INDUSTRIAL RELATIONS IN EUROPE
FOSTERING EQUALITY AND CROSS-COUNTRY CONVERGENCE?

CONFERENCE ORGANIZED BY THE INTERNATIONAL LABOUR OFFICE
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Ireland after the Great Recession: economic growth and social convergence?

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Context

- Economic convergence with EU since 1990s
  - Centralised collective bargaining
  - Wage restraint in exchange for tax cuts
- Liberal welfare regime
  - Market provision, with low rates of social provision, targeted transfers and means tested benefits, limited spending on health and housing
  - High inequality and labour market flexibility, low union density and collective bargaining coverage
- Great Recession 2008-2012
  - Banking crisis, fiscal crisis, housing bubble, economic contraction, mass unemployment
- Recovery 2012-present
Social Dialogue in the Great Recession

Recession led to collapse of Social Partnership

• 3 pay-cuts in public sector, job-losses in private sector
• Continued decline in union density and collective bargaining
Continuity – Public Sector

• Series of agreements:
  • Wage and staff cuts, reorganisation, redeployment and revised work practices
  • 10% pay cut for new entrants
  • No compulsory redundancies, job security, restoration of pay cuts after recovery
  • Remaining tensions
    • restoration of pay cuts
    • unequal treatment of new-entrants since 2011
Continuity – Private Sector

- Bargaining shifted to local and enterprise level – *but not disorganised*
- Protocol between peak organisations IBEC and ICTU
- 2009-2011: decentralised firm level concession bargaining
- 2011-2015: SIPTU 2% strategy – seeking modest increases in profitable firms
  - Pattern bargaining – spreading gains beyond profitable sectors
  - 2% respected by other unions, recognised by labour market institutions
  - 2% and took account of ECB inflation target and wage movements in Germany
Outcomes: Employment recovered but below peak
Outcomes

• Employment below pre-recession peak
• Unemployment now below 6%
• Wages:
  • Average wages are high, similar to Belgium and Sweden
  • % in low wage jobs is high, similar to UK and Greece
  • High inequality reduced by targeted transfers – despite austerity policies
Outcomes: Ratio of disposable income received by top 20% of households to bottom 20%, continued relatively low in Ireland
Young people were hit hard by recession

- Employment rate down from 50% in 2007 to 26% in 2012, 32% in 2016
- Unemployment rate increased to 30% in 2012, 17% in 2016

Polarisation between young and during recovery:

- Less likely to be in union jobs
- More likely to work part-time and unsocial hours, and temporary contracts
Conclusion

Continuity

- Post-crisis legacy of social partnership arrangements:
  - Public sector: crisis management and restoration
  - Private sector: orderly decentralisation of collective bargaining
- Commitment to reducing high levels of market inequalities through targeted social transfers

Polarisation

- Young people in inferior terms and conditions of employment
- New entrants to the public sector