hollowed out by false pretences concerning freedom, the sacredness of life, the indissolubility of marriage, the true sense of human sexuality, the right attitude towards the material goods that progress has to offer.

We will chart the manner in which the Church hierarchy and members of its laity have responded to what they see as the breakdown in moral values. On the second aspect, the challenge to the authority of the Catholic Church in the Republic, one of the major parties, Fine Gael, has been seeking to lessen the Church's influence in the country's laws in an attempt to remove, what is seen by some as, the Catholic ethos of the Irish state.

The most concrete form of the value system is its codification in law. Thus a development which is crucial in understanding the form of action that those attempting change have taken is the dynamic way in which the legal system has been used, particularly since the 'sixties. This tendency was further strengthened when the Republic ratified the European Convention on Human Rights. The decisions of the European Court of Human Rights (ECHR) have precedence over national law, unless legal rights are positively guaranteed in the body of law of a signatory. Liberalisation through the courts has become a dominant issue in the socio-political process in the Republic of Ireland. But if the legal system has been a source of change, it has also been recognised as a way of reinforcing existing law, by means of constitutional amendment. In this chapter we will concentrate on three specific areas around which campaigns for change in the law have grown.

Our analysis involves five themes. Firstly, we will detail the intertwining of the Catholic Church and the Irish state apparatus and people. Secondly, we will argue that social and economic change in Ireland loosened Church control over its flock, and this witnessed a Church response, which will be outlined. Thirdly, we will note the increased significance of the legal system in dealing with these changes. Following from this examination, the fourth theme is concerned with the role of the ECHR and the possible conflict between its decisions and Ireland's traditional values, as codified in law. Finally, within this framework we will look at the campaign for the Eighth Amendment to the Constitution, developments on the contraception issue and the campaign for divorce. The nature of the lobby groups in these areas, their campaign methods, the developments they fear and the bases of their support will be examined. We start by looking at the relationship between Church and state.

### Church and State in Ireland

In measuring the strength of Catholicism in the Republic of Ireland Whyte (1980, pp. 3-4) has pointed out that in 1911 89.6 per cent of the population was Roman Catholic, a figure which increased gradually to 94.9 per cent by 1961, a fact which led him to conclude that numerically the Republic is 'increasingly homogeneous in religion'. Further commenting on the quality of this religiosity, he has pointed out that what differentiates Ireland from other western European countries with large Catholic populations, such as Italy, Spain or Portugal, is the number of committed and practising Catholics. Whyte (1980, pp. 4-6) backs up this

point by quoting from a range of subjective material. Overall, his evidence points to the fact of a high rate and quality of religiosity in Ireland.

In the area of institutional relations Whyte (1980, pp. 12-3) argues that 'an aloofness of Church and state' is an accurate portrayal of the situation in Ireland because 'it conveys the Church's reluctance to become entangled in the state'. Even a cursory look at the historical relationship between the two will explain this. Before independence, government in Ireland was an imposed and Protestant regime which had persecuted Catholics for practicing their religion. The Catholic Church supported the liberal nationalist movement and could at most be, on the face of it anyway, tolerant of the colonial government, if it was not to lose its flock. The Church, therefore, avoided too close an association with the state. After independence this distance was maintained.

From the Church's point of view, it is not hard to see why this post-independence situation would not have been desirable. In other countries conflict arose between Church and state because the Church wished to gain some further influence over its members, or was forced into a position of defence by the state encroaching on the former's usual responsibilities. In the Free State there was no major driving force for the secularisation of the new state. At the same time there was no desire on the Church's part to extend its authority because it was satisfied with the influence it already had. As Whyte (1980, pp. 16-7) notes:

In social welfare services, for instance, the Church has a stake which might seem extensive to visitors from Protestant countries. The state does not attempt to provide all such services itself. Many hospitals, orphanages, reformatories, and other welfare institutions are run by religious orders, with the aid of government grants, and, to varying extents, under government control.

The interpenetration of Church and state is seen most clearly in the field of education... In the first place education is not merely denominationally controlled: it is clerically controlled.

In his conclusion, to the definitive work on Church-state relations in Ireland since 1923, Whyte (1980) looks at two opposing propositions on the influence of the Catholic Church in the Republic. On the one hand, he disagrees with the assertion that Ireland is a theocratic state 'in which the hierarchy has the final say on any matter in which it wishes to intervene' for, he believes, 'the total record does not show that Irish governments automatically defer to the hierarchy on any point on which the hierarchy chooses to speak' (Whyte, 1980, p. 369). On the other hand, he feels that the notion that the Church is only one of a number of interest groups in society to be naive. For in the final analysis:

...in a mainly Catholic country, the Catholic hierarchy has a weapon which no other group possesses: its authority over men's consciences. Most politicians on all sides of the house are committed Catholics, and accept the hierarchy's right to speak on matters of faith or morals. Even politicians who are personally indifferent on religious matters will recognise that the majority of the electorate are believers, and will act accordingly (Whyte, 1980, p. 368).

The relationship between the Catholic Church and the Irish state can thus be characterised, up until the nineteen-sixties, as one of interpenetration; a coincidence of interest. The concern of the hierarchy to maintain

traditional standards of morality was reflected in legislation. But the hierarchy had no need to apply pressure to secure this legislation, because there was general agreement throughout society on the necessity of such measures. On social-moral issues there was no alternative public voice commanding widespread support.

The interpenetration of Church and state was due to a general coincidence of value systems, as between Church hierarchy and political elite, and within the state-electorate and Church-'flock' relationships. Attempts to translate this into politico-institutional structures, however, shows up the dangers in overestimating the consensus. It was the Church which moved first. Adopting the strategy of the Catholic Church in Europe, in reaction to state intervention, the Catholic Church in Ireland accepted the theory of vocationalism. This was predicated on the basis of corporatist theory which, while accepting that interest groups exist in society, suggests that society is one corpus or entity. It is argued that the essential harmony deriving from this fact should be recognised and promoted through the setting up of consultative bodies drawn from the interest groups in society. In this strategy the Church had the ear of the Taoiseach, Mr deValera, himself a devout Catholic.

The Constitution of 1937, in the drafting of which Mr deValera played a major role, reflected the interest of contemporary Catholic writers in vocationalism. The Committee on Vocationalism was set up in 1938 and its recommendations, made in 1943, were for the establishment of a complex interlocking system of vocational councils. Ireland's political

and social institutions had their basis in the British model, however, and a social service and welfare system of sorts had grown up as need dictated in independent Ireland. It would have been difficult to change these as radically as the vocationalist plan entailed (Whyte, 1979, p. 74). The recommendations were, therefore, never acted upon.

The Irish hierarchy had failed in its attempt to restructure its relationship with the state. But it was a quiet defeat, borne out of immobilism rather than all-out attack. The Church had lost out on its positive strategy. It was to be reduced to defence in specific localised areas. In a more general plan for Church-state relations the former had lost the initiative. It is against this background that we may understand the ability of governments in the 'sixties to intervene, more dramatically than ever, in organising society for the attainment of set goals, particularly in social policy, without provoking opposition from the Church. The need for such a development had become increasingly clear from the 'fifties onwards.

We have already seen in Chapter Two that the Republic underwent a radical transformation in the nineteen-sixties. The basic components of this change include an extension of state-planning, with expansion in welfare organisations and spending to an extent not yet seen in the Republic, although the trend was quite visible in the rest of post-war Europe. The Republic had been neutral during the Second World War, so that its social and economic fabric had not suffered to anywhere near the extent of the combatant countries. Concomitantly, there was not the



impetus for the radical changes which occurred in other states. But the Republic was to experience a severe economic and social crisis in the 'fifties, which produced a realisation that radical change was needed.

In response to this crisis the Taoiseach, Mr Lemass, moved the Republic away from its economic isolationism and strict budgetary control. His was a strategy that emphasised the importation of capital investment and the expansion of foreign trade. By the late 'fifties moves had been made to dismantle trade barriers and the institutional machinery necessary for widespread government intervention and planning of the economy was established. In 1965 the Government signed a trade agreement with Britain and the first moves were made toward joining the EEC. The initial result of this new strategy was an economic boom in Ireland. The market for Irish exports increased, while GNP, which had been static in the mid-'fifties, began to grow at 4 per cent per annum in the early 'sixties, with particular expansion in the industrial sector.

While the Republic's economic growth undoubtedly brought about material prosperity, it also had unsettling effects on Irish society. The socio-economic system changed dramatically. The industrial and urban sectors grew, while the rate of decline in the rural and agrarian sectors was hastened. There was also a decline in emigration, which had mostly involved young people. Consequently the age structure of Irish society underwent a striking change. With almost 50 per cent of the population under the age of 25, from the nineteen-seventies, the Republic of Ireland has the largest proportion of its people in this age group than elsewhere in Europe.

### The Challenge to Church Control

These demographic changes had important consequences for Church control over its flock. Such influence tends to be strong where communities are small-scale and their members largely immobile socially and geographically. In a mobile society Church sanctions tend to weaken (Donzelot, 1979). Further to this, the growing wealth of the people in Ireland gave them access to television and travel, which expanded their terms of reference. As a result of these changes Shade (1979, p. 32) has noted that 'as Ireland becomes increasingly like the other societies of the modernised world, age old ills have been magnified and new categories of sin have cropped up like weeds. Nearly every indicator of social disorganisation seems to have made a quantum leap in recent years'.

One area in which 'social disorganisation' is manifest is sexual mores. This subject has long been a major Church concern (Whyte, 1980, pp. 24-34) and it remains so, as the Pope's statements, made while he was in Ireland, demonstrate. It is through the family that the Church has exercised so much control in society. Ireland with its small-scale close-knit rural communities was ideally suited to such control. Donzelot (1979, p. 171) explains:

The priest managed sexuality from the angle of family morality. An ancient complicity, consisting of mutual benefits, operated between the system of matrimonial exchanges -the key to the old familial order- and the religious apparatus. The family received the guarantee of its unions through the distribution of blessings by the Church. For its part, the clergy received money, for the expenses of celebration and for the exemptions it granted for the contraction of a marriage when the partners had a certain degree of kinship... The convent

served the family by preserving those of its offspring whom it destined for marriage and by relieving it of those who were a burden to it... The mechanism of confession furnished the family with the means to deal with the inevitable variance between the strategic nature of alliances and sexual attractions. In return it obtained for the Church a direct hold on individuals, the possibility of a direction of consciences. The Church increased its benefits in money, power and expansion precisely insofar as it reinforced the family's hegemony over its members...

Change in Irish society has increasingly brought this control into question, and this decreasing influence is manifested in changing attitudes to sexuality. In this respect statistics have shown up ominous trends. An article in 1978 entitled 'The Sexual Explosion' (Magill) detailed these developments. It noted that over the period 1960 to 1976 the illegitimacy rate rose by 140 per cent. The pregnancy rate of Irish brides had doubled in two decades. Over 60,000 women were taking the pill and a similar number of couples were using condoms. Only a minority believed that sex was right only within marriage. The number of women going to England for abortions had increased dramatically, from 300 in 1968 to well over 2,000 per annum (the number giving addresses in the Republic) (Magill, April, 1978, pp. 13-14).

Recently Kirby (1984) has provided a comprehensive review of the main survey results on religious belief and practice in Ireland. A survey carried out between 1973 and 1974, by the Council for Research and Development set up by the bishops, strengthened the belief of many Church leaders that, although there were some societal problems, the Church remained strong. The survey showed that 91 per cent of Irish Catholics attended mass every week and 97 per cent prayed every day. But others were beginning to notice the danger signs for the Church and

urged an acknowledgement that young people in particular were drifting away from the Catholic religion (Kirby, 1984, p. 34). Other social groups too had a tendency to move away from Catholicism. A working party established by the Catholic bishops, which met between 1977 and 1978, reported that mass attendance and religious belief were declining among the young, the urban dwellers and the skilled and semi-skilled workers. It found that, of those people in their early twenties, only 78 per cent went to mass weekly, while for young men living in large towns and cities the figure was estimated to be as low as 50 per cent (Kirby, 1984, p. 35).

A survey in 1980, carried out in Ireland as part of the European Values Study Group, suggested that the decrease in mass going was accelerating, with the overall rate down to 82 per cent and only 72 per cent among the young. This evidence was backed up by reports Kirby (1984, p. 37) received from some priests in working class Dublin parishes, where they estimated that only 10 per cent of their parishioners went to mass every Sunday. This claim was tested on an RTE radio show (Gay Byrne, September 1984) when priests in such areas were questioned on its validity. It was said that in Tallaght, a working class housing estate in Dublin, that this could be so, but it was argued that the parish was relatively new, and was now building up. It was suggested that some people still preferred to travel to their old parish. Many priests, however, admitted that attendances were as low as 30 per cent. As further evidence of the rural/urban distinction in religiosity a poll, conducted for RTE's Women's Programme at the end of 1984, showed that of women with marital problems, in rural areas the first person they would speak to was a priest, whereas in urban areas the priest was only ranked fourth

(RTE, May 1985). There was increasing evidence that the breakdown in Catholic beliefs and practice was related to change in the social structure.

An article 'Faith Under Survey' (The Furrow, January 1983) examining the results of surveys over the decade up until 1983 showed that one-third of Catholics felt that religious principles seldom guided their behaviour, a figure which increased to 55 per cent for the city born and 61 per cent for the young. Only 28 per cent said they would put the demands of religion first, if they clashed with the interests of family, work or even recreation. As Inglis (1985, pp. 39-40) has written: 'For many Catholics engagement in public rituals has become an empty shell... The teachings of the Church are having less and less relevance to their everyday lives, and religious practice has become compartmentalized into Sunday mornings and special occasions'. This then was the burgeoning challenge to which the Church had to address itself.

It must be realised that the social change taking place in the country in the 'sixties and 'seventies was a phenomenon general to Europe. Indeed in this respect the Republic lagged behind those in other western developed countries. The strategy adopted in Ireland was a reflection of that used by the Church at a 'world' level. This approach was a manifestation of change within the Church, which had led to its greater liberalisation, and was reflected in Vatican II. As Whyte (1981, p. 13) notes, the 'sixties was the time of the ecumenical movement, the movement for liturgical reform and an acceptance of freedom of speech

within the Church'. Having failed to change its relationship with the state the Catholic Church in Ireland sought to restructure its relations with its 'flock'. Gone was the positive strategy of vocationalism. Gone too was the negative influence; Church fear of state power. In its place the Church sided with its flock to point out the inadequacies of state provision (see Whyte, 1980, pp. 332-4 for examples).

This trend is very noticeable in the area of the family, marriage and sexuality. Increasingly, from the early 'seventies onwards, the Church sought to mediate its exertions on these matters through the Encounter movement. Imported from the United States, where it was a religious response to the breakdown in marriage, instead of the areligious state-provided marriage guidance counselling, the movement has been of particular importance in the Irish context, since the overwhelming majority of Catholics, even if they no longer practice their religion, marry in Church. The Church has largely pre-empted state intervention in this area. The Encounter groups are used to help people understand relationships. The fundamental precepts are of course Catholic. From Marriage Encounter the concept has been stretched backwards to include Engaged Encounter, Singles Encounter and Youth Encounter. In many dioceses it is now virtually compulsory for an engaged couple to go to an Engaged Encounter weekend before they marry in church. The Irish Catholic Church thus exercises a moral-educative-social function over people from adolescence through engagement, marriage and thereafter, to a qualitative extent rarely seen in recent decades, and much more widespread in the Republic than elsewhere.

In these developments the coincidence of Church-state values is observable once again. The intertwining of the two has lessened the chance of conflict around issues in general. That is not to say that there is no opposition to Church dominance in some matters. But what does exist tends to be small, though often vocal. Yet, even if there was no governmental opposition to the Church's intervention there was a reaction within the state apparatus to the changing social mores. This was liberalisation through the courts. The interaction of the legal processes and the changes taking place in Ireland produced a dynamic role for the legal system. This was borne out of the realisation that the Constitution is a guarantee to individual freedoms on the one hand, and a restriction of government action on the other.

### Liberalisation through the Courts

Wheare (1979, p. 72) has pointed out that courts 'cannot amend a constitution... They cannot change the words... So far as they introduce change it must come through the interpretation of the meaning of the words'. The courts began to interpret Irish law with greater dynamism in the 'sixties. This had essentially two sources. McMahon (1979, p. 88) notes that the standards of education in the Irish legal profession began to rise at this time. Many Irish law students had part of their training in the United States of America and this experience led them to recognise that the American situation, with its written constitution and interpretation of law to establish individual rights, was more relevant to the Republic than the precedents found in the English system. Secondly, the shift towards an

expansionary economic policy, under Mr Lemass, led the Government and successive Irish governments, to use legislative incentives as a method of achieving economic objectives (Wheare, 1979, p. 15). Working in this new expansionary and welfare orientated atmosphere, McMahon (1979, p. 87) suggests, 'puts pressure on the traditional legislative institutions, exposes the limitations of existing definitions of law and illustrates how inadequately the individual's position is catered for in the modern reward giving context'. The coincidence of these two pressures laid the Irish Constitution open to interpretation.

The social situation demonstrated the need for adaptation, while the changed attitude to the Constitution provided the means for this to take place. As Heuston (1976, p. 210) has pointed out, the courts began to use parts of the Constitution, such as the preamble and the Directive Principles of Social Policy, which had hitherto been thought to have little significance. For instance, in The State (Healy) v. Donoghue, the Chief Justice said:

In my view, this preamble makes it clear that rights given by the Constitution must be considered in accordance with concepts of prudence, justice and charity which may gradually change or develop as society changes and develops, and which fall to be interpreted from time to time in accordance with prevailing ideas. The preamble envisages a Constitution which can absorb or be adapted to such changes. In other words, the Constitution did not seek to impose for all time the ideas prevalent or accepted with regard to these virtues at the time of its enactment (Irish Reports, 1976, 325).

If government actions were showing up inadequacies in the administration of social benefits and the courts were showing signs of



revising laws in response to social change, it was the strength of pressure groups in highlighting specific problems and mustering enough support to have rulings re-interpreted that determined where the law was changed. As Casey (1982, p. 272) explains, 'some interest groups, aware of the Constitution's possibilities, have adopted a test-case strategy to assist in securing their objectives'. This dynamic stance of the courts has been most obvious in the sphere of family law, reflecting very much the changes in attitudes in Irish society.

We have seen that the Church responded to social change by working directly in the areas where it was most worried by developments, such as attitudes to family and sexuality, to counteract the drift away from Catholic teaching. In this it was not averse to working with the state. There was a coincidence of 'faith' between hierarchy and government and, thus, little overt conflict. The Church also recognised the problems in society so, although it might frown on particular decisions of the courts, there was no reason why an accommodation could not be found. The Church sought to mould government policy on social matters. For instance, the hierarchy's Council for Social Welfare advocated the establishment of a country-wide network of legal-aid centres to help in resolving family problems. The Catholic Church would undoubtedly seek 'Catholic' answers to problems. There was little reason why a government, indeed the whole political structure, which was dominated by practicing Catholics should seek their answers to social problems in any other than Catholic terms. The possibility of conflict arose, however, when the final court of appeal resided beyond the national legislature and judiciary, in a supra-state institution.

The major development, in this respect, was the Republic's ratification of the European Convention on Human Right. Under the Convention an individual may petition the European Court of Human Rights on the grounds that some law of the Republic of Ireland violates the rights set out in the Convention. Any decision made by the Court is held to be legally binding within the state. But, apart from functioning as a court of appeal, to which we will return, a second important component is the principle that such a petition is not admissible to the ECHR unless the injured party has exhausted all possible remedies before the domestic courts. This factor was brought to the fore in the Josie Airey case, where she was unable to take proceedings against her erstwhile husband due to the financial cost. As Carney (1979, p. 228) points out 'the inadequacy of concessions in this area in the past to persons who were unable to secure their rights because of their poverty, surely has been a negation of democracy'. The Court of Human Rights took the same view and a form of legal aid provision in civil cases has had to be introduced in the Republic in response to the ruling of the Court. We now return to the examination of the influence of the decisions of the ECHR in the Republic.

Charles Haughey speaking of Europe in 1964 said, 'legal relationships are, or should be, based on activities within a particular community and they should reflect the social and ethical principles of that community' (quoted in in O'Connor, 1974, p. 41) But a problem arises when the values codified in supra-state laws differ from the values codified in national law. The Catholic Church in Ireland, and many other groups and individuals, fear the invasion of European values over the Republic of Ireland's traditional mores, through the medium of the ECHR. Probably

one of the most important decisions which highlights the conflict between the values of the Republic, as reflected in its laws, and those of the ECHR was that in the Dudgeon case of October 1981 (see Dickson, 1984, pp. 48-52). This decision brought Northern Ireland's law on homosexuality into line with that in Britain. The Commission did not accept the British Government's plea, that the law which made homosexual acts illegal was justified by the strong moral feelings of the great majority of people in Northern Ireland against homosexuality. This decision had important implications for the Republic even though it only applied to Northern Ireland, for it released those latent fears that Irish law could be changed against the views of the majority of the people of the Republic. Concomitantly, it encouraged those who felt aggrieved by certain Irish laws to appeal beyond the Irish courts.

Up to this point several aspects of Irish society have been pointed out which are important for our ensuing analysis. Firstly, we noted the major influence Catholic morality and the Church itself, has in the Republic of Ireland. Secondly, we presented evidence that this power is diminishing, and suggested that this is because of the economic and demographic changes which have taken place there. Thirdly, we showed that a response to these changes was the liberalisation of laws through their interpretation by the courts. Two further facets of this development were highlighted. These were the precedence of decisions from the ECHR over national law and the growth of campaigning groups seeking to change Irish law.

With this as the background we will now turn our attention to three campaigns which have taken place in the Republic of Ireland within a decade. They have several elements in common. They were responses to new social demands thrown up by social change. They have highlighted the importance of the expanding social groups in the country, the young, urban dwellers and middle class. They have each involved the use of the European legal structure, or the fear of it. They all brought Church-state relations back into focus and, finally, they saw the growth of public campaigning organisations. We will start with an analysis of the campaign for the Eighth Amendment to the Constitution which sought to insert the following article in order to strengthen the prohibition on abortion.

The State acknowledges the right to life of the unborn and, with due regard to the equal right to life of the mother, guarantees in its laws to respect, and as far as possible, by its laws to defend and vindicate that right.

### The Campaign for the Eighth Amendment

Few would deny that seldom in the recent history of the Republic of Ireland has an issue been as vociferously fought and wide rangingly divisive as that of the campaign for the Eighth Amendment. It saw a split between the governing Coalition partners and among the political parties; it severely damaged the ecumenical movement among the several Churches in the state<sup>1</sup>; caused a rift between some unions and Congress;

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1. For some thoughts on this aspect see Hartin, J. 'The Challenge to Irish Ecumenism'. Studies winter (1983): 290-8.

saw the suspension of eleven members and the President from the Irish Farmers' Association; and divided doctors, leading academics and intellectuals. The campaign brought the Roman Catholic Church into disrepute, with particular priests' attacks on the anti-Amendment movement and the severity of the vitriol they aimed at individual proponents of that case. It led to 'leaks' from the Department of Justice of confidential Government discussions over the wording of the Amendment, considered serious enough to provoke the use of the Official Secrets Act. Finally, it brought Church-state relations firmly into focus<sup>1</sup>. Yet, in the final analysis, the passing of the Amendment cannot be considered a complete success by its proponents.

Despite the fact that the Amendment was carried by a two to one majority the 'quality' of the victory left much to be desired for the pro-Amendment lobby. In this overwhelmingly Catholic country only 54.9 per cent of those entitled to vote did so, while a breakdown of the voting figures shows that there were majorities against in some constituencies in Dublin, and that the vote was very close in urban and middle-class areas generally, as the table (over) shows. But those who campaigned against the amendment did so, not because they were for abortion (quite the contrary the overwhelming majority of spokespersons were at pains to point out that they were totally opposed to it) but because they felt that the law which had prevented abortion up until then, the Offences Against

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1. For some recent articles on this subject see 'Church and State in Ireland.' Studies winter (1985).

the Person Act 1861, was quite adequate. There was no numerically substantial group of people campaigning for that which the Eighth Amendment sought to prevent. To understand this paradox we must look at how and why the campaign developed and, in particular, the ability of a small core group of people to force the issue onto the political agenda.

### The Vote in the Eighth Amendment

Region Constituency	Electorate Total	Spoilt Did Not Vote	Valid Poll	Yes	No	%	Yes Votes over No's	% of electorate who voted Yes
<b>LEINSTER</b>								
Dublin Central	70,403	35,721	34,682	21,508	13,174	37.8	8,334	30.45
Dublin Nth.	41,713	19,587	22,126	11,898	10,228	46.1	1,670	28.47
Dublin Nth. C	55,426	21,922	33,504	19,203	14,301	42.5	4,902	34.54
Dublin Nth. E	46,686	19,463	27,223	13,392	13,831	50.6	-439	28.60
Dublin Nth. W	51,277	25,818	25,459	13,354	12,105	47.3	1,249	25.97
Dublin Sth.	72,964	27,788	45,176	20,517	24,659	54.3	-4,142	28.03
Dublin Sth. C	73,510	36,324	37,186	21,016	16,170	43.2	4,846	28.48
Dublin Sth. E	64,222	30,116	34,106	16,814	17,292	50.4	-478	26.10
Dublin Sth. W	58,429	26,341	32,088	15,794	16,294	50.0	-500	26.92
Dublin West	72,040	34,570	37,470	20,510	16,960	45.0	3,550	28.38
Dun Laoghaire	73,030	30,503	42,527	17,876	24,651	57.6	-6,775	24.39
<b>Dublin</b>	<b>679,700</b>	<b>306,153</b>	<b>371,547</b>	<b>191,882</b>	<b>179,666</b>	<b>48.36</b>	<b>12,217</b>	
Carlow/Kilkenny	75,490	36,605	38,885	26,751	12,134	30.9	14,617	35.43
Kildare	69,559	36,512	33,407	19,856	13,551	40.3	6,305	28.54
Loais-Offaly	73,073	33,197	39,876	31,017	8,859	22.0	22,158	42.44
Longford W/Meath	59,062	28,034	31,028	23,665	7,363	23.5	16,302	40.06
Louth	59,415	26,940	32,475	22,828	9,647	29.5	13,181	38.42
Meath	69,136	31,965	37,171	27,117	10,054	26.9	17,063	39.22
Wexford	67,557	27,962	39,595	28,843	10,752	27.0	18,091	42.69
Wicklow	59,456	27,787	31,669	18,121	13,548	42.5	4,573	30.47
<b>Rest of Leinster</b>	<b>532,748</b>	<b>248,642</b>	<b>284,106</b>	<b>198,198</b>	<b>85,908</b>	<b>30.23</b>	<b>112,290</b>	
<b>Sub Total:</b>	<b>1,212,448</b>	<b>556,795</b>	<b>655,653</b>	<b>390,080</b>	<b>265,573</b>	<b>40.50</b>	<b>124,507</b>	
<b>MUNSTER</b>								
Cork East	54,309	23,521	30,788	22,131	8,657	27.9	13,474	40.75
Cork Nth. C	63,272	32,533	30,739	19,877	10,862	35.1	9,015	31.41
Cork Nth. W	40,873	15,625	25,248	20,554	4,694	18.4	15,860	50.29
Cork Sth. C	69,102	30,851	38,251	21,342	16,909	43.9	4,433	33.88
Cork Sth. W	41,614	17,658	23,956	18,446	5,510	22.8	12,936	44.33
Kerry Nth	43,752	20,342	23,410	18,027	5,383	22.8	12,644	41.20
Kerry Sth	41,929	19,359	22,570	18,458	4,112	18.1	14,346	44.02
Limerick E	65,823	29,340	36,483	24,963	11,520	31.4	13,443	37.92
Limerick W	42,822	19,758	23,064	18,296	4,768	20.5	13,528	42.73
Tipperary Nth.	41,069	17,253	23,816	18,911	4,905	20.4	14,006	46.05
Tipperary Sth.	54,267	25,319	28,948	22,041	6,907	23.7	15,134	40.61
Waterford	57,531	27,133	30,398	20,917	9,481	31.0	11,436	36.36
<b>Sub Total:</b>	<b>166,363</b>	<b>278,692</b>	<b>337,671</b>	<b>243,963</b>	<b>93,708</b>	<b>27.75</b>	<b>150,265</b>	
<b>ULSTER</b>								
Cavan-Monaghan	74,237	33,516	40,721	33,165	7,556	18.4	25,609	44.67
Donegal Nth. E	42,203	19,921	22,282	18,475	3,807	17.0	14,668	43.78
Donegal Sth. W	45,823	24,292	21,531	17,693	3,838	17.7	13,855	38.61
<b>Sub Total:</b>	<b>162,263</b>	<b>77,729</b>	<b>84,534</b>	<b>69,333</b>	<b>15,201</b>	<b>17.98</b>	<b>54,132</b>	
<b>CONNACHT</b>								
Clare	61,747	31,773	29,974	22,136	7,838	25.6	14,298	35.85
Galway East	43,043	21,658	21,385	17,166	4,219	19.6	12,947	39.88
Galway West	78,497	46,520	31,977	20,624	11,353	35.3	9,271	26.27
Mayo East	41,861	20,066	21,795	18,261	3,534	16.1	14,727	43.62
Mayo West	41,445	21,700	19,745	16,040	3,705	18.6	12,335	38.70
Roscommon	41,302	18,938	22,364	18,738	3,626	16.1	15,112	45.37
Sligo-Leitrim	59,682	27,412	32,270	24,891	7,379	22.7	17,512	41.71
<b>Sub Total:</b>	<b>367,577</b>	<b>188,067</b>	<b>179,510</b>	<b>137,856</b>	<b>41,654</b>	<b>23.20</b>	<b>86,202</b>	
<b>TOTAL:</b>	<b>2,358,651</b>	<b>1,101,283</b>	<b>1,257,368</b>	<b>841,232</b>	<b>416,136</b>	<b>33.09</b>	<b>425,086</b>	<b>36.67</b>

The core campaigning groups on either side had been drawn up early on. The Women's Right to Choose Group (WRCG) had been founded in 1980. WRCG grew out of the gatherings of a small number of women who had begun to meet regularly since December 1979. As Gordon (1984, p. 10) points out:

We agreed at the beginning that the group should be called the Women's Right to Choose Group. This title placed the demand for abortion clearly in the context of fertility control in general and also defined us as part of the international feminist movement, for which the slogan 'a women's right to choose' had always been a central rallying cry.

In June 1980 the Group set up the Irish Pregnancy Counselling Centre (IPCC) which included an abortion referral service. WRCG did not believe that the right to abortion was an issue which could be campaigned for in the Republic. This was due to the conservative Catholic ethos of Irish society and the fact that, since the country 'exported' its abortion problem, it escaped the experience of backstreet abortions (Gordon, 1984, p. 9). WRCG's main activity was in publicising the case for allowing women to control their fertility, including the option of abortion. It was not a campaigning group nor did it see such a campaign as being realistic at that time. The Group was 'continually preoccupied with the financial difficulties of the IPCC', attendance at its meetings were low, and they lacked any clear strategy for the achievement of their aims. Its initial response to the proposal of a constitutional amendment on abortion was 'demoralisation and inactivity' (Gordon, 1984, p. 12).

The campaign for a constitutional amendment to prevent abortion was launched on 27 April 1981 at a press conference in Dublin called by

the newly formed Pro-Life Amendment Campaign (PLAC). PLAC was an amalgam of forces. The campaign was instigated by the Irish Catholic Doctors Guild. It had a ready-made mass campaigning organisation in the form of the Society for the Protection of the Unborn Child (SPUC). This was set up in 1980 by Loretta Browne, after she attended a meeting held by two members from British SPUC who wished to see the movement started in the Republic (Magill, July 1982)<sup>1</sup>. In an interview with members of SPUC at their headquarters in Dublin I was told that they operated initially 'like a branch of SPUC England'. It very quickly developed its own organisation though, tapping the latent anti-abortion feeling in the Republic of Ireland. By 1981 it had 40 branches throughout the country, with around 4,000 members. SPUC was a campaigning organisation and began holding public meetings all over the country.

Three days after the launch of PLAC a delegation from the campaign met the Taoiseach, Mr Haughey, and the leader of Fine Gael, Dr FitzGerald, and received a positive response from both as regards an amendment to the Constitution to prohibit abortion. Dr FitzGerald was later to reconsider his strategy, but the amendment campaign had already become embroiled in the electoral politics of the Republic. The pro-Amendment campaigners had been astute in their use of the political upheaval of the eighteen months from June 1981, through February 1982, to November 1982, the dates of three general elections and three changes of government, to secure a pledge from both major parties for an amendment to the constitution.

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1. This article is a comprehensive account of the development of the various groups into the PLAC.



Prior to the 1981 General Election both major parties committed themselves to a constitutional referendum to prohibit abortion. The Labour Party made no clear party declaration on the issue. A coalition government was formed after that election. In office the Taoiseach, Dr FitzGerald, altered his position on an amendment and suggested that the subject could be better dealt with in an overall constitutional review. The Coalition was defeated on its budget and lost the General Election of February 1982. In March the Taoiseach, Mr Haughey, declared his Government's intention of continuing with the amendment. When Fianna Fail left office in November 1982, after defeat in the General Election, they had drawn up the wording for an amendment. It was now up to Fine Gael to act.

During the election campaign of November 1982 Fine Gael committed itself once more to the introduction of an amendment for referendum. Yet, in government there was uncertainty as to whether or not the Coalition would hold a referendum. This was in marked contrast to Fine Gael's position in 1979, shortly after the elections to the European Parliament. At that time both Fianna Fail and Fine Gael opposed the candidature of Madame Simone Veil for the Presidency of the European Parliament, because she had introduced abortion legislation when she was Minister for Health in France. Fine Gael went so far as to vote against Madame Veil, despite an electoral pact with the Liberals in the European Parliament. This was an indication of the strength of feeling within Fine Gael against abortion. The explanation of the Party's change from this firm stance to its more ambiguous position in relation to the anti-abortion campaign in Ireland lies in developments within the Party.

Dr FitzGerald's election to the leadership of Fine Gael marked the ascendancy of the liberal wing of the Party to a dominant position. Under this liberal influence the Party identified the continuing strife in Northern Ireland as one of the main issues facing the country. In addressing this situation a strategy was adopted to remove what could be considered by Unionists, in Northern Ireland, as the Roman Catholic Church's influence in the Republic. Dr FitzGerald's aim was to take out what he saw as the sectarian elements in the Republic's institutions and laws. As an example, he attacked Mr Haughey whom he said 'introduced a bill on contraception in the Dail (1979) which used theological language of one Church in a sectarian way on the contraception issue' and suggested that 'people have been brainwashed for so long by Fianna Fail into this partitionist state based on the ethos of the majority' (Irish Times<sup>1</sup>, 28 September 1981). Dr FitzGerald wanted a constitutional review which would make it possible 'for the Unionists to consider, without alarm, a new political relationship between the two parts of Ireland' (IT, 12 February 1982). The Constitutional Crusade, as it became known, therefore brought Church-state relations in the Republic to the fore.

The two major issues which it was believed would be included in this constitutional review were contraception and divorce. The Church adopted a wait-and-see approach; recognising the need for a new initiative on the North they could not oppose the Crusade outright, until specific proposals had been voiced. It was the intervention of PLAC into the

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1. Hereafter abbreviated to IT.

electoral politics of the period which challenged this new liberalism. Out of the electoral competition between the two main parties in the run-up to the November 1982 General Election came the promise from Dr FitzGerald that if elected he would introduce an anti-abortion amendment before the Finance Bill. The immediate constraints operating on Dr FitzGerald at the time revolved around the division in his own Party, those between the Coalition partners in relation to an amendment and his attempt to rescue some of the points on which his Constitutional Crusade had been built.

If the leader of the party was able to ignore the contradiction in his position and take a bold stance on the issue, others within the Coalition were more reticent about proceeding with an amendment. The Minister for Justice, Mr Noonan, announced on 15 January 1983 that the Government intended that the Eighth Amendment would be put to a referendum within ten weeks. In response, the Minister for Health and Labour Party member, Mr Desmond, declared two days later that he would be voting against the Bill proposing a referendum and also refused to handle the Bill which his Department had inherited from the former Minister for Health, Dr Woods. Mr Desmond was not in favour of abortion. In his statement he emphasised that he was 'wholly opposed to abortion'. He explained that his response to the Amendment had been developed from a Labour Party perspective.

The Labour Party's attitude to an amendment emphasised those points which were the underlying reasons on which the liberal forces in the Republic opposed PLAC. It was argued that an amendment would have

a divisive and alienating effect on those of different creeds in the country. Secondly, it was suggested that the proposed Amendment might outlaw what was then considered acceptable forms of contraception, such as abortifacients (those forms used after fertilization may have taken place) and the carrying out of abortions in what was then considered ethically accepted medical situations. Thirdly, it was believed that the law operating at that time was sufficient to prevent abortion for all but the strictest medical reasons. Thus it emerged, from the various statements issued by individual politicians and the political parties, that the main political elites ranged against an amendment were so, not because of any favour towards abortion itself, but because of the other effects of an amendment campaign. The question of abortion was not central to the debate and, when it was raised, it was almost inevitably to say that it should not be allowed except for the strictest medical reasons.

After the General Election, when negotiations were under way for the formation of a coalition between Labour and Fine Gael, the Labour Party secured a promise that if the Coalition was to form a government then Labour deputies would have a free vote on the Amendment Bill. Over time it became clear that there were several Fine Gael deputies who had doubts about the efficacy of an amendment campaign. But their numbers were too small to pose any direct threat to the Amendments passage through the Dail. The importance of this group was that it struck at the very contradiction of the amendment campaign vis-a-vis Dr FitzGerald's Constitutional Crusade. According to Dr FitzGerald the minority Protestant Churches had often been paid scant attention in the framing of

social policy with moral underpinnings. The Pro-Life Amendment Campaign was no exception, the Protestant Churches disagreed with it, although they emphasised their objection to abortion.

At a meeting of the Board of Community Affairs of the Irish Council of Churches on 4 May 1982 a resolution was passed arguing that the state's regulation of abortion 'and other matters affecting morals in the Republic should be a matter for legislation by the Oireachtas and not for definition by the Constitution. Therefore the Board opposes the present suggestion to introduce a constitutional ban on abortion'. On 21 June the Standing Committee of the Church of Ireland passed a resolution which, while recognising the right to life of the unborn, continued: 'We gravely doubt the wisdom of using constitutional prohibitions as a means of dealing with complex moral and social problems'. A resolution of the General Assembly of the Presbyterian Church in Ireland adopted in June 1982 included the statement: 'The General Assembly is firmly opposed to indiscriminate abortion, but does not believe it is wise to insert a clause banning abortion into the Constitution of the Irish Republic'. At the June 1981 Conference of the Methodist Church in Ireland a resolution was passed which said: 'The Conference is firmly opposed to indiscriminate abortion but believes that the State's regulation of this and other matters affecting morals in the Republic should be a matter for legislation by the Oireachtas and not for definition by the Constitution'. The attempt by the Taoiseach to ameliorate this situation focussed the debate onto the actual wording of the Amendment.

The Fine Gael move to change the wording of the Amendment, in an attempt to satisfy some of the objections of the Protestant Churches, was bolstered when the Attorney-General suggested that the Fianna Fail formula was 'ambiguous and unsatisfactory'. He pointed out that the inclusion of the words 'unborn' and the reference to the 'equal rights of unborn and mother' would mean that if the proposed Amendment became law it would have to be tested in the courts, since this wording was not rigorous enough to give a clear guide to practice. This is exactly what the pro-Amendment lobby had sought to avoid; change in Irish law on abortion by means of test cases brought to the courts. Evidence of this fear is found in the fact that PLAC literature pointed out that the ECHR could legalise abortion in the Republic. As examples of this power it noted the *Josey Airey* case and the *Geoffrey Dudgeon* case.

The debate around the proposed formula became the basis of a divide between the main parties. On the one hand, those against the Fianna Fail wording suggested that the Party's amendment negated its aim. On the other hand, those who supported the Fianna Fail wording believed that any alternative formula introduced by Fine Gael, which they saw as uncommitted and vacillating anyway, would be a watering down of the principles they sought to guarantee. The argument over the wording of the Amendment provided the leader of Fine Gael with much needed room for manoeuvre. We have seen how the campaign conflicted with his approach to other issues on the Irish political scene. The continuing debate over the legal connotations of specific phrases in the Fianna Fail wording allowed Dr FitzGerald a way out of his predicament. He was able

to draw up a new amendment, with the hope that it would satisfy the minority Churches, on the basis that the original form was imprecise rather than his controversial suggestion that it was sectarian.

A new amendment, introduced by the Taoiseach, satisfied the liberals in Fine Gael. However it was greeted with concern by the more conservative elements in the Party. But this was a more acceptable position for Dr FitzGerald. The introduction of an alternative amendment had united the great majority of the Coalition behind the Taoiseach. The small number of conservatives could be held in check by a now united leadership at one in pursuing its more general strategy in the Constitutional Crusade. The immediate problem was how to treat those in the Coalition who might vote against the formula. It was decided on 27 April, the day before the vote on the Amendments in the Dail, that the eight Fine Gael deputies who were threatening to abstain in the vote for the Coalition's Amendment would be allowed to do so on the basis of conscientious objections. While this could cause embarrassment for the Government they would be able to attack Fianna Fail's use of the whip in a matter where moral conscience played such a large part.

A series of divisions on the Eighth Amendment of the Constitution Bill 1982 were taken in the Dail on 28 April 1983. The Government Amendment was put first and was defeated by 87 votes to 65. Those voting against the Coalition Amendment were the 72 Fianna Fail deputies; 4 Independents; 2 Workers' Party deputies and 9 deputies from the Labour Party. Voting in favour were 60 Fine Gael and 5 Labour Party deputies.

The 8 Fine Gael members carried out their threat and abstained, along with one Labour member. The Fianna Fail wording was then carried by 87 votes to 13. Those voting in favour were the 72 Fianna Fail deputies; the 8 Fine Gael dissidents, 3 Independents and 4 Labour Party members. Those voting against were 8 Labour Party deputies; 2 members of the Workers Party; 1 Independent and 2 Fine Gael members. The Bill was then carried by 85 votes to 11. Apart from the eight dissidents, Fine Gael deputies abstained from this vote (Dail Debates, 341, 10, 1983).

The Eighth Amendment had been foisted on the political parties by a vociferous lobby which had been astute in its use of the electoral upheaval of the period. A vast majority of the electorate of this Roman Catholic country were against abortion. But the campaign was not fought on the issue of abortion per se. The divisions it caused in the political arena centered on the challenge it presented to the new radicalism of Fine Gael. This contradiction is the reason for Dr FitzGerald's uncertainty when he became the head of a government now committed to a referendum. He had to some little extent rescued his position by proposing a new amendment. When the inevitability of the defeat of this new wording became obvious he urged his party to stand back from the uncertain ground of working against the Fianna Fail Amendment, by abstaining in the vote in the Dail and Seanad (upper chamber) and advising them and the electorate to vote no in the referendum.

If there was a virtual certainty that Fine Gael would lose the vote in the Dail the position was reversed in the Seanad, where the Coalition had



a large majority. The Minister for Justice had already promised, however, that Fine Gael would not adopt an obstructionist role here. There was only a slight hiccup in the Seanad when on the Second Stage of the Bill, which was passed by 18 votes to 15, one of the people voting against was a Fine Gael member, Ms Bulbulia. The other 24 Fine Gael senators abstained. There was some question as to how many might follow Ms Bulbulia's lead in the final vote on the Bill and there was an attempt to reword the Amendment to further define the 'unborn'. All this came to nought though; Dr FitzGerald's advice was largely heeded and the Referendum Bill was passed. Polling day was set as 7 September 1983.

The two main political parties decided not to take part in the three week campaign as parties. Fianna Fail supported the Amendment but not all Fianna Fail deputies took an active part in campaigning. Fine Gael urged a no vote in the Referendum yet at least eleven of its deputies decided to support publicly the Amendment. There was support for the Anti-Amendment Campaign (AAC) from the Labour Party and Workers' Party. Gordon (1984, p. 20 notes that in some areas the political parties worked with the action groups, in others they worked co-operatively but independently. The extent of party support on the ground depended largely on the internal politics of each particular constituency. Some Labour TDs came out in support of AAC but their constituency machines as a whole were not mobilised. In Tallaght the Fianna Fail party machine followed PLAC. For instance, PLAC used the Fianna Fail election caravan as their campaign office. In the same constituency the Workers' Party fought a totally separate campaign. In an interview with Kate Shanahan (17 April,

1985), a member of Tallaght AAC, I was told that it was the feeling, within the campaign organisation proper, that the Workers' Party assumed that this largely working class area would vote for the Amendment. Since the Party did not wish to isolate such potential support, it originally only campaigned in better-off districts where they would be unlikely to get Dail votes. When they found that the working class areas were voting against the Amendment, however, the Workers' Party began to canvass in these areas also.

The opposition to the Amendment came from the liberal forces in Ireland, which hoped to see a pluralist society develop. Their main concern, reflected in the Constitutional Crusade, was to remove what could be seen as the Catholic Church's influence in Irish law. Gordon (1984) shows the developments within AAC which saw the eventual dominance of the liberal wing, the aim of which was to forge as wide a consensus as possible against PLAC by bypassing the issue of abortion altogether. Gordon (1984, p. 19) points out that for this group: 'Arguments about the role of the Constitution, sectarianism and intolerance were favoured and there were many who did not object to the impression being given that the AAC was as opposed as PLAC to abortion'. AAC launched its campaign on 15 August with the announcement that it planned to leaflet every house in the Republic from that date until polling day. It hoped to have about 4,000 people, with a group working in each constituency, to enlist a no vote in the referendum because, their campaign leaflet stated, 'this amendment could kill women'. In its 'campaign, PLAC aimed to include a door-to-door canvass in every

constituency in the country. Its campaign leaflet carried the general slogan: Protect Life... Prevent Abortion: VOTE YES on September 7. To this was added the elaboration that a no vote in the referendum would be interpreted by the movement to legalise abortion in Ireland as support and encouragement.

PLAC released the latent anti-abortionism of the Republic of Ireland. To this extent they had a fairly easy task in their campaign. Kate Shanahan (Interview, 17 April, 1985) told me that a major complaint of the members of AAC was the problem of 'collective consciousness', where many people who were unsure of their position reinforced each others' conservatism 'in chats together and out-bidding each other in such things as putting up posters in their homes'. Kate informed me that initially AAC ignored houses which displayed PLAC posters. When they eventually did call at these houses they found that some people were not wholly convinced of PLAC's position.

The Catholic hierarchy as a body remained 'aloof', to use Whyte's phrase, from the campaign itself. But priests were certainly for the Amendment and several played a vociferous role in its support. In this respect, the anti-Amendment campaigners thought it necessary to complain about priests preaching partisan sermons, and in some cases inviting Pro-Life campaigners to give their views in Church. In May 1983 the Bishop of Elphin argued that, in the absence of the Amendment, abortion could be introduced without reference to the Dail, Seanad or people, and not to vote would be a grave neglect of civic duty. He

suggested that the most sacred right was under attack throughout the world from an international campaign promoting abortion which had its active agents in Ireland (IT, 14 May 1983). The Bishop of Kerry, Dr McNamara<sup>1</sup>, who became the main clerical protagonist in the pro-Amendment campaign, took up this theme in August when he told a meeting in Millstreet, Co. Cork, that the pro-abortion lobby had powerful backing in the media and very substantial support from the international pro-abortion movement. In my interviews with SPUC and AAC both said the other had substantial funding from overseas organisations, while each denied that they themselves had obtained such funds. The Catholic Churches' involvement in the Amendment campaign certainly had an adverse effect on the budding ecumenism of the previous few years. They had not instigated the referendum, but when it had arisen their response was predictable.

We have already suggested that the success of PLAC cannot be regarded as a complete victory. The low poll seems to show a serious lack of interest among many voters. An Irish Times/MRBI poll, on 17 February, recorded 37 per cent against the holding of a referendum, a figure which a second poll showed had increased to 47 per cent by 3 June 1983. This lack of interest was also reflected by the low turnout, just over 50 per cent, at the poll itself. Even if we accept that confusion may have been a large

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1. Dr McNamara was to become the Archbishop of Dublin. for the first major printed interview with him after his appointment see Magill June 1986. For his more detailed views see his book The State of Ireland Dublin: Cahill, 1977.

factor in the low turn out, it might have been expected that Catholics would take a lead from their priests.

Two further points may be gleaned from the results of the referendum (see table p. 318). Firstly, the areas in which support was greatest for the Amendment were generally rural and among people over the age of 50. These are precisely the sections in the demographic make-up of the Republic which are decreasing as a percentage of the overall total. Secondly, the poll was divided along party political lines. Thus, Fianna Fail supporters voted Yes in a ratio of 4 to 1, while the ratio for Fine Gael was much lower at 1.5 to 1 and Labour supporters were quite evenly divided. On this evidence alone it is not possible to establish the flow of the causal link: that is, whether people voted a particular way in the poll because that was their party's line, or perhaps the reasons they voted a particular way in the referendum and the reasons why they supported their particular party were coincidental. But, it is clear that the parties' stances had some effect even if only in defining the issue in their particular way, something of importance in itself.

The campaign for the Eighth Amendment to the Constitution was tangible evidence of developments taking place in the Catholic value system of Irish society and the Church's authority there. Our examination of the Campaign allows us to highlight the most important of these facets. PLAC arose out of fear, by some of the Catholic laity, of the liberalisation of Irish attitudes and practice in the sphere of sexual morality. This liberalisation had been given concrete form by the interpretation of law by the Irish courts and the precedence of the

decisions of the ECHR over national law, where rights are not positively established in national law. In tandem with this was the Coalition Government's attempt to restructure the Church-state relationship, by removing Catholic doctrine from the laws of the Republic of Ireland. Clearly, the position of the legal system in maintaining, or changing, the value system was considered to be of prime importance. This is most strikingly borne out by the fact that abortion, the issue with which the Eighth Amendment was ostensibly concerned, was not central to the debate, for there was little demand for change in the law on this matter.

Our analysis shows up five elements of change in the Republic of Ireland in this sphere. Firstly, there is a decreasing commitment to Catholic values as guides to practice. Secondly, it highlights the role of the Irish Courts and the ECHR in changing laws in response to this social change. Thirdly, it marks a realignment in Church-state relations. Fourthly, it demonstrates the ability of public campaign organisations to dictate the direction of legal change and, indeed, to prevent such developments through the use of the Constitution. Finally, it shows up those groups where change is likely to be most welcome, the sections of Irish society which are increasing and, therefore, the likelihood of further demands for change. These forces are also evident in the issue of contraception, although their relative importance differs. It is to an examination of this issue that we now turn.

## The Contraception Issue in Ireland

The first law concerning artificial contraception<sup>1</sup> in independent Ireland dates back to 1929 and reflects the Catholic view of the time that such means of contraception could not be sanctioned. The censorship act of that year made it illegal to advocate the use of contraceptives, but they were still legally available. This was altered in 1935 when the Criminal Law Amendment Act prohibited their sale and importation. There was hardly any demand for change in this law for at least the next quarter-century and when the opportunity did arise, for a reappraisal of the legal situation, it was not taken. In response to the liberalisation of Irish attitudes in the 'sixties Mr Lenihan, Minister for Justice between 1964 and 1968, carried through changes to decrease censorship of films and books, but decided not to alter the ban on material advocating the unnatural prevention of conception, since he thought this might also entail changes in the Criminal Law Amendment Act 1935 (Whyte, 1980, p. 346). The failure to address this matter put the legal question into abeyance and left the social issue to ferment.

In the 'sixties there were basically two developments which led to the increasing use of contraceptives in Ireland. Firstly there was liberalisation in the Catholic Church at a world level, manifest in the Second Vatican Council which left the decision on the use of artificial contraceptives to the individual conscience. In this way the moral

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1. The word contraception will be used hereafter to denote artificial contraception, unless explicitly stated.

stricture of the Church was removed for many. For some of these people personal imports from abroad, in unmarked envelopes, was a way around the law. Secondly, the contraceptive pill was available on medical grounds as a menstrual-cycle regulator, and could therefore be had on prescription. For these people the ban on contraceptives was largely irrelevant.

In 1969 the first of a number of family-planning clinics opened in Dublin. These clinics could not legally sell contraceptives so they distributed them 'freely', but asked for donations. Christine Donaghey of the Irish Family Planning Association (IFPA), which runs two of the clinics in Dublin, told me that about sixty per cent of the revenue comes from such donations. The IFPA and Family Planning Services Ltd., a company set up in 1972 aimed at making family-planning more generally available, are both non-profit making organisations. Christine Donaghy told me that the two clinics run by the IFPA supplied contraceptives to over 100,000 people per year. She suggested that the demand was so great, and the use of the voluntary family planning services so widespread, that there was a reluctance by the state to enforce the law. This, she argued, had made the law on contraception a bad law, because it was too widely ignored. The catalyst to change came from the courts.

At the end of 1973 the Supreme Court heard a case brought by Mrs McGee, who complained that the prohibition on the importation of artificial contraceptives was a breach of an implied right to marital privacy. The four majority judges accepted that this right did exist and, therefore, the ban on the importation of contraceptives was a violation of



Mrs McGee's right. Whyte<sup>1</sup> (1980, p. 410) points out that these four judges were not concerned with the right to use contraceptives outside marriage. Mr Justice Walsh stated this explicitly and the other three implied it. It fell to the Fianna Fail Government and, in particular, the Minister for Health, Mr Haughey, to introduce legislation to give effect to this ruling.

When Mr Haughey introduced the Health (Family Planning) Act 1979, which became law in 1980, he described it as 'an Irish solution to an Irish problem'. Section 4 of the Act deals with the sale and supply of contraceptives. It states that contraceptives could only be supplied by a person who is a pharmaceutical chemist, or dispensing chemist and druggist, who keeps open shop for the dispensing of medical prescriptions. Further, the section requires that the person to whom the sale is made is named in a prescription or written authorisation from a registered medical practitioner and 'is a person who, in the opinion of the practitioner, formed at the time of the giving of the prescription or authorisation, sought the prescription for the purpose, bona fide, of family planning, or for adequate medical reasons and in appropriate circumstances'. The use of the term bona fide was considered to mean that the person must be married. It was thus believed that artificial contraceptives would be made available, but only to married couples. For this reason the 1979 Act was not seen by many sections of Irish society as a solution to their particular problems and agitation for further change continued.

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1. Whyte (1980, pp. 408-16) gives a summary of developments on the issue up until Mr Haughey's Bill.

In 1981 220 general practitioners signed a letter to the then Minister for Health, Dr Woods, stating that, in the interests of their patients' health and welfare, they reserved the right to provide patients directly with contraceptives. In December 1982 Dr Rynne, a family doctor and a member of the IFPA, was charged with doing exactly this; supplying contraceptives to a patient contrary to section 4 of the Act. He was later found guilty and, after an appeal to the Supreme Court, was put on probation. One interesting development in this case was the finding that the term bona fide could not be taken to mean married, as had been assumed.

Due to the electoral instability between 1981 and 1982 little headway was made on the legislative front concerning contraception. However, the Coalition policy document of December 1982 promised a review of the 1979 Act. As we have already noted, this was one of the issues with which Dr FitzGerald's Constitutional Crusade was concerned. Mr Desmond in his first major interview, as Minister for Health in the Coalition Government, given to the Irish Times (18 January 1983), said:

In my first week in office I directed that a full review of this '79 Act should be commenced as a matter of urgency. I have always held the view that the existing Act was a most unsatisfactory one, based, as it is, on outmoded and unworkable regulations relating to family planning and contraception in the Republic. As soon as I have completed my review of its operation, I shall be making decisions about the extent to amend it, if possible. I shall most likely propose to the Government most sections of the Act be repealed, and you can take it that non-medical family-planning requirements will not be subject of medical prescription. That's an absolute imperative. Neither should the provision of this kind of family-planning requisite be tied to pharmaceutical sources. The Government is committed to the provision of full family-planning advice and facilities to all those who need them.

On 19 May he told the Dail that the draft Bill would be presented to the Government within a month. Asked, in the Dail, by Proinsias de Rossa of the Workers Party, if his review of the family planning legislation had been completed he said it had and that since it had been internal to the Department of Health it had not, therefore, involved formal consultations from outside bodies. This is significant, as Whyte notes (1985, p. 4), for it was probably the first time a bill which was in an area where the hierarchy had a traditional interest was brought forward without consultation with the Church.

The fact that the consultative process took place internally served to keep public debate relatively limited. Furthermore, the fact that the provision of contraceptives had existed in the Republic since 1979, albeit in a limited form, also contributed to keeping the debate around the issue fairly low key. The summer months saw the intensification of the anti-abortion campaign and this too distracted attention from Mr Desmond's Bill. But, the campaign for the Eighth Amendment focussed attention onto sexual morality and practice in general and there were some indications that the political divide over the Amendment might be repeated on the contraception issue. This was particularly important for the Fine Gael section of the Coalition, for it was clear that at least some of those who voted against the Fine Gael proposal on the Eighth Amendment might also disagree with the measures on contraception contemplated by Mr Desmond.

It was not until the beginning of 1984 that the Taoiseach, Dr FitzGerald, announced that Mr Desmond was ready to present his Bill to

the Dail. On 5 January, speaking on RTE's Women Today programme, he further stated that there was 'the possibility of all-party action' adding that 'we now know from bitter experience that we get stuck' if party political lines were taken on such an issue. In response to this suggestion, however, the Fianna Fail spokesperson on Health, Dr Rory O'Hanlon, said there was no question of all-party support at that time. It was because the Bill might prove too liberal for some of the Fine Gael deputies that Dr FitzGerald was seeking overall majority support through an all-party approach. Dr O'Hanlon suggested that Fianna Fail would wait to see the Bill's proposed changes before they took any decisions, but also added, significantly, that there did not seem to be a great public demand for major change (IT. 6 January 1984).

A report in the Irish Times on 7 January laid out what it saw as the contents of the proposed Bill. Some of the points went unchallenged and so it was accepted that the Bill would propose the establishment of a comprehensive family-planning service through the health boards, in local community health centres, available to all over the age of 16, but free only to medical card holders. The proposed legislation, it was suggested, was to drop the reference to abortifacients and abolish restrictions on licensing for the importation of contraceptives. Meanwhile, three pilot family planning programmes, in Coolock, Tallaght and Finglas were set up under the auspices of the Eastern Health Board. The Irish Times article contained two points which provoked a statement from Mr Desmond, in which he described the report as mischievous. Firstly, the suggestion that the general sale of condoms and spermicides in shops such as supermarkets and newsagents would be allowed and, secondly, the

suggestion that the Bill would remove the stipulation that non-medical contraceptives be sold on prescription and only in chemist's shops. The denial by Mr Desmond that the Bill would contain these two changes was a very different stance to his position only a year earlier, and is evidence of the compromises which had to be forged within the Coalition.

It was increasingly clear that Fianna Fail was not going to support the Bill. It was also becoming likely that, when the Bill came to a vote in the Dail, Fianna Fail would apply the whip, in the hope that there would be enough defections from Fine Gael to defeat the Government. Use of the whip would prevent some Fianna Fail TDs sympathetic with change voting for the Bill. It was calculated that with the support of the Workers' Party and Independent, Mr Gregory, the Government could afford three defections on an open vote. Since there had been eight defections over the abortion Amendment the chances of a family-planning bill succeeding, if it was as liberal as Mr Desmond wished, looked slim. It is against this background that we can understand his announcement that he intended non-medical contraceptives to be distributed only through health boards, family-planning clinics and chemists' shops.

Many people felt that the availability of contraceptives was the fundamental basis for reform of the 1979 Act, but Mr Desmond's proposals had made little progress here. It was believed though that Labour would not vote against the Bill. The compromise also seemed to satisfy some of the conservative wing of Fine Gael. Mr Dowling, a Fine Gael TD who had opposed the Government on the referendum for the Eighth Amendment, said that he believed that there was a need for change in the

law to extend the availability of contraceptives. Mr Doyle, another of the eight Fine Gael deputies who voted down the Government's wording on the abortion Amendment, said that he had no conscientious problem in the area of contraception. As he argued: 'I support the teachings of my Church, Humanae Vitae, on this issue, and as an individual I espouse them. But that will not interfere with my actions as a legislator, where I have another responsibility' (IT. 9 January 1984).

At this time organisations that had taken part in the debate on the Eighth Amendment began to issue statements on the contraception issue. Most importantly, the Bishop of Kerry, Dr McNamara, who had been one of the most vociferous proponents of the anti-abortion Amendment, came out strongly against Mr Desmond's proposals. In January he issued a statement in which he said it was a matter for legislators to decide what legal arrangements should be made for society.

But, in so doing, they must respect the moral convictions of the great majority of the community... They must also bear in mind, when civil legislation ignores God's laws for human behaviour and for human society, perhaps even going so far as to facilitate or encourage its violation, gravely harmful consequences for individuals and society will follow... -the moral corruption of youth, the alarming increase in abortion, the spread of pornography and venereal diseases, the increase in marital infidelity and the instability of marriage, the erosion of moral standards, the acceptance of pre-marital intercourse as an integral part of the social system, the spread of the knowledge and use of contraceptives to young people of ever lower age groups. (It would be a great mistake for any legislator) to treat as irrelevant the moral law of God as he knows it, as if that were something that concerned him only as a private individual (IT. 10 January 1984).

This is one of the strongest statements issued by a member of the hierarchy in which the link between a legislator's Catholic beliefs and his

vote on a moral issue was emphasised. This link was to be the focus of later statements by members of the hierarchy.

The delay in bringing the Bill before the Dail was a result of the disagreements which were continuing within the Cabinet. Mr Desmond regarded the legal requirement for prescriptions for non-medical contraceptives as the most objectionable part of the 1979 Act. Other members of the Cabinet were unhappy to do away with this section. The Taoiseach was believed to be concerned at the lack of 'age reference' in the proposals. The debate within the Coalition continued and the delay in introducing the Bill to the Dail lengthened. Even by mid-July Mrs Desmond, a Labour TD, could only suggest that the Bill would be introduced to the Dail 'within a few months' (Sunday Tribune 1 April 1984). With the Government experiencing increasing difficulty on the economic front as well as in relation to its proposed social legislation, the Fine Gael Parliamentary Party met for two days of discussion at Malahide to reassess its position.

The major decision on the contraception issue was that the Taoiseach, Dr FitzGerald, chose to lead a sub-committee of Fine Gael aimed at setting out the Party's position on the extension of the Republic's family planning services. The fact that he took this action was an indication of his concern that Fine Gael should not run into another highly embarrassing division on contraception, as it had on the Eighth Amendment. With at least four deputies, Mr Flanagan, Mrs Glenn, Mr O'Donnell and Mr Cosgrave, still known to have reservations about Mr Desmond's proposals, Dr FitzGerald was clearly hoping to avoid the

situation in which they would insist on a free-vote or support the Opposition.

The Committee hoped to produce a paper by September 1984 which would satisfy everyone in the Coalition. But this proved more difficult than was first imagined and it was not until the second week of November that the report was presented. Out of the discussions on this report came the compromise Bill. The contraception Bill was presented to the Dail on 7 February 1985. It was not a total revamping of the 1979 Act. It dealt only with condoms and spermicides. The Bill proposed to remove the necessity of having to acquire these by prescription. In this way the Bill would make these items less costly and would increase their availability since they could now be sold in places such as doctors' surgeries, family planning clinics, health centres and maternity and venereal disease clinics of hospitals, as well as pharmacies where they had been available under the 1979 Act. The phrase 'bona fide family planning' was to be removed. The third proposed change to the 1979 Act was the introduction of an age limit of 18 for people wishing to purchase non-medical contraceptives.

The Bill was seen as much too narrow and conservative by some Labour TDs and the Workers' Party although they decided to support it as a movement in the right direction. The Fianna Fail spokesperson for Health, Dr O'Hanlon, issued a statement saying that Fianna Fail 'opposed the indiscriminate distribution of contraceptives' and suggested that 'there is no demand for change in the present legislation'. Because of these two factors he could not 'see the Party supporting this legislation' (IT. 8 February 1985). Some members of Fine Gael also came out against



the Bill. Mrs Glenn said that she would be voting against and Mr Flanagan and Mr O'Donnell were expected to do likewise. However, Mr Doyle, who had not taken the Party line on the Eighth Amendment said he would support the Bill on contraception.

The response of the Catholic Church was immediate. The new Archbishop of Dublin, Dr McNamara, attacked the proposals in apocalyptic terms within an hour of their publication. He said that: 'Our society as a whole now stands at a decisive moral crossroads' and 'at this turning point in history Ireland must choose'. He argued that liberalisation of the legislation would be an 'invitation to youth to turn from the path of self-discipline, and engage in premarital sexual activity'. He asserted that the proposals 'confronted politicians with problems of conscience of the very gravest kind' (IT. 8 February 1985). Over the next weekend three members of the hierarchy met and issued statements against the proposed Bill. Dr McNamara renewed his attack in the same terms as his initial statement. The Bishop of Elphin, Dr Conway, called for a free-vote in the Oireachtas. The Bishop of Limerick, Dr Newman, while rejecting the view that the hierarchy was attempting to impose Catholic morality on others, nonetheless argued:

The social fabric only holds together because certain values are appreciated by it and upheld by it... Very significant is the fact that if society does not have the help of the law to proclaim certain things illegal, it will shortly disregard them as immoral also. In other words, what the law proclaims in the domain of public morality is very important.

In a statement later Dr Newman was to be even more explicit about what the Church saw as the responsibilities of elected representatives.

Let me especially remind all politicians who profess to be Catholic that they have a duty to follow the guidance of their Church in areas where the interests of Church and State overlap... Catholic politicians are strictly bound to take account of what the bishops teach where that touches on faith and morals.

Seldom had the hierarchy been so explicit in demanding obedience from elected members of the Oireachtas.

Prompted by the Catholic bishops' criticism of the Bill the Protestant Churches began to issue statements on their positions. The Methodist Church in Ireland in outlining their position on contraception emphasised two points in regard to the proposals. Firstly, the right of individuals to make decisions for themselves in such personal aspects of life as the spacing and size of their families. Secondly, it did not feel that it was for the Churches to tell the legislators how to legislate. For the Church of Ireland Dean Griffin said the Catholic bishops had a right, even a duty, to make statements on the issue if they felt strongly about it, but Protestants now detected a 'difference in emphasis' between the statements of the past week and the bishops' submissions to the New Ireland Forum. He believed that the passing of the legislation would not 'mean one iota of difference to the sexual morality of this country', but its failure would prove a 'grave setback' for progress towards a pluralist Irish society (IT. 13 February 1985).

Pressure was building up on TDs from three sources. The bishops were establishing a link between the moral aspect of the legislation and Catholic TDs' attitudes to that, and the way they should vote. Secondly, the major parties had imposed a whip on their members. Thirdly, in the

constituencies, particularly those of Fine Gael deputies in the rural west, TDs came under increasing lobby pressure, which included having their homes picketed. More sinister and intimidatory tactics were used also and included threatening letters, telephone calls and even death threats. In the weekend before the Bill was to be voted on in the Dail Fianna Fail TDs too came under pressure. Mr McSharry's home in Sligo was picketed by a pro-Bill group and other deputies, especially in Dublin, were unhappy that their stance would alienate the young and middle-class urban electorate. In particular Dublin TDs noted an increase in support in the Dublin constituencies for the legislation and some felt that this was a reaction to the hierarchy's stance. Mr Andrews of Fianna Fail believed that the intervention of the hierarchy was seen as 'a direct and unambiguous attempt to distort the distinction which must exist between the legislative role of parliamentarians and their private and personal religious beliefs and convictions'. Although he confirmed that he would be voting against the Bill he declared that the role of Church and State had to be separated.

In the few days run up to the vote in the Dail on the Bill there was much conjecture as to how the voting would be handled. Pressure came from two different directions: those who felt the Bill did not go far enough (particularly the Workers' Party) and those who felt it went too far (some members of Fine Gael). It was believed that the Bill could be defeated at the Committee stage when amendments would be proposed. Some Fine Gael deputies wanted the eligibility age raised from 18 to 21. There was also some pressure for the retention of the phrase 'bona fide family planning purposes'. The Workers Party announced that any deal

done by the Government to dilute the Bill to secure support of some of its members could mean losing Workers Party support. Mr Desmond was thought to have considered withdrawing the legislation if these two amendments were carried. In the end any amendments could only be carried with the help of Fianna Fail and it became clear that Fianna Fail's position would be one of straight opposition.

When the first critical vote on the Health (Family Planning) (Amendment) Bill was taken on 20 February it was passed 83 for, 80 against and 2 abstentions. Three Fine Gael TDs, Mr Flanagan (Lois-Offaly), Mrs Glenn (Dublin Central) and Mr O'Donnell (Limerick East) voted with Fianna Fail. Mr Treacy of Labour (Tipperary South) abstained, as did Mr O'Malley (Fianna Fail, Limerick East). The Government backbenchers who did not vote in line with the whip automatically forfeited membership of their respective parliamentary parties. Mr O'Malley's abstention in the vote and actions over the issue in general so displeased Fianna Fail that he was expelled from the Party.

The main themes which we saw in the campaign for the Eighth Amendment also ran through the debate on contraception. Catholic teaching was being further eroded in guiding the practice of people in relation to contraception. The availability of contraceptives had been increased by a decision of the Supreme Court. The laws on contraception became the focus of the Coalition Government's attempt to restructure the Church-state relationship. Public campaigning groups arguing for and against change were formed and many of the individuals making up these groups had come from those organisations which had taken part in PLAC.

While there are similarities between the two campaigns there are also differences, which contributed to the relatively low-key nature of the contraception debate. This was an area in which there had been already much change, not least in the Catholic Church's attitude which left the final decision to individual conscience. Although the 1979 Health Act had attempted to restrict the availability of contraceptives to married couples the law in this respect was ambiguous. The availability of the contraceptive pill on medical grounds allowed the opportunity of its use by unmarried women. The accessibility of contraceptives had also been dramatically increased by the family planning clinics and, when the ban on importation had been overturned, by personal purchase from overseas. The fact that the review of the law was a matter on which the Oireachtas had sole legislative responsibility meant that the Coalition Government retained control, to a much greater extent than they had over the Eighth Amendment, on the construction and progress of the 1985 Bill. None of these factors existed in the campaign for the removal of the ban on the prohibition of divorce in the Constitution and it is this campaign that we we will now examine.

### The Campaign for the Ninth Amendment

One of the articles in the Constitution of the Republic of Ireland which is most obviously founded upon Catholic precepts is the prohibition of divorce. Article 41.3.2<sup>0</sup> declares that: 'No law shall be enacted providing for the grant of a dissolution of marriage'. While 'dissolution of marriage' is not defined it is taken to mean divorce a vinculo matrimonii which is a judicial decision that a valid marriage is at an end. This

prohibition does not prevent the courts from granting a decree of nullity which is a declaration that no valid marriage actually existed. The Courts can also give divorce a mensa et thoro which is essentially a judicial separation awarded by the Circuit Court on the grounds of adultery, cruelty or 'unnatural practices'. But this never allows remarriage<sup>1</sup>. A wife and husband who decide to separate can also draw up a legal agreement to this effect. Once more this does not give either the right to remarry. An annulment can also be sought by Catholics from the Church, but again this does not give them the right to remarry in the state (Smyth, 1983, pp. 89-91). The prohibition of divorce in Ireland can be taken as the absence of the right to remarry. In order for a Catholic to have the right to remarriage they must have their marriage declared null and void by both the state and the Church. This is both a costly and complex business.

Duncan (1982, p. 13) notes that in the ten years 1966 to 1975 there were only 29 petitions for civil annulment. In 1982 only 9 decrees were granted by the state. Ironically it is the Catholic Church which is the more advanced in granting such decrees, even though only one petition in ten actually succeeds. The grounds for nullity in the Church have expanded over the years. The broadening of these grounds took place within the Church, at a world level, in the liberalising process in the nineteen-sixties. The most common plea in nullity petitions nowadays is 'lack of due discretion' or immaturity. The major development in this area has been the acceptance of the plea of 'congenital immaturity' where it is

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1. See The Law of Nullity in Ireland Prl. 5628 August 1976

recognised that a person may lack the judgement or discretion to appreciate what marriage is or its consequences. The second general ground for nullity is the inability to assume the obligation of marriage. This would apply to someone with a serious psychosexual or psychiatric problem. Further grounds include intentions which contradict the basic elements of the Catholic understanding of a Christian marriage: the elements of permanence, exclusiveness and the possibility of children. Annulments can also be granted on the grounds of coercion, the inability to exercise the will in the matter, ignorance of the nature of marriage and impotence.

Despite the fact that the grounds for a decree of nullity seem quite broad, failure to have one granted is very high. Firstly, there is the difficulty of the tribunal in forming a picture of the state of mind of the couple when they were married -often many years before. Secondly, the tribunals operate rigorously along legal precepts, someone must be found guilty and all accusations must be sustained. The rules, and their interpretation, differ as between civil and ecclesiastical annulments. If anyone with a Church annulment remarries without a civil annulment also their second marriage is bigamous. Anyone with a civil annulment will not be allowed to marry in the Church without a Church annulment. Due to the difficulties this situation presents many Irish people turn to foreign divorce as a way out of their dilemma.

Much of the argument surrounding divorce has thus been concerned with the Irish state's recognition of foreign divorce decrees and any orders arising from them. The general rule is that a divorce granted by a foreign

court to people domiciled within its jurisdiction is regarded as valid in Ireland. But even with this rule of thumb there is still much confusion. For Irish courts to recognise a foreign divorce, the divorcees must be domiciled in the country where the divorce is granted. If the people involved had any intention of returning to live in Ireland, even to retire there, the divorce would not be recognised. Couples often use lax domicile laws in other countries to get a divorce. For those who can afford it 'one year's habitual residence by either party in England is sufficient to enable a court there to hear the case'. For those who cannot afford that 'a fictitious residence in England... in an uncontested case is unlikely to be exposed' (Duncan, 1982, p. 42).

Remarriage of people with foreign divorces in the Republic of Ireland is legally ambiguous. This is only likely to show when the second marriage is in difficulty, exactly at that time when the law should be providing a framework to aid the resolution of the problems, or at least the guaranteeing of individual rights. If a husband deserts his wife and becomes domiciled abroad the law in the Republic says that the woman is domiciled with her husband. If he is granted a foreign divorce that is accepted in the Republic. But a woman who marries a man with a foreign divorce does not have the rights or protection of a wife under the family laws in the Republic. If the woman in the second marriage has not been married before any children of that marriage are considered illegitimate under Irish law. If the woman has been married before the children of the second marriage are seen as children of the first husband and first marriage. The use of foreign divorce as a way around the constitutional ban in the Republic is highly unsatisfactory for these reasons.



The debate over the proposed divorce referendum in the Republic, although not as divisive nor as vociferous as that over the anti-abortion referendum, nevertheless exhibited many common facets<sup>1</sup>. We will see that it highlighted again the tendency of rural areas to be more conservative, with the urban areas being relatively supportive of change. Also, younger people tended to be more in favour of change, as with the campaign for the Eighth Amendment. The campaign saw the two major parties internally divided once more. The divorce issue also saw the growth of pro-and anti-divorce groups and demonstrated their ability to mould public opinion. It again showed how relatively small pressure groups could force an issue onto the political agenda. It brought the whole notion of Church-state relations back into focus and, finally, highlighted the role of European law in Irish matters.

In 1980 the Divorce Action Group (DAG) was set up to campaign for the removal of the ban on divorce from the Irish Constitution. Its honorary secretary, John O'Connor, argued at the time that opinion surveys showed that about 50 per cent of the electorate were in favour of divorce. He suggested that the removal of the constitutional ban on enacting divorce legislation depended on the result of a referendum to be held in the future. In July 1982 the Workers Party placed a Bill on the Dail order paper entitled the Eighth Amendment to the Constitution (Divorce) Bill. This Bill was moved in the Dail by Mr de Rossa in October, but

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1. O'Higgins, K. 'Divorce and Remarriage in Ireland: An Examination of the Main Issues and Arguments For and Against'. Administration, 34, 2 (1985): 164-206.

before it could be discussed in private members' time the Government fell.

As a manifestation of the rise of the liberal wing of Fine Gael, after the resounding defeat in the 1977 General Election, the 1978 Ard-Fheis (party conference) had taken a decision in principle in favour of removing the clause in the constitution which prevented the Oireachtas from legislating on the dissolution of marriage. This had also been the long-standing policy of the Labour Party and it was introduced into its negotiations with Fine Gael, after the November General Election, on the formation of a new government. When agreement was reached for the setting up of a Coalition, in mid-December 1982, the Fine Gael-Labour Programme For Government included the commitment to the reform of marriage laws and the establishment of an Oireachtas Committee to report on such matters.

By the end of the first third of 1983 movement on the divorce issue was taking place on three fronts. Firstly, the University of Dublin Senator, Mr Ross, announced his intention of introducing a motion calling for a referendum legalising divorce, into the Seanad. Secondly, a date was set for an initial oral hearing, by the European Court of Human Rights, of a case brought by an Irish couple challenging the legal system in Ireland which prevented them from remarrying and, thus, made their children illegitimate under Irish law. Thirdly, in mid-April, DAG launched its campaign for a referendum on divorce to be held in May 1984, coinciding with the elections to the European Parliament. Copies of a report prepared by the group, A First Brief on the Dissolution of

Marriage, were sent to all TDs and Senators. The report set out the evidence of changing public opinion on the divorce issue and also contained an outline of the areas which would have to be dealt with in a family proceedings bill which could be brought in after the divorce ban had been removed.

Despite these developments, the major parties did not seem as committed as before. In his correspondence with the Taoiseach, Dr FitzGerald, Mr O'Connor of DAG said that the former's preference was for the matter to be brought forward by an all-party committee, rather than government action. Fianna Fail, as expected, refused to sit on the Oireachtas all-party committee. During the Coalition's previous term in office Mr Haughey had refused to take part in all-party committees and had announced that Fianna Fail was conducting its own examination of the problems of marital breakdown. But, probably due to the intervening electoral turbulence, this enquiry had not taken place. Mr Haughey, the party leader, made it quite clear that he was against divorce. However, there were quite a few individual Fianna Fail TDs who declared themselves in favour including Ms Harney, Ms Lemass, Mr Andrews and Mr Brennan, significantly all from Dublin constituencies (IT. 21 & 22 May, 1983).

By early September Fianna Fail was moving from its negative stance on divorce and, although this did not necessarily mean that the Party was ready to drop the constitutional ban, it had agreed to take part in the Joint Committee. The Committee held its first meeting on September 15.

It was composed of six Fine Gael members, seven from Fianna Fail, two from the Labour Party and one Independent. The essential reason for this change in the Fianna Fail position was its attempt to counteract the adverse image the Party was developing. The anti-abortion referendum had taken place on 7 December and, although it was passed by a 2 to 1 majority, there were some ominous signs for the Party. The majority in the referendum was much reduced in urban areas and a few in Dublin even voted against the amendment.

Fianna Fail's dominance in the political system has been due to its support among the urban, middle and working classes, all the more with the increasing importance of these groups in the electorate. However, by the November 1982 Election they held only 17 out of the 43 seats in the Dublin area, only one in five in Dun Laoghaire and eight out of twenty in Cork. The Party was being seen in these areas as conservative, particularly when compared with the new liberalism of Dr FitzGerald's Fine Gael and the radicalism of the Workers Party. Against this background the movement in Fianna Fail's stance can be understood. An Irish Times/MRBI poll, in the first week of September, indicated that as much as 66 per cent of the electorate favoured divorce, at least in certain circumstances. By then it was believed that Mr Brian Lenihan, the deputy leader of the Party, and other senior members were urging Fianna Fail to take note of increasing public readiness to accept divorce. Dr Woods and Mr Colley, both of Fianna Fail, accepted the growing majority in favour of introducing divorce, despite their own views on the matter (IT. 9 September 1983).

The level of interest was kept at a high level when it was announced on 7 October that the ECHR found that an Irish couple had a prima facie case to be answered against the Irish government over the constitutional ban on divorce. The plaintiff, Dr Johnston, was a member of DAG from its founding. He is an Irish citizen who married in 1952 and had three children by that marriage. He and his wife separated in 1965. In 1971 Dr Johnstone began living with Ms Williams, who gave birth to their daughter in 1978. The couple complained that because of the absence of divorce in the Republic of Ireland they are unable to establish a recognised family status under Irish law with the concomittant rights and duties of support that status normally implies for each partner in a marriage. It was also claimed that their daughter was a victim of discrimination because of the disabilities she is subject to as an illegitimate child under Irish succession law. In spite of the fact that it was realised that the action could take up to five years the Commission's decision to hear the case increased the pressure on the political parties to make progress towards solving the legal anomalies arising from the increasing incidence of marriage breakdowns.

The Labour Party had no qualms about urging the Joint Committee to commit itself to the removal of the constitutional ban. Despite the reticence of some in Fine Gael it was clear that the majority of the Party were in favour of change. Mr Haughey's tactic was still to await the report of the Committee rather than to have Fianna Fail adopt any particular line. There was further embarrassment to the leadership, therefore, when delegates to a Fianna Fail Youth conference at Wexford,

in the second week of November, passed a motion calling for the introduction of divorce on a limited basis.

The campaign for a constitutional referendum had a vociferous public pressure group on its side, in the form of DAG, but there was as yet no such group for the opposing view. A document leaked to the media in early November purporting to give detailed plans to set up an anti-divorce group on the lines of PLAC was dismissed by those named as members of this group as untrue. The only major organised body against divorce was, therefore, the Catholic Church. The Church was able to take advantage of the fact that the New Ireland Forum had requested its views on constitutional change for a new Ireland to publicise its position on divorce. In early February 1984 the Catholic Bishops told the Forum that they did not seek a 'Catholic state for a Catholic people' and that it is the business of the legislators to formulate proposals for constitutional change. But in an opening statement the leader of the delegation from the hierarchy, Bishop Cathal Daly of Down and Connor, emphasised the hierarchy's opposition to divorce, on pastoral grounds.

On 2 February an Irish Times/MRBI poll on divorce showed that 46 per cent of respondents replied 'in favour' to the question: 'If you were asked to vote on a law which would permit divorce in this country would you vote in favour or against such a law?', while 40 per cent said they would vote against and the balance were undecided. The high 'no' vote was despite the fact 68 per cent of respondents were in favour of divorce in the event of consistent physical cruelty being proven in court but, as the

report concluded, this was not sufficient to win them over to voting in favour of a general law allowing divorce.

The draft report of the Oireachtas Joint Committee on Marital breakdown was published on 20 July. The draft suggested a referendum should be held on the question of removing the ban on divorce from the Constitution, and indicated what it thought should be the main features of any legislation to be introduced. It recommended that the basis of both judicial separation and a decree of dissolution be the irretrievable breakdown of marriage and a fixed period should elapse between these two steps. Secondly, the Committee suggested that the adversarial element in matrimonial breakdown should be reduced as much as possible. In relation to the view that the introduction of divorce would start the disintegration of family life, the report stated that the Committee did not believe that this would be the case.

After the publication of the draft report, when a referendum seemed only a matter of time, opposition to divorce became more vociferous from some groups and a new group was formed specifically to campaign against divorce. At the end of July the Life, Education and Research Network (LEARN) was set up under the chairmanship of Mr Binchy, a lawyer, who had been a prominent member of PLAC<sup>1</sup>. Mr Binchy described the group as a small one made up mainly of

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1. An article in Magill May 1986 entitled 'The Legion of the Rearguard' details the groups behind the anti-divorce lobby and includes a profile of Mr William Binchy.

professionals, with about a dozen meeting regularly to discuss matters of interest. LEARN published, in booklet form, their submission to the Oireachtas Joint Committee arguing that international experience shows that divorce would worsen the problem of marriage breakdown and would mean further injustice, particularly for divorced wives and children.

It was becoming clear through the summer, particularly over the question of recommendations for divorce legislation and a referendum on the constitutional prohibition, that the Joint Committee was going to divide along party lines. Mr Flynn of Fianna Fail said he at least was likely to express a dissenting opinion on the need for a referendum and added that when the Committee finally reported to the Dail 'it will include opinions and observations from all points of view' (IT. 11 Oct., 1984). The possibility of a 'minority' report accompanying the Committee's suggestions was a situation that both the Government and DAG wished to avoid. A further twist was added to these developments when one of the Fianna Fail TDs on the Committee, Ms Harney, broke ranks with her colleagues when she favoured the holding of a referendum and the expression of an opinion on the need for divorce. Thus, the Fianna Fail members on the Joint Committee were divided themselves reflecting divisions within the Party in general. Interestingly, Ms Harney is a TD for the urban area of Dublin South West, while Mr Flynn is TD for Mayo-West, a rural area on the western seaboard of Ireland.

The report was, therefore, a compromise document which demonstrated a rural-urban divide as much as a party political divide. Olivia O'Leary, in interviews with members of the Committee, found



that of the six Fine Gael members five seemed to have accepted the need for divorce while one remained unsure. But 'quite an amount of hand-holding had to be done to persuade Ms Barry and Ms Taylor-Quinn, both from rural constituencies, to take the same view'. Of the seven Fianna Fail members Ms Harney with a Dublin constituency was in favour of divorce, with one 'don't know'. The others were against. The two Labour members and the independent were in favour of divorce. This was a majority of nine to five for divorce on the Committee with two 'don't knows' (Magill, April 1985, p. 28).

The Government had hoped that the Committee's report would facilitate the introduction of a referendum to remove the constitutional ban on divorce. The fact that it did not recommend divorce put the Government in a dilemma. In mid-April Dr FitzGerald argued that to hold a referendum in which an amendment would be defeated would only postpone the possibility of change. He wished to see a public debate out of which would come the timing for a referendum. Labour wished to see the Government take the lead in such a debate (IT. 15 April, 1985). They called for a Dail debate, an independently conducted opinion poll (commissioned by the Government) and a delay for public discussion of no more than one year (IT. 30 April, 1985). An Irish Times/MRBI poll taken three weeks after the Report suggested that 58 per cent wanted a referendum within a year. The level of support for divorce in certain circumstances had risen to 75 per cent in April from 70 per cent over the previous month. 70 per cent of Labour supporters wished to see the ban removed, while 26 per cent did not. The corresponding figures for Fine

Gael were 50 per cent and 45 per cent. Fianna Fail voters were evenly divided at 48 per cent each.

Against the background of increasing support for the removal of the divorce ban, as evidenced by survey data, the Government announced on 23 April 1986 its intention of holding a referendum. The limitations proposed for legislation thereafter included divorce only where a marriage had failed for a period of at least five years, where the dependent spouse and children were provided for and where there was no reasonable possibility of reconciliation. An Irish Times/MRBI survey five days after the Government's statement showed that 57 per cent intended to vote for the removal of the ban, with 36 per cent against and only 7 per cent undecided. This low rate of undecided people gave confidence to those who were supporting the removal of the ban. The demographic breakdown showed that most of those supporting the deletion of the prohibition from the Constitution were concentrated in Dublin and other urban areas, the 18 to 34 age group and the middle-class generally. Those intending to vote against were concentrated among large farmers and those aged over 65. The divide among party supporters showed around two-thirds of the Progressive Democrats<sup>1</sup> and Fine Gael would vote for a change and 54 per cent of Labour would do so. Fianna Fail was fairly evenly divided with 49 per cent intending to vote for removal of the ban and 46 per cent intending to vote against.

In the event though, the Amendment was defeated by 63.1 per cent to 36.3 per cent (with 0.6 per cent of the votes spoiled). The demographic

In the event though, the Amendment was defeated by 63.1 per cent to 36.3 per cent (with 0.6 per cent of the votes spoiled). The demographic breakdown of the vote, shown in the table below, was extremely similar to the result of the referendum on the Eighth Amendment. The trend,

The Vote in the Ninth Amendment

<b>OVERALL RESULT</b>			
	<b>Votes</b>	<b>Share of Poll</b>	<b>Proportion of Electorate</b>
<b>Yes</b>	<b>538,279</b>	<b>36.3%</b>	<b>22.7%</b>
<b>No</b>	<b>935,844</b>	<b>63.1%</b>	<b>39.5%</b>
<b>Turnout</b>	<b>62.7%</b>	<b>Spolled votes 0.6%</b>	

Carlow-Kilkenny	Yes 31.5%	No 68.5%	Kerry Sth	Yes 23.9%	No 75.5%
Cavan-Monaghan	Yes 27.3%	No 72.1%	Kildare	Yes 44.7%	No 54.7%
Clare	Yes 31.4%	No 68.1%	Laois-Offaly	Yes 26.4%	No 72.8%
Cork East	Yes 29.3%	No 70.2%	Limerick East	Yes 35.0%	No 64.8%
Cork Nth Central	Yes 30.3%	No 69.2%	Limerick West	Yes 24.7%	No 74.6%
Cork Nth West	Yes 20.8%	No 78.5%	Longford-W/meath	Yes 29.0%	No 70.2%
Cork Sth Central	Yes 37.4%	No 62.2%	Louth	Yes 35.6%	No 63.7%
Cork Sth West	Yes 26.8%	No 69.6%	Mayo East	Yes 24.1%	No 75.1%
Donegal Nth East	Yes 26.5%	No 73.0%	Mayo West	Yes 26.1%	No 73.0%
Donegal Sth West	Yes 30.1%	No 69.6%	Meath	Yes 31.5%	No 67.8%
Dublin Central	Yes 38.9%	No 60.5%	Roscommon	Yes 22.5%	No 76.7%
Dublin Nth	Yes 41.5%	No 49.2%	Siligo-Laltrim	Yes 29.2%	No 69.8%
Dublin Nth Central	Yes 43.8%	No 55.8%	Tipperary Nth	Yes 25.4%	No 73.9%
Dublin Nth East	Yes 50.8%	No 48.8%	Tipperary Sth	Yes 27.0%	No 72.3%
Dublin Nth West	Yes 47.4%	No 52.2%	Waterford	Yes 32.7%	No 66.2%
Dublin South	Yes 54.2%	No 45.4%	Wexford	Yes 30.6%	No 68.9%
Dublin Sth Central	Yes 45.2%	No 54.1%	Wicklow	Yes 46.8%	No 52.9%
Dublin Sth East	Yes 53.4%	No 46.0%	Total		
Dublin Sth West	Yes 53.3%	No 46.0%	Dublin	Yes 49.9	No 49.7
Dublin West	Yes 48.7%	No 50.1%	Rest of Leinster	Yes 34.3	No 65.0
Dun Laoghaire	Yes 58.5%	No 41.0%	Munster	Yes 29.5	No 63.1
Galway East	Yes 23.1%	No 76.3%	Connacht	Yes 27.9	No 71.3
Galway West	Yes 36.6%	No 62.5%	Ulster	Yes 27.8	No 71.7
Kerry Nth	Yes 26.7%	No 72.5%			

towards voting against, was a result of the campaign and was noticeable in a poll taken one week before the referendum. By then 49 per cent now intended to vote against the amendment and 11 per cent were undecided. Although this shift in opinion was reflected in all sociological groupings, the major swings occurred in Dublin, amongst the middle class, and single people. These groups had been strongly in favour of introducing the limited form of divorce proposed, but the campaign had changed enough minds to leave these categories evenly split as regards voting intentions. Strongest opposition came from farmers, women, and those aged over 50. Greatest support came from those aged under 34. The working class and the 35 to 49 age group reflected the national average.

The breakdown of support by political party allegiance showed that while there had been a shift against the Amendment in all the main parties except Labour, this movement was very dramatic in both Fianna Fail and the Progressive Democrats. These tendencies continued right up to the vote. In examining the reasons for the turnabout in the campaign three broad areas are discernible. Firstly, Fine Gael fought a lack-lustre campaign, while Fianna Fail, although officially 'neutral' on the issue lent support to the anti-divorce cause. Secondly, there was the role of the Catholic Church. While initially playing a low-key part in the anti-divorce campaign most priests and two leading bishops became stronger in their attacks on divorce legislation as polling day got closer. Thirdly, there was the quality of organisation and campaigns waged by the pro-and anti-divorce groups.

Many of the pro-divorce supporters complained of the dull way in which Fine Gael had conducted their campaign. Indeed, at the first meeting of the Fine Gael national executive after the referendum result, the General Secretary of the Party itself blamed 'lazy rather than sensitive consciences' for the defeat (IT. 2 July, 1986). The fact that the Party was internally divided over the issue meant that any attempt to force members to be more diligent in their campaigning might have caused Fine Gael further problems. As it was, the position of the Minister for Education, Mr Cooney, who opposed the Government's stance, was very embarrassing to the Government in their campaign. In early June he was suggesting that the Amendment was not as restrictive as it at first seemed and he claimed that a substantial number of Fine Gael deputies had by then become opposed to the introduction of divorce (IT. 9 June 1986). Also, since many of the public believed that the referendum had been embarked upon as a means of deflecting attention away from the economic situation, and with opinion polls showing the Government's popularity at a low ebb, identification of the Party with the issue may have produced a negative result. The internal problems Fine Gael faced were avoided by Fianna Fail. Since the latter decided to adopt a neutral stance on the referendum this prevented dissension from developing out of the divide within the Party and it allowed the growing majority of Fianna Fail members and TDs against the Amendment to campaign for a 'no' vote.

The Catholic Church's reaction to the divorce campaign was initially low-key. As well as the hierarchy's statement to the Forum on the role of

the Church in a new Ireland the bishops had also produced a pastoral letter in 1985, Love is for Life, which addressed itself to the problem of marriage breakdown in the Republic. This statement urged the Government to introduce legal reforms to strengthen marriage. The bishops accepted that separation was the proper remedy for some unhappy marriages and they urged improvements in the legal system to take account of this, including giving the courts more power in such matters as enforcing maintenance orders, the determination of property and succession rights, custody of children and access to children and their home, in the event of separation of the parents. However, the hierarchy made it clear that they could not sanction remarriage of separated people.

After the decision had been taken to hold a referendum on the constitutional ban a two day meeting of the Irish Bishops' Conference set out the Catholic Church's position on the divorce campaign in a statement issued on 11 June. The bishops said that they did not wish to tell people how to vote in the referendum but continued:

Each legislator and each voter is faced with a moral decision. Changes in civil law can influence moral attitudes and affect the whole moral atmosphere of society. They can make it more difficult for people to walk in the path of God's commandments.

We are convinced that the proposed amendment would weaken rather than strengthen marriage and the family. It would damage rather than protect the genuine rights and well-being of both spouses and children. While it would alleviate the pain of some it would, we believe, release in society a force which would bring pain to a much greater number. These are our considered convictions.

The ultimate decision rests with the people. May each individual make a reflective, prayerful, conscientious decision.

The hierarchy wished this statement to be the guideline by which individual priests would speak on divorce in the campaign. On this basis two priests who spoke out in favour of removing the divorce ban from the constitution were silenced by their bishops. Also, since bishops were allowed to make their own statements the Archbishop of Dublin, Dr McNamara<sup>1</sup>, and the bishop of Limerick, Dr Newman, sent pastoral letters to be read to masses in their dioceses just a few days before the referendum. Archbishop McNamara said in his letter: 'I will be voting 'no' to the Constitutional Amendment. This is my conscientious testimony as a pastor with the responsibility before God of guiding those committed to my care in their search for truth'. Bishop Newman argued that Catholics had to be against divorce because it was against God's law. On the pro-divorce appeal for compassion for people in unhappy marriages he said '...the victims of divorce also merit compassion -the estranged spouse, the confused child and, indeed, the community as a whole, confronted by the broken home on an ever increasing scale'. Further to this he asserted that: 'The fact that other Christian Churches have allowed it... (and) that a few of our own priests and theologians would seem to favour it must not weigh with us... There are always people like that, but we must stand by the faith'.

Undoubtedly, one of the major factors in the turnaround of support for removing the constitutional ban, to the large majority who voted against it, was the strength of the anti-divorce campaign group, compared

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1. See Magill June 1986, p. 24 Archbishop McNamara, quoting from the Second Vatican Council, described divorce as a plague.

to the relative organisational weakness of DAG. The former seemed to have much greater financial backing and a much better organisation. Several groups which had been involved in campaigns against the extension of contraception provision, and in PLAC, were united under the banner Family Solidarity. The grassroots membership of Family Solidarity had been built up mainly through its links with SPUC and PLAC and it provided the grass roots organisation throughout the country in the campaign against divorce.

DAG was much weaker both financially and organisationally. Another factor which seemed to weaken this movement was a complacency induced by the polls, which showed the consistent growth in support for divorce legislation. In the early days of DAG I was told, by members of the group, that there was a certain belief that the removal of the constitutional ban was almost assured (Interview, April, 1985). This feeling was based on the progress of the European Court case; the Coalitions acceptance of the need for change; the groundswell recognising the problem of marital breakdown and support for legislation on the matter, as evidenced in regular opinion polls. But as late as April 1985 the newly appointed press officer, Ann Weldon, told me that there was no idea of membership numbers or distribution, the organisation was haphazard and there was little record-keeping (Interview, April, 1985).

The anti-divorce group fought a shrewd campaign, focussing on two issues. Firstly, they asserted that divorce would make women and children of divorces worse off financially. A leaflet distributed around Dublin and Cork suggested that the introduction of divorce would impoverish wives,



cost the taxpayer £200 million a year and allow the Government to proceed further with anti-family legislation, which the document asserted could include 'the compulsory adoption of the children of poor families'. Suggestions like these seemed to be accepted by such numbers of people that the Government had repeatedly to react to them by promising new measures to ensure woman would not be financially worse off. The second plank of the anti-divorce campaign was to suggest that if property had to be divided up in a divorce settlement then many family farms would have to be sold off to allow for this. Even where a farm did not have to be sold it was argued that children to a divorced partner in a second marriage might still have claim over the farm on the death of the parent still owning it (Catholic Herald and Standard, 6 June 1986).

### Conclusion

Throughout this thesis it has been argued that economic, political and social change in Ireland is interrelated. In this chapter we have analysed how these changes have interacted with the value system. Specifically, we examined the forces which have led to a lessening of the influence of the Catholic Church in the country. We have been concerned essentially to show the weakening of the social and institutional structures which have been the bulwarks of the Church's influence. We located the beginning of these developments in the nineteen-sixties.

The growing wealth of the county, brought about by expansion in the industrial sector of the economy, had an effect on the geographic and

demographic structures of the Republic. It provided jobs for those who had been forced in the past to seek work abroad. These were predominantly young people and those from rural communities. Instead, these people migrated to areas of increasing economic activity within the Republic. These were generally urban areas. Consequently, the proportion of young and urban dwellers in the country increased. We noted that these sections of the population are the more willing to accept change. This is demonstrated by the pattern of voting on the Eighth and Ninth Amendments and in the support for change in the law on contraception.

The most concrete form of the value system is its codification in law. The change in this value system is demonstrated, therefore, by pressure for change here. We pointed out that there were two developments within the legal system which further encouraged those who sought change to do so through the law. Firstly, there was the increasing use of judicial review. Secondly, there was the fact that, when the Republic ratified the European Convention on Human Rights, the final court of appeal for individuals within the Republic became the European Court of Human Rights.

Concomitant with these changes there has been an attempt by the Coalition Government to re-align Church-state relations, by removing Catholic influence from the laws of the Republic, as a means of making a united Ireland more palatable to unionists. Thus there has developed a party political divide over change in the value system of the Republic of Ireland. Fianna Fail campaigned against increasing the availability of contraceptives and against allowing divorce. It also supported the Eighth

Amendment. The differences between the main parties on these issues suggests that party support may become more structured in terms of the conservative/liberal and rural/urban cleavages. It is, as yet, too early to decide how great an influence these factors may become in structuring support for Irish parties. However, their development bears out our argument that change in the social, economic and value systems of Ireland are interrelated.

### Conclusion

Commentaries on Irish society tend to emphasise the differences it exhibits when compared to other western European countries. Economically it is much less developed, while socially and politically Ireland seems more conservative than other western European states. These differences have usually been explained by the historical role of nationalism and the power of the Roman Catholic Church in the country. However, the influence of these has been on the wane, certainly in the last generation. Our argument is that Ireland's development has been, and remains, fundamentally similar to that of other western European states, in that they have all developed as capitalist countries. This is not to deny the influence of nationalism or the role of the Church in Ireland's development, but their impact can only be measured when related to the other major dynamic of change. This is the capitalist development of Ireland. This underlying force has had an effect throughout Irish society as the economic sphere interacts with the social and political spheres.

We took as the starting point of our analysis the developments in the political system. The Irish system exhibits characteristics which make it different from other western European liberal-democratic states. The three main differences are firstly, the fact that the support bases of the major parties do not reflect divisions social structure; secondly, the similarity between the two largest parties, particularly in regard to economic policy; and, thirdly, the weakness of the left in the Irish political system. A major project of Irish political science has been to explain these facets of the Irish system.

In Chapter One we reviewed the evidence on the support bases of the three main parties. We concluded that the support base of the Labour Party is related to social structure. The bases of Fianna Fail and Fine Gael support also reflects some social patterning. Overall, however, it is clear that, at least the two largest, Irish parties draw their support from all social classes to a much greater extent than those in most other European liberal-democratic states. This cross-class alliance does not, in itself, make the Republic of Ireland idiosyncratic. But where such an alliance exists in other European countries it is usually reinforced by some other cleavage, such as religion (Netherlands) or national identity (Northern Ireland).

The party system in Ireland has not always lacked a basis in social cleavages. Before independence the twenty-six county unit of the country exhibited characteristics which differentiated it from the polity of which it was then a part. Firstly, there was the difference between the religious beliefs of the majority of the people in this part of Ireland and the religion of the majority of those in the rest of the United Kingdom (UK). Secondly, the economy of the twenty-six counties was largely agricultural, whereas that of the rest of the UK was essentially industrial. Thirdly, there were the cultural differences between the two entities. These cleavages underpinned the nationalist movement in Ireland and the various political parties it gave rise to. The fact that these cleavages existed has led some to employ the Lipset-Rokkan (1967) typology as a way of understanding the Irish political system.

We appraised the appropriateness of this model for the Irish case. It has been applied to the twenty-six counties both before and after independence. We pointed out that the time to which it must be applied is dictated by the model's own essential criterion. This typology seeks to explain the permanence of the party system formed at the time of mass mobilisation and political education of the electorate. This took place in Ireland at the 1918 General Election, when almost two out of three people were voting for the first time, and when the major electoral issue was self-government for the country. At this time Ireland was a classic example of the process Lipset and Rokkan noted. However, the model loses its relevance for Ireland after independence. The major development which took place in the system then was the split in Sinn Fein. The differences between the two wings of Sinn Fein did not derive from the social cleavages Lipset and Rokkan deal with, for these hardly existed within the new state.

The absence of social cleavages underpinning party support suggests that system dynamics might be a useful method for explaining developments in the party system. Our findings bear out Mair's argument that the Irish system, from 1932 to 1938, exhibited the characteristics of moderate pluralism, as defined by Sartori. We also concurred with Mair's categorisation of it after 1938, as a predominant party system. However, we argued that the system between 1927 and 1932 cannot be seen as one of polarised pluralism, as Mair suggests. Instead we showed that, at that time, it also exhibited the qualities of moderate pluralism. At the theoretical level, we pointed out that a major failing of this framework is its concentration on the interaction caused by the number of parties,

whereas it is clear that an important determinant of the strength of political parties is their ability to win votes. System dynamics has little to say on this.

The peasant culture model, which derives from the theory of clientelism, seems a useful one for providing an understanding of Irish party politics, for it fits the system into the broader political process. This perspective has long been predominant in Irish political science and sociological literature. Essentially it suggests that voters give their support to politicians in return for a service or favour. In this way it is thought to explain the similarity between the economic policies of Fianna Fail and Fine Gael and their ability to draw support across classes. However, the evidence suggests that such relationships are neither as widespread, nor is their reciprocity sufficiently guaranteed, that they could be considered as the major source of party support in Ireland. At the general level, the model can not account for the differences between the economic and social policies of the main parties in the nineteen-thirties, the growing convergence of policies since the 'fifties, or the change in economic direction at the end of that decade.

Overall we argued that, while the three perspectives we appraised go some way in explaining certain aspects of the Irish party system and process, they do not offer a full account and, in particular, they are weak in explaining radical change. We argued that their shortcoming is their failure to relate change in the party system to forces of change in Irish society generally. In Chapter Two we presented our essential thesis, that a major dynamic of change in Ireland is the capitalist development of the

country. We analysed this at two levels. Firstly, there is the position of the country within the international market system. Secondly, there is the class conflict generated by the social formation within Ireland.

At the first level, we showed that under British rule the Irish economy was subservient to the needs of the British economy. This structured the Irish economy, making it dependent largely on agricultural production. Up until the nineteenth century the main project of the British state in Ireland was to secure control of the country. It did this by suppressing the natives. This included the replacement of Irish landlords by English and the exclusion of the Irish from the main source of wealth creation, by forbidding them from holding large amounts of land. This forced the Irish bourgeoisie into commerce. British strategy at this time maintained the feudal mode of production.

At the second level, we pointed out that in the mid-eighteen-forties the strategy of the British state changed towards Ireland. At that time the state became involved in creating the conditions for the functioning of capitalism in the country. To do this it had to provide enterprises which would employ free wage labour. The building of railways is an example of this, and a noticeable aspect of the development of capitalist relations in other colonies (such as Africa and India) in the nineteenth-century. This also provided investment opportunities. However, as we have seen, these were not taken up by the emerging Catholic bourgeoisie, at least until shares had been proven to offer safe returns. We argued that this was because the Irish bourgeoisie had its base in commerce rather than manufacturing. Thus, one of the reasons which we have identified which



has contributed to the tardiness of the Irish industrial revolution is the fact that the class which would have been expected to adopt such a strategy, a class of industrial entrepreneurs, was very weak in Ireland. As we have shown, the weakness of this class is to be explained by the political action of the British state in Ireland in the seventeenth and eighteenth centuries.

The provision of infrastructural developments was the economic aspect of introducing capitalist relations of production to the country. Before this project could proceed the political impediments to it had to be removed. The main feature, in this respect, was the power of the landlords. They wished to retain the feudal class system in Ireland, for it was the basis of their power. The British state, which had installed these landlords, now set about reducing their power. To do this the state sought to make the sale of land as easy as the sale of any other commodity. This aim, coupled with the tenant struggles, resulted in increased rights for tenants over their holdings. Ultimately, it led to the replacement of feudalism in Ireland with the capitalist mode of production. However, in the agricultural sector of the economy petty-commodity production became widespread. This retarded the capitalist development of the agricultural sector of the economy. Economically, those farms based on petty-commodity production are moribund and they have been, and remain, a drain on Irish resources. Politically and socially, petty-commodity production created a section of society the members of which tended to be backward looking, introverted and conservative, both in their attitudes to production methods and in their value system.

The tenant struggles over land were built upon to include the wider issue of Irish independence. In the last decades of the nineteenth century the leadership of this movement was taken over by the Irish bourgeoisie. They won support from the masses by promising to revitalise the economy, through a strategy of economic self-sufficiency. This could only be achieved by a system of market protection. This policy isolated the business classes of Britain from the Irish demand for self-government, at a time when the former looked to be taking a more liberal stand on the issue. The polarisation on this issue led to the movement of the Irish nationalists away from constitutional means of progressing their demands and, in the final analysis, to the War of Independence.

We saw that the divide in Sinn Fein over the Anglo-Treaty 1921, signed after the War of Independence, was underpinned by the class fissures which had been concealed by the unifying effect of opposition to British rule. Those who won the vote to accept the Treaty were satisfied with the limited self-government they had achieved, for it maintained the links with Britain and, in this way, guaranteed their main export market. This section of Sinn Fein, which reformed as Cumann na nGaedhael, was to govern the Irish Free State for the next decade, largely because of the disorganisation, and later the abstentionist policy, of the defeated wing of Sinn Fein. The social and economic policies of Cumann na nGaedhael were based on the belief in free trade, which was dictated both by its class interests and the prevailing international economic orthodoxy. These policies proved insufficient to win broad enough electoral support to maintain Cumann na nGaedhael in office when an effective, broad-based, opposition party emerged.

We argued that the basic function of the capitalist state is to provide the conditions for the continued development of capitalism. But, political parties in liberal-democratic countries must do this in such a way as to gain them electoral support. Fianna Fail's policy of self-sufficiency did both these things. It ensured its predominance in the electoral system by enabling it to gain enough support to win six consecutive general elections and, thereby, remain in government for sixteen years. The policy of protectionism had a limited life-span however.

For a small economy, highly dependent on trade, modification of international market conditions, in order to aid the domestic economy, puts a great financial pressure on the exchequer. The limit to the viability of this strategy was reached in the Republic in the nineteen-fifties. The economic and political crisis which resulted, led to a reversal of the economic policy of self-sufficiency. We showed that the new strategy which was adopted was dictated essentially by the position of the country in the international market system and the belief of the two major parties that the development of the country must be within the capitalist framework. These two factors limited the policy options open to the state and it is this fact which explains the consensus, on economic policy, between the major parties in the Republic.

In Chapter Three we further developed our analysis of the interrelationship between the economic development of the Republic and the politics of the country, by concentrating on the integration of Ireland into the European Economic Community (EEC). We took the debates surrounding the establishment of the European Regional Policy and the

Republic's entry to the European Monetary System (EMS) as case studies. Membership of the EEC and EMS were logical steps in the economic strategy pursued by the Irish state since the end of the 'fifties. We argued that it also had implications for the politics of the Republic.

For our purpose in highlighting the political dimension of the Republic's membership of the EEC, we defined political decisions as those taken to reallocate resources against the tendencies of the free market. We saw that free market forces would lead to the concentration of wealth in particular areas. This is demonstrated, within Ireland, in the growth of the Dublin area and, to a lesser extent, the trading centres of the south coast. Irish governments' attempts to redistribute this wealth did not have much success. Regional policy in Ireland was made subservient to overall growth in the national economy.

Membership of the EEC, and later the EMS, entailed the Irish state surrendering the main formal controls by which it could adjust international market conditions. Of course, it is clear that these formal controls were of little consequence to the Irish state, when their use could no longer guarantee the continued economic growth of the Republic while, at the same time, their application placed a heavy financial burden on the exchequer. In this respect, the major parties argued that the political decisions to modify international market conditions would have to be taken at the EEC level. This realisation further narrowed the political space in the Republic and increased the consensus on economic policy between the main Irish parties.

By looking in detail at the debates on the establishment of the European Regional Policy and the EMS, we were able to draw two main conclusions. At the level of the EEC, it is obvious that the overall political will of the member countries is insufficient to lead to a sizable reallocation of resources. What Fine Gael achieved in the negotiations on the European Regional Policy, and the compensation Fianna Fail won for the Republic for joining it to the EMS, were both dictated by the amount of political will within the Community to aid the weaker economies. This fact narrowed the policy space between the two largest parties. Our examination of the debate within the Republic, on the European Regional Policy and the EMS, leads us to a second conclusion. This is the fact that the differences between the main parties on these issues were related to their electoral positions. The party in opposition could attack the performance of the party in office. There is no evidence to suggest that had Fianna Fail been in government during the negotiations on the European Regional Policy that it would have achieved more than Fine Gael. Correspondingly, it seems highly unlikely that if Fine Gael had been in office during the debate over the EMS that it would have gained a substantially better deal for the Republic.

In Chapter Four we analysed the implications of the opening-up of the economy for the Irish state's management of the domestic economy. Its strategy of capitalist development has led to its surrendering the formal means it had of modifying the international market conditions for Irish goods. Thus, after entering the EEC and the EMS, the main way the state could affect the competitiveness of Irish goods was by influencing

wage levels within the country. We argued that the attempts to do this led to institutional tripartism in the Republic.

The development of institutional tripartism is a phenomenon common to many capitalist countries. In political science, within the last decade or so, it has been explained largely within the theory of corporatism. We argued that the shortcoming of this framework was that it was unable to conceptualise adequately the dual function of the capitalist state, to create the conditions for continued capitalist development, while at the same time needing the support of the other power blocks within the country. Taking this as the basis for the development of tripartism explains why it developed in a time of free trade and world recession, when governments had less formal control over an increasingly interdependent international economic system. Secondly, it accounts for the fact that tripartism is concerned only with the incorporation of the productive sectors of society. We argued that it is by using the marxist constructs that we can understand the development of tripartism in the Republic. The free trade strategy encouraged its use in the 'sixties, but it was not until the recession of the 'seventies, in particular, that governments found them a virtual necessity.

For the trade unions the incorporation process meant that they accepted fundamentally the capitalist development of the Irish economy. We argued that their willingness to accept this development framework must be related to the deradicalisation of the trade union movement in the second decade of this century. By independence the unions saw their role in social-democratic terms. From that time onwards they abandoned

Connolly's belief in the marxist concept of the class struggle and confined their role to the defence and improvement of workers' wages and working conditions. It is within the social-democratic framework that we must understand any progress the trade union movement made.

The widening of the scope of tripartite agreements, which brought budgetary policy onto the agenda and included broader issues than pay and conditions, demonstrates that the unions had made gains. Further evidence of this is the fact that, in the late 'seventies, the political parties were increasingly reluctant to become involved in the tripartite agreements. We argued that Fianna Fail was unable to adopt a radically different approach to wage negotiations, despite its dissatisfaction with national agreements, because of its electoral position. When the Coalition was elected it pursued its economic policies without negotiations with unions and employers. Once again this shows that the consensus between the major parties is, to a large extent, determined by the capitalist development of the country and its position in the world market system. Where Ireland differs from those countries on the periphery of the international economy, the political systems of which are characterised by conflict rather than consensus, is in the fact that by independence it had lost its revolutionary class movement.

In Chapter Five we analysed change in the value system of the Republic. We showed that this was closely linked to the effects of economic change in the country, although not to its specifically capitalist development. We suggested that the geographic and demographic changes, which were a result of the growing wealth of the country since the

nineteen-sixties, loosened the control of the Church over its flock. Further to this, the increasing wealth of the Irish gave them access to overseas media and travel, which extended their lifestyle examples. The result was a lessening of Catholic teaching as a guide to social practice, for an increasing number of Irish people.

In our analysis we concentrated on the most concrete form of the value system, its codification in law. We saw that the growing pressure for change in the Republic was reflected in attempts to have laws changed. This was aided by developments in the Irish legal system which saw increasing judicial interpretation. The Republic's integration into western Europe was not only economic. One of the main developments, in this regard, was the ratification of the European Convention of Human Rights. This gave Irish citizens a court of appeal beyond their own legal system, in the European Court of Human Rights.

We noted that the liberalisation process produced a divide in the party system. Fine Gael has attempted to remove, what it considers as, the Catholic ethos from Irish law. Fianna Fail has sought to prevent the movement towards a pluralist society for which Fine Gael has argued. We suggested that this represents a growing conservative/liberal cleavage, in terms of social values. This cleavage mirrors a rural/urban divide, and might come to structure party support. Although it is too early to tell how much influence these cleavages will have in the future, we suggested that they are unlikely to fundamentally alter the nature of the party system in the Republic. If Fine Gael does gain some support because of its liberalism this is likely to lead only to the widening of its support base and



not its radical restructuring. Neither will it necessarily improve its electoral performance, in view of the fact that the liberal stance it adopted in relation to the Eighth and Ninth Amendments were rejected by the majority of the electorate.

Fianna Fail had been predominant in the Irish political system because of the success of its economic strategy of self-sufficiency, which the Party introduced in the nineteen-thirties and pursued until the end of the 'fifties. When this strategy could no longer be followed it was Fianna Fail which changed Ireland's economic direction, to that of free trade, and reaped the benefit of further electoral dominance. We have shown that the underlying influences in Irish economic policy was, and remains, the belief of the major parties in the capitalist development of the economy and its position in the international market system. The 'catch-all' nature of Fianna Fail gave it the ability to react more quickly to these dictates. Fine Gael soon followed Fianna Fail's strategy.

We showed in Chapter Five that the effects of economic progress in the nineteen-sixties brought a new cleavage into Irish politics. Fine Gael tapped the growing liberalism, which developed from this time, in the value system of Ireland, while Fianna Fail defended the traditional mores of Ireland. Despite this new cleavage, the economic performance of Ireland remains paramount in the popularity of governments. This is borne out by the fact that the party in office has lost in each of the five general elections since 1973, a period which has seen increasing economic difficulty for the Republic because of the world recession. At the same time, membership of the EEC further restricted the formal controls

governments had for managing the economy. Thus, the closeness of the parties in terms of economic policy is dictated by their belief in the capitalist development of the country, and the limited power they have over the Republic's position in the international market system.

Our analysis, of the capitalist development of Ireland, allows us to explain the other aspect of the Irish political system which makes it seem different from most other European political systems. The smallness of the left is due largely to the lack of industrial development, which in other European party systems provided the base for the existence of social-democratic and communist parties. One factor in explaining the absence of a large industrial sector in Ireland, which up until now has been theorised inadequately, is the fact that the country lacked an industrialising bourgeoisie. The conservatism of Irish politics, and the relative underdevelopment of the country, is further reinforced by the fact that a large section of the agricultural economy is based on petty-commodity production. It is by understanding the particular capitalist development of Ireland as a major dynamic of change that we can explain the interrelationship among change in the political, economic, social and value systems. Concentrating on the idiosyncracies of Ireland has tended to obscure the general similarities between it and other countries. We have shown that a fundamental similarity is the capitalist development of Ireland and its position in the international market system.

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