

*Poverty, Partnership and Punctuation:*

*The Rise of Irish Social Partnership*

*in Comparative Perspective*

by

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## *ABSTRACT*

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Poverty, Partnership and Punctuation: The Rise of Irish Social Partnership  
In Comparative Perspective

Thesis directed by Professor Joseph Jupille

This study considers the development of social partnership in Ireland via a comparative analysis of institutional friction, political and economic conditions and causal ideas. Starting from the punctuated equilibrium framework as developed by Baumgartner and Jones, this work asks “What explains episodes of dramatic policy change?” The analysis utilizes a mixed-methods research design to address policy change across time and space, departing from conventional explanations to focus on the role of ideas in shaping policy choices. Using original data the punctuated equilibrium framework is tested in three stages, beginning with a comparative analysis of institutional friction within social welfare policies in three countries: Ireland, Denmark and the Netherlands. Next, a time series model considers the effect of environmental conditions on policy outcomes over time. Finally, a qualitative process tracing analysis highlights the role of ideas in driving policy change under changing circumstances. Central to the argument here is the contention that shifting causal stories, as conceptualized by Deborah Stone (1989), drive episodes of

dramatic policy punctuation in moments of shifting institutional, political and economic pressures.

Findings from a multi-method analysis of quantitative and qualitative data confirm that institutional, political and economic factors alone are insufficient to generate policy change. In the case of Irish social policy, this study demonstrates that a changing conceptualization of partnership from the perspective of employers, unions and the Government produced a shared vision of the future that bound relevant political actors to a course of policymaking based on consensus and inclusiveness. Moreover, this shared blueprint for future development transcended partisan boundaries, linking Ireland's major political parties to a new and cohesive policy trajectory. Finally, the conceptualization of poverty shifted to a multidimensional understanding based on the idea of social exclusion, motivating a comprehensive policy solution based on inclusivity for the future of Irish development. This work challenges the existing literature on policy change to better address the underlying causal mechanisms at work during episodes of punctuation, concluding that overlooking the role of causal ideas is a detriment to our comprehension of the policy process.

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## ***TABLE OF CONTENTS***

<b>CHAPTER 1.....</b>	<b>1</b>
INTRODUCTION.....	1
FUNCTIONAL AND INSTITUTIONAL EXPLANATIONS FOR POLICY CHANGE .....	4
PUNCTUATED EQUILIBRIUM AS POLICY CHANGE .....	10
IDEAS, IMAGES AND CAUSAL STORIES .....	14
MODERN IRELAND AND THE CELTIC TIGER .....	20
IRISH PARTNERSHIP IN COMPARATIVE PERSPECTIVE .....	23
CHAPTER OUTLINE AND SUMMARY OF FINDINGS .....	28
<b>CHAPTER 2.....</b>	<b>33</b>
INTRODUCTION.....	33
ANALYSIS OF PUNCTUATED CHANGE.....	36
DATA AND METHODS .....	40
POLICY INPUTS .....	43
POLICY PROCESS.....	46
POLICY OUTPUTS .....	48
RESULTS AND ANALYSIS.....	48
DISCUSSION AND IMPLICATIONS.....	58
<b>CHAPTER 3.....</b>	<b>63</b>
INTRODUCTION.....	63
POLITICAL AND ECONOMIC EFFECTS ON POLICY CHANGE.....	66
THE CASE OF IRELAND .....	69
DATA AND METHODS .....	74

RESULTS .....	80
DISCUSSION AND IMPLICATIONS.....	88
<b>CHAPTER 4.....</b>	<b>94</b>
INTRODUCTION.....	94
BACKGROUND: IRELAND IN THE 1980S.....	95
PROCESS TRACING AND CAUSAL MECHANISMS .....	97
THE ORIGINS OF IRISH SOCIAL PARTNERSHIP .....	100
THE POLITICS OF ECONOMIC EXPANSION AND GROWTH .....	104
THE SOCIAL PARTNERS IN MODERN IRISH POLITICS .....	116
THE POLITICS OF SOCIAL WELFARE IN IRISH HISTORY .....	123
THE CONVERGENCE OF IDEAS & THE INTRODUCTION OF SOCIAL PARTNERSHIP ..	130
CONCLUSIONS .....	136
<b>CHAPTER 5.....</b>	<b>141</b>
INTRODUCTION.....	142
THEORIES AND ARGUMENTS.....	143
METHODS AND FINDINGS .....	145
THE CELTIC TIGER AND OTHER OUTCOMES OF PARTNERSHIP .....	149
LOCAL PARTNERSHIPS AND SUGGESTIONS FOR FUTURE RESEARCH .....	156
<b>BIBLIOGRAPHY.....</b>	<b>164</b>
<b>APPENDIX A .....</b>	<b>178</b>
IRELAND.....	178
DENMARK .....	179
THE NETHERLANDS .....	179
MEASUREMENT .....	180



<b>APPENDIX B .....</b>	<b>184</b>
IRELAND.....	184
DENMARK .....	185
THE NETHERLANDS .....	186
<b>APPENDIX C .....</b>	<b>187</b>
PREDICTORS OF ANNUAL SOCIAL SPENDING & SPENDING AS A % OF GDP .....	187
PREDICTORS OF CHANGE IN SOCIAL SPENDING & SPENDING AS A % OF GDP .....	188
PREDICTED VALUES FOR SOCIAL SPENDING VARIABLES AND MEASURES OF LAGGED PROCEDURAL FRICTION .....	189

## ***LIST OF TABLES***

TABLE 1: POLICY STASIS AND PUNCTUATION .....	19
TABLE 2: NATIONAL SOCIAL PARTNERSHIP AGREEMENTS 1987 - 2009 .....	22
TABLE 3: THREE COUNTRY DISTRIBUTIONS .....	42
TABLE 4: SUMMARY LEVELS OF KURTOSIS FOR INPUT, PROCESS & OUTPUT MEASURES ...	51
TABLE 5: SUMMARY OF RESULTS AND OUTCOMES FOR HYPOTHESES.....	58
TABLE 6: SUMMARY OF VARIABLES.....	75
TABLE 7: PREDICTORS OF ANNUAL SOCIAL SPENDING AND SPENDING AS % OF GDP .....	81
TABLE 8: PREDICTORS OF CHANGES IN SOCIAL SPENDING AND CHANGE AS % OF GDP .....	85
TABLE 9: POLICY STASIS AND PUNCTUATION IN THE IRISH CASE.....	139
TABLE 10: EUROPEAN CORPORATISM, POLICY CONCERTATION & LOCAL PARTNERSHIPS	159

## ***LIST OF FIGURES***

FIGURE 1: ANNUAL % CHANGE IN SEATS BY PARTY: DENMARK .....	56
FIGURE 2: ANNUAL % CHANGE IN SEATS BY PARTY: THE NETHERLANDS .....	56
FIGURE 3: PARLIAMENTARY LEGISLATION AND DEBATES: DENMARK .....	56
FIGURE 4: PARLIAMENTARY LEGISLATION AND DEBATES: IRELAND .....	56
FIGURE 5: SOCIAL WELFARE SPENDING AS % OF GDP: THE NETHERLANDS.....	56
FIGURE 6: SOCIAL WELFARE SPENDING AS % OF GDP: IRELAND .....	56
FIGURE 7: FRICTION IN THE POLICY PROCESS: IRELAND.....	60
FIGURE 8: SOCIAL SPENDING RATES AND SEATS FOR THE LEFT 1980-2009.....	71
FIGURE 9: SOCIAL SPENDING RATES AND UNION DENSITY 1980-2009 .....	72
FIGURE 10: ANNUAL SOCIAL SPENDING (LOGGED) AND PROCEDURAL FRICTION.....	83
FIGURE 11: ANNUAL SOCIAL SPENDING AS % OF GDP AND PROCEDURAL FRICTION .....	83
FIGURE 12: CHANGE IN ANNUAL SOCIAL SPENDING AND PROCEDURAL FRICTION .....	86
FIGURE 13: CHANGE IN SOCIAL SPENDING AS % OF GDP AND PROCEDURAL FRICTION.....	87
FIGURE 14: ANNUAL SOCIAL SPENDING RELATIVE TO PROCEDURAL FRICTION .....	90
FIGURE 15: ANNUAL CHANGES IN SOCIAL SPENDING AS % OF GDP .....	90
FIGURE 16: SOCIAL SPENDING AS A PERCENTAGE OF GDP COMPARED TO ANNUAL GDP..	92
FIGURE 17: UNION MEMBERSHIP RATES VS. TRADE OPENNESS 1980-2009.....	121
FIGURE 18: TOTAL SOCIAL SPENDING (LOGGED) AND LAGGED PROCEDURAL FRICTION..	189
FIGURE 19: TOTAL SOCIAL SPENDING AND PROCEDURAL FRICTION .....	189
FIGURE 20: TOTAL SOCIAL SPENDING AND LAGGED PROCEDURAL FRICTION .....	190
FIGURE 21: CHANGE IN SOCIAL SPENDING AS % OF GDP & LAGGED FRICTION.....	190

# CHAPTER 1

## INTRODUCTION

*“Only partnership offers us the degrees of stability, engagement and trust that are needed if we are to continue to modernize and improve the quality of life for citizens in a fair and sustainable way. I find it hard to imagine that any other approach would produce the sort of interlocking policy responses that would be needed to meet the challenges that lie ahead”*

*- Taoiseach Bertie Ahern, Dec. 6<sup>th</sup> 2005*

*“In Ireland, a set of ideas on the management of the economy and the relationship of those ideas to anti-poverty policy were institutionalized in the policy hierarchy from the beginning of social partnership in 1987”*

*- Dr. Eileen Connolly, 2007*

## INTRODUCTION

This is a study of ideas and policy change. In particular, this is a study of the decision to introduce social partnership in Ireland. By ‘social partnership’, I am referring to seven successive national agreements made between the Irish government, unions, employers, farmers and community groups that govern

economic development and social policy. I will address three major questions: (1) why did Ireland adopt a social partnership model? (2) Why did this change take place specifically in 1987? And (3) why was social partnership chosen over policy alternatives? In short, what are the specific causes that contributed to what Baumgartner and Jones refer to as ‘policy punctuation’ in the Irish case? More generally, how can we understand episodes of dramatic policy change that do not accord with conventional expectations? I will answer these questions via a series of empirical and qualitative tests, outlining the institutional and environmental conditions which contribute to policy change, ultimately demonstrating the significance of causal ideas in affecting major policy change.

Although I will develop a model specific to the case of Irish social partnership and welfare policies, and their particular role in anti-poverty efforts in that country, the general themes presented here are applicable to an overall understanding of policy change. Indeed, the design of this study is readily transferrable to evaluation of the role of ideas in affecting policy change across multiple European countries that have developed social partnership policies since the end of WWII. Policy stasis and punctuation are not new concepts; much research has replicated the punctuated equilibrium model across countries and policy issues. What is novel about this study, however, is the operationalization of causal ideas within the punctuated framework. The major premise of this study is that policy change is driven by causal ideas. Change occurs in response to existing institutional, political and economic conditions, but

only when the relevant causal ideas have shifted, allowing for episodes of punctuation to arise. Political and economic pressures are insufficient to generate dramatic policy change without the supporting force of changing causal ideas.

Irish social partnership constitutes an excellent case to use in the testing of hypotheses about policy change as it has been well documented by Irish and international scholars alike. Moreover, the recent economic crisis in Ireland has precipitated the dissolution of social partnership, leading many to reevaluate the original choice of partnership and consider whether it has proven successful in achieving its goals, particularly combating poverty. To be clear, the primary goal of national partnership was to secure labor relations agreements and produce economic stability in a time of uncertainty. However, as I will argue below, the introduction of social partnership fundamentally altered the way that social welfare and anti-poverty policies are formulated in Ireland<sup>1</sup>. Partnership represented a radical departure from convention in terms of the social policy agenda, differentiating Ireland from other European countries in this regard. I contend that gaining insights into the causal processes that led to this specific

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<sup>1</sup> Whether or not social partnership represented a true commitment to an egalitarian, social democracy in Ireland is not the subject of this work. While there is certainly an active debate around whether social partnership has achieved genuine gains in equality and social inclusion – see Allen 2000, Meade 2005, Kirby 2008, 2010, among others – the work that follows does not engage directly with the discussion. Instead, what is most relevant to this work is the fact that the introduction of social partnership indelibly altered the landscape upon which social policy is constructed in Ireland. For better or for worse, the conventional methods for developing the social policy agenda was subsumed in the partnership process beginning in 1987 and has been inextricably linked since. While it might disappoint some that this work does not engage in a critical analysis of partnership’s success or failure with regard to social equality, this is a study of the events and ideas that lead up to partnership’s introduction as the primary means for approaching social policy.

policy shift contributes to our understanding of current events in Ireland and episodes of punctuation in general; this study suggests that existing literature on policy punctuation has not yet sufficiently addressed the effect of changing causal ideas within the ‘black box’ of policy change.

The remainder of this introduction situates the argument within the broader literature on social welfare policy and policy change. Analysis in subsequent chapters proceeds in three stages. The first formulates a test of institutional friction and policy punctuation across three European countries, revealing common characteristics across cases in social welfare policymaking processes. This chapter also serves to situate the Irish case relative to a general baseline of policy punctuation in this single issue domain. The next stage considers the case of Ireland more specifically, testing the effect of environmental conditions on policy change over time. The third stage provides a comprehensive qualitative account of events leading up to the introduction of partnership in 1987. This introduction concludes with a more detailed plan of action for the remainder of the study and a brief summary of findings from each section.

## FUNCTIONAL AND INSTITUTIONAL EXPLANATIONS FOR POLICY CHANGE

Much of the literature on social welfare, and anti-poverty policies in particular, focuses on changes in government activity as a functional response to society’s economic needs. In this view, factors contributing to policy change typically

include economic indicators such as the unemployment rate, rate of inflation, the size of the dependent population, economic development, tax revenue, union membership, and trade openness. Policy outcomes, therefore, are the result of economic need and the corresponding state capacity to address social problems; when unemployment, inflation and/or dependency rates are rising, welfare spending will increase in accordance with the capabilities of the state to match demand (Pampel and Williamson, 1989). In his account of economic policy change in the United Kingdom during the Thatcher era, Peter Hall (1993) identifies these types of policy adjustments as “incrementalism, satisficing, and routinized decision making” (Hall, 1993:280). In Hall’s estimation, policy decisions that fall within this realm are “first or second order” changes, meaning that no observable paradigm shift occurs in the conceptualization of policy ideas, rather policymaking is responding to societal needs either through adjustments in the policy instruments (e.g. an increase/decrease in welfare payments) or change in the instruments themselves (e.g. attention to welfare and employment versus a focus on inflation).

Functional explanations for policy changes in social protection spending are often based on aspects of incrementalism and the assumption that governments respond like markets, making small adjustments where necessary. However, there is no clear consensus on the specific role that political institutions play in affecting these policy changes. State capacity for welfare spending is often linked to the generation of tax revenues, and can be



conditioned by sectoral pressures such as demands from the unions or state bureaucracy, activities that are clearly political. However, access to the policymaking process is often limited and exclusive, meaning that seemingly functional economic adjustments of policy are politically motivated actions of state actors, with limited interference from competing viewpoints (Hall, 1993). “Claims of economic determinism pay insufficient attention to the *politics* of policy change” (Pierson, 1996). Explanations of social policy change, therefore, should be more appropriately situated in both the economic and political institutional environment within which policymaking occurs.

Institutional explanations for policy change emphasize the formal and informal rules and organizational structures that govern policy choice in a given political environment. Institutions appear in social science research as many different things: formal and informal, political and apolitical organizations; formal and informal rules of behavior; formal and informal networks of individuals, organizations or governments; structures that define loyalties, debates, principles, preferences, interests and agenda setting; power arrangements; and mechanisms by which social and political outcomes are achieved (Steinmo, 1992; Lowndes, 1996; Lowndes and Wilson, 2001). Political institutions, in contrast to more efficient economic markets, are often resistant to change, designed to bind successors to a specific policy direction and to preserve incumbent control over structures in situations of opposition assumption of power (Moe, 1990; Pierson, 2000). Institutions are capable of

taking on their own interests, agendas and preferences; and may become ‘path-dependent’ or ‘locked’ into patterns of activity that restrict future choices and outcomes (Pierson, 1996; 2004).

Since the late 1980s, research addressing the role of the state and political institutions on social spending has empirically linked partisanship, bureaucracy, voter preferences, globalization and neo-corporatist structures to welfare policies (Lijphart, 1984; Evans, Reuschemeyer and Skocpol, 1985; Baldwin, 1990; Hicks and Swank, 1992). Findings emphasize the power resources of left/center-left blocs and neo-corporatist institutions as predictors of more expansive welfare states. Electoral competition, particularly in majoritarian systems where parties seek to capture median voters, is thought to drive political parties to adopt stronger welfare platforms (Pampel and Williamson, 1989). Lijphart (1999) concludes that “kinder, gentler” consensual systems of government have higher social protection spending. Finally, Persson and Tabellini (2003) demonstrate that parliamentary style governments generally spend more on social welfare, particularly if they have proportional representation electoral systems.

Gøsta Esping-Andersen’s work on welfare capitalism (1990) sought to connect economic and political activities to cultural predispositions based on a cross-national, historical typology of welfare states. Welfare spending, in Esping-Andersen’s estimation, is based on a complex integration of societal norms, institutional organization and historical force (Esping-Andersen, 1990).

Critiques of his typology aside<sup>2</sup>, there appears to be an empirical disconnect between a country's status as a 'Liberal', 'Traditional/Conservative' or 'Social Democratic' welfare state and the evaluation of the specific causal mechanisms that translate these socio-political classifications into policy outcomes.

Finally, research on globalization presents competing explanations for adjustments in welfare state provisions. On the one hand, international competition generates pressure for increased social benefits as citizens are exposed to the harsh realities of the global marketplace (Rodrik, 1996). On the other hand, openness to trade and foreign direct investment encourages the state to reduce social spending in order to minimize the tax burden placed on incoming investors (Rhodes, 1996). Furthermore, most welfare state countries have experienced a period of welfare retrenchment in recent years as a result of either economic necessity or an attempt to distance the state from powerful interest groups (Olson, 1982; Pierson, 1996). However, the interaction between global economic forces and the politics of the welfare state are far from simplistic, indeed "such links are likely to be more modest, complex and bi-directional than is commonly suggested" (Pierson, 1996).

Only a general picture of a nation's likelihood for welfare generosity emerges with regard to political and economic factors – stronger leftist representation in more socially egalitarian societies typically translates into a larger social protection budget – yet our analysis of the politics of specific social

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<sup>2</sup> see Arts and Gelissen 2002 for a comprehensive discussion

policy change remains deficient. Moreover, social policy changes beyond existing budgetary parameters or major alterations to the policy trajectory – such as the introduction of partnership – are insufficiently addressed in this literature.

For the purposes of this study, I am specifically interested in how the institutions of government incorporate complex information into public policy outcomes. In order to address this issue, I will examine the environmental factors that contributed to the Irish government's adoption of social partnership in the late 1980s and the causal stories at the heart of policy decision making at that time. I consider institutions from a more narrow perspective as the formal organizations of government that guide decision making through each stage of the policy process. Baumgartner and Jones direct our attention to the concept of friction: the combination of institutional structures, overcrowded public agendas, and boundedly rational decision makers that limit the rate of policy change (Baumgartner and Jones, 2005). Specifically, I focus on the level of friction present in the institutions of policymaking and how the complex machinery of government deals with inputs from a variety of sources when enacting social policy. In this sense, the work that follows is intimately linked with that of Baumgartner and Jones and their theory of punctuated equilibrium. Institutions add drag to policy decision making by imposing costs to collective action (Baumgartner and Jones, 2005). Conversely, shifts in the institutional structure, including turnovers in political power, might smooth the way for dramatic policy changes. Of particular significance to this study are the causal

ideas that help policy overcome institutional friction or capitalize on periods of transition, to produce dramatic alterations to the policy landscape. I contend that functional and institutional explanations for policy change must be combined with a theory of causal ideas to reach their full potential.

#### PUNCTUATED EQUILIBRIUM AS POLICY CHANGE

Peter Hall argues that first and second order policy changes are representative of “normal policymaking”, decisions that are contained within specific parameters that do not challenge the dominant policy idea or paradigm (Hall, 1993). At times, radical change does occur in the policymaking realm, overthrowing the existing discourse and generating entirely new policy trajectories. “If first and second order changes preserve the broad continuities usually found in patterns of policy, third order change is often a more disjunctive process associated with periodic discontinuities in policy” (Ibid: 279). Hall argues that these shifts are the result of dramatic changes in the “hierarchy of goals behind policy” (Ibid: 279) and the marked transformation of policy discourse. As Hall notes, one implication of this framework is that first and second order policy changes do not automatically lead to third order changes (Hall, 1993: 280), but instead periodically significant changes are the result of shifting causal ideas.

Radical, paradigmatic shifts are fundamental to the theory of punctuated equilibrium. Punctuated equilibrium theory accounts for both institutional

stability and change, arguing that changes in the same factors which contribute to stasis are also responsible for creating periods of rapid, dramatic policy shift. Baumgartner and Jones based their punctuated equilibrium theory on two key factors: stubborn political institutions and disproportionate information processing by political elites. Political institutions, by design or historical development, are often resistant to significant policy changes, and policymakers in political institutions are considered only capable of serial issue processing due to cognitive limitations (Baumgartner and Jones, 2005). Policymakers typically depend on selective information sources and revise their decision making calculus episodically, based on particularly salient or timely information. When previously relied upon information is proven false, the boundedly rational decision maker must update “in a punctuated manner in the face of change that cannot be ignored” (Baumgartner and Jones, 2004). When issues become “hot” on the public agenda, the core ideas either serve to reinforce existing institutions or create opportunities for significant policy change. As issues shift in the public discourse – e.g. the conceptualization of partnership or poverty – the momentum generated can overcome great institutional obstacles. New causal ideas create intense friction within policymaking institutions, sufficient to open up opportunities for “dramatic reversals in policy outcomes” (Baumgartner and Jones, 1999; 2005).

Normal policymaking is a four step process, however, there is an expectation that friction will increase with each subsequent stage as transaction

and collective action costs increase. *Social processes*, or all the social movement and issue activity in a given environment, reach relevant political actors as information or *political inputs*. *Policy processing*, or political attention, and the introduction of legislation follows from these inputs. Finally, *policy outputs* are produced in the form of budget allocations or other decisions (Baumgartner and Jones, 2009). Institutional friction is also produced by normal democratic features, such as election cycles, party preferences, and external global events that may require more immediate attention but are beyond the control of national policymakers. Costs increase as a policy moves through the process, generating greater friction and resistance to policy change. Where the coordination of multiple agencies and political actors is required, particularly with regard to budget allocations, collective action costs and friction are expected to be at their highest (Ibid). Given the nature of increasing friction within the policy process, a disjuncture between social inputs and policy outputs occurs over time, generating error accumulation and eventually episodes of punctuated change where policies catch up to shifting social realities. Contrary to Hall's account, the theory of punctuated equilibrium argues that incremental changes over time will generate sufficient friction within the system to eventually produce a breaking point, or period of dramatic policy change.

Punctuated events are often unpredictable and wholesale policy changes of this magnitude are rare. Theory aids our understanding of where and when the tension is *likely* to develop in our political institutions such that we *might*

expect a punctuated change. However, one aspect of punctuated analysis that remains elusive is a definitive threshold level at which a policy issue will receive attention except in the case of a national emergency. For example, the severity of domestic problems may not be sufficient to generate an appropriate response when an unresponsive government is in power or when the public agenda is already overloaded. As such, social issues go unnoticed or unaddressed until such time as they cross a contingent threshold of urgency when a dramatic shift in attention becomes absolutely necessary or when a new policy idea has emerged that creates an opportunity for change (Baumgartner and Jones, 2009). Social issues then receive disproportionate levels of attention, including long-term budgetary commitments, the creation of supporting institutions, and the investment of political capital, sometimes long after the problem has been either solved or decreased in urgency. These sunk costs contribute to a new period of stasis; “bureaucratic inertia makes it hard for governments to reduce attention to issues that are improving just as it inhibits them from paying attention to problems that are just emerging” (Ibid, pg. 608).

I contend that at their core, policy punctuations represent a re-evaluation of the underlying goals defining a policy issue. “Third order changes”, or major shifts in policymaking, are like a *Gestalt* shift, “marked by radical changes in the overarching terms of policy discourse associated with a (Kuhnian) paradigm shift” (Hall, 1993). I contend that the cycles of institutional friction identified by Baumgartner and Jones require further examination to uncover the causal



mechanisms, more specifically the role of policy ideas at the heart of the punctuated equilibrium framework, in order to explain major policy change.

#### IDEAS, IMAGES AND CAUSAL STORIES

Ideas appear in social science literature in a number of forms. Ideas can make a fundamental contribution to both initiating institutional change and producing outcomes. When institutions are forced to change as a result of unpredictable circumstances, ideas can help provide a guideline for new institutional configurations (Blyth, 2002). However, institutional outcomes are not a given as ideas are contested, producing unique outcomes and future institutional constructions. Ideas help reduce uncertainty; make collective action and coalition building possible; serve as weapons in the struggle over existing institutions; act as institutional blueprints following the delegitimizing of existing institutions; and make institutional stability possible following institutional construction (Blyth, 2002).

Ideas are also theorized in the policy literature as conceptual frames through which actors understand their surroundings. Ideational frames function as filters through which individual actors view their surrounding environment and make decisions accordingly. Ideational arguments offer a unique departure from institutional considerations of rules and norms, focusing in particular on the interpretive aspects of individual decision makers. In fact, empirical claims about how actors formulate and shape their thinking and action

may provide a more accessible view of reality when compared to artificially objective assumptions of rationality. Individuals often ‘satisfice’ in situations of imperfect information while simultaneously processing information from multiple sources (Simon, 1996), and ideational filters are often necessary tools for individuals unable to “hold consistent preferences, accurately perceive external conditions, or match solutions instrumentally to problems” (Parsons, 2007).

The literature on policy design focuses on the role of framing in the social construction of policy images; symbolic and simplified definitions used for understanding and conveying ideas to policymakers and the general public (Ingram and Schneider, 1993; Baumgartner and Jones, 1993). The creation and control of these framed policy images has significant implications for target populations subject to the design of new public policies (Ingram and Schneider, 1993). Individuals in socially powerful target populations often receive the benefits of their advantaged position via policies framed using positive or progressive language. For example, the impoverished elderly or mothers with children are often viewed as requiring the support of the State as worthy causes for social welfare policies. Single men, drug addicts and minorities, conversely, are often framed as indigent, lazy and manipulative (Ibid pg. 335-6). Policy monopolies often form around a specific image, rejecting all other competing images, producing powerfully emotive connotations for policy design.

Ideas, then, may appear as paradigms (e.g. monetarism vs. Keynesianism), cognitive shortcuts or politically motivated “spin”. Yet, ideas, images, and frames are all socially constructed and, therefore, potentially malleable by motivated political actors. Policymakers have incentive to influence both the definition (idea or image) of the policy problem and its proposed solution (frame), when constructing a particular causal story (Stone, 1989). Objective conditions, such as the existence of widespread poverty, are insufficient to force policy change alone. As Deborah Stone argues, the catalyst for policy change can often be found in the specific causal story behind the problem (Stone, 1989), changing a “private misfortune” into a “public problem that calls out for a governmental response”. For example, when poverty appears in the discourse as a personal problem, resultant of poor planning or bad behavior, the government need not intervene. However, where persistent poverty is discussed as a broader violation of human rights and a detriment to the State, it becomes the duty of the government to find policy solutions. The key to policy change, then, becomes the way in which a causal story is constructed around a particular social issue.

The construction and destruction of causal stories becomes especially prescient in explaining policy change within the punctuated equilibrium framework, providing leverage on identifying and defining thresholds for policy change as issues rise and fall on the public agenda. The terminology of punctuated equilibrium offers multiple avenues for dramatic policy change.

Baumgartner and Jones argue that “when images shift, punctuations can occur”: when new information about a particular policy problem arises, via revised individual thinking, external events, policy entrepreneurs, or a change of venue, the associated policy image is altered (Baumgartner and Jones, 2005). However, the concepts of policy ideas, problem definition, framing and causal stories are often used interchangeably in this literature, conflating individual cognition and the political activity of problem definition, or the formation of a causal story to promote a specific agenda, under the generic term ‘policy image’. I argue that the causal effect of ideas lies within the active politicization of meaning. Whether through cognitive shortcuts or ‘framing’, omission or commission, what is significant for policy change is the way in which ideas are operationalized in the discourse. Rather than differentiate whether an idea is cognitive or instrumental, generated unconsciously or consciously, I argue that the specific *use* of causal stories is fundamental in affecting policy choices. Defining causal stories “is a process of image making, where the images have to do fundamentally with attributing cause, blame, and responsibility. Conditions, difficulties, or issues thus do not have inherent properties that make them more or less likely to be seen as problems or to be expanded. Rather, political actors *deliberately portray* them in ways calculated to gain support for their side” (Stone, 1989 emphasis in original).

Fundamental changes in the causal stories surrounding the Irish experience of poverty and social partnership created the opportunity for

dramatic policy change in the late 1980s. I argue the embrace of partnership was based on the adoption of a shared commitment to building consensus through multi-organizational problem solving. Since the inception of the social partnership agreement in 1987, “the social partners have aligned themselves to a consistent and coherent consensus based strategic framework focused on macroeconomic policy, income distribution and structural adjustment” (O’Connor, 2002). In the 1980s, the idea of partnership had shifted away from earlier understandings embedded in conflict driven labor relations and politics, providing a viable policy alternative compared to market centered options that were taking root in Thatcher’s United Kingdom. The new causal story supporting partnership required the social partners to solve their problems via cooperation rather than competition, promoting consensus based governance.

Next, when defined by more traditional political leaders and groups such as the Catholic Church, the causal story surrounding poverty in Ireland reinforced existing policies of welfare and charity. However, the causal ideas associated with poverty changed in the 1980s to an understanding emphasizing the structural, social and institutional causes of poverty. More precisely, a multidimensional conceptualization of ‘social exclusion’ that prescribes management via participatory, active partnership emerged rather than de facto treatment of the symptoms of poverty through supplemental income measures. So, while anti-poverty policies were not the primary aim of the *Programme for*

*National Recovery (1987)*, the policy trajectory of both partnership and poverty became inextricably linked from 1987 forward.

TABLE 1: POLICY STASIS AND PUNCTUATION

<i>Example</i>	<i>Friction</i>	<i>Environment</i>	<i>Causal Ideas</i>	<i>Policy Outcome</i>
1	High	Good	Static	1 <sup>st</sup> order policy change
2	Low	Good	Static	1 <sup>st</sup> or 2 <sup>nd</sup> order policy change
3	High	Bad	Static	1 <sup>st</sup> or 2 <sup>nd</sup> order policy change
4	Low	Bad	Shifting	3 <sup>rd</sup> order change – policy punctuation

Table 1 outlines my theory of policy change in general, indicating where policies are likely to remain static and where punctuation should be observed. I argue that the necessary factors of changing institutional friction and environmental conditions combine with shifting causal ideas to create opportunities for radical change. In the first three general examples listed below, despite variation in friction and environmental conditions, we see a steady status quo bias in policy outcomes. In the final case, punctuation becomes possible as all three necessary conditions align. As this study will demonstrate, friction and environment were insufficient to drive policy change in

Ireland until the operationalization of new causal ideas in the policy discourse. In later chapters, I will develop the contents of this table in more specific detail.

The following study considers three specific questions with regard to the Ireland's unique experiment with partnership and anti-poverty policies: why was the social partnership model adopted? Why did the change occur in 1987? And why was partnership chosen over viable alternatives? I argue that the introduction of Irish social partnership is the result of three convergent factors: shifting institutional friction, changing economic and social conditions, and the evolution of pragmatic causal ideas surrounding poverty and partnership in Ireland. None of these factors was sufficient in isolation to affect the policy change observed in the late 1980s; only through a combination of events, most significantly the politicization of new causal ideas, was dramatic policy change possible.

## MODERN IRELAND AND THE CELTIC TIGER

Throughout the 1990s and early 2000s, Ireland experienced rapid economic growth and development. Having been the impoverished junior member of the European Community, Ireland quickly became the second wealthiest country in Europe, surpassed only by Luxembourg. Dublin joined the ranks of the most expensive cities in the world. This period of phenomenal growth, dubbed the "Celtic Tiger" era, has been attributed to a number of government led policy initiatives such as low corporate tax rates and incentive schemes which

encouraged massive foreign direct investment, as well as the presence of a highly educated, English speaking work force. But many also credit the lack of political and industrial conflict, achieved through national level social partnership agreements, with providing the necessary stability for sustainable growth. National social partnerships, reflective of neo-corporatist models developed in Scandinavia and elsewhere across Europe, brought the government together with employers, unions and farmers into collective bargaining agreements. Beginning in 1987, these partnership arrangements were renewed every three years, committing Ireland to a course of economic development through collaborative decision making by the major stakeholders.

The introduction of the *Programme for National Recovery* in 1987 created an entirely new trajectory for social policy in Ireland. A core feature of the national level agreements was a dedication to tackling Irish poverty through partnership, holding all sectors responsible for effecting positive social change. Provisions were made for addressing social welfare, employment, housing, health and education as a comprehensive package of anti-poverty reforms. Special emphasis was placed on finding housing for disadvantaged groups, encouraging wider participation in education, and providing stability in social welfare payments (PNR, 1987). Each subsequent national partnership agreement has echoed or extended these original aims, even creating local level partnerships tasked with the specific goal of promoting social inclusion and community development. Partnership became embedded in Irish social and



political life as the predominant way to address social exclusion at every level of governance (Connolly, 2007).

Today, very little policymaking at either national or local level in Ireland is done *without* partnership. Partnerships are seen as an innovative way to rapidly develop extensive social policies and employment strategies across the country, finding multidimensional solutions to complex problems arguably best addressed through these national and local level institutions. Since 1987, there have been seven national level agreements. In 1997, membership in the social partners expanded to include the community and voluntary sector. In 2009, the environmental sector was also added. Over time, the content of national agreements has broadened to include a range of policy issues from wage agreements, working hours, and job creation, to emigration, immigration and EU integration. A significant feature of all national agreements since 1987 has been a commitment to combating poverty and social exclusion.

TABLE 2: NATIONAL SOCIAL PARTNERSHIP AGREEMENTS 1987 - 2009

<i>Partnership Agreement</i>	<i>Years Covered</i>
Programme for National Recovery	1987-1990
Programme for Economic and Social Progress	1991-1993
Programme for Competitiveness and Work	1994-1996
Partnership 2000	1997-1999
Programme for Prosperity and Fairness	2000-2002
Sustaining Progress	2003-2005

## IRISH PARTNERSHIP IN COMPARATIVE PERSPECTIVE

'Partnership' has come to mean many things in both the European and Irish contexts. Conceptually, partnership may include anything from simple contractual obligations to more complex, egalitarian, consensus based decision making processes that demand a higher level of commitment, or 'buy-in', from members. Within the European Union, there is an inherent tension between the desire to homogenize organizational arrangements at national level and to promote the subsidiarity principle at the local level (Benington and Geddes, 2001). On the one hand, European leaders are interested in securing an economic and social integration package across the EU, rapidly developing a model of best practice that is transferrable to other member states. On the other hand, the notion of subsidiarity emphasizes a local, community based development model for policy issues that recognizes and supports unique policy solutions. Because of this tension, it is difficult to differentiate Irish partnership from other forms of policy concertation, collaboration or networking since these activities take place across all levels of governance. In fact, it may be more useful to visualize social partnership on a continuum ranging from more concretely organized, discreet formal policy networks to loosely defined, working relationships or communities (Ibid, 2001). With the advent of local partnerships and public-private partnerships, the term 'partnership' becomes rapidly ambiguous.

Irish national level partnerships traditionally consist of a formal neo-corporatist, tripartite arrangement between ‘peak organizations’: the state, employers and labor representatives. Ireland arguably falls short of a classic social corporatist model<sup>3</sup>, which controls welfare and pay increases in tandem (Teague, 1995), but the institutional design is reflective of a competitive state in which economic progress is largely linked to the success of the partnership model (Kirby, 2002). Partnership at the national level has been essential for keeping industrial conflict at a minimum in order to promote an internationally competitive economy and promote the best interests of the workforce.

For the purposes of this study, I conceptualize partnership more narrowly, focusing exclusively on national level policies and politics. Recent literature differentiates neo-corporatism and policy concertation; considering the former structural patterns of organization and the latter, a policymaking methodology (Berger and Compston, 2002). Given the degree to which social partnership became embedded in the Irish policymaking apparatus, I argue that elements of both neo-corporatism and concertation are evident<sup>4</sup>. In this study, social partnership is thus characterized by two key features:

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<sup>3</sup> Indeed, Niamh Hardiman makes the argument that a significant reason behind this development was the lack of institutional, political and structural conditions necessary to adopt a more strictly corporatist arrangement in 1987 (Hardiman, 1988).

<sup>4</sup> Neither ‘neo-corporatism’ nor ‘concertation’ are terms used in the Irish discourse on social partnership. More frequently the terminology of ‘centralized pay agreements’ or ‘the national programme’ is used to refer to the negotiated consensus that more aptly describes the broad national social partnership.

1. *The formal organization for policymaking and implementation*: this includes national<sup>5</sup> level social partnership agreements made by the relevant social partners and all references to that institution in government decision making. (Neo-corporatism)
2. *The common agenda and multidimensional action program*: this aspect refers to the ideological foundation for partnership, in particular, the dedication to consensus, inclusive governance via the social partners and the focus on poverty and social exclusion at the national level. (Policy Concertation)

While there are several key aspects to the Irish social partnership, including centralized pay agreements and broad macroeconomic strategy, the substantive focus of this study is the national level commitments to social policies contained in each of the partnership agreements; this aspect of Irish partnership most explicitly differentiates Ireland from other European countries. Many other European nations have adopted policy concertation or partnership in economic, labor or employment policies, but only Austria has a more comprehensive program than Ireland in the realm of social policy (Berger and Compston, 2002). In Germany, Denmark, the Netherlands, and Sweden, strictly constructed national level pay deals gave rise to sectoral agreements to regulate the

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<sup>5</sup> Beginning before the first national-level partnership agreement in 1987, local initiatives were also setting up partnerships within communities across Ireland. In these cases, the initiative included relevant social partners and stakeholders from a given area specific to the needs of that community. For example, PAUL partnership in Limerick was originally formed on the basis of promoting employment in poverty-stricken areas of Limerick city and included representatives from State agencies, social services, employers, and vocational/educational services, as well as individuals from the community and voluntary sectors. In 1991, the national level social partnership agreement (Programme for Economic and Social Progress) formalized the existence of 12 local partnerships and sought to expand the model around the country. In addition, LEADER and HORIZON projects were initiated at the European level introduced partnership into further rural and urban areas. There are now more than 58 such local level partnerships across Ireland specifically tasked with combating social exclusion. The experience of local level partnerships is not covered in detail in this study but will be explored in some depth during the concluding remarks.

economy. In Italy, Finland, Belgium, and, more recently, Spain, these structures took on unique country level characteristics, supporting neo-corporatism under nontraditional conditions (Hardiman, 2006; Crouch and Streeck, 1997). In France, social partnership has been sporadic and generally more narrow in scope, due primarily to the lack of cohesion within union and employers' organizations (Berger, 2002). Finally, the United Kingdom has avoided policy concertation at the national level until quite recently. Under the Labour government from 1997-2010, many local level partnerships were formed to encourage regeneration of urban areas and promotion of economic development. Since Thatcher, however, the UK has largely resisted the social partnership model (Dorey, 2002).

While Ireland stands out as a critical example of a country that purposefully linked social and economic policy through partnership agreements, Denmark and the Netherlands are included in this study for the purpose of a detailed comparison of institutional friction and policy change. The hypotheses developed here are readily transferrable to both of these countries and empirical tests could be used to examine the role of ideas in affecting policy change in each case. In Denmark, the social partnership model adopted in September of 1899 is centered on "conflict based consensus", or an institutional framework of compromises and settlements that are maintained via an ad hoc, organic fluidity based on the spirit of partnership (Berger and Compston, 2002). Beginning in the late 1980s and 1990s, however, the Danish partnership model has been

evolving away from concertation towards more consultation, whereby social partners contribute more to the pre-legislative phase of policymaking via informal political structures (Mailand, 2002). This important shift to a consultative capacity for the social partners is linked to changing concepts of social solidarity and social responsibility (Ibid, 92). The Danish State, in particular, has developed policy based on causal stories connecting the role of government more directly with social policy reform.

In the case of the Netherlands, similar trends are in evidence. In the post-war periods, Dutch social partnership was widely embraced as the panacea for the economic devastation of the war. In particular, throughout the 1950s and 1960s Dutch wages were kept 20-25% lower than Germany or Belgium (Hemerijck, 2002), giving the Netherlands a competitive edge in Europe. However, in the late 1960s, both wages and inflation accelerated upwards and the welfare state was forced to expand dramatically despite the shrinking economy. Real labor costs increased, exceeding profit gains, and unemployment rose significantly as firms readjusted to recession. Social partnership was effectively “immobilized” until the early 1980s when a sharp conceptual shift took place within the incoming Lubbers administration. The Lubbers coalition of the Christian Democrats and the Labor Party was a ‘no nonsense’ government which enacted drastic cut backs in social policy and spending, independent of the social partners. This tactical change in economic and social policy, based on shifting causal ideas, ultimately led to the resurrection of social partnership in

the Netherlands, along a more strictly neo-liberal model prioritizing competitiveness and profitability (Hemerijck, 2002).

While this study focuses specifically on the case of policy change in Ireland, it is evident from the discussion above that multiple countries could be substituted into the model. The choice of Denmark and the Netherlands as comparative cases is particularly relevant in this study since both countries are open, internationally driven economies. However, only in the case of Ireland has social policy become so intimately linked with partnership. The course of policy change in Ireland is, therefore, an instructive example of how ideas affect policy outcomes.

## CHAPTER OUTLINE AND SUMMARY OF FINDINGS

The focus of this research is on the role of causal ideas in generating changing policy outcomes, specifically the development of social partnership policies in Ireland. The study proceeds in three stages, beginning with an empirical analysis of punctuated changes in social welfare policies across Europe. The chapter that follows develops a baseline model for policy change based on theories of punctuated equilibrium (Baumgartner et al. 1993-2010). The effects of institutional friction on social welfare outcomes are highlighted in three European cases; Ireland, Denmark, and the Netherlands. Whereas the *Policy Agendas* work normally focuses on a broad range of political issues, this study uses a single policy case to explore the tenets of punctuated policy change in the

European context. Findings confirm the highly punctuated nature of social welfare policymaking within the broader European context, demonstrating some commonalities across country settings. However, evidence in this chapter reveals that a variety of policy trajectories is possible and suggests that additional economic and political variables need be included in our analysis. Findings in this chapter identify an inherent ecological fallacy present in existing literature on punctuation due to policy aggregation, demanding a more nuanced analysis of the politics of policy change in a specific issue domain. Friction is clearly evident in the policy processes for each country, contributing to the likelihood of policy stasis over time, but results in the Irish case indicate that the procedural stage, where legislative debate and policy deliberation take place, may be more intimately linked to economic and political conditions than analysis accounts for in the traditional punctuated model.

The second empirical chapter, Chapter three, specifically examines Irish social policies from the 1980s to the present day, investigating the causal factors behind the identified periods of policy punctuation via multivariate time series analysis. The analysis in this section extends findings from chapter two, revealing the underlying political and economic conditions that contribute to policy change. Institutional friction is operationalized as an independent variable, connecting the stages of the policy process to the political environment within which policy change occurs. Results reveal some expected outcomes. Election cycles and the share of seats controlled by left/center-left political



parties have a significant effect on the level of social welfare spending. Also, economic factors, such as the rate of inflation and openness to international trade, contribute to increased rates of welfare spending. However, findings also indicate that both past and present levels of friction contribute significantly to policy outcomes. Where friction is high, indicating a strong status quo bias in policymaking, both the overall level of spending and the rate of change in social protection allocations is reduced. Finding that policy outcomes for a single social issue are consistently affected by existing levels of friction in conjunction with political and economic factors demonstrate the need to disaggregate policy issues when conducting analysis on specific episodes of policy punctuation. Moreover, these findings confirm that empirical tests should expand to connect the stages of the policy process appropriately and incorporate relevant economic conditions affecting policy outcomes.

The final empirical chapter traces the introduction of social partnership as a dramatic policy change in Irish social welfare policy. Whereas earlier analysis focuses on the institutional and environmental factors that contribute to policy changes within the parameters of social welfare budgets, this chapter examines the adoption of a radical new policy direction outside the confines of conventional expenditure measures. The adoption of social partnership in Ireland in 1987 represented a dramatic new policy direction beyond regular cycles of increasing or decreasing welfare budgets. Critical to this analysis is an interrogation of causal ideas as a contributing factor; Chapter 4 traces the process leading up to

the introduction of social partnership and the causal ideas that contributed to decision making by exploring the discourse surrounding partnership and poverty in the 1980s. “The first social partnership agreement of 1987 was part of the institutionalization of a new policy regime that marked a distinct break with the past, and most importantly that the parameters of the policies established in that first agreement and the ideas that underpinned them continue to shape Irish social policy into the 21<sup>st</sup> century” (Connolly, 2007). Findings in this chapter demonstrate that the conceptualization of partnership by prominent politicians and social partners had shifted from a conflict oriented perspective to the recognition that consensual governance was mutually beneficial. Likewise, a multidimensional understanding of the realities of poverty and the social problems in Ireland during the 1980s emerged on the political agenda, leading policymakers to adopt more comprehensive social policies via partnership. This final empirical chapter confirms that institutional and environmental factors are insufficient to account for this period of dramatic policy shift without the necessary inclusion of the significant causal ideas present in the policy discourse.

The conclusion examines the most recent cycle of negotiations and the dissolution of this social partnership in light of the current economic crisis. Evidence from the empirical analyses conducted in earlier chapters provides some useful insights into comprehending partnership’s recent demise in Ireland and for understanding policy change more generally. The discussion also reflects

on the broader implications for local level partnerships following recent episodes of dramatic policy change at the national level. Partnerships at the local level, in many cases, have developed as a result of the same causal ideas that drove national level policy change in the late 1980s. Three decades later, those causal ideas continue to inform the work of many community based organizations, even while national agreements have proven to be less persistent in their commitment to eradicating social exclusion. The work concludes with suggestions for future research, including the need to explore the potential for reinforcement of existing power structures in society and institutionalization of poverty regimes through national and local partnerships. In particular, this chapter suggests the need for work that addresses the question of whether partnerships represent a “hollowing out” (Rhodes) of the state and create a democratic deficit in public service provision in the absence of electoral oversight. As partnership becomes an increasingly popular policy choice across the European Union – in both neo-corporatist and public-private guises – the implications for democratic governance must be more thoroughly examined.

## CHAPTER 2

### ON FRICTION: WELFARE POLICY IN COMPARATIVE PERSPECTIVE

#### INTRODUCTION

Governments and policymakers together comprise a complex system, handling diverse and multifaceted streams of information. These inputs are translated into policy outputs via institutions, conditioned by the level of political attention paid to a given problem by the public and politicians. Research by Baumgartner and Jones over the past two decades emphasizes that issue importance and the rate of government response to social inputs are not often in direct proportion to one another, but are instead characterized by periods of dramatic change or policy punctuations. Since governments must handle such vast amounts of information on a range of policy topics, the inability to process this information efficiently leads to lapses in government attention and budgetary allocation when issues are perceived to be less salient on the agenda. Moreover, policymaking institutions impose transaction costs such that policy inputs do not

translate neatly into predictable or even, at times, appropriate policy outcomes. Political institutions, in particular, are resistant to change; policymaking via government is, often by design, deliberate and slow. Baumgartner and Jones utilize the concept of friction, or the combination of institutional structures, overcrowded public agendas, and boundedly rational decision makers that limit the pace at which policy change takes place (Baumgartner and Jones, 2005). Friction creates episodes of ‘slip-stick’ policy change where exogenous events force institutions to catch up or make substantial policy adjustments (Baumgartner et al., 2009). Finally, friction is also expected to increase as issues progress through the policy process; as decision making costs increase, the consequences of making policy decisions create more and more barriers to change over time. Policy outcomes, therefore, are predominantly static except for periods of significant departure from past policy decisions (Baumgartner and Jones, 2003; Baumgartner et al., 2009).

While the work of Baumgartner and Jones offers several complex avenues for understanding factors that contribute to policy punctuations<sup>6</sup>, I argue that dramatic policy shifts are a function of three things: changes in existing levels of friction within the policymaking system, changes in the social environment, and changes in the causal stories underlying a specific policy.

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<sup>6</sup> Among the factors that contribute to punctuated change are institutional rules and designs, policy venue, agenda overcrowding, collective action problems, social inputs, political party preferences, international events, entrepreneurial actors, problem definitions, attention thresholds, and windows of opportunity. I argue that these factors can be usefully categorized into three thematic areas: existing institutional friction, environmental conditions and policy images.

Where friction levels are shifting and political or economic factors generate the necessary pressure, the likelihood of policy punctuation increases significantly. However, these factors are insufficient to produce policy change without simultaneous shifts in the relevant causal stories. This chapter examines social welfare policies presented by European governments from the 1970s to present, exploring policy punctuation across national institutions. I develop a baseline model for exploring episodes of punctuated change using three European countries: Ireland, Denmark and the Netherlands, observing levels of institutional friction in a single policy domain. Results reveal that social welfare policies display familiar levels of institutional friction, replicating and confirming existing findings on punctuated equilibrium.

Situating the Irish case in a comparative context provides the motivation for the analysis conducted here, but the broader implications of institutional friction are important for understanding policy change in diverse settings. More importantly, as findings in this chapter demonstrate, the three country comparison provides strong evidence that exogenous factors, beyond the ‘slip-stick’ dynamics of institutional friction, contribute to episodes of policy change. The next chapter thus extends the analysis within a country specific setting to evaluate political and economic factors affecting social policy outcomes in Ireland. And the specific effect of causal stories is considered in more detail in subsequent process tracing of Irish policy change during the late 1980s.

## ANALYSIS OF PUNCTUATED CHANGE

A policy process that is efficiently responsive to social and economic problems would exhibit a proportionate distribution of policy inputs to outputs. Issues would rise and fall on the agenda in accordance to their urgency or severity; policy outcomes, such as budget allocations, would increase or decrease in response to social needs. In a frictionless environment, it is expected that once a given social indicator, such as the poverty rate, crossed some threshold, a government response would be automatically generated. However, given the number of issues that demand the attention of government at any given time, the policy agenda is often overcrowded (Kingdon, 2003; Baumgartner et al, 2009). Issues compete for the attention of policymakers and items rise on the agenda only when they become publicly urgent, a responsive government is in power, an entrepreneurial actor takes up the cause, and/or when the level of intensity for other policy issues is momentarily slack. In addition, once a policy issue arrives on the agenda, it often persists even after a crisis has passed. Having committed time and money to a problem, governments often maintain an increased level of attention, and financial commitment, to an issue even when the urgency of a situation has diminished. Baumgartner et al. (2009) find that this friction is common to all systems of government “based on the limitations of human cognition”, and that similarities outweigh institutional differences. Governments do not respond seamlessly or simultaneously to numerous policy demands. Therefore periods of punctuated change, or moments of heightened

attention and intense activity that produce dramatic changes in output, are the more frequently observed norm.

In the following analysis, I test the adequacy of Baumgartner et al (2009)'s model for explaining changes in European social welfare outcomes. My study extends their model in three distinctive ways: through analysis of a specific policy issue; inclusion of a new country case; and extension of the empirical test. First, I focus on a single policy issue, social welfare, rather than the panoply of topics covered in the *Comparative Policy Agendas* study<sup>7</sup>. Theoretically, single policy issues, such as social welfare, may be less subject to periods of stasis and punctuation. A single policy issue may be more vulnerable to swings in importance and attention, especially over the short term, and should, therefore, be more responsive to public and elite demands. Particularly in the era of globalization across the European Union, labor market and welfare demands require increased levels of government attention. Rather than drastically reduce social spending, many European welfare states have instead created competitive social pacts in order to reform social protection spending rates (Rhodes, 1996). As such, welfare spending in particular is an area where modern European governments are particularly attuned to the demands of both the market and the populace.

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<sup>7</sup> Their *Policy Agendas Project* began this process by coding data from 21 policy topic areas in the United States over the last century. Having expanded into comparative analysis of European policy trends, the *Comparative Policy Agendas* work now represents an extensive source of data on policy change in Western Europe. Their research focuses on a wide array of policy issues; the overall picture presented includes the full spectrum of a government's policy interests and attention. See [www.comparativepolicyagendas.org](http://www.comparativepolicyagendas.org)



The case of social welfare presents a unique test for Baumgartner et al.'s (2009) theory of punctuated change in three ways. In the first instance, their use of multiple policy issues may create an ecological fallacy that overlooks individual differences in the policy trajectory for different social issues. The policy process may be characterized by increasing levels of friction as issues move from one stage to the next when items are aggregated, but a single policy issue may not have the same path. Secondly, social welfare is an area that is inextricably and often uniquely linked with economic performance in a given country. Government officials may be expected to pay closer attention to social welfare indicators given the political ramifications, potentially lowering levels of friction and easing policy change. Finally, social welfare spending is an area where a parliamentary style of government is likely to be more efficient. Friction during the procedural stage should be lower given the responsiveness of majority governing parties and the fact that parliamentary systems often use welfare spending increases as a political tool (Persson and Tabellini, 2003). Therefore, policy outcomes in the area of social welfare could be expected to be more sensitive to changing political and economic conditions.

Next, I extend the work of Baumgartner et al. (2009) by including three European countries in the analysis: Ireland, Denmark and the Netherlands, while omitting the United States. While Denmark and the Netherlands are already within the *Comparative Agendas* project, Ireland represents a unique new case for analysis. All are parliamentary systems, with some variety in

structure, which removes selection bias based on the inherent friction present in a presidential system and tests the efficiency of parliamentary governments relative to one another. I argue that these cases provide a broad perspective on the policy process across Europe, reflecting a variety of policy agendas and national histories.

Lastly, in this analysis I advance the empirical evaluation of institutional friction by connecting the stages of the policy process in three European countries. While the model used by Baumgartner et al. (2009) is suggestive of linking the effect of each policy stage to the outcomes of the subsequent stage, the nature of the distributions identified in their models at each stage of the policy process is singularly related to only that stage given the measurements utilized. The authors correctly identify the fact that the proportionality of the output response may not be accurately related to the input signal, but their models fail to connect these stages in a way that effectively evaluates the relationship between policy inputs, procedures and outputs. In this chapter, I establish a baseline model of punctuated change in three countries; the next chapter uses a time series analysis to test the empirical relationships between every stage of the policy process. Later extensions include operationalization of causal ideas in achieving dramatic policy change.

## DATA AND METHODS

In the initial analysis, I test two central hypotheses, the first being a general theory about the presence of kurtosis in European welfare policymaking. Positive kurtosis in annualized time series indicates policy stasis in social welfare policies from year to year. Higher positive kurtosis increases the likelihood that policy change will be punctuated; since the trend is for reinforcement of the status quo, significant change increasingly represents a radical departure rather than an incremental adjustment. The null hypothesis is that distributions are normally distributed and not characterized by leptokurtosis, indicating an efficient transfer of inputs to policy outputs. Despite the fact that social welfare policy presents a difficult test for Baumgartner and Jones' theory about punctuation, I argue that the policy process in all three countries will still display high levels of friction. However, as outlined in the second hypothesis, I expect different patterns of kurtosis over the policy process from those found in the traditional punctuated equilibrium scholarship.

*H1: Output distributions for European social policymaking institutions will be characterized by positive kurtosis.*

The second hypothesis deals with the level of observed friction as the policy process proceeds from input to procedural to output stages. Contrary to Baumgartner and Jones' (2009) finding that friction increases in a linear fashion across the stages of the policy process, I expect that political attention in the

procedural process will reduce kurtosis for that stage relative to both the input and output stages for these parliamentary governments.

*H2: As social policies moves from input to procedural to output stages in the policy process, kurtosis values are expected to increase overall. However, kurtosis in the procedural process is expected to be lower than the input or output stages.*

As outlined above, I argue these periods of punctuation are a function of three changing variables: existing friction, political and economic conditions, and the relevant causal ideas at work in the topical discourse. For the purposes of this chapter, the analysis will focus on the first element of punctuated change via social welfare policies from a comparative perspective across three European countries. For each country, I collected annual data on elections, media attention, industrial action, legislative activity, and budgetary outputs to assess the year to year change in institutional friction as measured by kurtosis levels. The information was then coded into three specific categories: information contained within the input stage of the policy process; the procedural stage, including policy negotiations; and the output stage, including budgetary allocations. Policy data was collected from the *Comparative Policy Agendas* project for Denmark<sup>8</sup> and the Netherlands<sup>9</sup> and by personal research for Ireland. Domestic sources were consulted for economic and political variables for each country. Given the limitations of a single policy issue, the data for each country,

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<sup>8</sup> Thanks to Dr. Christoffer Green-Pedersen at the Danish Comparative Policy Agendas Project for the data.

<sup>9</sup> Thanks to Gerard Breeman at the Dutch Comparative Policy Agendas Project for this data.

particularly the Netherlands, are not extensive. However, the number of observations will be sufficient to provide a robust test of my hypotheses for all three countries. The table below outlines the data series<sup>10</sup>:

TABLE 3: THREE COUNTRY DISTRIBUTIONS

<i>Country</i>	<i>Distributions Studied</i>	<i>Source</i>
<i>Ireland</i>	<b>Input Series</b>	<i>Source:</i> The Irish Times Lexus-Nexus Search
	<ul style="list-style-type: none"> <li>• Parliamentary Elections</li> <li>• Industrial Disputes</li> <li>• Media Coverage</li> </ul>	<i>Source:</i> Irish Government Website – www.irlgov.ie
	<b>Procedural Series</b>	<i>Source:</i> Central Statistics Office – www.cso.ie
	<ul style="list-style-type: none"> <li>• Irish Parliamentary Debates, Ministers Questions</li> <li>• Legislative Bills and Motions</li> </ul>	
<i>Denmark</i>	<b>Output Series</b>	<i>Source:</i> Dáil Éireann Archives: 1983 to 2009
	<ul style="list-style-type: none"> <li>• Social Welfare Budget Allocations</li> <li>• Social Protection Budgets including Housing, Health, Education, and Welfare</li> </ul>	<i>Source:</i> Irish Department of Finance; Irish Central Statistics Office; Irish Welfare Department; and Pobal
	<ul style="list-style-type: none"> <li>• Local Anti-Poverty Partnership budgets</li> </ul>	
<i>The Netherlands</i>	<b>Input Series</b>	<i>Source:</i> Statistics Denmark <a href="http://www.dst.dk/homeuk.aspx">http://www.dst.dk/homeuk.aspx</a>
	<ul style="list-style-type: none"> <li>• Parliamentary Elections</li> <li>• Industrial Disputes</li> </ul>	
	<b>Procedural Series</b>	<i>Source:</i> Comparative Policy Agendas Denmark <a href="http://www.agendasetting.dk/">http://www.agendasetting.dk/</a>
	<ul style="list-style-type: none"> <li>• Parliamentary Speeches</li> <li>• Legislative Bills</li> </ul>	
<i>The Netherlands</i>	<b>Output Series</b>	<i>Source:</i> Statistics Denmark <a href="http://www.dst.dk/homeuk.aspx">http://www.dst.dk/homeuk.aspx</a>
	<ul style="list-style-type: none"> <li>• Social Welfare Budgets</li> </ul>	
<i>The Netherlands</i>	<b>Input Series</b>	<i>Source:</i> Statistics Netherlands <a href="http://www.cbs.nl/en-GB/menu/home/default.htm">http://www.cbs.nl/en-GB/menu/home/default.htm</a>
	<ul style="list-style-type: none"> <li>• Parliamentary Elections</li> </ul>	
	<b>Procedural Series</b>	<i>Source:</i> Comparative Policy Agendas Netherlands
	<ul style="list-style-type: none"> <li>• Queen's Speeches</li> <li>• Coalition Agreements</li> <li>• Parliamentary Questions</li> <li>• Legislative Bills</li> </ul>	
<i>The Netherlands</i>	<b>Output Series</b>	<i>Source:</i> Statistics Netherlands <a href="http://www.cbs.nl/en-GB/menu/home/default.htm">http://www.cbs.nl/en-GB/menu/home/default.htm</a>
	<ul style="list-style-type: none"> <li>• Social Welfare Budgets</li> </ul>	

<sup>10</sup> More complete tables of indicators and calculations can be found in Appendix A.

## POLICY INPUTS

The policy inputs series includes election results collected up to the most recent parliamentary elections in 2007 for all three countries. In Ireland, the Dáil Éireann is the lower house of the Oireachtas, the Irish Parliament. Although the Irish political system became independent from the United Kingdom in 1922 at the end of the War of Independence and the Irish Civil War, the modern Irish party system only began to take shape in 1937, after the finalization of the Bunreacht Na hÉireann, the Constitution of the Republic of Ireland. The data reflect the percentage change in first preference votes at the national level for the major parties at each national parliamentary election for the Dáil since 1937. Ireland has a single-transferrable vote proportional representation system. Therefore, first preference votes are the most accurate way of capturing individual voter preferences and policy input changes over time. Elections have been held approximately every three to four years in Ireland subject to confidence in government. The shortest Dáil lasted 252 days, the longest 1833 days. The sample here includes election results from twenty-two national contests. Data were also collected on the percentage of seats held by each of the major parties for the same time period. Because of the single transferrable voting system, the percentage of first preference votes may not reflect the overall share of seats gained by a particular party. Later rounds of voting may yield additional seats, particularly for candidates from smaller political parties.

The policy input series for Denmark reflects similar measures of electoral outcomes. Denmark was officially established as a constitutional monarchy in 1849, but parliamentary supremacy was not fully secured until 1901. The monarchy serves as a non-partisan mediator during negotiations to form new governments, helping combine Denmark's fragmented party system into a workable coalition (Frankland, 2009). Denmark's electoral system works via proportional representation. Since 1966, a two bloc pattern has emerged, with the Social Democratic Party, the Socialist People's Party and others on the left; the Conservative, Liberal and Radical Liberal parties being more centrist, but often aligned with right wing parties. The Social Democratic Party has traditionally been linked with Danish labor unions, while the Conservative Party is broadly representative of business interests. Danish unions are active participants in setting the social policy agenda in Denmark as a result of closer party ties (Jensen, 2002). Most governments in Denmark since the end of WWII have been minority governments, typically with the support of a centrist coalition member, and no single party has held an absolute parliamentary majority in the 20<sup>th</sup> century. The election results in this section date to 1947, including twenty-four parliamentary election cycles for the Danish Folketing.

Finally, the Netherlands also has a constitutional monarchy and the Dutch Queen also aides in the political process of government formation by appointing an 'informatuur', an individual identified by party leaders as being the best politician to lead governmental negotiations (Frankland, 2009). The

multi-party, proportional representation system in the Netherlands typically produces ten or more parties in the elections for the 150 seat Tweede Kamer, the lower house of the Parliament. Representatives are elected according to a broad national party list, not running in districts or local constituencies. Political parties and trade unions typically remain faithful to their original social identities (whether Calvinist, Catholic Socialist or Liberal); however consensus politics have typically characterized Dutch parliamentary negotiations. Today there are serious divisions within the Dutch political parties and within Dutch society that are expected to become more politically significant in the next decade. Data here reflect results from twenty-four national contests, dating back to 1925.

The input series also includes several measures based on the number of initiated and ongoing industrial disputes; the number of firms and workers involved in disputes; and the number of working days lost per year to industrial action for Ireland and Denmark. As input measures, they provide a thermometer on public opinion. Findings for industrial activity are especially relevant for Ireland given the inclusion of union representatives in national policymaking via social partnership arrangements. Danish laws are also highly restrictive with regard to labor practices given the neo-corporatist style of governance. Data in these measures are recorded from 1985 to 2009 for Ireland and 1996 to 2009 for Denmark.



Finally, in the Irish case, the first series of data includes media coverage from the national newspaper, *The Irish Times*. The annual percentage change in the number of stories covering relevant policy issues is calculated across the time period of 1992 to present. Content categories include social welfare, poverty, social exclusion, social partnership, local partnership and government budget allocations. Stories were taken from three sections of the paper: *Front, Ireland* and *Opinion & Letters*. The first two sections include news stories relevant to the Irish political situation. The *Opinion & Letters* section includes social commentary from journalists, politicians, researchers, Irish and foreign citizens.

#### POLICY PROCESS

The policy process series of information covers the period from 1983 to 2009 for Ireland. Data collected in this section includes questions in the Dáil for the Taoiseach (Prime Minister); questions addressed to specific departmental ministers; debates in parliament (including non-legislative motions); and deliberation over parliamentary legislation. Questions addressed to the Taoiseach and Ministers are often political exercises, designed to challenge government positions and provoke conflict as much as to develop constructive debate. Adjournment debates and statements are more involved, requiring increased levels of ministerial time and dedication for their preparation and delivery. All legislative items were collected via personal research in the Dáil

archives using content analysis to code debates on social welfare, poverty, social exclusion, social partnership, local partnership, and welfare budget allocations. Data here reflect the annual percentage change in parliamentary attention for questions, debates, statements, and legislation relating to social welfare issues.

Procedural data for Denmark spans the time period of 1954 to 2008. Data include the Prime Ministers' speeches from the opening and closing of parliament as well as relevant bills in the parliament. Topics covered in the Prime Minister's speeches give a strong sense of government attention to particular policy issues. Speeches are expected to be relatively low transaction cost events since they are statements about the government agenda. However, institutional friction is expected to be somewhat higher in the legislative process given party negotiations and debates. Bills in parliament come from the government and, therefore, can be considered equivalent to laws since nearly all are enacted (Green-Pedersen, 2005). Together, these two policy processes are observed in order to measure the level of friction in the Danish procedural stage.

For the Netherlands, data in the process series include parliamentary questions, the Queen's speeches, coalition agreements, and legislative debates ranging from 1945 to 2008. As with other parliamentary systems, questions for the minister are largely political exercises, designed to draw attention to the short comings of government and/or highlight the position of the opposition. Similar to the Prime Minister's opening and closing of the Folketing in Denmark, the Queen's annual speech reflects the platforms of the government

rather than the specific views of the monarchy. Coalition agreements reflect the negotiation process of governing coalitions when setting out distinctive platforms. Finally, legal debates cover all relevant pieces of legislation in the negotiation process in a given year.

## POLICY OUTPUTS

Policy outputs for all three countries include a variety of budgetary outlays including annual budgets for social welfare, health, housing, education, local level partnerships, and national level bodies associated with social expenditure. Statistics for social protection budgets are calculated as a percentage change from the previous year's budget as an overall percentage of national GDP. Data were collected from the Irish Central Statistics Office; the Irish Department of Social Welfare; Statistics Denmark/Danmarks Statistik; and Statistics Netherlands/Centraal Bureau voor de Statistiek. Data in this series cover the period from 1980 to 2009 for Ireland, from 1985 to 2008 for Denmark and from 1995 to 2008 for the Netherlands.

## RESULTS AND ANALYSIS

A policy process that is efficiently responsive to social and economic problems should exhibit a normal distribution of policy inputs, procedures and outputs. As policy issues become more salient on the public agenda, policymakers respond with an increased level of attention and budgetary output. As issue importance

decreases, a corresponding decline in response should be expected in later phases of the policy process. Punctuated policy changes are instead characterized by leptokurtic distributions with high levels of kurtosis. So rather than a response mechanism that translates inputs to outputs in a fluid fashion, policies remain static and resistant to change (high friction = high kurtosis) and the distribution of outputs appear leptokurtic rather than normal<sup>11</sup>. The existence of policy stasis and punctuation can be measured via observation of variable distributions and kurtosis scores for each of the policy inputs, procedures and outcomes. Leptokurtic distributions confirm policy stasis as the modal observations are clustered around a mean value, in this case zero, representing little change from one period to the next, with the exception of significant outliers located in the ‘fat tails’ of the distribution model. Leptokurtic distributions are indicative of a strong status quo bias, meaning that policies do not reflect adjustments made as needed, but instead are marked by occasional, dramatic corrections (Baumgartner et al., 2009). For example, media attention, legislative debates, and budget outlays are expected to remain approximately the same year after year, unless an episode of policy punctuation occurs. Friction can be measured via comparison of kurtosis scores from each stage of the policy process. As the stakes become higher going from the input to output stages, the level of friction and associated kurtosis values are expected to

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<sup>11</sup> A normally distributed curve has the predicted kurtosis value (K value) of 3. The higher the K value, the more leptokurtic the distribution, and the more the distribution deviates from normality.

increase, meaning the policy is more resistant to change and outcomes become more highly punctuated.

Analysis and results displayed here are deliberately modeled very closely on the work of Baumgartner, Jones, et al. (1993-2009). In an attempt to replicate their results for a single policy issue, this study utilizes the analytical tools and strategies employed in their work in order to evaluate the presence of friction over the course of a specific policy issue. Statistical findings are confirmed via robustness checks. The distributions presented here represent pooled data collected from each of the topics outlined above. For each of the measures in the policy input, process and output series, the percentage change from the previous year was calculated as a first-difference change<sup>12</sup>. Overall, the countries included in this study display similar trends of punctuated policy development in social welfare over time.

Results presented here relate to the two hypotheses listed above: 1) that national policymaking institutions are characterized by positive kurtosis overall and 2) that kurtosis values increase as social policies move along the policy process. The level of kurtosis measures the relative deviation from normality for each variable distribution: values above three are considered statistically significantly different from a normal distribution. All of the variables included here display highly leptokurtic, punctuated distributions meaning that stasis is

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<sup>12</sup> More complete tables of indicators and calculations can be found in Appendix A, including more information on the calculation of first-difference change. The calculation essentially gives a measure of the percentage of change from one observation year to the next.

the norm across all measures except for episodes of dramatic policy shift. In order to test the robustness of these findings, I employ the Shapiro-Francia<sup>13</sup> test for non-normality. For the Shapiro-Francia test, smaller values of  $W'$  are indicative of significant deviation from normality.  $V'$  values are additional measures of non-normality where the 95% critical values ranges from 2.0 to 2.8 depending on sample size, meaning that values greater than 2.8 indicate leptokurtosis (Royston, 1992). P-values and z-scores provide measures of confidence.

TABLE 4: SUMMARY LEVELS OF KURTOSIS FOR INPUT, PROCESS & OUTPUT MEASURES

IRELAND					
<i>Data Series</i>	<i>N</i>	<i>K</i>	<i>W'</i>	<i>V'</i>	<i>Z</i> ( <i>p</i> )
% change in Dáil seats by Party	113	14.67	0.82	17.48	5.48 (0.00)
% change in first preference votes by party	103	10.23	0.83	15.91	5.27 (0.00)
% change in industrial disputes	92	9.93	0.65	29.58	6.28 (0.00)
% change in media coverage	34	28.77	0.32	26.07	5.75 (0.00)
% change in Dáil Questions/ Statements/Adjournments	56	6.74	0.90	5.42	3.16 (0.00)
% change in Dáil Motions/Legislation/Budgets	66	8.95	0.78	14.20	4.88 (0.00)
% change in Social Protection as % of GDP	312	21.89	0.74	62.02	8.37 (0.00)

<sup>13</sup> This test is appropriate for sample sizes above N=50 and indicates the degree to which a distribution is statistically non-normal. The purpose of this test is “to provide an index or test statistic to evaluate the supposed normality of a sample” (Shapiro-Wilk 1965); the null hypothesis is that the distribution is normal. The  $W'$  test is not predicated upon scale or origin and therefore provides an effective measure of normality for a sample population. The Shapiro-Francia test was developed from Shapiro & Wilk 1965 which accommodates larger sample sizes.

## DENMARK

<i>Data Series</i>	<i>N</i>	<i>K</i>	<i>W'</i>	<i>V'</i>	<i>Z</i> ( <i>p</i> )
% change in Folketing seats by party	181	5.08	0.35	27.68	5.85 (0.00)
% change in Folketing votes by party	231	212.45	0.13	158.16	9.87 (0.00)
% change in industrial disputes	39	19.45	0.35	27.68	5.85 (0.00)
% change in Folketing speeches and bills	102	5.10	0.93	6.55	3.66 (0.00)
% change in Social Welfare as % of GDP	117	5.66	0.92	8.13	4.11 (0.00)
% change in Social Protection as % of GDP	207	9.67	0.87	21.75	6.19 (0.00)

## THE NETHERLANDS

<i>Data Series</i>	<i>N</i>	<i>K</i>	<i>W'</i>	<i>V'</i>	<i>Z</i> ( <i>p</i> )
% change in Tweede Kamer seats by party	208	7.40	0.82	29.44	6.76 (0.00)
% change in Tweede Kamer votes by party	256	7.45	0.82	35.31	7.21 (0.00)
% change in Queen's Speeches	65	23.30	0.60	25.18	5.85 (0.00)
% change in Tweede Kamer debates & legislation	88	16.43	0.55	36.30	6.60 (0.00)
% change in Social Protection as % of GDP	134	10.26	0.82	20.65	5.87 (0.00)

In the input series, the high level of kurtosis for national election measures (percentage change in seats and percentage change in votes) is indicative of high rates of incumbency, meaning that from one election to the next, very little variation occurs in terms of the percentage of seats and/or votes received by each party. For Ireland, finding that election results display leptokurtic distributions fits with expectations of the general domination of Irish

politics by two centrist parties, Fianna Fáil and Fine Gael. In Denmark, the effect is extremely pronounced when it comes to the percentage of votes received by each political party over time. Danish politics have been largely controlled by coalitions of the center-right and center-left since the mid-1980s and “Danish parties are characterized by mass membership and considerable discipline” (Frankland, 2009). Since the number of parties that are able to participate in government is typically high, voter loyalty remains stable over time. Dutch politics has also been strongly consensual for decades, often with broad governing coalitions, generating high rates of party incumbency. On only three occasions since WWII has the Dutch Labor Party won enough votes to form a single party minority government; 1971, 1977, and 1982 (Dutch Statistics, 2009); otherwise more diverse coalitions have dominated. As observed in other work on policy inputs, election results are typically subject to high kurtosis levels since political allegiance and vote shares generally shift only minimally over time (Baumgartner et al. 2009). This finding is most clearly confirmed here in the case of Denmark, but equally so in Ireland and the Netherlands.

As expected, the measures of industrial disputes also reveal strongly leptokurtic distributions. While powerful indicators of public dissatisfaction, industrial disputes are relatively uncommon events. In neo-corporatist countries like Ireland, the Netherlands, and Denmark, industrial relations are largely controlled by national agreement; therefore, disputes represent highly significant breeches of corporatist arrangements. Results for media coverage in



Ireland also reveal a strongly leptokurtic distribution; we can reject the null hypothesis that the distribution is normal. These findings indicate that while attention to social welfare may be relatively low overall, it remains a consistent theme on the public agenda in Ireland, characterized by shifts of attention on the public agenda at moments of heightened or diminished salience.

In the policy process series, the level of kurtosis is somewhat reduced as compared to the input process for Ireland and Denmark, but higher for the Netherlands. The overall attention to social welfare policies as compared to all other policy issues is low; other issue items typically dominate government activity. However, social welfare remains significant on the policy agenda year after year. Discovering that friction levels are reduced in the Irish and Danish cases indicates that policy change at the procedural level may be more responsive to relevant and timely signals. In the Netherlands, higher levels of friction are driven by the consensual nature of politics since governance by broad coalition limits opportunities for efficient policy change. Moreover, the fact that Dutch government ministers are not allowed to hold seats in the parliament means that government policymakers are institutionally isolated from the electorate and perhaps less responsive to the public agenda. Overall, the leptokurtic nature of these distributions indicates that, even at consistently relatively low levels of attention, these policy issues are characterized by a static place on the agenda. While attention might be relatively consistent over the years, there are opportunities for dramatic policy shift when political and

economic factors combine to draw political attention to an issue in line with changing causal ideas.

The annual percentage change in social protection spending as a percentage of GDP also displays high levels of kurtosis for all three countries. Social spending does not increase rapidly, even perhaps where required, given political competition over budget allocations and pressure to control government expenditure. However, once increased, spending is unlikely to decline given the strong political attachment between social benefits and constituency support. Changes in social protection budgets are therefore highly punctuated. Results below reveal highly static policies over time; however the effect varies across countries. For Ireland, budget outputs are highly punctuated, whereas the Netherlands and Denmark display somewhat less leptokurtic distributions.

Figures 1-6 present distribution results in the form of histograms for some of the policy data series measured above. All of the histograms clearly demonstrate both stability and punctuated change with high 'peaks' and 'fat tails' for each distribution. The vast majority of observations lay within  $\pm 50$  percentage points of the mean value; for the social protection budgets, nearly the entire sample lies within  $\pm 10\%$  of the mean. Rather than present histograms for every measure above, six distributions are displayed here as examples from each stage of the policy process. The remaining distributions are presented in Appendix B. Leptokurtosis is clearly evident in each of the figures; a normal distribution curve with a similar standard deviation is included for comparison.

FIGURE 1 & FIGURE 2: ANNUAL % CHANGE IN SEATS BY PARTY

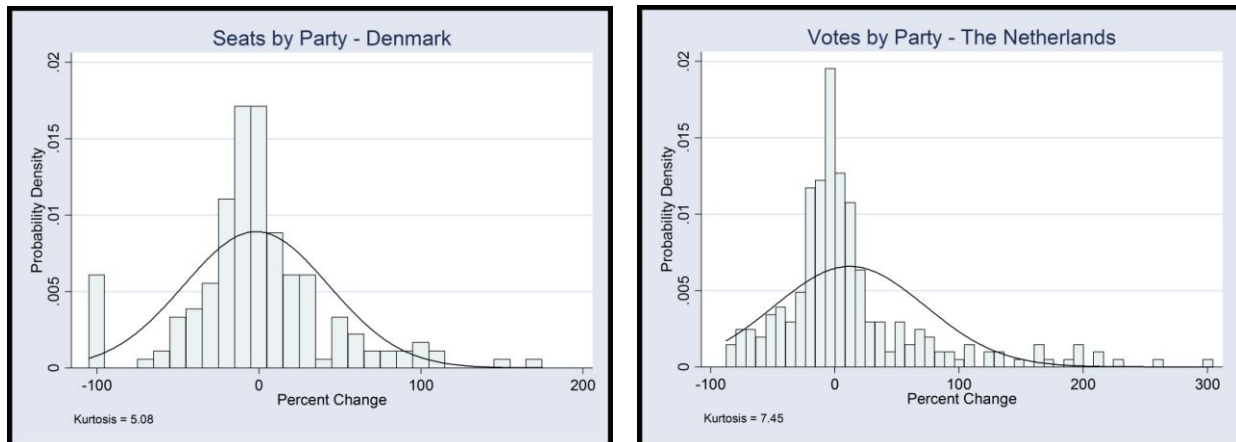


FIGURE 3 & FIGURE 4: PARLIAMENTARY LEGISLATION AND DEBATES

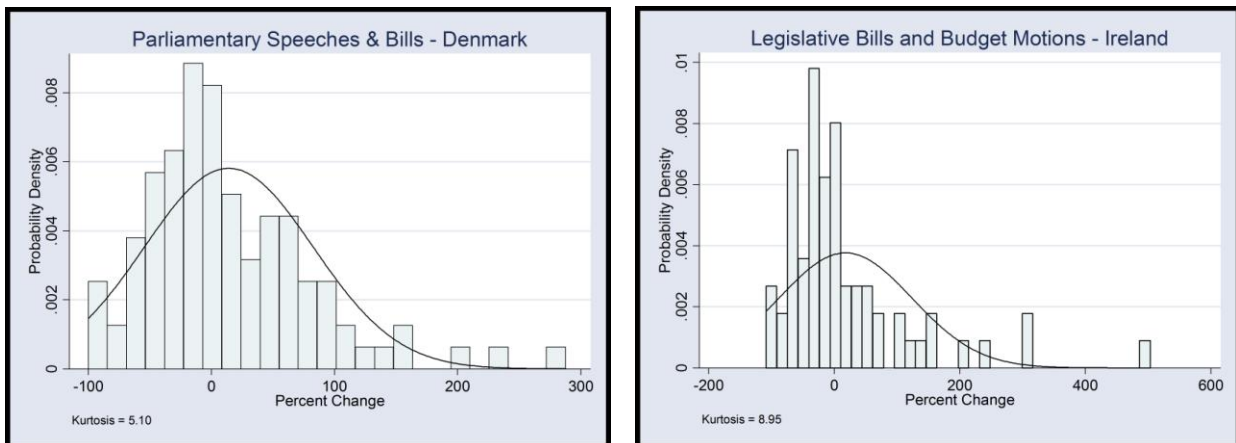
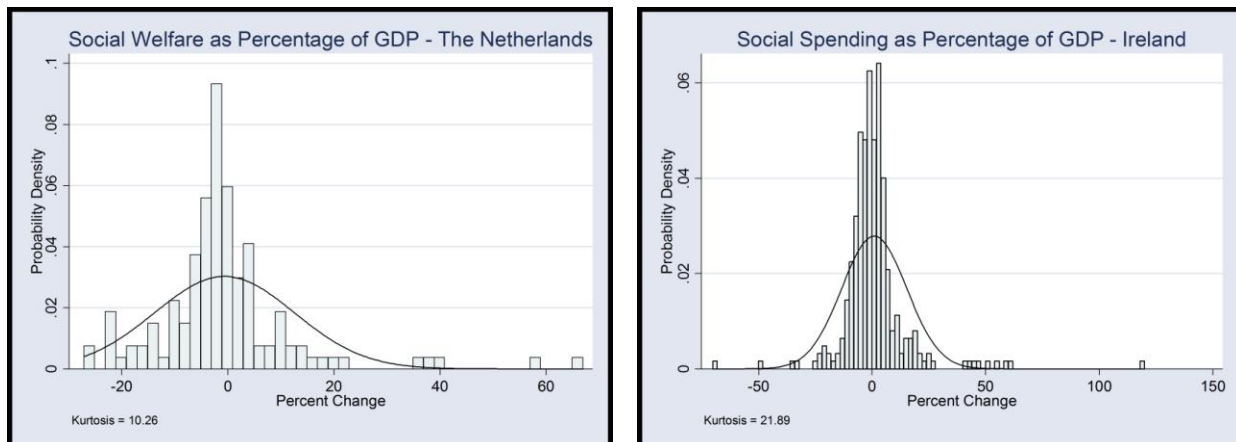


FIGURE 5 & FIGURE 6: SOCIAL WELFARE SPENDING AS % OF GDP



Results presented in Table 4 and Figures 1-6 confirm the first hypothesis for all three countries and the second hypothesis for Ireland and Denmark only: European welfare policymaking is characterized by positive kurtosis and, while friction increases overall in all three countries, the procedural stage displays the lowest level of kurtosis over the three stages for Ireland and Denmark. All distributions are clearly leptokurtic, as can be seen in the histograms displayed above, and the level of punctuation is significantly higher for the policy output process than for most input and policy processes. The level of kurtosis generally remains high as the policy processes progresses, indicating high levels of friction and increased likelihood of punctuated change. The hypothesis for increased levels of friction over the policy process is not convincingly confirmed, however, given that the change from input to process to output distributions does not show a consistent increase in kurtosis across all measures for each country. Kurtosis levels for the procedural process are lower in Ireland and Denmark, yet higher for the Netherlands, indicating that friction is likely to be politically influenced when it comes to legislative attention but not always in a consistent manner. Results confirm that in even a difficult case, the policy process is generally resistant to change over time.

TABLE 5: SUMMARY OF RESULTS AND OUTCOMES FOR HYPOTHESES

<i>Country</i>	<i>Hypothesis I</i>	<i>Hypothesis II</i>
Ireland	High kurtosis across all measures	Lower Procedural Friction relative to Input and Output
Denmark	High kurtosis across all measures	Lower Procedural Friction relative to Input and Output
The Netherlands	High kurtosis across all measures	Friction increases across all stages of the policy process

To summarize, the results here demonstrate that policy input, procedural and output distributions are characterized by high levels of kurtosis, yet levels of friction do not increase steadily throughout the policy process. With more than five hundred observations for the policy arena of social welfare and anti-poverty policies, it is clear that institutional stasis and punctuated change is characteristic of this single policy issue. Moreover, this trend is present in all stages of the policy process, particularly in the policy input stage where the central limit theorem would suggest normality should prevail. Budgetary outputs are also strongly resistant to change; annual allocation levels represent a predictable percentage of GDP. The robustness of these findings is confirmed visually through histograms and with the results from the Shapiro-Francia non-normality tests.

## DISCUSSION AND IMPLICATIONS

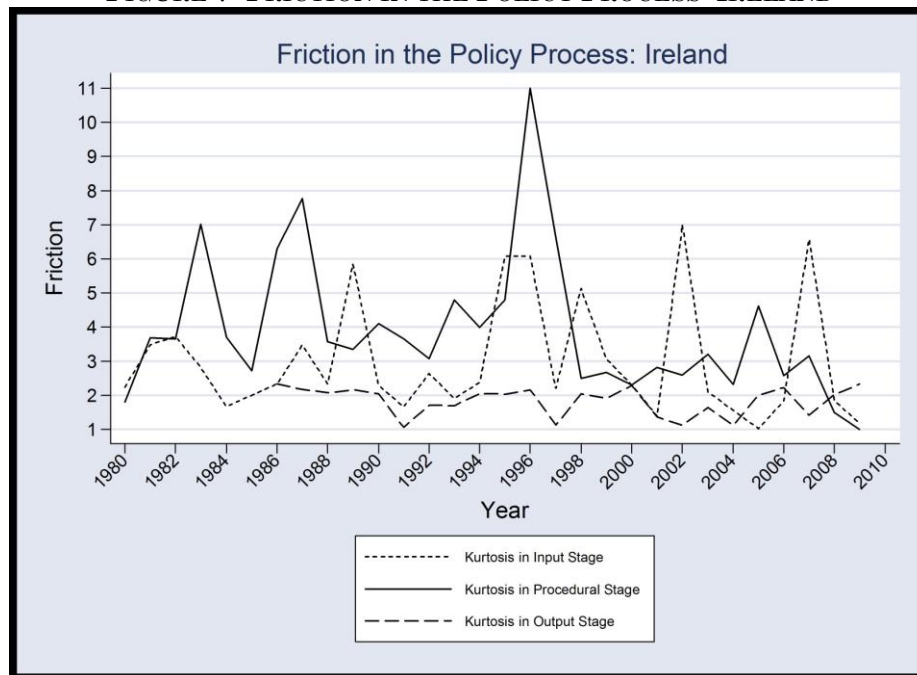
The analysis above demonstrates the punctuated nature of social welfare policies in three European countries, confirming that outcomes at each stage of the policy process are characterized by high levels of kurtosis, displaying highly

leptokurtic distributions. These findings confirm previous scholarship on punctuated equilibrium and reveal policy stasis across time and national contexts. In the case of a single policy issue, similar outcomes prevail for social welfare policies as are found in aggregated policy data despite theoretical expectations that social expenditure might be a more responsive policy area given political attention to national economic conditions. Friction clearly contributes to the likelihood of minimalistic policy change over time, punctuated by dramatic shifts or ‘lurches’ as policy catches up to a changing agenda. Rather than a timely, responsive policy process, we observe highly punctuated jumps in attention.

Analysis here reveals a strong status quo bias in policymaking, indicating that change is nonexistent or major, rather than moderate and incremental. In this sense, policy change in Ireland is contextualized by comparison to the Danish and Dutch cases. Social welfare policies in all three countries confirm the presence of friction; Ireland is not unique in this regard. In terms of the broader research question informing this study – what explains policy punctuation in the form of the introduction of Irish social partnership? – these findings imply that far reaching policy change in this case was the outcome of increasing levels of friction that suddenly gave way to radically new policies. Indeed, Baumgartner and Jones analogy to the natural science phenomenon of earthquakes implies that pressure must be building for some period of time before a powerful change occurs. As shown in Figure 7, in the period

immediately preceding the introduction of social partnership, procedural friction was at its highest point in four years – however, friction in 1983 was also notably high. Yet, we did not witness a corresponding dramatic change in social policy outcomes in 1983. Likewise, from 1994 and 1997 when institutional friction was at its peak, we did not observe major change. So, while we have certainly gained insight into friction in the policy process across three European countries, our understanding of policy change requires a more comprehensive approach when it comes to explaining specific episodes of transformation.

FIGURE 7: FRICTION IN THE POLICY PROCESS: IRELAND



While this chapter confirms the findings of Baumgartner and Jones et al (1993 – 2009), the results also indicate that policy issues have different trajectories over the course of the policy process. Rather than proceed along a

linear path from input to procedure to output, with kurtosis increasing at each phase, political factors appear to contribute significantly to altering levels of friction in the procedural stage of the process. This finding challenges the existing literature to better account for both the ecological fallacy introduced by policy aggregation and to evaluate the manner in which political variables alter policy trajectory. The time series analysis in the next chapter utilizes these findings to explore the effects of politics on policy change in a more comprehensive way, connecting the stages of the policy process to the political environment within which policy change occurs.

This chapter provides a useful baseline model for further interrogation of the punctuated equilibrium model. Finding that a single policy issue displays similar levels of kurtosis over time suggests it may be more productive to start with a null hypothesis predicting punctuation rather than normality<sup>14</sup>. The finding that policy outcomes are a function of existing friction in conjunction with unique political and economic factors demonstrates the need to disaggregate policy issues when considering policy change in a specific domain. Likewise, our empirical tests should be expanded to connect the stages of the process appropriately and incorporate the relevant environmental conditions affecting policy outcomes. If we accept Baumgartner and Jones' prevailing thesis that governments are inefficient and actors are boundedly rational, our analysis must do a better job of recognizing institutional and environmental

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<sup>14</sup> Many thanks to an anonymous reviewer for this insight.



conditions that contribute to policy friction and a bounded understanding of reality.

Kurtosis measures displayed here show the rate of change from one period to the next, confirming periods of consistency and departure from the norm in policymaking. But more detailed quantitative measurements are necessary to gain leverage on how political attention specifically translates into policy outcomes. The findings also suggest that additional qualitative evaluation is critical here; consistently low, but positive discourse about a policy issue may well have a different effect than erratic, highly negative attention. Uncovering the relevant causal stories in conjunction with observable friction that contribute to episodes of dramatic policy change requires more qualitative assessments. This chapter has taken the first step in evaluating the effects of friction on policy outcomes; the next considers the political and economic setting more specifically; the final empirical analysis explores the relevant causal stories in use by political actors to fully connect the three strands defining policy punctuations.

## CHAPTER 3

### WELFARE AS WE KNOW IT? EXPLANATIONS FOR CHANGING IRISH SOCIAL POLICY

#### INTRODUCTION

Findings from the previous chapter confirm that European policymaking institutions display levels of friction and resistance to change similar to those that have been observed in other policy settings. Moreover, the results indicate that a single policy issue, social welfare, behaves in a fashion comparable to much broader collections of policy items, yet with particular differences in each national context. These results provide strong evidence of policy stubbornness, even in a case where friction might be expected to be lower from the input to output phases given the level political attention paid to national economic well being. However, discovering that policy change is largely static may be somewhat unsurprising given the extensive literature on policy stasis and institutional stickiness (Baumgartner and Jones et al, 1993-2009; Pierson 1996; 2007). Policies are recognizably conditioned by the institutional structures

within which they are created and finding that institutions are stubborn and resistant to change over time lends itself to tautology. Institutions, by their very nature, are engineered to last. Instead, friction in the policy process may be more usefully operationalized as an independent variable, a casual mechanism for explaining policy inertia, in conjunction with underlying economic and political factors. The three countries in the previous chapter each displayed different policy trajectories over time, indicating that additional analysis is required to uncover the specific causal mechanisms at work in affecting policy change. After confirming the presence of friction in the policymaking process, this chapter extends our understanding of policy change by directly testing the effects of changes in friction on policy outcomes. The central questions explored here are to what extent are variations in Irish social welfare policy a function of standard economic and political explanations attributed to a liberal welfare state? How does procedural friction contribute to that explanation? Finally, how much explanatory power is gained for understanding significant episodes of policy punctuation?

In relation to the broader goals of this research, this chapter seeks to address functional explanations for policy change in the area of social welfare. While findings for the institutional friction model provide clear evidence that policymaking in Ireland is, indeed, punctuated, we gain little insight into the specific causal mechanisms leading to the dramatic policy change in 1987. Clearly, economic and political factors were key to these events; ideally

operationalization of these factors will offer some leverage on an explanation. As mentioned in the introduction, this line of inquiry provides ample opportunity beyond the case of Ireland. Across Europe, periods of economic growth and recession, as well as changing political landscapes, have generated a parallel experience in social policies. However, as discussed above, Ireland is unique in having embedded its social policy decision making directly in the partnership agreement, unlike most European nations. The reasoning behind the decision to incorporate social policy in the agreement in 1987 is a consistent theme in this research; this chapter considers this process against the background of the economic and political environment of the day. Ultimately, arguments for both institutional friction and functionalism are left wanting; causal ideas are at the heart of this remarkable policy change.

In this chapter, I develop a time series analysis to examine the effects of both past and present levels of institutional friction as well as environmental conditions on policy outcomes for social protection expenditure in Ireland. I advance the empirical evaluation through time series analysis, connecting friction in the procedural process to budgetary outcomes. In Baumgartner and Jones et al.'s (2009) analysis, the levels of friction are disconnected between stages, meaning that the contributions of an earlier stage to later episodes of policy change are empirically underspecified. The presence of high or low friction in the procedural phase, for example, might alter outcomes in the subsequent stage. In addition, I included the effects of political and economic

factors on policy change in the analysis in order to facilitate the identification of windows of opportunity where institutional and environmental changes coincide. Political party influence, election cycles, economic growth or recession, changing rates of inflation are all factors that might correspond with the level of friction present at a given point in time. The variables are operationalized in my model as independent controls on the effect of friction in the policy process, meaning we can quantify the combined effect of these factors on policy change. The remaining empirical chapter will analyze what I argue to be the final steps in a punctuated policy process: the contribution of causal ideas to episodes of dramatic policy change.

#### POLITICAL AND ECONOMIC EFFECTS ON POLICY CHANGE

As discussed in the introduction, the literature on social welfare spending attributes changes in government policy to a number of potential causes: the level of unemployment, rate of inflation, size of the dependent population, economic development, tax revenue, union membership, voter turnout, trade openness, and neo-corporatist agreements. Much research in this area focuses on policy outcomes as a function of the economic need and the corresponding state capacity as explanations for changes in welfare spending (Pampel and Williamson, 1989). As the size of the dependent population, including children and the elderly, increases, corresponding budgetary allocations are expected to rise. Likewise with higher rates of inflation, voter turnout, and union

membership – all lead to higher levels of spending. Finally, globalization and openness to trade are expected to lead to higher social protection in compensation for international competition. While the literature on globalization also foresees international trade generating downward pressure on welfare, smaller states like Ireland have often maintained a more compensatory stance (Rhodes, 1996; Katzenstein, 1985), particularly with the introduction of social partnerships in the face of a global trend towards retrenchment. Indeed, very little in the literature indicates factors likely to decrease rates of social protection, apart from periods of economic recession and more conservative political leadership. However, even conservatives are not immune to welfare spending, as observed in the post-war consensus and Keynesian economic policies across much of 1950-60s Europe (Hall, 1993).

While each of the economic variables above appears to contribute to the level of social welfare spending in industrialized countries, the literature does not present a clear consensus on the specific role of politics in affecting these policy changes. State capacity is connected to the generation of tax revenue and external revenue, conditioned by political factors, public pressure, and neo-corporatist structures. In the late 1970s, several authors approached this question, attempting to empirically link partisanship, bureaucracy, voter preferences and neo-corporatist structures to welfare policies (Cameron, 1978; Castles and McKinlay, 1979; Stephens, 1979), although the early work was often criticized for small sample sizes and unreliable results (Hicks and Swank, 1992).

Research concerning the role of the state and political institutions on welfare spending expanded significantly in the mid-1980s and 1990s (Lijphart, 1984; Evans, Reuschemeyer and Skocpol, 1985; Baldwin, 1990; Hicks and Swank, 1992). Findings highlight the role of partisanship, the strength of left/center-left blocs and neo-corporatist institutions as predictors of more expansive welfare states. Electoral competition, whether in majoritarian systems where parties seek to capture median voters, or in proportional representation systems where competitors outspend one another, welfare platforms are generally expansive (Pampel and Williamson, 1989; Persson and Tabellini, 2003). Finally, Gøsta Esping-Andersen's work (1990) connects welfare spending to economic and political realities and cultural predispositions: a complex integration of societal norms, institutional organization and historical forces (Esping-Andersen, 1990). However, the translation of socio-political classification into policy outcomes, particularly over time and changing political and economic circumstances, relies on causal mechanisms that are underdeveloped in Esping-Andersen's framework. Ultimately, only a generalized picture of each nation's likelihood for welfare generosity emerges with regard to both economic and political factors; stronger leftist representation in more socially egalitarian society translates into a larger social protection budget.

## THE CASE OF IRELAND

While the baseline model in the previous chapter included three European countries, data here reflect only the Republic of Ireland from 1980 to present day. As indicated in earlier findings, Denmark, Ireland and the Netherlands each followed a different trajectory with regard to social welfare over the course of the policy process suggesting that politics plays a specific role in each country rather than just generally contributing to overall friction. The analysis here focuses on Ireland for three significant reasons: Ireland's status as a 'Liberal' welfare state; Ireland's historically weak political left; and Ireland's unique experiment with social partnership. Given these factors, social welfare expenditure in Ireland presents a difficult test for the policy punctuation literature. These factors contribute to the expectation of minimalistic policy change and changes that are more socially and economically conservative in nature. First, Ireland is typically classified as a 'Liberal', 'Anglo-Saxon' or 'British' welfare state in the majority of the literature on welfare typologies, meaning social provisions are expected to be minimalist; a social safety net rather than a socially egalitarian redistribution program (Esping-Andersen, 1990; Leibfried, 1992; also Ferrara 1996; Bonoli, 1997; and Korpi and Palme, 1998 as cited in Arts and Gelissen 2002), but the reasoning behind this classification overlooks the role of the Catholic Church in maintaining social protection via charity and volunteerism. While the clustering of welfare states in these typologies may accurately reflect Ireland's traditional spending



patterns, the socio-cultural aspects of a traditionally Catholic society have played a significant role in welfare provision over time. Since the 1960s, the influence of the Church has diminished, making the government increasingly responsible for social welfare provisions and potentially more responsive to social need. Earlier periods of policy stasis were likely as related to the presence of the Church in the policy process as to a Liberal social welfare tradition.

Next, the political left in Ireland has been less influential in affecting levels of social spending relative to expectations from the literature for similar cases (Mair, 1987; Marsh, 2003). For example, welfare spending rates were high during the 1970s and '80s due to recessionary spending and international borrowing, despite a weak, disorganized left bloc. While the political left was weak, trade unionism has filled that gap, masking the effect and generating pressure on the government for broader social policies until the Labour party became more prominent in 1992. In many ways, the role of the unions has been to carry the banner for social provision where the Labour party has been unable to do so: rates of union membership mirror social spending almost exactly until the early 2000s (see graphs below).

Moreover, Fianna Fáil has typically appealed to all sectors of society, including workers, through broadly populist policies that keep many labor platforms on the agenda even if Labour ministers were not in government. Indeed, Fianna Fáil's strategy has been cited as "seeking a special relationship with labour to cover an electoral flank" (O'Donnell and Thomas, 2002). In the

1980s and '90s, the Labour party only gained access to government as a junior partner in coalition with either Fine Gael or Fianna Fáil. But as the Irish party system has moved away from traditional moorings established during the civil war era, including Sinn Féin returning from the fringe as a viable political party in the Republic of Ireland and the entry into government by the Green party in 2007 in coalition with Fianna Fáil, the effect of the political left is certainly increasing, prompting greater attention to social welfare. At the same time, union membership has consistently fallen over the past three decades. The transition of greater political power to a rising left in Ireland is only very recently a serious consideration for social welfare outcomes.

FIGURE 8: SOCIAL SPENDING RATES AND SEATS FOR THE LEFT 1980-2009

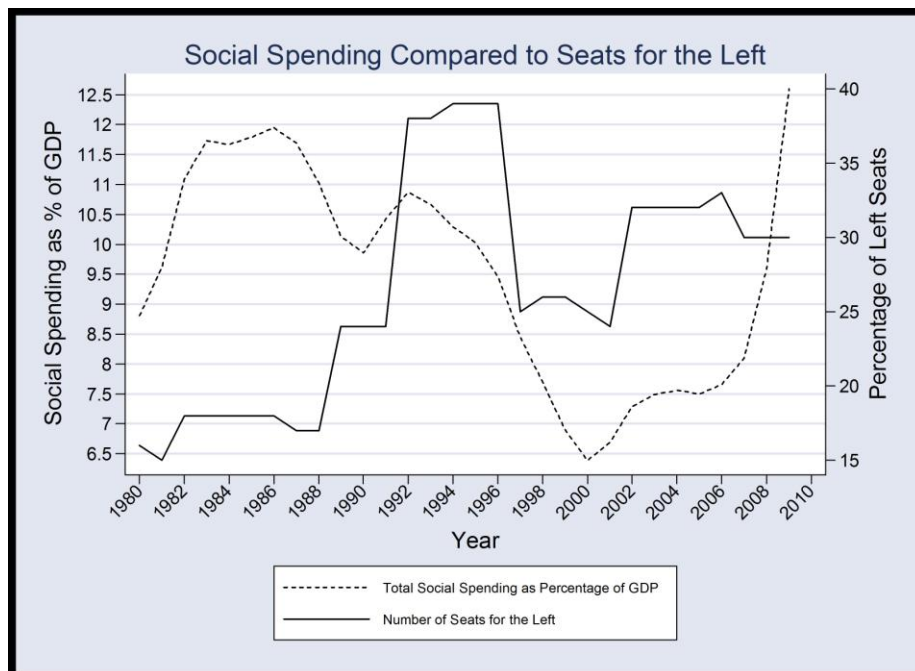
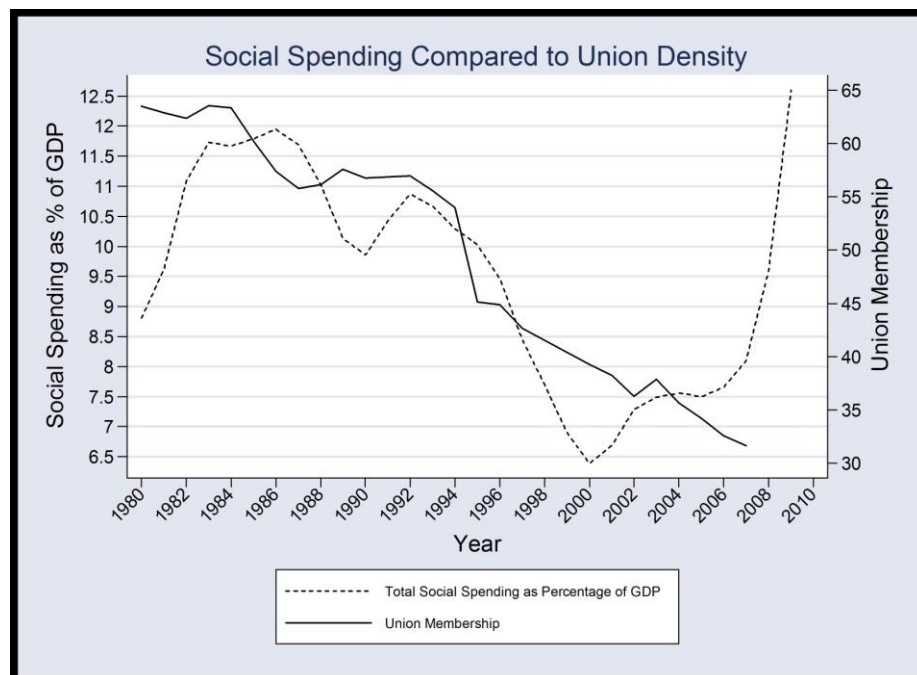


Figure 8 and Figure 9 provide a comparison of social welfare spending in Ireland over the last thirty years. Figure 8 shows the spending rates as compared to the relative political power of the Irish left. Figure 9 compares spending rates and the density of union membership in Ireland. As is clearly evident from these two figures, the rate of social welfare spending has been intimately linked with union membership for the past three decades, while the power of the political left is only recently significantly correlated.

FIGURE 9: SOCIAL SPENDING RATES AND UNION DENSITY 1980-2009



Finally, the neo-corporatist model introduced in Ireland in the late 1980s solidified the role of the social partners in policymaking, economic planning and social protection. Irish social partnership includes relevant actors not only from employers and unions, but also from farmers, community/voluntary groups,

environmental actors and government. Moreover, partnership has taken on a unique multi-tiered, multi-layered approach in Ireland, encompassing organizations at the national, regional and local level. Particularly in the area of anti-poverty programs, much recent government policy has been delivered via partnership at every level of governance. Until the current period of instability, each successive social partnership agreement has brought the different economic sectors closer, into ever more binding arrangements, particularly during the economic boom of the 1990s.

However, welfare budgets continue to display significant variation even after seven successive partnership agreements, contrary to expectations in the scholarly literature on social protection (Evans, Reuschemeyer and Skocpol, 1985; Baldwin, 1990; Lijphart, 1999). The conventional expectation is that neo-corporatism creates a stronger welfare state and a more socially egalitarian society. In fact, some authors argue that in Ireland, “far from being a form of social democratic concertative mechanism between capital and labour, social partnership has been used as a vehicle for imposing a neoliberal agenda”, reducing welfare spending after securing compliance from the relevant economic sectors (Kirby, 2008). The tension between neo-liberal retrenchment and neo-corporatist promotion of welfare in Ireland creates an opportunity for very dynamic policy change. In some ways, the policy outcomes of 1987 may be viewed as the natural outcome of a neo-liberal economic agenda, rather than an expansive social democratic model as found in Scandinavian countries.

However, the inclusion of the social pillar in the partnership agreements implies a greater commitment to social inclusion than more narrowly concentrated countries like Germany, Spain or France. Whether social policy change in Ireland displays expected outcomes, and more importantly, whether punctuated policy change can be accounted for in a traditional model, is the subject of the following analysis.

## DATA AND METHODS

In order to test my theory of policy punctuations in social welfare spending for the Irish case, I have conducted a time series analysis using an autoregressive distributed-lag model. The models displayed here contain both short-run and medium term multipliers. For the empirical analysis I have operationalized a series of institutional, economic and political indicators. Data included here span the time period of 1980 to 2009, years for which complete and comparable data are readily available. I observe the effects of friction in the decision making process in conjunction with political variables, such as the share of seats in the Dáil controlled by left leaning parties and election year cycles, to evaluate the effects of institutions and environment on policy outcomes. I control for economic indicators, including the consumer price index and trade openness. Models III and IV include the same variables, but the dependent variable measures annual *changes in* social spending (Model III) and social spending as a percentage of GDP (Model IV), with appropriately lagged dependent variables

included in the model. The table below lists each of the variables that are included in the final model, their measurement specifications and sources.

TABLE 6: SUMMARY OF VARIABLES<sup>15</sup>

Variable	Measurement	Source
Total Annual Welfare Spending 1980 – 2009 (DV)	Logarithmic values of annual spending and annual spending as a percentage of GDP at $t$ and $t-1$	<i>Irish Department of Finance; Irish Central Statistics Office; Irish Welfare Department</i>
Change in Total Annual Welfare Spending '1980 – 2009 (DV)	Year to year change in annual social spending and spending as a percentage of GDP at $t$ and $t-1$	<i>Irish Department of Finance; Irish Central Statistics Office; Irish Welfare Department</i>
Institutional Friction	Kurtosis Scores from the procedural stage of the policy process measured at $t$ and $t-1$	<i>Authors calculations</i>
Seat Share of the Left/Center Left	Annual percentage of seats held in the Dáil by the Labour, Green, Socialist, and Sinn Fein parties at $t$	<i>Irish Central Statistics Office &amp; Authors calculations</i>
Election Cycle	Dummy variable for the year preceding and year of national general elections	<i>Irish Central Statistics Office &amp; Authors calculations</i>
Consumer Price Index	Annual Irish consumer price index measured at $t-1$	<i>Irish Central Statistics Office 2009</i>
Trade Openness	Annual ratio of trade to GDP measured at $t-1$	<i>OECD National Statistics 2009</i>
Total Annual Receipts from the EU	Annual receipts from the EU as an overall percentage of GDP at $t-1$	<i>Irish Central Statistics Office 2009</i>
Total Annual Tax Revenue	Annual tax revenue received as percentage of GDP at $t-1$	<i>Irish Central Statistics Office 2009</i>

<sup>15</sup> Additional variables, such as union membership, the relative size of the older and dependent populations, voter turnout, unemployment rates, GDP per capita growth rates, and other measures were tested in similar regression models. In most cases, multi-collinearity presented an insurmountable statistical problem, and variables were necessarily dropped from the model.

The time series models are depicted in the following equations:

*Model I & II:*

$$\Delta \text{ Annual Social Spending}_t \text{ or } \Delta \text{ Annual Social Spending as \% of GDP}_t = \alpha + \beta \text{ Annual Social Spending}_{t-1} + \beta \text{ Friction}_t + \beta \text{ Friction}_{t-1} + \beta \text{ Left Seats Share}_t + \beta \text{ Election Cycle}_t + \beta \text{ Consumer Price Index}_{t-1} + \beta \text{ Trade to GDP Ratio}_{t-1} + \beta \text{ EU Revenue}_{t-1} + \beta \text{ Tax Revenue}_{t-1} + \varepsilon$$

*Model III & IV:*

$$\Delta \text{ Annual Change in Social Spending}_t \text{ or } \Delta \text{ Annual Change in Social Spending as \% of GDP}_t = \alpha + \beta \text{ Annual Social Spending as \% of GDP}_{t-1} + \beta \text{ Friction}_t + \beta \text{ Friction}_{t-1} + \beta \text{ Left Seats Share}_t + \beta \text{ Election Cycle}_t + \beta \text{ Consumer Price Index}_{t-1} + \beta \text{ Trade to GDP Ratio}_{t-1} + \beta \text{ EU Revenue}_{t-1} + \beta \text{ Tax Revenue}_{t-1} + \varepsilon$$

Autoregressive distributed lag models account for both past and contemporaneous values of the dependent and independent variables. In the models that follow, I operationalize four different dependent variables. The first model includes the logged value of the annual social welfare budget; the second model uses the annual social welfare budget as a percentage of Ireland's gross domestic product. Both models include a lagged value of these respective variables on the right-hand side of the equation. These two dependent variables measure the annual *level of* social protection, measuring the total amount committed to social welfare by the Irish government over a thirty year period. In the case of social welfare spending, last year's budget is expected to be the strongest predictor of current levels of spending; this assumption fits with theoretical models developed in the previous and present chapters. Models III and IV use dependent variables to evaluate the *change in* social welfare

spending and spending as a percentage of GDP. These models measure the extent to which the Irish government decided to increase or decrease their commitment to welfare spending. In particular, the change in spending as an overall percentage of GDP is especially notable given the thirty year increase in GDP growth Ireland experienced over this time period.

The remaining contemporary and lagged values included in the model are those I argue to be theoretically significant contributors to observable changes in social spending. First, given the naturally slow pace of parliamentary activity, I include both present and past levels of kurtosis in the procedural processes as a predictor of current policy outcomes. I expect that higher levels of institutional friction in the procedural stage of the process will lower the level of social spending in the outcome phase, particularly spending relative to GDP as other budget items compete for the attention of lawmakers. Where friction eases, dramatic changes in policy become more likely as social welfare rises on the political agenda. The model includes two additional political variables: the share of seats controlled by the center left/left in the Dáil and a dummy variable for election cycles. As described above, the political left in Ireland has been underdeveloped until recently as a result of the historical alignments with civil war era ideologies. While the trade union movement has accommodated traditional demands placed on the political left, decreasing rates of union membership have provided a significant opportunity for the left to expand their social welfare platforms. Over time, I expect that an increasing level of



representation by the left will be positively associated with higher social protection spending. Likewise, during election cycles I expect welfare spending to increase. Social spending typically increases in countries with proportional representation prior to the election as a way of generating political support from broader coalitions of voters (Persson and Tabellini, 2003). This suggestion resonates with the Irish case in particular as voters are increasingly considered “open to competition” or ideologically available (Marsh, 2003). Since the incentives for government to increase spending are at their peak in the period immediately prior to the elections, I have included both the year before and the year of national general elections in this study.

The regression models included here use two additional variables to control for national economic need and state capacity. While several additional variables could have been included in the analysis, the consumer price index and the national trade to GDP ratio represent two key indicators. The consumer price index, a measure of annual inflation, has played a significant part in Irish politics over the past fifty years. Before the introduction of Irish social partnership in 1987, the inflation rate fluctuated between ten and twenty percent annually. The consumer price index is an often mentioned subject in government debates and a frequent point of conflict between political parties. In the area of social welfare, the inflation rate is of particular importance since increasing prices can significantly reduce the real value of welfare payments. I expect that increasing consumer prices will lead to larger social protection

budgets. The second economic measure, the trade to GDP ratio, is the sum of total exports and imports divided by GDP, measuring openness to the world economy (OECD, 2009). This measure is of particular importance for Ireland as it indicates the national dependency on foreign trade for economic growth, a large factor in generating the revenue needed for government expenditure, including social welfare spending. Moreover, trade openness has often been associated with higher demand for social protection as both citizens and domestic industries are exposed to more international trade. Both increased state capacity and pressure for greater protection make trade openness a key factor in explaining changes in social welfare spending; I argue that more openness will lead to more welfare support.

To summarize my expectations for the analysis that follows, I outline five hypotheses with regard to the conditional effects of institutional, political and economic factors:

*H1: As friction in the policy process increases, spending will decrease*

*H2: As the seat share of the left rises, social welfare spending will increase*

*H3: During election cycles, social welfare spending will increase*

*H4: As the consumer price index rises, social welfare spending will increase*

*H5: As trade openness increases, social welfare spending will increase*

*H6: As EU revenue increases, social welfare spending will increase*

*H7: As total tax revenue increases, social welfare spending will increase*

## RESULTS

Table 7 below provides regression results for the first two models predicting annual social spending and annual social spending as a percentage of GDP. Findings in the first model indicate that present levels of friction in the procedural stage of policymaking are negative and significant for predicting current levels of social spending, while election cycles, inflationary, trade and EU revenue variables all demonstrate positive and significant effects. The lagged value of total social spending is included to account for autoregressive effects. This variable is significant, as expected, but does not overcome the significance of the other indicators, meaning that the pressure for continuity is overcome by changes in other environmental factors. Model II shows the results for social spending as a percentage of GDP over time. Here, it is the lagged value of procedural friction that is significant. While the election cycle and the consumer price index remain positive and significant, this model demonstrates a surprisingly negative effect for total tax revenue. Contrary to expectations, an increase in tax revenue does not lead to increased social spending in the subsequent year's budget as an overall percentage of GDP. Again, the lagged value of the dependent variable controls for autoregressive effects and is positive and significant.

TABLE 7: PREDICTORS OF ANNUAL SOCIAL SPENDING<sup>16</sup> AND SPENDING AS % OF GDP

	<i>Model I:</i> Annual Social Spending (logged)	<i>Model II:</i> Annual Social Spending as % of GDP
Lagged Total Social Spending	<b>1.03**</b> (0.02)	
Lagged Social Spending as % of GDP		<b>1.12**</b> (0.16)
Friction in the Policy Process	<b>-0.006**</b> (0.002)	-0.10 (0.07)
Lagged Friction in the Policy Process	-0.001 (0.002)	<b>-0.12*</b> (0.06)
Share of Left/Center-Left Dáil Seats	0.0003 (0.0007)	0.01 (0.02)
Election Cycle Dummy	<b>0.02**</b> (0.006)	<b>0.48**</b> (0.24)
Lagged Consumer Price Index Rate	<b>0.01**</b> (0.002)	<b>0.06*</b> (0.04)
Lagged Trade to GDP Ratio	<b>0.001**</b> (0.0002)	-0.0002 (0.01)
Lagged EU Revenue	<b>0.02**</b> (0.006)	0.05 (0.12)
Lagged Tax Revenue	-0.001 (0.003)	<b>-0.22*</b> (0.11)
Constant	-0.42 (0.30)	4.77 (4.73)
R-squared	0.9997	0.9646
Adj R-squared	0.9995	0.9458
N	27	27

Significance: †p &gt; 0.1 \*p&gt;0.05 \*\*p&gt;0.01

<sup>16</sup> The measure of annual social spending in the models presented here represents the discretionary spending available to Government for all social welfare benefits. Overall national socially related spending, including education, housing, health care and other statutory provisions are used as the dependent variable in models to confirm robustness presented in Appendix C.

Highly notable in both models is the effect of friction in the procedural process on social spending rates<sup>17</sup>. When friction is increased, the level of social spending is significantly decreased. The effect for social spending as a percentage of GDP is more pronounced for the lagged measure of procedural friction. The lagged consumer price indicator is positive and significant, as expected, confirming the likelihood of increased social protection in the presence of economic pressure. The lagged trade to GDP ratio and EU revenue measures show significant results in the first model, indicating that capacity and demand play an important role in determining the overall government protection budget. Finally, the lagged tax revenue variable is negative and significant in the second model, indicating higher tax revenues do not translate into higher social spending as an overall percentage of GDP. Findings here suggest that friction, political and economic factors are key, not only for explaining levels of social protection, but expenditure relative to national GDP. This finding is especially significant as social protection budgets have generally failed to keep pace with rapid GDP growth over the past thirty years in Ireland (Kirby, 2008); clearly certain environmental factors contribute to policymaking that seek to narrow that gap<sup>18</sup>.

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<sup>17</sup> All four models were pre-tested without the procedural friction variables (both contemporary and lagged) as a test of the validity of the complete model. In all four models, control variables are significant before the introduction of friction measures, indicating that the departure from parsimony represented by their inclusion in the final complete model is beneficial to our analysis.

<sup>18</sup> An additional measure that could be considered here is overall government debt relative to GDP. However, measures of annual social spending and the debt/GDP ratio are highly correlated, leading to insurmountable problems of multicollinearity in the models presented here.

Figure 10 provides a graphic depiction of the regression results shown above, clearly demonstrating the relationship between the logged value of total social spending and procedural friction within 90% confidence intervals. As procedural friction increases, the level of social welfare spending decreases significantly: 8.64 to 8.55 (logged value) when observed from minimum to maximum levels of friction.

FIGURE 10: ANNUAL SOCIAL SPENDING (LOGGED) AND PROCEDURAL FRICTION (WITH 90% CONFIDENCE INTERVALS)

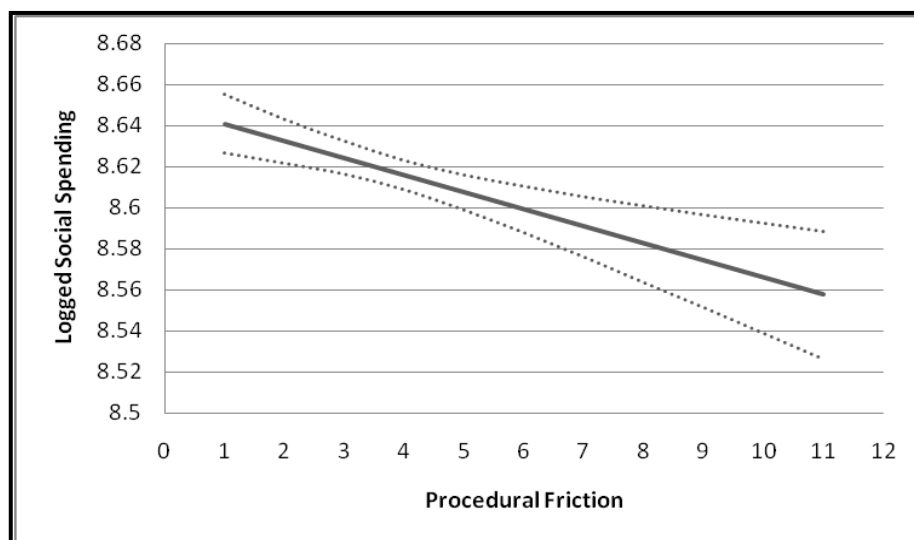
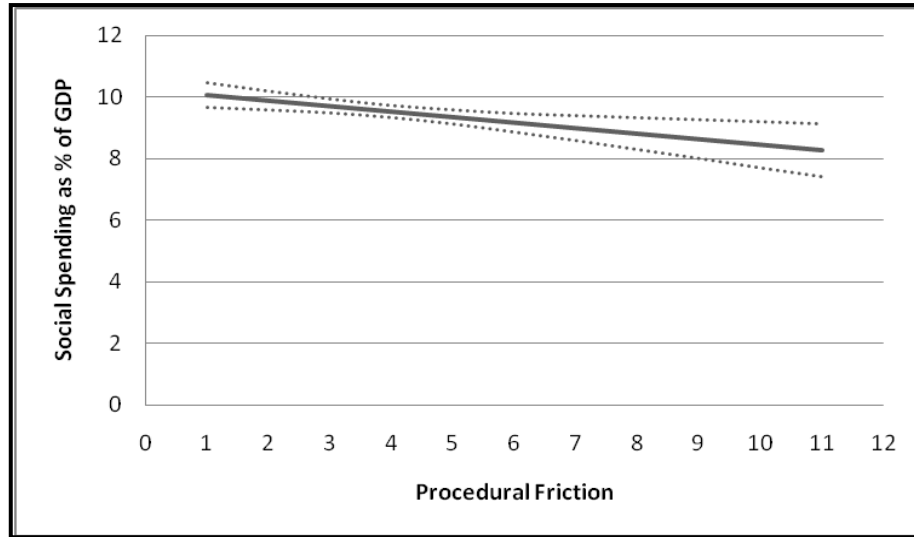


Figure 11 below also portrays the significant effect of procedural friction. From a friction score of one (the lowest score, indicating a frictionless policymaking environment) to a maximum score of 11, the overall percentage of GDP spent on social welfare decreases by nearly 2%.

FIGURE 11: ANNUAL SOCIAL SPENDING AS % OF GDP AND PROCEDURAL FRICTION  
(WITH 90% CONFIDENCE INTERVALS)



Regression results in Table 8 reflect the effects of institutional, political and economic variables on annual *changes in* social protection. Results here mirror many of the findings above, most significantly the effects of procedural friction for overall annual changes in spending. The dependent variable in Model III, annual changes in social spending, measures the degree of yearly budgetary shift rather than pure levels of output. Higher levels of friction, therefore, correlate to smaller *changes in* social welfare budgets – a finding that fits with expected theories on policy punctuation and institutional stickiness. The election cycle variable remains significant here. Also, the trade to GDP ratio is positive and significant, confirming the effects of capacity and demand in changes in social spending. The EU revenue variable has a notably strong effect, reducing the annual changes in social protection. Acting much like the procedural friction variable, this measure indicates that higher revenue from EU

leads to lower rates of change in Irish social protection budgets. In both models, the lagged values of the dependent variable are significant, controlling for autoregressive effects.

TABLE 8: PREDICTORS OF CHANGES IN SOCIAL SPENDING AND CHANGE AS % OF GDP

	<i>Model III</i> Annual Change in Social Spending	<i>Model IV:</i> Annual Change in Social Spending as % of GDP
Lagged Annual Change in Social Spending	<b>0.49**</b> (0.17)	
Lagged Change in Spending as % of GDP		<b>0.29**</b> (0.14)
Friction in the Policy Process	<b>-71.47**</b> (34.52)	-0.07 (0.05)
Lagged Friction in the Policy Process	-25.55 (35.61)	<b>-0.14**</b> (0.05)
Share of Left/Center-Left Dáil Seats	15.32 (12.23)	-0.009 (0.02)
Election Cycle Dummy	<b>442.83**</b> (123.19)	<b>0.54**</b> (0.17)
Lagged Consumer Price Index Rate	20.89 (19.36)	<b>0.06**</b> (0.03)
Lagged Trade to GDP Ratio	<b>9.64*</b> (5.39)	-0.003 (0.008)
Lagged EU Revenue	<b>-151.60*</b> (86.19)	<b>0.17*</b> (0.09)
Lagged Tax Revenue	26.81 (60.99)	<b>-0.21**</b> (0.08)
Constant	<b>-1414.54</b> (2744.79)	<b>7.33**</b> (3.38)
R-squared	0.9345	0.8295
Adj R-squared	0.8977	0.7336
N	26	26

Significance: †p > 0.1 \*p>0.05 \*\*p>0.01



In Model IV, lagged procedural friction is again significant: higher levels of past friction lead to lower rates of change relative to national GDP. The remaining political and economic variables are significant, with the exception of the center/left party share and the trade to GDP ratio. However, the EU revenue variable becomes positive in this model, indicating that increased revenue streams might lead to higher rates of positive change in allocation of social spending relative to overall GDP. This finding is consistent with that of Model III in that increased revenue *decreased* the likelihood of negative spending changes in annual social welfare *and* increased revenue in Model IV *increases* the likelihood of positive spending changes in welfare relative to GDP. Consistent with Model II, the overall tax revenue indicator is negative and significant.

FIGURE 12: CHANGE IN ANNUAL SOCIAL SPENDING AND PROCEDURAL FRICTION  
(WITH 90% CONFIDENCE INTERVALS)

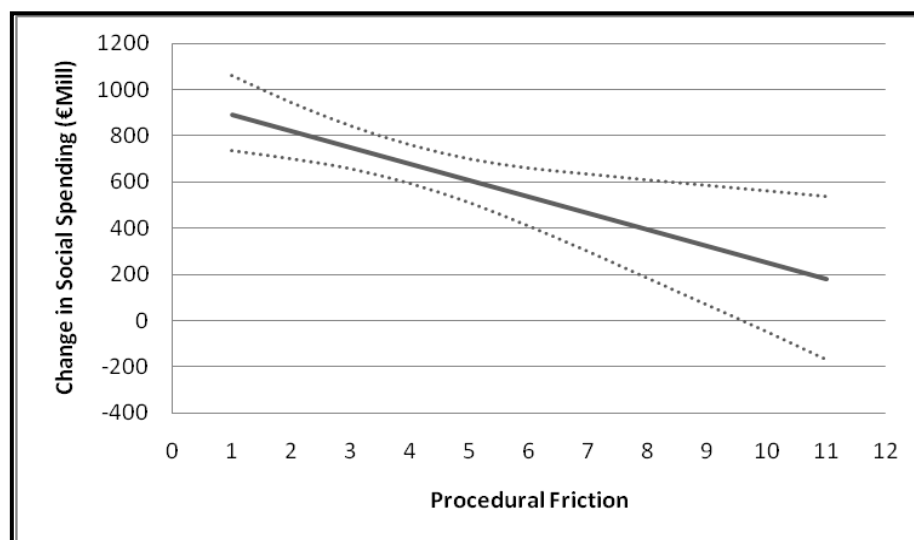
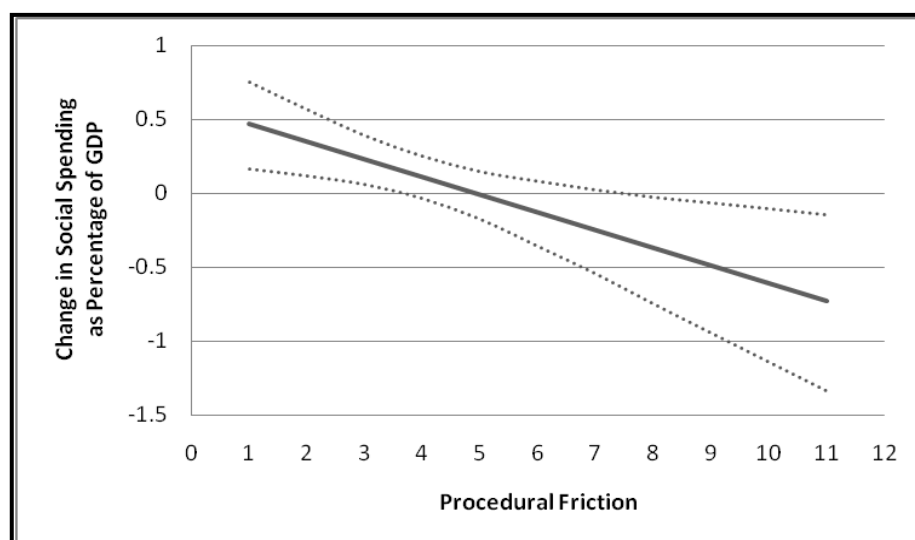


Figure 12 relates changes in social welfare spending to increasing levels of procedural friction, again indicating a significant effect. The substantive effect on the social welfare budget is clearly evident in this graph: for every increase in the level of procedural friction, the associated decrease is nearly €100 million. From the lowest to the highest level of friction, the overall change in social protection is a decrease of over €700 million in spending.

In Figure 13, the overall change in social spending as a percentage of GDP is particularly notable as increasingly levels of procedural friction are demonstrably correlated with a *negative* change in spending patterns relative to GDP, or a shrinking of social welfare budgets. Therefore, social protection represents not only a smaller percentage of GDP when friction is on the rise, but also sees a negative year-to-year change.

FIGURE 13: CHANGE IN SOCIAL SPENDING AS % OF GDP AND PROCEDURAL FRICTION  
(WITH 90% CONFIDENCE INTERVALS)



## DISCUSSION AND IMPLICATIONS

The time series analysis presented here used findings from the first empirical chapter to explore the effects of politics on policy change in a more comprehensive way, connecting the stages of the policy process to the political environment within which policy change occurs. Evidence from the tables and figures above provide support for most of the hypotheses above: overall, friction decreases both the level *of* and changes *in* social protection spending while other political and economic variables have a clear impact on annual budgets. Election cycles have had an increasingly significant effect on the annual level of welfare spending total and relative to GDP, consistent with theoretical expectations. Likewise, increases in the consumer price index and national openness to trade are both significant for predicting rising levels of welfare spending. However, EU revenue and national tax revenue have inconsistent and, at times, opposite effects on social spending. Most importantly, while the effect of the political and economic variables varies somewhat across all four models, the effect of friction remains significant across all regression results.

This study has begun to uncover the specific mechanisms at work across stages of the policy process within a single policy arena over an extended period of time by examining the conditional political and economic factors at work. Regression analyses above confirm that social policies are subject to significant pressure from exogenous factors including institutional resistance and environmental conditions. In the case of Irish social policies, it is clear that the

policy stages are resistant to change, yet tempered by specific economic and social conditions. The previous two chapters have confirmed theories of institutional stasis and change by examining Irish institutions inimical to change, demonstrating the level of friction present at each phase of the policy process, and exploring the contribution of political and economic indicators. Empirical work has confirmed the punctuated nature of Irish social policies and the effect of environmental conditions on social policy outcomes; the next step is to examine a specific episode of policy change, the introduction of social partnership, via the use of causal stories. It is plausible to suggest that the policy arena, particularly with regard to poverty and social exclusion, may be subject to periods of policy innovation, where a popular solution, such as social partnership, rises on the agenda during a period of punctuation. How new policy ideas translate into policy outcomes is the subject of the research that follows.

Figures 14 and 15 provide a visual account of the effect of procedural friction on annual social spending and changes in annual social protection budgets, as demonstrated in the regression results above. Where kurtosis levels are at their highest, the social protection budgets and changes in budget allocations are significantly diminished. Where kurtosis levels dip, welfare budgets typically have higher rates of change.

FIGURE 14: ANNUAL SOCIAL SPENDING RELATIVE TO PROCEDURAL FRICTION

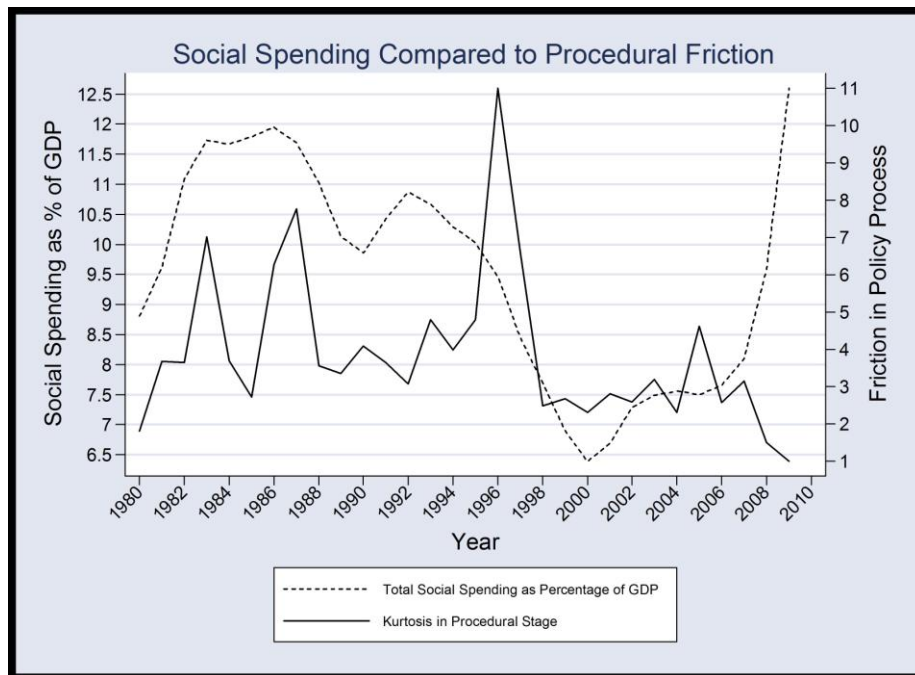
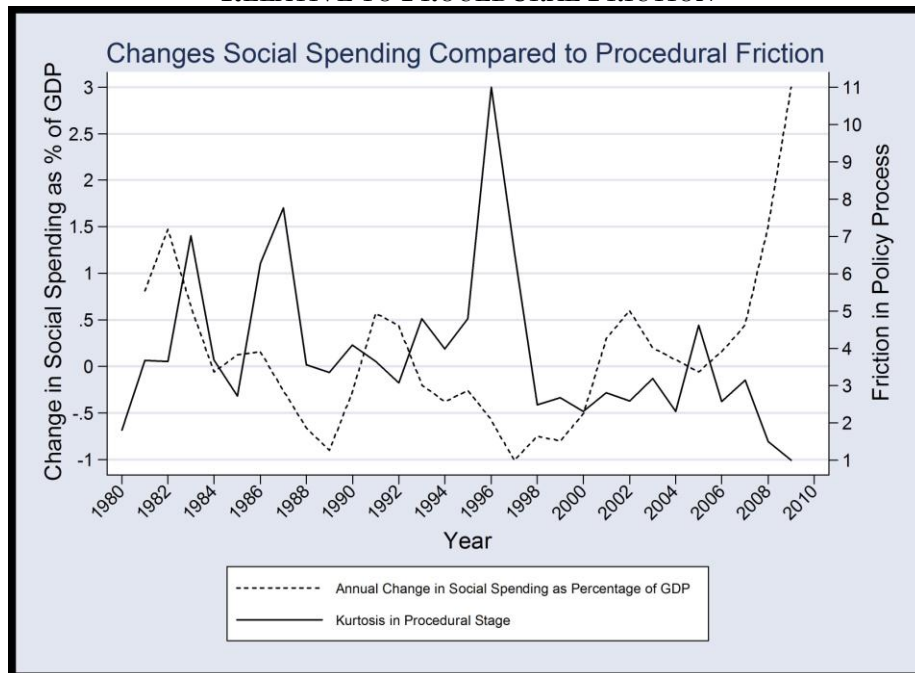


FIGURE 15: ANNUAL CHANGES IN SOCIAL SPENDING AS % OF GDP  
RELATIVE TO PROCEDURAL FRICTION

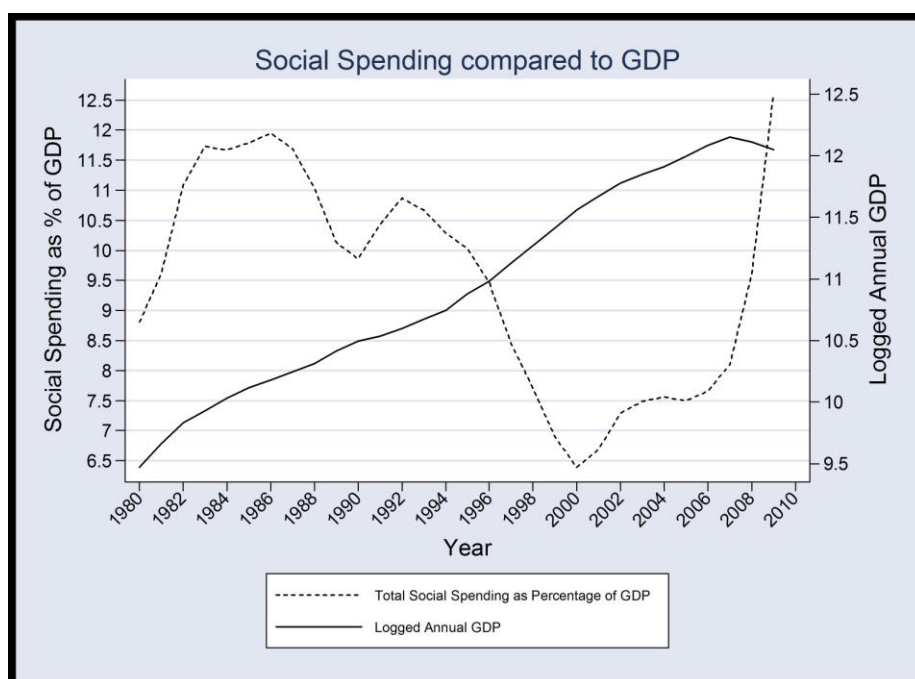


Most notable from these graphs are four periods of dramatic change in kurtosis: 1980-84, 1986-88, 1995-98 and 2005-09. In the first instance, political turbulence was highly pronounced, with three elections over the course of eighteen months. Friction in the procedural process here indicates a strong status quo bias, meaning that the level of attention paid to social welfare issues was extremely consistent over this period. In the second period, Fianna Fáil won the general election, introduced social partnership and produced an episode of consistent attention to social welfare issues. In this case, the status quo is a near permanent place for social policy on the agenda. While Fianna Fáil won the general election in 1997 as well, the level of friction was extremely high. Social policy and partnership were consistent agenda items during this period as the Partnership 2000 agreement was in the negotiation process. Finally, in 2007, the elections produced more varied results, including the entry into government by the Irish Green party. Lower kurtosis levels here are indicative of the political discourse surrounding social welfare, as well as other topical issues, becoming more responsive to normal ups and downs of the political agenda. This means that social policy rose and fell more fluidly on the agenda, according to salience.

What the regression results above fail to explain are the series of potential and actual policy punctuations that appear in these graphs. While, over time, the general trend in social welfare spending in Ireland follows expected predictions from the literature – all of my above hypotheses are confirmed – a

simple explanation for the events of 1987 is still absent. The introduction of social partnership coincided with dramatic cuts in the social welfare budgets, rather than increased levels with spending typically expected with the consolidation of neo-corporatist institutions. As shown in the graph below, 1987 marks a turning point in social expenditure in Ireland relative to national GDP.

FIGURE 16: SOCIAL SPENDING AS A PERCENTAGE OF GDP COMPARED TO ANNUAL GDP



While sympathetic to labor and the unions, the incoming Fianna Fáil government of 1987 was hardly leftist and the Labour Party, in fact, lost seats in that election. The decision to create a social partnership was clearly not driven by pressure from an organized political left. The consumer price index, having peaked in 1981 at 20.4%, was steadily declining by the time social partnership

was introduced. Likewise, the trade to GDP ratio had steadily improved through the 1980s; while not yet approaching the levels reached in the Celtic Tiger economic boom, signs of economic improvement through international trade were on the horizon.

In addition, Figures 14 and 15 reveal other episodes of shifting friction where policy breakthroughs might have also occurred, but did not. In the early 1980s, arguably when economic and political conditions were at their worst, no radical social policy outcomes are present. During the economic boom, the sharp drop in friction in 1997 with the return to power by Bertie Ahern and Fianna Fáil was not accompanied by remarkable social change. And today, we are arguably witnessing another episode of policy punctuation, with the return of economic recession and a period of low friction. While it is too early to fully analyze the collapse of social partnership in the past two years, in some ways the collapse of social partnership today is more in line with the expectations of the literature on social welfare than the introduction of partnership was thirty years ago: a center-right coalition government facing challenging economic times with mounting budget deficits seems more likely to eliminate binding agreements that protect industry and unions from necessary market adjustments. So, why then, did a Fianna Fáil government under very similar circumstances choose an alternative course in 1987? The final empirical chapter reveals the power of causal ideas when undertaking dramatic policy change.



## CHAPTER 4

### IRISH SOCIAL POLICY: THE NARRATIVE OF CHANGE

*“The Programme for National Recovery showed what can be done when we work together to improve our standard of living and social equity. A small trading economy cannot prosper with divisive and competing interests”*

*- Charles J. Haughey, Taoiseach*

*“The breakthrough that led to the agreement known as the Programme for National Recovery (PNR) was by no means inevitable.”*

*- Hastings, Sheehan and Yeates, 2007*

#### INTRODUCTION

The substantive focus of this chapter is the first of two periods of significant social policy change in Ireland during the last thirty years. Beginning in 1987, social partnership was adopted in order to resurrect the economy and combat widespread joblessness across Ireland. In 2009, social partnership effectively collapsed. This chapter examines historical events leading up to 1987 using process tracing, arguing that the causal ideas at work in the discourse on partnership and poverty in Ireland played a significant role in explaining the

decision to adopt social partnership over viable alternatives. Insights gained from the analysis of this earlier period will be used in the concluding chapter to examine the most recent end to Irish social partnership. While it now seems that the thirty year experiment with negotiated consensus governance is coming to an end, the story of social partnership's formation is fundamental to interpretation of recent events and, indeed, the likely direction of Irish social policy in the future. More broadly, this work confirms the importance of ideas in policymaking, addressing Peter Hall's criticism that existing scholarship "has yet to develop an overarching image of the way in which ideas fit into the policy process" (Hall, 1993: 276). As this study demonstrates, causal ideas in concert with changing institutional and environmental conditions are fundamental to the generation of major policy change.

#### BACKGROUND: IRELAND IN THE 1980S

By the early 1980s labor relations in Ireland had reached a crisis point. The return to 'free-for-all' bargaining between unions and employers, with the government purposefully absent, had entrenched conflict and mistrust. In the midst of the global economic recession, achieving a new direction in social policy built on a consensus based agreement among the social partners seemed unlikely. Moreover, poverty in Ireland during the late 1980s had become a national epidemic, and its causes and solutions were often the subjects of politically charged debate. Before and during the election campaign of

1986/1987, policy ideas surfaced that suggested the structural problems causing poverty were being reinforced by disorganized, inept governance and a misunderstanding of the depth of Irish economic problems. More specifically, the discourse suggests that conservative, deeply held ideological views of economic policy were stifling efforts at recovery and intensifying the effects of poverty.

Traditional views of partnership and poverty, held by politicians and the social partners alike, were fundamentally changed as the government and leaders of the major economic sectors increasingly saw their fates as intertwined and the misfortunes of those in poverty as multidimensional. During the mid-1980s, social welfare spending rates were high, but so were unemployment, emigration and tax rates. Social partnership was put forward as a solution to national economic woes, representing a decidedly new trajectory in Irish economic and social policy. The initial partnership agreement represented a radical departure from the policy stasis that had characterized earlier periods in Irish social policy. Partnership was a solution amenable to all relevant parties, separate from the sentiments of ‘politics as usual’ associated with the back and forth political leadership of Fianna Fáil versus Fine Gael/Labour throughout the early 1980s. The concept instilled a genuine confidence that the new Fianna Fáil government was serious about economic recovery and social protection. I argue that the causal ideas surrounding partnership and poverty were fundamental to the institution’s successful launch.

As earlier chapters have outlined, the institutional, economic and political conditions were not sufficient to generate the dramatic policy change observed with social partnership's introduction. I argue that our understanding of how these major policy changes came to pass is incomplete without the inclusion of relevant causal stories into the analysis. Taking evidence from historical analysis, the contributory effect of causal ideas are considered in length in this chapter, demonstrating the mechanisms at work in outlining the choices available to the Government and ultimately generating significant policy change through the introduction of social partnership. Throughout this work I have argued that policy punctuations are a function of simultaneous variation in three factors: changing institutional friction, environment conditions and causal ideas. This chapter identifies the causal mechanisms that translated ideas into the significant policy changes observed in the late 1980s.

#### PROCESS TRACING AND CAUSAL MECHANISMS

Process tracing is an analytic method that accounts for both theory and data through the rigorous analysis of history. The method employs a logical line of reasoning to draw out of a rich history the most parsimonious explanations for events and outcomes (George and Bennett, 1998). General or abstract theoretical analysis of past events often overlooks significant causal mechanisms at work in guiding institutional and policy change (Ibid, 1998). "Process tracing is a methodology well-suited to testing theories in a world marked by multiple

interaction effects, where it is difficult to explain outcomes in terms of two or three independent variables – precisely the world that more and more social scientists believe we confront” (Hall, 2000). The goal of this type of research is identification of micro-level causal mechanisms rather than macro-to-macro linkages or, to use Hempel’s (1965) terminology, “covering laws”. The analysis should be well ordered, identifying and testing causal hypotheses via underlying causal mechanisms and guarding against the risk of overly subjective interpretation of the evidence within a given case. However, George and Bennett (1998) emphasize the heuristic nature of process tracing, citing the capacity to discover new variables and hypotheses over the course of the analysis. Indeed, they argue that “it is the very lack of independence among observations that makes them a powerful tool for inference” in explaining a particular case (George and Bennett, 1998:207).

I argue that George and Bennett’s process tracing methodology for uncovering causal mechanisms fits appropriately with the literature on causal ideas, informing this specific study of policy change. In the micro-level stages of their analysis, ‘framing’ can be understood as a “schemata of interpretation” that enables individuals to “locate, perceive, identify and label” events within their life space and broader environment (Goffman 1974; Snow et al. 1986). Actors utilize framing as a shorthand methodology for coping with new information based on personal sets of values, interests, ideology or goals such that the “choice of a course of action depends on the interpretation of a situation rather than on

purely instrumental calculation” (Hall and Taylor, 1992). Frames are human constructions that translate into symbolic devices and causal stories while seemingly “simply describing facts” (Stone, 1989). These micro-level details are at the heart of the macro-level policy shift we witness with the introduction of social partnership; however, individual acts of cognition are not the primary concern in this work. Rather, the collective action of a political party or group of individuals in affecting the macro-level change is where ideas demonstrate true causality in determining policy outcomes. While individual actors are not necessarily instrumental in their personal interpretation of information via framing, the collective action of groups can lead to the politicization of causal ideas, affecting the direction and outcomes of policy change.

Moving a social issue, such as poverty, onto the public agenda requires an acknowledgement that such problems are not “embedded in the realm of nature, accident, and fate – a realm where there is no choice about what happens to us” (Stone, 1989). Macro-level events, such as increasing poverty rates, unemployment, or emigration, are the exogenous factors that inform individual thinking and, thus, policy development. However, each of the relevant parties and organizations involved in policymaking has different views of the problem definition, or causal story, and as such, the most appropriate solution. As Deborah Stone outlines, the “problem definition is a process of image making, where the images have to do fundamentally with attributing cause, blame, and responsibility. Conditions, difficulties, or issues thus do not have inherent

properties that make them more or less likely to be seen as problems or to be expanded. Rather, political actors deliberately portray them in ways calculated to gain support for their side” (Stone, 1989). The purpose of the following narrative is to extract and differentiate the socially constructed causal stories surrounding partnership and poverty in Ireland during the late 1980s. I argue that institutional and functional explanations for policy change are incomplete without incorporating the associated causal ideas in use by relevant political actors and organizations. This chapter will demonstrate how the concepts of social partnership and social exclusion became altered in the policy discourse, generating dramatic social policy change.

#### THE ORIGINS OF IRISH SOCIAL PARTNERSHIP

Three specific causal stories inform this narrative of policy punctuation. First, with regard to the ideas of both partnership and poverty, the shifting political landscape contributed significantly to new conceptualization of these issues. The 1980s in Ireland were characterized by high levels of political turbulence; there were three national elections within eighteen months in the early 1980s, with control of government changing hands each time. All three major political parties seemed trapped in an ideological battle for Irish voters, overspending the national budget in order to generate support. By 1986, the gravity of the economic crisis was beginning to overtake ‘politics as usual’ and leaders from all sides started looking for more realistic options. Despite being in coalition with a

more left leaning Labour party, the center-right Fine Gael party under Taoiseach Garret Fitzgerald was unwilling to enter into national agreement negotiations. When the more centrist Fianna Fáil party won the elections of 1987, forming a minority government under the leadership of Taoiseach Charles Haughey and Ray McSharry as Minister for Finance, a decisive policy shift became possible. Yet, without the support of significant opposition leaders, like Alan Dukes of Fine Gael, the new economic plan would have never gotten off the ground. I argue that as the political parties in Ireland began to see their own futures as dependent upon practical, non-partisan solutions to the national economic crisis, the policy choice of social partnership became more viable.

Second, while the concept of partnership in Ireland has a long history in labor relations, its meaning was never as comprehensive or inclusive as later observed. At various points from the 1940s – 1970s, Irish governments arranged industrial relations deals between the unions and employers to regulate pay raises (Hastings, Sheehan, and Yeates, 2007). Early efforts at corporatism generally failed in Ireland during the 1930s and ‘40s. While the Catholic Church and some fascist sympathizers were willing to support these arrangements, corporatist proposals during this period amounted to little more than ongoing state control of the economy (O’Connor, 2002). In the 1960s and ‘70s, ‘national understandings’ helped somewhat to maintain industrial peace, but they were largely ineffectual in terms of real economic gains for union members who saw pay increases eroded by inflation and taxation (Hastings,



Sheehan and Yeates, 2007). The agreements were jettisoned in the early 1980s in favor of 'free-for-all' negotiations between employers and unions directly. While pleasing some employers by returning to firm-level negotiations, this development hardened the stance of private employers, unions and the State (Hastings, Sheehan and Yeates, 2007). The governments' 'hands off' approach during negotiations led to further divisions between the unions and employers.

Although partnership was not a new concept in Irish industrial relations, the agreements had generally worked to ease conflict rather than build consensus or, indeed, create truly binding relationships. An 'us' vs. 'them' mentality typically prevailed as opposed to a sincere feeling that each organization's future was inextricably linked to the other's. Key to the evolution in understanding the concept of social partnership was the development of policy within the National Economic and Social Council (NESC). Created in 1973 as an independent 'think tank' comprised of the social partners, senior civil servants and government officials, the NESC was able to facilitate meetings that were somewhat removed from the political environment and aimed at producing practical, consensus based solutions. I argue that for the unions, employers and the Government in particular, as the view of partnership shifted towards a more collective, consensual understanding of governance, the preferred choice became a comprehensive national agreement over other available alternatives such as a return to limited pay deals or exclusion of the unions from negotiations.

Finally, I argue that as the conceptualization of poverty shifted from a focus on monetary disadvantage to the more multidimensional, contextual definition of social exclusion, policy choices also advanced in a similar vein. Viewing poverty in this manner implied that monetary solutions would be insufficient, even counterproductive. Therefore, rather than continue to spend significant funds on welfare, a dramatic structural change was needed. Social exclusion as a conceptualization of poverty was much more compatible with the formation of new policy networks associated with a partnership model. Being more reflective of the multifaceted nature of poverty, it was appropriate that policy solutions like partnership utilized a multi-organizational approach. I argue that as the definition of poverty advanced to a more multidimensional understanding, the appeal of social partnership as a new policy direction increased significantly.

While social partnership appears in many ways an economically and politically sound direction to have taken in hindsight, it is important to remember that partnership was not a foregone conclusion in the mid-1980s. As outlined above, the experience with national understandings had not been entirely successful and many, particularly in the employer's camp, were not enthusiastic about returning to those times. Indeed, it is surprising in some ways that social partnership was adopted at all. Union membership was falling significantly at this time, due to job losses and high emigration rates. Rather than introduce a social partnership agreement, the incoming Fianna Fáil

government might have followed a Thatcherite/Reaganite model or other non-partnership alternative. Although in a minority government in 1987, Fianna Fáil arguably might have had the support of more fiscally conservative Fine Gael in shutting out the unions. Instead, the new agreement was built on inclusivity and consensus. It is also plausible to suggest that the Government might have chosen a third pathway, weathering the economic storm with the help of foreign investment and EU support. EU structural funds were contributing to economic recovery and the Irish Development Authority (IDA) was actively ‘hunting and gathering’ for outside investors.

Instead, we witness a convergence of ideas including post-partisan political leadership with clear policy direction; new thinking about the future of labor relations; and a multidimensional conceptualization of social exclusion. Had the new partnership agreement not been so comprehensive, it is possible that a weaker national deal would have failed. Halfhearted reforms, or reforms that obviously favored either the employers or the unions, would have hardened existing tensions and collapsed the deal. Critical to the success of social partnership was the common understanding of the problem and the solutions: a shared blueprint.

#### THE POLITICS OF ECONOMIC EXPANSION AND GROWTH

Many of the roots of modern Irish social policies can be found in the period immediately following Ireland’s split from the United Kingdom. Following

independence in 1922, the Irish Free State was a highly centralized, deliberately controlled system of government (Barrington, 1987). The bitter civil war that followed the struggle for independence resulted in a state characterized by highly consolidated, centralized institutions, unwilling and unable to devolve power for fear of total collapse (Ibid). Policymaking was confined to the national level in order to promote broad economic recovery, yet the Irish Free State remained heavily dependent on the British economy. The UK market served as the end destination for Irish agricultural products, accounting for 98.6% of exports in 1924 and still a total of 92.7% by 1950 (Mjøset, 1992). Throughout this period, Ireland remained trapped in a cycle of economic dependence and massive levels of emigration. The economy stagnated under the “population decline via emigration and a weak system of national innovation” (Ibid). These two mechanisms reinforced one another to disastrous effect, producing economic marginalization of the country on the international market and weak domestic industrialization. Ireland’s failure to diversify production and to break away from the UK in developing alternative trading partners stunted economic growth for generations.

From the late 1950s onwards, the protectionist, isolationist ethos of the earlier generation was cast off and economic growth became truly viable. Accompanying the rapid economic expansion in the 1960s were significant increases in government spending as Ireland embraced Keynesian economic strategies. In particular, the Irish government focused on employment in the

public sector, the growth of state sponsored private enterprise, and expansion of educational opportunities and general services, such as income support, health care and housing (Walsh et al., 1998). While reforms in economic policy carried some increases in social welfare provisions, the extension of additional social policies remained largely incremental. Social progress was limited to politically opportunistic moments when the government could be pressured into making changes (Kiely et al., 1999). More often, internal parliamentary developments presented significant roadblocks to advancing social policy.

In 1948, Fianna Fáil lost power to a broad coalition made up of Fine Gael, the Labour Party, National Labour Party, Clann na Talmhan, Clann na Poblachta and other parties. Although Fianna Fáil returned to power in 1951, it did so as a minority government and only lasted three years in power before falling to a second ‘rainbow’ coalition. Fianna Fáil finally returned to full strength in 1957, with Sean Lemass becoming Taoiseach after de Valera’s retirement in 1959. Lemass’ early leadership was characterized by a dramatic increase in foreign trade and rapid economic development. Lemass ended the Irish experiment with autarky, removing protectionist economic policies that had stifled Irish growth by offering grants and tax incentives to foreign investors. Particularly in the 1960s, development was aggressively pursued at the national and regional level, producing growth outside of Dublin and giving greater recognition to local level economic policy (Adshead and Quinn, 1997). Ireland signed the General Agreement on Tariffs and Trade (GATT) in 1961 and

opened its doors to free trade: “Ireland’s switch to openness was more dramatic than in the other European states and was implemented in terms of a rigorous industrial incentive package” (Bradley, 2000:12). The *Second Programme for Economic Expansion*, launched in 1964, focused extensively on economic growth, but it failed to deliver any massive social change.

As a result of these developments, Ireland experienced rapid industrialization which created an impoverished urban population. Yet despite increasing pressure, social progress was again postponed until economic prosperity increased (Conroy, 1999). Between 1961 and 1966, over 600,000 young people emigrated from Ireland, including 30% of young men between the ages of 20-24 years old. Approximately 20% of the population was reliant on a weekly welfare payment (Deeny, 1971 as quoted in Conroy, 1999). Community activists in Ireland during the 1980s were dealing with poor housing, a burgeoning heroin problem, staggering unemployment and mass emigration. Individuals working to solve poverty issues during this time period were well aware of the multidimensional nature of the problem. However, while several social activists and civil society groups were cognizant of the need to rapidly expand social programs, the Irish government’s solution remained focused entirely on economic growth and inter-party competition. Insofar as it accepted responsibility for lifting the citizenry out of poverty, the State focused on economic advancement rather than more comprehensive or multidimensional programs. Committed to Lemass’ sentiment that “a rising tide lifts all boats”,

the Government turned attention elsewhere despite growing social and economic need for comprehensive social policies. As Breen et al. (1990) conclude: “despite the depth of transformation in Ireland since the 1950s, stability rather than change has prevailed”. The overwhelming consequence was sclerotic anti-poverty policy development and a system which maintained a centralized, traditional policy approach to the problem.

Lemass’ subsequent retirement as Taoiseach in 1966 produced an internal leadership crisis in Fianna Fáil as six men professed an interest in the leadership of the party. When a reluctant Jack Lynch was appointed leader, internal divisions within the party became starkly apparent. Fianna Fáil lost the general elections in 1973, bringing a coalition government to power under the leadership of Fine Gael and the Labour Party. In response to the international oil crisis, the coalition government began expansionist economic policies financed by high levels of borrowing. The traditional convention of balancing the budget was “formally abandoned” (Kirby, 2008). When the coalition lost power in 1977, Taoiseach Jack Lynch returned to enjoy the last absolute majority the Fianna Fáil party would hold in the Dáil (1977-1979), but was undermined by the popularity of his own party’s backbenchers after the strong popular mandate Fianna Fáil received in the elections. By 1978, there was open revolt among the party members and Lynch was forced to resign in December of 1979. From December of 1979, after Taoiseach Jack Lynch’s resignation, until March of 1987, the party in government changed a total of six

times with no single party establishing an absolute majority in the Dáil. Given electoral volatility, a coherent response to international recession as a result of the second oil crisis was impossible; by 1986, the national debt to GDP ratio had risen nearly 90% (Kirby, 2008). Despite substantial need for comprehensive policy reform during the 1970s and '80s, the Irish government was largely ineffective in social policy until 1987. Despite the fact that Ireland's welfare spending increased far faster than the EU average, by 1987 over 22% of the population was living below the poverty line (Callan and Nolan, 1994).

During the early 1980s, the political situation in Ireland was often too unsettled to precipitate real action in the realm of social policy. The leadership of three-time Fianna Fáil Taoiseach Charles Haughey (1979-'81, 1982, 1987-'89) was often characterized by scandal and economic mismanagement<sup>19</sup>. In his first term, Haughey frequently clashed with his own Ministers for Finance, Michael O'Kennedy and Gene Fitzgerald, taking matters into his own hands with regard to economic policy. In a radio address to the Irish public, Haughey identified overspending as a primary source of economic trouble during this period:

“I wish to talk to you this evening about the state of the nation's affairs and the picture I have to paint is not, unfortunately, a very cheerful one... As a community we are living way beyond our means. I don't mean that everyone in the community is living too well, clearly

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<sup>19</sup> In the second term, conflict with Desmond O'Malley and other party backbenchers forced a motion of no confidence (the motion failed, but Des O'Malley was expelled from the party as a result). Finally during his last term as Taoiseach, Haughey's Minister for Finance Albert Reynolds openly declared an interest in the party leadership, challenging Haughey to maintain his grip on power. Haughey ultimately resigned and was replaced by Albert Reynolds.



many are not and have barely enough to get by, but taking us all together we have been living at a rate which is simply not justified by the amount of goods and services we are producing. To make up the difference we have been borrowing enormous amounts of money, borrowing at a rate which just cannot continue. A few simple figures will make this very clear...we will just have to reorganise government spending so that we can only undertake those things we can afford.”

—Charles Haughey, 9 January 1980

However, Haughey’s own political aspirations often led to conflicting policy choices. Despite arguments about reducing the national debt and controlling spending, during the election campaign of 1981 Haughey took a populist line in order to address the challenge put forward by Fine Gael and he failed to make any radical economic changes. Fianna Fáil lost the 1981 elections by a narrow margin and Haughey was forced back into opposition. In his brief tenure as Taoiseach in 1982, Charles Haughey identified the limitations of partisan politics as a major contributing factor to the nation’s economic struggles when his party published “*The Way Forward*,” a Fianna Fáil policy document that called for massive spending cuts and a reorganization of the tax system. However, shortly thereafter his government collapsed as Socialist and Independent government ministers withdrew from Haughey’s policy agenda. Despite clear economic need and political opportunity under Haughey’s early leadership, the achievement of a new policy direction at this time was stifled by entrenched causal ideas about governance and inter-party rivalry<sup>20</sup>.

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<sup>20</sup> In other examples of political opportunism, Haughey was broadly critical of early attempts at a peace settlement in Northern Ireland made under the Fitzgerald government in the mid1980s. However, upon

Haughey's opposition counterpart as Taoiseach during this time period was Fine Gael leader Garret Fitzgerald (1981-'82, 1982-'87). Fitzgerald served as Taoiseach twice in the 1980s, during periods of severe economic recession and tumultuous internal party relations. The first Fine Gael government of Fitzgerald and Labour party Tánaiste Michael O'Leary was short lived as the economic crisis quickly dominated the political agenda<sup>21</sup>. Fitzgerald had named a young, dynamic cabinet, but their early attempts at tax reforms and budget cuts were sidelined by electoral concerns. A shock defeat of the January 1982 budget led to elections in February of that year; and despite losing only two seats, Fine Gael was forced into opposition. Fine Gael won the elections of November 1982, returning to government in coalition with the Labour party. In his second period as Taoiseach, Fitzgerald and Labour Tánaiste Dick Spring achieved a working harmony, keeping the coalition afloat despite severe external pressure from Fianna Fáil. However, conflict prevailed among government ministers over the direction of future economic policy. For example, Minister for Finance, Alan Dukes, proposed economic recovery via cuts in tax rates, control of social spending and more fiscally conservative measures. These suggestions

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returning to power in 1987, Haughey embraced the Anglo-Irish agreement (signed in 1985) which had strong public support. Likewise, as Minister for Health and Social Welfare during the 1970s, Haughey sponsored legislation to legalize contraception. However, he later removed his own party whip, Desmond O'Malley from the party for abstaining from a vote in 1985 on a contraceptives bill proposed by Fine Gael/Labour to which Fianna Fail stood in opposition. O'Malley was quoted as saying: *"I do not believe that the interests of this State or our Constitution and of this Republic would be served by putting politics before conscience in regard to this .... I stand by the Republic and accordingly, I will not oppose this Bill"* (Dáil Debates 1985). For Haughey, dominance of the party was clearly more a more pressing concern than the social progress for which he had previously stood.

<sup>21</sup> The H-Block hunger strike crisis in Northern Ireland also contributed to Fitzgerald's unpopularity, although he was not directly involved other than handling public protests in the Republic of Ireland.

were unacceptable to the Labour party which was deeply committed to maintaining public services, creating intense pressure on the governing coalition. Labour's suggested reforms would have further extended the welfare state to soften the effects of economic recession, yet the status quo remained because of Fine Gael's conservative economic policies. Fitzgerald's government was deeply unpopular with the public due to the stagnant economy, rising unemployment and emigration rates and indecision by the governing coalition which led to further economic downturn.

Throughout the 1980s, the traditional stalwarts of both Fianna Fáil and Fine Gael relied on standard ideas of inter-party rivalry rather than more post-partisan thinking. Despite internal power struggles within the dominant parties, Fine Gael and Fianna Fáil were unified only in their opposition to one another. Each party participated in political opportunism, scoring points off the opposition in every available setting. As examples:

“Fianna Fáil were rejected at the polls basically because of the perception by the people that that party failed to govern, a failure to govern that has no precedent in the annals of this country and which has led to the near collapse of our public finances. In the couple of hours since I was appointed Taoiseach I have had many things to do because the nature of the changeover on this occasion was such that tasks that might have been undertaken earlier could not be undertaken until this afternoon. However, even in that brief time I have learned something of the scale of the damage done. I have to say I am shocked...”

- Garret Fitzgerald, Fine Gael upon becoming Taoiseach in 1981

*“The phasing of the elimination of the current Budget deficit between now and 1987 will have to be undertaken with due regard to prevailing economic conditions, and in particular to the importance of achieving economic growth and dealing with unemployment.”* That was the promise the Coalition made when they took office three years ago. After a series of measures that have devastated the Irish economy, after a series of promises that were broken and a series of U-turns they have got the country in a financial mess. What kind of mess is the Irish economy in today following almost four years of so-called financial rectitude in order to bring the nation's finances into order? What price has the country had to pay in economic and human misery as a result of those misguided financial policies?”

-Frank Fahey: Fianna Fáil Galway 1986

With regard to social policy, it is notable that Garret Fitzgerald, both in 1971 and again in 1981, was a delegate to the Kilkenny Poverty Conference. This largely ecumenical and academic conference was convened in order to address growing problems of poverty in Ireland and put forward policy solutions. Fitzgerald's statements at both conferences, the second time as Taoiseach, are indicative of his real theoretical commitment to social policy. However, as an orthodox economist, and with mounting political pressure to maintain a governing coalition, Fitzgerald was unable to reconcile his views to a policy agenda. While Fitzgerald's ideas about poverty were evolving, his conceptualization of partnership and the benefits of consensual governance had not altered. Without connecting these causal ideas, in concert with difficult political and economic conditions, the momentum for dramatic social policy change would not be realized.

“What has happened over the past century is that a small privileged class in society has become a large privileged class and once people who are well enough off to think in terms of “I’m alright Jack”, once they become a majority of a population, the political problem of mobilizing support in an individualist and increasingly materialist society for the kind of action needed for social welfare becomes very difficult... I think there is a real danger that if the Government – and I don’t mean the present Government – I mean the political system – if it doesn’t respond to the kind of need being thrown up now, very quickly this society will become individualist and materialist to the point where changes in patterns will become impossible.”

- Garret Fitzgerald, TD, 1971

“The challenge of poverty in a society in recession is to focus attention on the need for redistribution from the ‘haves’ to the ‘have nots.’... It will be necessary to display poverty in all its ugliness to such people so that they will know its effects. It is no longer possible to set aside a small part of our proceeds from national growth from year to year; people will have to accept that the State does not have the resources to solve the problems. The terrible complacency surrounding poverty will have to be dispelled... our society will have to be subverted if it is going to change sufficiently”.

- Taoiseach, Garret Fitzgerald, 1981

By 1986, there was an undercurrent from all sides of the debate to encourage new policy directions, including the introduction of a comprehensive social partnership. However, the Fine Gael-Labour coalition was increasingly isolated from the social partners in seeking this change. Alan Dukes, the Fine Gael Minister for Finance recalls: “My suspicion is that both the trade unions and the employers felt that if they came to any kind of understanding it wouldn’t last because the Government wouldn’t be around for long” and “the union leaders felt they would get a better deal...and employers would get a better

hearing with Fianna Fáil” (Alan Dukes as quoted in Hastings, Sheehan and Yeates, 2007).

By this time, Charles Haughey was firmly in charge of the Fianna Fáil party. Political challengers within his party had been largely silenced in the years preceding the election<sup>22</sup> and Haughey’s own reputation following earlier scandals had been mostly resurrected. When it came to the 1986 election campaign, Haughey and Fianna Fáil again put forward the policies outlined in “*The Way Forward*” as the plan for cutting spending and boosting economic growth. This time, however, Haughey and Fianna Fáil seized upon the need for non-partisan solutions to the economic crisis and promoted an inclusive policymaking agenda. The document coincided with the “*Strategy for Development 1986-1990*” published by the National Economic and Social Council (NESC), under the leadership of senior civil servant Padraig O’hUiginn, with the support of the social partners and government representatives. Partisan politics had been excised from the policy document in an effort to build consensus and the document read as a policy prescription rather than an ideological treatise. Finally, as a firm indication of where the Fianna Fáil leadership were heading, Haughey made this statement at the close of Dáil for the Christmas holidays, 1986:

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<sup>22</sup> Specifically, of the main challengers Des O’Malley had left the party after being expelled. George Colley and Clement Coghlan had both died.

“It was a fatal mistake by this Coalition to reject the concept of an understanding between the social partners and the Government, based on a consensus on the broad objectives of economic and social planning. This was clearly a deliberate policy on their part. Both trade unions and employers were effectively kept at arm's length. This has brought divisiveness and confrontation. Employers, trade unions, farmers, vocational organisations and representative bodies should all be fully involved in economic and social planning if we are to succeed. As far as possible, there must be created a shared sense of purpose based on a broad consensus. It will require leadership and responsibility on the part of both trade unions and employers and I believe they are not only ready for it but are anxious to bring it about.”

- Charles Haughey: Dec. 19<sup>th</sup>, 1986

The general consensus among the social partners was the Fine Gael and Labour leadership were out of ideas, lacking creativity or a clear view of policy direction for future economic recovery. The pragmatism and broad popular appeal of Fianna Fáil, combined with the powerful imagery of partnership as a negotiated consensus for shaping the future, generated the necessary pressure to produce dramatic social policy change outside conventional parameters.

#### THE SOCIAL PARTNERS IN MODERN IRISH POLITICS

The federation of Irish labor began in 1894 when fifty-two unions founded the Irish Trade Union Congress (ITUC) as a parallel to the British TUC. Free collective bargaining with little state intervention in negotiations defined labor relations during the early 1900s through the 1920s. As was common in the British system, an environment of antagonistic labor-state relations was fostered by this early organizational structure (O'Connor, 2002). Stronger Irish trade

unionism was established following the war of independence and the civil war, particularly with the return of Fianna Fáil to government – a traditionally populist and pro-worker party. However, it was only in the 1940s and '50s that Irish unions broke with their British counterparts and established the independent Irish Congress of Trade Unions (ICTU) that is recognizable today.

On the employer's side, centralized bodies were formed in response to industrial conflict and the need for better organization of industry in the post-independence period. In 1942, the Federated Union of Employers (FUE) formed following a series of iterations, eventually gaining unique recognition from government as the main representative employers body (O'Connor, 2002). In 1989, FUE was renamed the Federation of Irish Employers, and in 1993 it merged with the Confederation of Irish Industry to form the Irish Business and Employers' Confederation (IBEC), the single largest employers organization today. Throughout the multiple generations of organization, the employers' bodies have generally favored centralized wage bargaining as a counter weight to union militancy.

In 1959, after Lemass had succeeded Eamon de Valera as Taoiseach, he introduced radical changes to national economic strategy, ending the era of protectionism, which led to the creation of tripartite consultative bodies to reform industrial relations and wage determination. Lemass also created the Employer-Labour Conference (ELC), a bipartite organization linking ICTU and FUE. These early efforts at policy consultation were aided by the consolidation



of ICTU and FUE as representative bodies, but substantial reform was limited. Relations between all parties were complicated in the 1970s as strike action among industrial craftsmen threatened to generate a subsequent string of demands across the unions. The government sought a return to bipartite consultation, but when ICTU rejected a centralized pay agreement, national legislation was swiftly introduced to discredit the union position. The bill was withdrawn after Congress agreed to the first National Wage Agreement in 1970 (NWA), but labor relations were clearly antagonistic during this period (O'Connor, 2002).

There were six more NWAs between 1970 and '78, eventually generating the necessary momentum to produce two "National Understandings for Social and Economic Development" introduced by Fianna Fáil in 1979 and 1980, directly involving the government in negotiations over pay determination. Moreover, the national understandings included a two-tier system, the first relating to pay rates and the second to public policy. These early models of policy concertation give validation of Fianna Fáil's later commitment to social policy through partnership. Yet, despite positive momentum towards consolidation of these policies, the trend was short lived due to political turbulence and strained labor relations. Moreover, these early incarnations of partnership were far less comprehensive and inclusive than later iterations.

In the 1960s and '70s, industrial relations were often strained; strike activity peaked during the 1960s, eased in the early '70s and then returned to

higher levels in the late '70s and early 1980s (Roche and Murphy, 1998). Much of the effort of the unions during this period was concentrated on achieving pay raises in line with increasing inflation rates. Inflation reached 13.2% in 1979 and hourly earnings rose 15.6% that same year (Hastings, Sheehan and Yeates, 2007). The National Understanding of 1980 secured additional benefits under centralized arrangements, but these achievements were short lived. The economic and political climate of 1981-82 poisoned efforts at policy concertation as rising unemployment and political instability altered national priorities. When a third national understanding failed, the Fine Gael-Labour government did not intervene and centralized bargaining collapsed. During the mid-1980s, labor relations were governed by 'free-for-all' negotiations with the government adopting a 'hands off' policy. 'Free-for-all' negotiations meant that bargaining took place at the local level, meaning companies were free to deal with industrial issues on a case by case basis. Serious industrial action often followed as local unions went on strike during negotiations, but many companies were able to avoid serious disruption through assistance by the Federation Union of Employers. This period of free collective bargaining was generally favorable to the employers, rather than the unions, but everyone suffered from recessionary conditions during the 1980s.

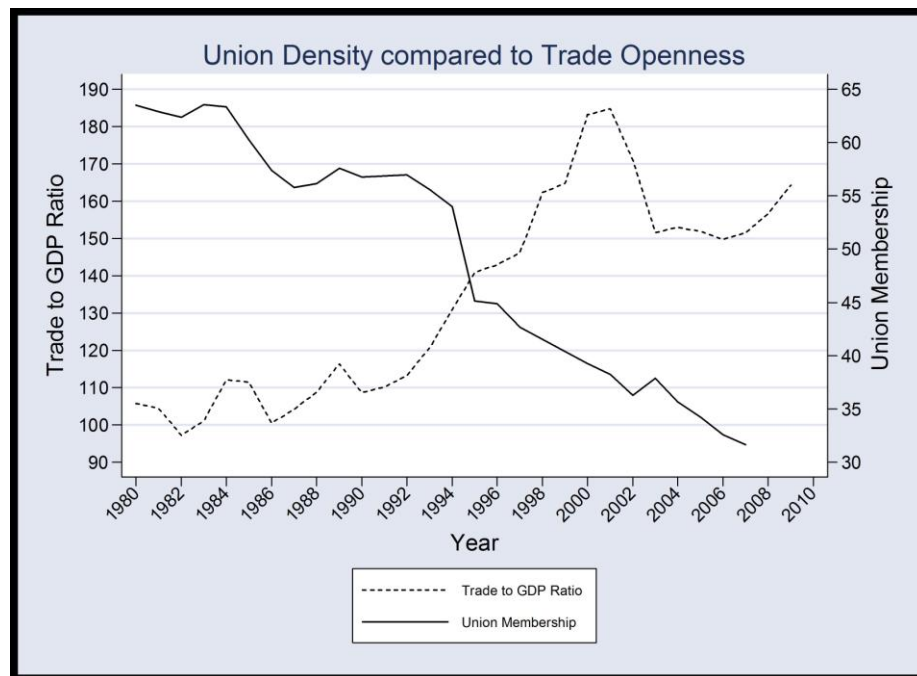
The employer's perspective on social partnership began to soften in the mid-1980s, however, with organizations such as the FUE signaling interest in "seeking common ground with Government and Congress" (the Irish Congress of

Trade Unions) as early as 1983 (Hastings, Sheehan and Yeates, 2007). Likewise, the Confederation of Irish Industry (CII) foresaw a role for social partnership in an effort to control public spending and return fiscal stability to the Irish economy. However, centralized bargaining was not the primary interest of the employer's organizations at this time, given the relative success they had had during the 'free-for-all' bargaining arrangements and the ideological precedent being set by Margaret Thatcher in the UK. The predominant concern was that a new wage deal might result in the same confrontational bargaining process that had characterized labor relations in the past. Moreover, as noted in Hastings et al. (2007) "quite a number of American firms had come into Ireland and not recognized unions, and the employers believed that union influence seemed to have waned at a national level" (see Figure 17 below). The ideas surrounding partnership had yet to evolve beyond traditional views of labor relations and memories of conflict-ridden negotiations.

As the economic recession worsened, however, the position of the employers began to weaken relative to the government and unions and new policy ideas began to surface. As Hardiman notes, although the unions were in a stronger position in the early 1980s than later in the decade, the risk of disputed negotiations producing gains for the unions was sufficient to encourage employers to seek consensus (Hardiman, 1988). Also, with the likelihood of Haughey and Fianna Fáil returning to power in 1987, economic and political pressure began to mount against the employers' resistance to a national social

partnership agreement. The employers' organizations began to view their future as more intimately connected with inclusive, consensual governance rather than their traditionally independent position.

FIGURE 17: UNION MEMBERSHIP RATES VS. TRADE OPENNESS 1980-2009<sup>23</sup>



From the union's perspective, the situation was increasingly bleak. In the early 1980s, over 250,000 manufacturing jobs were lost and approximately 80,000 people were emigrating each year (Ibid, 9). As Phil Flynn, former general secretary of the Local Government and Public Services Union noted "every single economic indicator was going steeply in the wrong direction....So from the early 1980s, as early as 1982, we were going to have to revisit the whole

<sup>23</sup> These variables are significantly negatively correlated with a Pearson's R of -0.8942

question of strategy and ask how we are going to deal with this? How are we going to cope?” (Phil Flynn as quoted in Hastings et al, 2007). Moreover, the specter of Thatcher weighed heavily on the trade union leaders: “Thatcher was rampant in England. She had beaten the miners and was systematically dismantling what was left of the trade union movement in terms of adding influence...Against that background you either had to do something radical or you literally just couldn’t continue” (Billy Attley, SIPTU<sup>24</sup>, as quoted in Hastings et al, 2007).

There was a real sense of fear that any national economic strategy developed by government with the employers might exclude the unions given their weakened position in the economy. Moreover, internal division in Fianna Fáil generated a new, more staunchly center right party in 1985, the Progressive Democrats (PD). The popularity of the PDs in the build up to the 1987 election was a clear signal to the unions that a major shift in policy direction was necessary. Finally, new leadership within the unions, recognized “by both private sector employers and some civil servants as being more attuned to the dynamics of an increasingly competitive economy”, facilitated openness to new approaches and economic strategies (Hastings, Sheehan and Yeates, 2007). New ideas about the benefits to be gained from consensus through partnership were clearly evident in the discourse of the social partners. The key to success was the fact that employers, unions and Government alike saw the way forward as

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<sup>24</sup> SIPTU – Services, Industrial, Professional and Technical Union

necessarily inclusive of all economic sectors; this shift in the causal story behind partnership toward a negotiated consensus model was fundamental to the new policy trajectory.

#### THE POLITICS OF SOCIAL WELFARE IN IRISH HISTORY

Following independence from the United Kingdom, the Irish Free State was more focused on survival than expansive welfare provisions. Money was simply not available to extend welfare policies beyond those residual obligations left over from the union with Britain (Kiely et al., 1999). Nor were early Irish Free State leaders inclined to extend welfare spending even if funding were available, given popular beliefs about poverty and the role of the State. Before the turn of the 20<sup>th</sup> century, the definition and measurement of poverty were largely ambiguous concepts. Capitalizing on the advances of the scientific revolution, early head counts of individuals living in poverty during the 17<sup>th</sup> and 18<sup>th</sup> century inspired thinkers like Adam Smith and Thomas Paine to argue for a stronger market mechanism, progressive taxation systems, and State sponsored benefits programs, including payments for pensions, sickness and children (Smith, 1776; Paine, 1791). Despite the lack of concrete measurements, poverty or ‘pauperism’ was a visibly identifiable condition and an often misunderstood circumstance during this period. Particularly in the United Kingdom and, by extension Ireland, the general belief was that individuals were entirely responsible for their own financial predicaments and the poor were “perceived as

a problem population of socially and economically useless individuals” (Powell, 1992). Conceptualizing poverty in this manner was coupled with the congruent assumption that the institution of moral rectitude was the proper solution for overcoming these circumstances. The religious and moral values of Christian love, charity and a strong work ethic were to be instilled in the ‘feckless’ poor, ‘a race of thieves and robbers’ (Ibid). In particular, the ‘able-bodied’ poor, particularly young men, as opposed to the ‘respectable poor’ (mothers, widows, children, sick, elderly), were considered deserving of punishment if they could not comply with the social and economic obligations of society. Above all, this causal story of poverty relieved the State of most responsibility for addressing the causes and consequences of impoverishment.

In the early 1900s, the conceptualization of poverty began to evolve as a result of two significant poverty studies. Charles Booth carried out a study from 1886 to 1902 that revealed nearly 30% of the London population to be living in poverty, unable to afford basic levels of subsistence. Rowntree’s study in 1901 confirmed the existence of absolute poverty in York, where 15.6% of individual wage earners were living at or below the poverty line (Rowntree, 1901 as quoted in Levitas, 2005). These studies made poverty “measurable and by implication remediable”, shifting the responsibility for poverty away from the individual and towards the State (Powell, 1992). The shifting image of poverty in the United Kingdom ultimately led to social reforms and the post-war consensus following WWII. However, in Ireland the discourse remained within a traditional context

of personal responsibility; and the charity of the Catholic Church was viewed as the appropriate ameliorative avenue.

As leader of the first government of the Irish Free State, WT Cosgrave, the deeply conservative leader of the Cumann na nGaedhael party (later Fine Gael) envisioned a powerful role for the Catholic Church, guiding the decision making of the government. Any policy decision not in conformance with Church views would be met with resistance, including innovative welfare and social policies. Eamon de Valera, another central political figure during the war of independence and in the formation of the Irish Republic, also foresaw a role for the Church within government after bringing his Fianna Fáil party back into national politics in 1927. Western economies were slipping into depression, as exemplified by the Wall Street crash of 1929, and Ireland was not immune to this global economic turmoil. Yet, the policy of Fianna Fáil was that public assistance should be available only to those most in need and guaranteeing “the maintenance of the work ethic by ensuring benefits remained below wages in the market” (Powell, 1992). As such, the extension of poverty policies was severely limited financially despite the dramatic rise in need. The preferred solution remained the support and charity of the Catholic Church, an arrangement firmly codified in the 1937 Constitution.

During this period, unemployment skyrocketed and the living conditions of the poor in Ireland became increasingly intolerable. Yet, despite embarrassing political attacks from the left with regard to Fianna Fáil’s social policy, de



Valera's party enjoyed an absolute majority in the Dáil and was little inclined to alter its course of action. De Valera's image of Ireland was traditional, pastoral and bucolic; economic development on the international scale was not in line with de Valera's plans for the country. The 1933 Unemployment Assistance Act provided for some level of unemployment insurance and was extended in 1935 to include widows and orphans. The 1939 Public Assistance Act included a weekly allowance for job seekers (Burke, 1999). These acts represented Fianna Fáil's incremental policy solutions to the unemployment crisis and were decidedly insufficient as they failed to cover substantial portions of the workforce, including those in agriculture, the dominant economic sector at the time.

Internationally the conceptualization of poverty began to shift in the aftermath of World War II. The 1942 Beveridge study in the UK outlined a specific role for the State in post-war recovery, committing the British government to nationalization of health and social services as well as pursuing full employment. The UN Declaration on Human Rights of 1948 guaranteed individual human rights, basic standards of living, and the extension of the definition of citizenship. No longer were individuals seen as solely responsible for their economic fate. While Ireland's policymakers were certainly affected by these developments, they were largely unable to act upon them due to budgetary constraints in the immediate aftermath of the war. More significantly, however, the power of the Catholic Church had diminished little, causing political storms throughout the late 1940s and early 1950s, with specific reference to the issue of

social policy. As quoted in Powell (1992), Sean O’Faolain wrote that with reference to the power of government and the power of the Catholic Church, based in Maynooth, Co. Kildare: “it is just to speak of two Parliaments. The Dáil proposes, Maynooth disposes. The Dáil had when up against the Second Parliament, only one right of decision; the right to surrender” (Powell, pg. 260). The Church was opposed to State intervention on behalf of social welfare policy, stifling reforms such as the ill-fated Mother and Child Service (1950) which would have provided for free maternity care for mothers and free health care for children up to 16 years of age regardless of income level. Catholic leaders saw the scheme as a violation of the sanctity of the family and a pathway to the liberalization of abortion and birth control rights. Church disapproval precipitated a crisis in government and forced the resignation of Noel Browne, the Fianna Fáil Minister for Health at the time. On both an institutional and conceptual level, policymaking was subject to strong forces preserving the status quo.

However, despite the political and economic woes of the country in general, it was during this period that poverty did eventually achieve a place on what Cobb and Elder (1983) call, the ‘systemic agenda’: the national level of political discussion and policymaking. Beginning in the 1960s, with new ideas about equality, human rights and justice pouring out of the civil rights movements in the United States and Northern Ireland, and from the Second Vatican Council (1962-65), the popular understanding of poverty began to move

away from individual responsibility and towards a framework of poverty as a multidimensional, contextual issue, better understood via concepts like social exclusion.

The transformation of poverty from a purely individual circumstance into a publically acknowledged social problem was essential to national level policy change in Ireland. Peter Townsend's work in the United Kingdom in the late 1970s introduced the idea of multidimensionality to more accurately characterize the realities of poverty as a both structural and social condition. He argued that poverty was both objective and subjective, and should not be approached using income measures and solutions alone: "Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong" (Townsend, 1979). French sociologists coined the term social exclusion to capture the process of 'social disqualification' or 'social disaffiliation' leading to the breakdown of the relationship between society and the individual (Paugam, 1993; Castel, 1995 as cited in Room, 1995). Social exclusion, therefore, constitutes "inadequate social participation, lack of social protection, lack of social integration, and lack of power" (Room, 1995).

The concept of social exclusion encompasses many realities, relative to the individual's given community, including deprivation, lack of resources, social

class marginalization, political disenfranchisement, and discrimination. The definition focuses on the interconnected economic and social aspects of poverty, and the process by which exclusion occurs. Problem solving with regard to social exclusion demands multifaceted, comprehensive approaches to address imbalances. In line with ideological trends regarding poverty and social exclusion, the role of the welfare state was increasingly seen as fundamental to the achievement of human rights. The Second Vatican Council's social message of improving social life and conditions resonated in Irish society (Conroy, 1999). Within Ireland, the launch of the Kilkenny Conference on Poverty (1971 & 1981) forced the subject on to the domestic agenda. Where poverty was recognized prior to this time as being the result of individual ineptitude, the conceptualization began to shift towards greater State responsibility for citizen wellbeing. The dominant policy idea was being challenged by the increasing public perception that poverty needed to be redefined and a more comprehensive solution found.

Ireland's entry into the European Economic Community also represented a watershed. When Ireland joined the EEC in 1973, the social dimension of Europe was just beginning to take shape. For many Irish politicians, entry into Europe offered a ready scapegoat for the country's economic woes based on the demands of European integration. Many blamed joblessness on the shift of industry to other EEC member countries, exacerbating already high levels of unemployment and poverty at home. While this frame was primarily anti-

Europe – or at least pro-Irish protectionism – the core conceptualization of poverty contained within this viewpoint was largely structural and multidimensional. The Social Action Programme, adopted by the European Council in 1974, provided a role for the European Community in combating poverty, leading to the 1975 introduction of the first of three European Anti-Poverty programs (Landford, 1999). The first program sought to address shortcomings in prevailing poverty theories and policy solutions, identifying the need to target specific groups with anti-poverty strategies and actively encouraging partnership between the government, private sector, trade unions and, particularly, community and voluntary groups. The second European Anti-Poverty program (1985-1989) included extensive research on poverty in Ireland leading to a growing understanding of the structural and multidimensional causes and consequences of poverty (Ibid pg. 92).

#### THE CONVERGENCE OF IDEAS AND THE INTRODUCTION OF SOCIAL PARTNERSHIP

By 1986, the three components of the changing discourse surrounding partnership and poverty for the Government and the social partners outlined above began to converge. Economic turmoil had affected every economic sector in the country. The concept of social partnership as a potential solution to the nation's economic problems became a permanent fixture in employer, union and political discourse during this period. The climate of industrial relations had reached new depths and it became clear that a new policy direction was

required. Partnership was also a consistent theme in the Fianna Fáil campaign; the Programme for National Recovery was so called after the party's political manifesto of the same name. Finally, the conceptualization of poverty had shifted towards a multidimensional understanding among the public and policymakers alike. The stage was set for dramatic policy change.

In January of 1987, the Labour Party withdrew from coalition with Fine Gael over budget disagreements, precipitating a crisis in government. Taoiseach Garret Fitzgerald dissolved the Dáil and called for new elections rather than continue with the Fine Gael policy agenda as a minority government. Elections were scheduled for February 17<sup>th</sup>; the unusually long waiting period was planned in hopes that the general public might respond positively to Fine Gael's budget proposals. While public opinion polls suggested a strong showing for Fianna Fáil, they failed to win enough seats for an absolute majority. However, the new center-right Progress Democrat party emerged as a surprisingly strong third party, taking seats from Fine Gael and allowing Fianna Fáil to form a minority government alone. The Labour party lost only four seats, but the losses were sufficient to place them fourth. Between the three major parties, however, a mere twenty seats changed hands; incumbency rates were still very high. Rather than consider the 1987 election as an unprecedented electoral watershed for Fianna Fáil, thereby driving the observed policy change, it is necessary to identify the underlying shift in causal ideas that created the opportunity for the launch of social partnership.

The new Government, under Haughey's leadership, was clearly set on social partnership. Achieving the necessary agreement of the social partners required building a causal story that outlined dysfunctional policymaking as the problem and negotiated consensus as the solution. Also significant were the practical considerations requiring attention in the face of the economic crisis. The Government had to make some harsh economic choices, cutting spending to shrink the national debt. In order to achieve these ends, the social partners had to be in support of the plan from the start. Although seemingly instrumental, the motivation for binding the social partners to a national agreement was fundamentally based on a discourse of partnership's virtue as the best method for economic recovery and reduction of poverty.

Taoiseach Charles Haughey and Labour Minister (future Taoiseach), Bertie Ahern had already made in-roads with union leaders, negotiating support for a national partnership agreement. Moreover, Fianna Fáil capitalized on the publication of the NESC strategy report, generating widespread support for the consensus model already outlined by the social partners. The employers were slower to get behind the new deal, still skeptical about the sincerity of the union stance. Ultimately it became clear to all parties that the new Government was serious about setting aside partisanship in the interest of a national agreement; it was abundantly clear that the future of every economic sector in Ireland was undeniably intertwined.

The reluctance of employers' organizations was addressed in three significant ways, leading them to reconceptualize partnership as a new policy direction; the causal story within the discourse shifted from one of conflict and diminishing union power to one of economic development and success through consensus. First, it became increasingly clear that Charles Haughey and Padraig O'hUiginn, as his senior civil servant in the Department of the Taoiseach, were prepared to move forward with partnership arrangements with or without the employers. The threat of marginalization was significant and demanded new thinking on behalf of the employers when addressing social partnership. Secondly, the employers' perceived benefits from participation in the partnership negotiations were increasing relative to the strength of the unions. Had bargaining remained outside of a national agreement, unions might have secured more benefits than possible within the confines of a strict partnership deal. Finally, employers were clearly suffering the ill effects of the economic recession as well; it had become abundantly clear that economic recovery was not going to be possible under the status quo. In fact, as Hastings et al. (2007) note, "a view was gaining acceptance in business and indeed in wider circles that, ultimately, the Irish political system might not have the ability to address the situation"; the future of Irish industry could not be entrusted to the government alone.

From the unions' perspective, social partnership represented a way into governance that was largely pragmatic, rather than ideological. As compared to



unions in the UK, Irish trade unionism identified the negotiated consensus model as the means by which their declining membership might maintain national influence. Despite skepticism among the employers as to the sincerity of union commitment, the leadership was genuinely dedicated to achieving progress for its workers, but also pursuing the best interests of the country. In particular, the unions made it clear that they were prepared to deal with severe cutbacks in order to manage the national debt, foregoing pay raises until economic recovery could be realized. While the tenacity of union leadership in obtaining the support of their membership surprised many within the partnership negotiations, there was a sense of destiny (nearly ‘patriotic duty’ as Tim Toner, former President of IBEC, describes the unions’ activity in Hastings et al. 2007) that required the embrace of partnership to ensure Ireland’s future.

Emerging political leaders within Fine Gael also foresaw their political futures as incumbent upon solving the national economic crisis. The idea of consensual governance appealed as leaders sought to be a part of the solution rather than the problem. Haughey’s minority government, in conjunction with leaders like Fine Gael’s Alan Dukes, seized the opportunity in 1987 to actively promote a new inclusive institutional framework designed to tackle economic and social development as the only possible means forward. In what was subsequently described as the “Tallaght Strategy”, Dukes publically supported government policy despite deep political divisions: “When the Government is moving in the right direction, I will not oppose the central thrust of its policy. If

it is going in the right direction, I do not believe that it should be deviated from its course, or tripped up on macro-economic issues” (Dukes, Tallaght Chamber of Commerce Sept. 1987). A broad political consensus existed around the need for spending cuts, but more importantly, the Opposition gave unspoken agreement to end ‘politics as usual’, opposition for opposition’s sake. As Minister for Finance, Ray McSharry describes “Everybody realized after the 1987 election things had to change. It was a minority government. Fine Gael or the PDs could have turned around any day and put us out... The Tallaght Strategy, when it came in, made it a little easier on the political side” (Ray McSharry as quoted in Hastings, Sheehan and Yeates, 2007).

In relation to the Fianna Fáil government, it is important to note that this period represented the political fruition of policy ideas long held by Haughey; as early as 1975, he had outlined plans for economic development through partnership and promotion of higher living standards for the poor: “The vehicle for that effort can only be participative economic planning, which clearly demonstrates what real growth in living standards and employment can be attained...” (Haughey, 1975 as quoted in Hastings, Sheehan and Yeates, 2007). However, until 1987, the standard model of Irish politics prevented much progress in terms of social partnership; it was only after a common understanding of the way forward emerged among the social partners and political Opposition that these aims were to be achieved.

Finally, the conceptualization of poverty had clearly shifted in both the public and political view. The view of poverty as multidimensional had taken root both internationally and domestically, and became truly embedded in Irish policymaking with the introduction of social partnership. As a comprehensive solution to the national economic crisis, the new agreement outlined the multidimensionality of the problem by addressing housing, health care, education, welfare, employment and social exclusion. The Programme for National Recovery begins: the social partners “conscious of the grave state of our economic and social life, have agreed on this Programme to seek to regenerate our economy and improve the social equity of our society through their combined efforts” and commits the social partners to policymaking aimed at “diminishing or removing social inequities in our society” (PNR, 1987). Subsequent agreements would broaden these social aims significantly, eventually directly including the Community/Voluntary sector in negotiations. But given the depths of the economic crisis, it is clear, even from this minimalist language, that recognition of the need for consensual governance to combat social exclusion was pervasive among the social partners and Government.

## CONCLUSIONS

Policy development in Ireland has been largely incremental and slow given the institutionalization of specific causal stories over time. The conservative nature of the Irish State preserved the status quo for the majority of the last half

century. As the conceptual understanding of poverty and the role of partnership shifted away from the existing policy ideas in the 1970s and '80s, however, an inherent friction developed within the system. The institutional shift to a partnership model in the late 1980s became possible only after sufficient political mobilization forced a new conceptualization of partnership and a clearer understanding of social exclusion, and its potential solutions, onto the political agenda. The resulting tension produced large scale change in the institutional structure as a direct consequence of shifting the causal stories underlying partnership and poverty.

As this chapter has outlined in detail, critical to the introduction of social partnership was the shifting causal ideas present in the relevant policymaking discourse, most specifically among the Government, unions and employers. As the political parties in Ireland began to see their own futures as dependent upon practical, non-partisan solutions to the national economic crisis, the policy choice of social partnership became evident as the way forward. For the Government, employers, and the unions in particular, as the view of partnership shifted towards a more collective, consensual understanding of governance, the preferred choice became a comprehensive national agreement over other available alternatives such as a return to limited pay deals, exclusion of the unions from negotiations, or a more strictly Thatcher style model of economic reform. Finally, as the discourse about poverty advanced to being cognizant of structural, multidimensional causes and consequences, the appeal of social

partnership as a new policy direction increased significantly. These causal ideas supported one another, and became the national blueprint for a new policy direction.

Earlier chapters have addressed the institutional and environmental conditions that affect policy change. However, as demonstrated quantitatively and qualitatively, these theories are limited. Institutional accounts of ‘slip-stick’ policy dynamics fail to address dramatic policy change that occurs outside the parameters of existing policy processes, and cannot explain sufficiently explain why some episodes of friction produce change while others do not. Economic and political explanations for policy change are also limited in this regard, suggesting we should not find the introduction of a comprehensive social partnership in parallel with a centrist, neo-liberal policy agenda. The decision to adopt such a comprehensive social partnership model is uncommon around Europe; the structure simply does not exist in the UK, Ireland’s nearest neighbor, and only Austria’s national partnership is more involved. This chapter has provided evidence that while institutional and environmental accounts fail to explain dramatic policy change, the fundamental contribution of causal ideas provides otherwise elusive insights.

However, as I have argued throughout this dissertation, the conditions for policy change are not isolated from other another. Variation in institutional friction, political and economic conditions *and* causal ideas is required to generate major policy changes. As shown in Table 9, the opportunity for policy

change appeared prior to 1987, as indicated by levels of friction and environmental conditions. Yet, without the simultaneous shift in the causal ideas, change did not occur in any significant way. Moreover, the data reflect the fact that later periods of equally charged conditions failed to produce corresponding policy changes. I argue that the causal story of partnership had become embedded during the 1990s, effectively preventing new policy trajectories despite changing institutional, economic and political circumstances.

TABLE 9: POLICY STASIS AND PUNCTUATION IN THE IRISH CASE

<i>Time Period</i>	<i>Friction</i>	<i>Environment</i>	<i>Causal Ideas</i>	<i>Policy Outcome</i>
1980-84	High	Economic Recession/ Fine Gael-Labour coalition	Traditional & Conservative	1 <sup>st</sup> Order Change
1986-88	High	Economic Recession/ Fianna Fáil minority	Negotiated Consensus and Social Exclusion	Punctuation: Social Partnership
1995-98	Very High	Economic Boom/Fianna Fáil and PD coalition	Negotiated Consensus and Social Exclusion	1 <sup>st</sup> & 2 <sup>nd</sup> Order Change
2005-07	Low	Beginning of Economic Recession/Fianna Fáil and Green coalition	Shifting	Punctuation: Social Partnership Collapse

In light of the findings here, I suggest that the current partnership crisis is a function of the re-politicization of these same policy images; political manipulations of the causal stories surrounding partnership and social exclusion have irrevocably altered the institutional environment and subsequent policy

outcomes. As new causal stories fill the void left by the collapse of partnership, new policy directions will emerge. While it is too early to determine the idea around which policy will coalesce, it appears evident that the formerly powerful images of negotiated consensus, solidarity and social inclusion have been deeply tarnished at the national level. Only at the local level do these concepts still resonate and generate deep commitments to social policy outcomes; this will be discussed more in the concluding chapter. The national identity crisis produced by the recent economic recession is forcing new causal ideas to compete for the future of social policy in Ireland.

## CHAPTER 5

### A PARTNERSHIP FOR THE FUTURE? CONCLUSIONS AND DISCUSSION

*“The wheels have now come off the partnership process and the year is ending with unions planning wide spread industrial action and warning that there is no hope of the Government securing its planned public-sector reforms...2009 will be remembered as the year in which social partnership broke down”*

*– Martin Wall, The Irish Times, Dec. 28<sup>th</sup>, 2009*

*“The extent of the fiscal crisis also makes it important to engage the cooperation of the Opposition and the social partners in a national effort to stem the crisis. It is certainly a lot to ask for the Opposition to ease up their pressure on the Government on any dimension. But we need to avoid a debilitating political battle that ultimately succeeds only in shrinking the economy and transferring our scarce income abroad in higher interest payments. From conversations with Opposition figures, I know they are genuinely angry at Government failures, and believe strongly it should be replaced. But I also sense a genuine desire to do what is right for the country. I don’t think it is hopelessly naive to think that a critical, if limited, form of cooperation is possible in the national interest.”*

*– Professor John McHale, NUI Galway, Sept. 28<sup>th</sup> 2010*



## INTRODUCTION

The two quotes above give some indication of the magnitude of the current economic crisis in Ireland. Indeed, as Martin Wall predicted at the end of last year, 2010 has been a year of industrial strike and protest across Ireland. The public sector unions, nurses, airport workers, and others have all taken to industrial action in the past twelve months. As the Government prepares to bail out the Allied Irish Bank group for thirty billion Euros in bond failures, the future of the Irish economy looks rather grim. However, as the second quote eloquently captures, the idea, the causal story, that the policymakers and citizens alike continue to focus upon, is that inclusive, consensus based solutions are the only way forward. John McHale's quote would have resonated well in the debate over the nation's economic future in 1986, but today it sounds a little sentimental, even as it captures the national mood. Above all, his notion of 'doing what's right for the country' is suggestive of the powerfully attractive vision of social partnership.

In this dissertation, I have had two goals. First, my aim has been to contribute to the broader literature on policy change by incorporating significant causal ideas into the analysis. Second, I have sought to develop an historical analysis of specific policy change in Ireland that accounts for major policy change more broadly and more definitively than existing accounts in the literature. Before detailing the dissertation's contributions on these two levels in depth, I summarize the central arguments, methods and findings from each

chapter. The final section of the dissertation draws out the broader implications of this research and suggests opportunities for future study. The lessons learned from this study are significant, not only for students of the policy process and those interested in the role of ideas in affecting policy change, but for all scholars of modern governance.

## THEORIES AND ARGUMENTS

My work begins with three fundamental premises: policies are generally static; institutional, political and economic factors condition policy outcomes; and shifting causal ideas, interacting with these conditioning factors, are required to produce episodes of dramatic policy change. At the core of this study are the causal ideas that drive episodes of punctuated policy change. More specifically, this work considers the dramatic policy shift witnessed in the late 1980s in Ireland with the introduction of social partnership. Partnership fundamentally altered the way that welfare and anti-poverty policies are formulated in Ireland, representing a radical departure from conventional norms. Essential to this dramatic shift, or policy punctuation, were the relevant causal ideas in use both politically and socially.

Given these three premises, I then consider each stage of the policymaking process with respect to the dynamics of major policy transformation. In the first stage, I ask whether the documented effects of institutional friction in general exist for a single policy domain: social welfare. I

argue that this policy issue represents a tough case for the existing literature as theoretical expectations of responsiveness within the social protection agenda are high. In order to test these expectations, I use a three country analysis of institutional friction. By focusing on a single policy domain in multiple settings, leverage is gained on the relevant exogenous factors contributing to policy stasis and change over time. I contend that the disaggregation of policy issues, across differing country settings, reveals alternative pathways for policymaking, conditioned by friction, which the existing literature on punctuated change has heretofore overlooked.

In the second stage of the analysis, the role of conditioning factors working in concert with procedural friction is explored in more depth. In this section, I consider the unique effects of changes in the political and economic environment on policy outcomes while including a temporal measure of institutional friction in the complete model. I argue that conventional interpretations of social welfare spending patterns adequately account for some incremental or functional – 1<sup>st</sup> or 2<sup>nd</sup> order (Hall, 1993) – policy changes in Ireland over the past thirty years. However, the analysis here is theoretically and empirically broadened to incorporate measures of institutional friction in order to better address the omitted variable bias present in existing literature on policy punctuation and social spending. More importantly, I contend that the explanation of dramatic policy change remains incomplete without the operationalization of relevant causal ideas.

The final stage of the analysis, therefore, asks how we can interpret radical policy change – 3<sup>rd</sup> order paradigm shift (Hall, 1993) – or policy change that occurs outside the predictions of both friction based accounts of ‘slip-stick’ movement and more functional accounts of economic and political needs and capacities. I suggest that episodes of radical departure need to be approached via interrogation of the causal ideas at work within the relevant policy discourse.

## METHODS AND FINDINGS

Chapter Two recreates the Baumgartner and Jones punctuated equilibrium framework for a single policy domain across three European countries: Ireland, Denmark and the Netherlands. Using measures of kurtosis and observing aggregated variable distributions, I test the level of institutional friction present at each stage of the social welfare policy process for these cases. I extend the traditional empirical analysis via inclusion of Shapiro-Francia tests, revealing highly leptokurtic, non-normal distributions in social policy inputs, procedures and outcomes. Moreover, I show that the levels of friction vary by stage in the policy process and by country, indicating multiple pathways to punctuated policy change.

Findings from Chapter Two suggest that institutional resistance is a function of the political and economic conditions under which policymaking occurs, but also of the stage of the policy process in which actors and institutions affect resistance. While these results confirm much of the existing literature on

policy punctuations, they also demonstrate the need to disaggregate policy issues and explore in more detail the underlying environmental factors contributing to periods of both stasis and change. More significantly for the remainder of the study, this chapter situates the Irish case in the European context to reveal that policy outcomes in Ireland reflect similar trends in other countries. As compared to Denmark and the Netherlands, the finding that friction is particularly sensitive to environmental conditions during the procedural process in Ireland generates new insight and new questions for the next stages of analysis. Specifically, results suggest that the policy process is directly linked with political and economic forces present in a given temporal context, generating unique policy trajectories over time.

Chapter Three begins by deconstructing traditional accounts for variations in social welfare spending, relating the existing literature to the Irish case. Using an autoregressive distributed lag model for time series analysis, this chapter takes seriously the effects of both environmental conditions and institutional friction over time on social policy outcomes while controlling for temporal autocorrelation. I use several control variables for economic and political factors that might also explain social welfare expenditure rates, including measures of inflation, trade openness, election cycles, and the influence of the political left. The time series model displayed in this chapter uniquely operationalizes friction in the procedural process as an independent

variable to demonstrate the significant effect of institutional resistance to policy change.

Findings in Chapter Three confirm much of the existing literature on welfare expenditure while highlighting the distinctive contribution of friction measures. General trends in Irish social policy reflect general expectations for spending as a result of economic and political demands. Higher inflation, unemployment, globalization, a stronger political left and impending election cycles all contribute to increases in welfare spending. However, findings in this section also provide an empirical test of the policy process as a whole, demonstrating the direct effect of procedural friction on budgetary outcomes. As such, this chapter significantly extends the work of punctuated equilibrium theory by moving beyond simple recognition of friction and operationalizing it in the analysis as an independent causal variable.

Yet, conventional explanations for policy change in this realm still fail to provide insight into dramatic, transformative policy adoption, such as the introduction of social partnership in Ireland in 1987. The decision to embed social policy in a national consensus based agreement is not accounted for by standard budgetary allocations or general welfare trends. While economic and political factors are clearly significant for understanding the depth of the Irish crisis and the need for a radical new policy direction, traditional institutional and environmental models for policy change are insufficient to explain policy

outcomes in this case without operationalization of causal ideas within the dominant policy discourse.

Having made the case that neither punctuated nor standard functional accounts of policy change are sufficient for explaining episodes of dramatic policy shift, the final empirical chapter completes the analysis, tracing the effects of causal ideas over time. Specifically, the recognition by unions, employers and government that Ireland's economic problems in the 1980s should be addressed through a comprehensive, consensus based model of governance that trumped all alternative ways of conceptualizing the future. Traditional labor relations characterized by conflict during negotiations and bargaining cycles especially following the 'free-for-all' period of the 1970s and early '80s were unsustainable. The unions were weakened by the recession, emigration and the events of Thatcher's England. The employers also needed union support to make tough economic changes, including securing a pay deal on terms that open negotiations might not have achieved. Finally, after a decade of instability, the government needed the support of all economic sectors to make the radical changes necessary to save the Irish economy.

Within the political realm, the same transformation was occurring. Since independence, Ireland's major political parties had been entrenched in combative relationship based on traditional positions following the civil war. Ideologically, Fianna Fáil and Fine Gael are not polar opposites; in fact, the political agendas of these two centrist parties are often highly convergent. As

such, intense competition has often stymied cooperation. A focus on consensus building and a willingness to overcome political barriers characterized the strategy of progressive political actors in both the incoming Government and Opposition of 1987.

Finally, the social policy agenda, as advanced through the introduction of partnership, was fundamentally altered by the reconceptualization of poverty. During this time, the image of poverty shifted away from traditional considerations of personality responsibility, associated with the need to instill moral rectitude and provide charity to worthy recipients. Increasingly, the causal story entrenched in Irish social policy became one of social exclusion, “associated with the concept of multidimensional disadvantage, or multiple deprivation...in relation to housing, health, education, transport, leisure, etc. and with limited participation in the decisions affecting life chances” (Geddes and Benington, 2001: 4). Prescriptions for solving social exclusion necessitate multidimensional, inclusive, comprehensive policies. As a new policy trajectory, tying anti-poverty programs to social partnership was an innovative, highly aspirational strategy which set Ireland apart from its European neighbors.

#### THE CELTIC TIGER AND OTHER OUTCOMES OF PARTNERSHIP

The early 1990s and 2000s are often referred to as the “Celtic Tiger” era in Ireland. After the devastating recession of the 1980s, which saw unemployment rates of nearly 30% and emigration returning to mid-19<sup>th</sup> century famine era



levels, Ireland began to recover economically in the early 1990s. Several of Fianna Fáil's key initiatives in the late 1980s and early '90s took root, including industrial, educational and infrastructural policies that promoted foreign investment and domestic growth. Central among these strategies was the formation of social partnership, binding all relevant sectors of the Irish economy together for long-term development and policymaking. To outside investors, the Irish government made the country as attractive as possible: a low tax regime on company profits; a highly educated, technically adept workforce; and nationalized pay deals ensuring wage moderation, union cooperation and progressive social policies. Social partnership was undeniably a major factor in the success of the Celtic Tiger era.

Over time, these structures were transferred to every level of governance and extended to multiple policy issues, instituting social partnership style decision making for most policymaking bodies and service providers across the country. The Irish government was given kudos as well as extensive funding through the European Union Structural Funds to build and maintain the new partnership institutions. Ultimately, the Irish model became a blueprint of best practice for other European countries to follow. The flexibility and organic process of partnership in Ireland was recognized as a readily transferable policy idea, able to be tailored to the specific needs of national or local communities across Europe. Moreover, Ireland was not alone in adopting competitive neo-corporatist arrangements; the Netherlands, Portugal, Italy and Spain all

implemented social pacts to varying degrees in order to address the economic challenges of post-industrial development. The demands of the European single market produced strong incentives for bringing economic policy under control through partnership style institutions (Molina and Rhodes, 2002). Yet, Ireland's model of competitive neo-corporatism and the deep commitment to social issues embedded in the pacts represented a unique form of institutional development.

Today, Irish social partnership has collapsed. At the national level, the most recent social partnership transitional agreement has stalled despite over two years of negotiations. Employers, unions and the Government remain poles apart in trying to formulate new wage bargaining agreements in particular. Indeed, recent news reports claim that 'partnership is dead' (*Irish Times*, December 5, 2009). Neo-corporatist models in general have faltered across Europe as many countries typically governed by consensus have adopted more streamlined, decentralized and market-based approaches. Where once cooperative economies were seen as guaranteeing high productivity and investment growth (Gordon, 1996), they are now suffering from labor immobility and economic stagnation. However, across other European economies, neo-corporatist models are more typically evolving and adapting to changing economic circumstances rather than utterly collapsing. In Ireland, it seems that there is little hope that the central tenets of the national social partnership can be resurrected.

Several explanations emerge for why consensual governance has failed in other countries. The literature on corporatism identifies the weakening of trade unions, the increase in services industry employment and European integration as the three primary factors explaining the decline in social partnership. The unions, in league with major political parties, have traditionally established strong positions in the economic forum, promoting economic efficiency through wage setting institutions. Where the unions were once highly centralized and acting collectively, their role was to produce cooperative optimal policy solutions. However, where unions have been more independent of one another, the collective results have produced suboptimal outcomes relative to what unions might have achieved through direct negotiations. Moreover, the capacity of the labor unions has now been reduced by decreasing numbers of blue collar workers. So, while unionization may have formerly solved problems of economic efficiency and wage bargaining, the power of the institution is presently subsiding.

The debate over corporatism's value in an open economy has become even more prescient in the era of globalization. Three specific trends are evident in the literature focusing on the effect of globalization on "production, occupational structures and international economic integration" in domestic economies (Wallerstein et al., 1997). The expectations of increased flexibility and specialization, for both production and employment, in a globalized economy are less compatible with centralized wage bargaining. Looser labor markets have

reduced the need for centralized bargaining and social partnership (Rhodes, 2001). Finally, integration into the single European market has also undermined the wage bargaining institutions at the national level (Wallerstein et al., 1997: 380). The introduction of the European single market introduced pressure to control wage competitiveness, deficit spending and currency devaluation; these former tools of domestic economies to generate growth are now regulated tightly (Rhodes, 2001).

However, results have been mixed across Europe on each of these issues and no consistent pattern of decline in social partnership has been associated with increased levels of globalization. Each country has been forced to address global economic development based on domestic concerns. Indeed, in Ireland trade union density has declined in recent decades and today only accounts for approximately 30% of the workforce (OECD, 2007). However, other countries that have adopted partnerships either started with lower rates of union membership initially (Spain) or experienced institutional setbacks despite maintaining steady levels of membership over time (Belgium, Sweden, Norway, Denmark). The literature also suggests that development of the services industry (as opposed to blue collar employment) contributes to the decline of neo-corporatist models. However, employment in Ireland has long been focused primarily on the services industry. Overall, manufacturing accounted for 23% of employment in 1981 and maintained that share between about 1991 and 1997, eventually rising to about 27% as of 2009. So, while the services industry

has rapidly expanded, it has not come at the direct expense of the manufacturing sector (Nolan et al., 2000; OECD, 2009). More significantly, while manufacturing went through a major decline in the early 1980s, that development roughly paralleled the adoption of social partnership rather than its decline.

Finally, partnership has not simply run its course with regard to social policy; indeed, the policy aims of the original social partnership agreements are far from being met. By the end of 2002, despite average growth rates of real GDP of over 8% for nearly a decade (OECD), the percentage of people living below a 60% threshold poverty line remained at approximately 9%. In 2005, the rate had dipped to 7%, but is back on the rise in the current economic recession (EU-SILC, 2005). Social exclusion and unemployment rates are now returning to pre-boom levels (official unemployment stands at approximately 14% as of June 2010), further undermining the original anti-poverty goals of the partnership model.

Today, the cost and commitment required to maintain partnership style policymaking may no longer be sustainable. During the period of economic boom that followed the introduction of social partnership, the pie was large and growing and dividing it among the social partners was a happy task; this is no longer the case. Social welfare programs and local partnerships funded by the national exchequer are among the many economic and social welfare provisions having their budgets severely cut in an effort to balance the national fiscal

ledger. Equally, the political leadership of the late 1980s firmly believed in the power of social cohesion for economic recovery and growth, whereas the current political leadership lacks the dedication to either the design or the ethos necessary to maintain social partnership. Wallerstein and Golden (2000) argue that the ability of corporatist models to adapt rather than self-destruct is primarily a function of politics, and recent research certainly suggests that the current Irish government is dismantling the consensus based aspects of working in partnership in favor of more streamlined policymaking (Kirby and Adshead, 2008). More significantly, the existing policy ideas defining social issues and the welfare state in Ireland are being altered by another conceptual shift. In this instance, the ideas of social partnership and social exclusion are again under attack. The problem definition now includes the inefficiencies of working in partnership among the causes of economic recession in modern Ireland; “Partnership itself may in some ways be responsible for lack of competitiveness” (Tony Crooks, interview July 7, 2009). National agreements may have prevented the flexibility required to adapt to global recession. Also, empathy for those who were unable to harness the benefits of the Celtic Tiger era is in short supply among policymakers and those in government. Irish citizens are being repeatedly instructed to ‘tighten their belts’ without complementary recognition of the broader structural causes of social exclusion today. As a result, the model of partnership once promoted is now readily collapsing. In Ireland, the policy image which shifted to create opportunities for partnership policies in the late

1980s is now under reconstruction, contributing to the demise of the partnership design today and forcing a dramatic reconsideration of anti-poverty policy. Causal ideas are again at work in affecting dramatic policy change in Ireland.

#### LOCAL PARTNERSHIPS AND SUGGESTIONS FOR FUTURE RESEARCH

In his book, *Seeing like a State*, James C. Scott (1998) highlights the unintended consequences of state action with regard to public policy and planning. He focuses on the most tragic episodes of state initiated social programs, arguing that human misery is often the result of the unchecked pursuit of rationality (Scott, 1998). In the case of Ireland, the creation of social partnership and its extension to the local level has also produced unintended consequences. However, these choices may have, in fact, created innovative ways to address human suffering. The intentions of the national government, in introducing the first social partnership agreement, were to address the crippling levels of unemployment, emigration and economic stagnation that characterized Ireland in the mid-1980s. The crisis had reached unmanageable levels; a dynamic new policy direction was needed. Simultaneously, the policy ideas which had dominated the national view of poverty and partnership agreements – characterized by discord among the social partners and the leading political parties – began to collapse. New ideas were rising on the policy agenda, specifically the images of social exclusion as a multidimensional understanding of poverty and the need for an inclusive, comprehensive policy direction. Social

partnership, bringing the major parties of interest to the table, was conceived of as the way forward.

Thus far, this work has covered the multitude of reasons why this dramatic policy change occurred, yet it is the effects at the local level and some of the unintended consequences of the national social partnership that remain unexplored. By way of conclusion, this section addresses broader theoretical questions by suggesting avenues for future research that highlights the work of partnership at the local and national level. While the national level partnership may not ultimately survive in Ireland, the institution has had a profound effect on how local communities address poverty and social exclusion. Partnerships at the local level have built strong social networks, community based economic activities, and sustainable development of neighborhoods. Though these goals were present in the national level agreements, it is only at the local level that partnership has approached their achievement.

Irish local partnership was formally introduced in 1991 as a result of section seven of the second national partnership agreement: the Programme for Economic and Social Progress<sup>25</sup>. The purpose of local partnership was to generate area-based, community oriented responses to long-term unemployment and social exclusion. Each of the local partnerships was set up as a non-profit company with an organizational structure that mirrored the national partnership; board members were local representatives of unions, employers,

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<sup>25</sup> As mentioned in the introduction, there were several local community partnerships, such as PAUL partnership in Limerick, already in existence by this time.



state agencies, and the voluntary/community sector. Local area authorities were initially excluded from the original model in order to keep partnerships non-partisan but were formally included by 2000.

The twelve original local area partnerships were expanded to thirty-eight in 1993, following that year's national development plan. Throughout the 1990s, extensive funding from the European Union promoted the expansion of local partnerships under the area-based management schemes. Today local partnerships have now been merged with other rural, urban, agricultural, Gaeltacht (Irish speaking), and community organizations under the current governments' "cohesion" process, creating thirty-seven integrated companies that cover a broad range of development activities. Overall, area-based partnerships have become an integral part of the national level policy agenda in combating social exclusion across Ireland.

While Ireland's experience of social partnership at both the national and local level is unique, the diffusion of partnerships as a social policy institution across Europe offers one potential avenue for future research. The Irish decision to embed social policy in the national partnership agreement is unique among European countries; only Austria provides a more comprehensive program of social policies in their national agreements. However, the decision to implement social policy at the local level via partnerships has become increasingly popular across Europe in countries other than Austria and Ireland, yet there is substantial variation in institutional design. I argue that five significant factors

contribute to this variation in policy diffusion at both the national and local level: 1) Relevant causal ideas about social partnership and welfare policies; 2) EU directives on social inclusion programs and the attached conditionality of area-based responses; 3) domestic traditions, such as a history of national level corporatism; 4) domestic conditions, including economic, political and interest group priorities; and 5) adoption by nearest neighbors, either physical (sharing a border) or ideological (common traditions).

TABLE 10: EUROPEAN CORPORATISM, POLICY CONCERTATION AND LOCAL PARTNERSHIPS

Country	National Level of Corporatism (Siaroff, 1999)	National Level of Policy Concertation (Compston & Berger, 2002)	Degree of Local Partnership (EFILWC)
Austria	Strongly Corporatist	Social, economic, industrial, labor, employment, EU	Limited, Developing
Britain	Weakly Corporatist	Very limited concertation at national level	Active, Competitive
France	Weakly Corporatist	Employment, social security	Limited, Regional
Germany	Moderately Corporatist	Social insurance, labor, health	Active, Regional
Ireland	Moderately Corporatist	Social, economic, industrial, labor, employment, EU	Active, County Based
Italy	Weakly Corporatist	Tax, expenditure, labor	Limited, Regional
Sweden	Strongly Corporatist	Labor, pensions, employment	Limited, Developing
The Netherlands	Moderately Corporatist	Social security, employment	Limited, Developing

Preliminary work in this area suggests that some European countries with the strongest traditions of corporatism, such as Finland, Sweden and

Norway, do not readily transfer social policy programs to the local partnership levels. Likewise, despite generations of national level partnership, Austria has only recently begun to adopt strong local partnerships. Conversely, as the case of Ireland demonstrates, national and local level partnerships can be implemented simultaneously. Or, as in the case of Britain, national partnership need not occur for local area partnerships to thrive. In the broader European context, there is a great deal of work to be done evaluating the diffusion and development of these unique policy institutions.

Next, while a comprehensive analysis was conducted by Fitzpatrick Associates in the 2007 “Value for Money Review” in Ireland, little comparative empirical work has been done on the question of institutional design and the outcomes local partnerships. As a result of the recent cohesion process in Ireland, a quasi-natural experiment has presented itself as an opportunity to evaluate the effects of changing local partnership structures from organic, community-specific institutions to county-based, identical, streamlined structures. As Lowdnes and Wilson (2002) suggest, institutional design can have a significant impact on social capital outcomes and community development. Their study of local partnerships in the UK is suggestive of a research design that may be readily comparable to the Irish case and other European countries. In addition to broader questions of European policy diffusion above, future research should focus on the conditions under which partnerships are more or less effective, specially asking what factors explain the

variation observed across EU member states and over time with regard to effectively combating social exclusion through the use of social partnerships. What are the domestic variables that contribute to their success or failure? These results could then be usefully compared to other European local partnerships with the benefit of observing outcomes for policy efficiency and effectiveness as well as the development of social capital, democratic inclusion and social cohesion.

Finally, there is anecdotal evidence to suggest that the benefits of social partnership may have been overestimated, particularly in light of the recent global economic crisis. In the aftermath of the current recession, the role of social partnership in exacerbating or alleviating the downturn will be, no doubt, considered at length across the EU. However, additional avenues for research are also apparent. First of all, partnership potentially reinforces existing social barriers and marginalizing groups via tokenistic participation (Kirby, 2008; Geddes 1997; Syrett, 1997). Social partnership may serve to reinforce existing power structures within society, nullifying the influence of non-traditional social partners if not objectively recognized and carefully managed (Syrett, 1997). Partnership may offer a diverse set of interests a place at the bargaining table, incorporating a broader range of actors in the decision making process, but these partnerships may also serve to isolate and/or insulate unelected policymakers from the broader populace. Partnership is also typically reserved for those groups considered 'mainstream' enough to participate in the first place. The

partnership process tends to co-opt dissent among the social partners in the interest of achieving consensus; the degree to which this impinges on critical democratic discourse is worthy of careful consideration. Indeed, as Meade (2005) acknowledges, “if they were to be true to their democratic values, community and voluntary sector organizations must work towards the construction of alternative political forums that will allow them to publicize and popularize their critical social analysis” that is otherwise stifled by the partnership process (Meade, 2005).

There is also some concern that partnership represents a ‘hollowing out’ of the state and a relinquishment of responsibility for social policy by the state (Jessop, 2002). Indeed, in their analysis of partnership in Ireland, the OECD concludes that partnership entails “receiving and spending public money without the traditional procedures and instruments of control by democratically elected representatives” (OECD, 1996). Some of the backlash against partnership may, in fact, be driven by a conceptual disconnect within the institution itself with regard to core ideas like poverty and social exclusion. For those who are seeking egalitarian, consensus based decision making rather than just access to the boardroom table, the mere existence of partnerships does little to alleviate frustration. The power structure and the adherence to democratic norms and principles within both national and local level partnerships certainly offer one rich vein of inquiry. If, as Peadar Kirby (2010) claims in the Irish context “Social partnership was, in the main, a device used by Government to assimilate

actors who might normally be sources of dissent, into a grand project which is the competition state”, the future emergence of social partnerships across Europe may create problems for both social democracy and national economic development. It is vital that policymakers find an appropriate balance.

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## APPENDIX A

### DISTRIBUTIONS STUDIED

<b>Ireland</b>		
<i><b>Distribution</b></i>	<i><b>Description</b></i>	<i><b>Source</b></i>
<i><b>Policy Making Inputs</b></i>	<b>Media Coverage</b> <ul style="list-style-type: none"> <li>Percentage change in articles covering partnership and poverty, pooled across Front Page, Ireland and Opinion/Letters sections, 1992-2009</li> </ul>	<b>Source:</b> The Irish Times Lexus-Nexus Search
	<b>Industrial Disputes</b> <ul style="list-style-type: none"> <li>Percentage change in industrial disputes that began or were in progress 1985-2009.</li> <li>Percentage change in firms and workers involved in industrial disputes.</li> <li>Percentage change in working days lost to action</li> </ul>	<b>Source:</b> Central Statistics Office – cso.ie
	<b>Elections</b> <ul style="list-style-type: none"> <li>Percentage change in seats for each party in the Dáil Éireann 1937-2007</li> <li>Percentage change in first preference votes for each party in the Dáil Éireann 1937-2007</li> </ul>	<b>Source:</b> Irish Government Website – irlgov.ie
<i><b>Policy Process Series</b></i>	<b>Irish Parliamentary Debates</b> <ul style="list-style-type: none"> <li>Percentage change in Ministers Questions</li> <li>Percentage change in Adjournment Debates</li> <li>Percentage change in Motions and Private Members Business</li> <li>Percentage change in Introduction of Legislation</li> </ul>	<b>Source:</b> Dáil Éireann Archives: 1983 to 2009
<i><b>Policy Output Series</b></i>	<b>Budget Allocations</b> <ul style="list-style-type: none"> <li>Percentage change in budget for Education, Health, Welfare and Housing</li> <li>Percentage change in budget for Local Partnerships</li> <li>Percentage change in budget for all Social Protection</li> </ul>	<b>Source:</b> Irish Department of Finance; Irish Central Statistics Office; Irish Welfare Department; and Pobal

# DENMARK

<i>Distribution</i>	<i>Description</i>	<i>Source</i>
<b><i>Policy Making Inputs</i></b>	<b>Elections</b> <ul style="list-style-type: none"> <li>Percentage change in seats for each party in the Folketing 1947-2007</li> </ul> <b>Industrial Disputes</b> <ul style="list-style-type: none"> <li>Percentage change in industrial disputes that began or were in progress 1996-2008.</li> <li>Percentage change in firms and workers involved in industrial disputes.</li> <li>Percentage change in working days lost to action</li> </ul>	<b><i>Source:</i></b> Statistics Denmark <a href="http://www.dst.dk/homeuk.aspx">http://www.dst.dk/homeuk.aspx</a>
<b><i>Policy Process Series</i></b>	<b>Parliamentary Speeches</b> <ul style="list-style-type: none"> <li>Percentage change in references to social welfare in the Prime Ministers annual speeches</li> </ul> <b>Legislative Bills</b> <ul style="list-style-type: none"> <li>Percentage change in number of social welfare bills debated in the parliament annually</li> </ul>	<b><i>Source:</i></b> Comparative Policy Agendas Denmark <a href="http://www.agendasetting.dk/">http://www.agendasetting.dk/</a>
<b><i>Policy Output Series</i></b>	<b>Budget Allocations</b> <ul style="list-style-type: none"> <li>Percentage change in annual social welfare expenditure budget</li> <li>Percentage change in annual social transfer expenditure budget</li> </ul>	<b><i>Source:</i></b> Statistics Denmark <a href="http://www.dst.dk/homeuk.aspx">http://www.dst.dk/homeuk.aspx</a>

# THE NETHERLANDS

<i>Distribution</i>	<i>Description</i>	<i>Source</i>
<b><i>Policy Making Inputs</i></b>	<b>Elections</b> <ul style="list-style-type: none"> <li>Percentage change in seats for each party in the Tweede Kamer 1945-2007</li> <li>Percentage change in first preference votes for each party in the Tweede Kamer 1947-2007</li> </ul>	<b><i>Source:</i></b> Statistics Netherlands <a href="http://www.cbs.nl/en-GB/menu/home/default.htm">http://www.cbs.nl/en-GB/menu/home/default.htm</a>
<b><i>Policy Process Series</i></b>	<b>Queen's Speeches</b> <ul style="list-style-type: none"> <li>Percentage change in references to social welfare in the Queen's annual speech to parliament</li> </ul>	<b><i>Source:</i></b> Comparative Policy Agendas Netherlands

	<b>Coalition Agreements</b> <ul style="list-style-type: none"> <li>Percentage change in references to social welfare in the governing coalition agreements</li> </ul> <b>Parliamentary Questions</b> <ul style="list-style-type: none"> <li>Percentage change in minister questions regarding social welfare</li> </ul> <b>Legislative Bills</b> <ul style="list-style-type: none"> <li>Percentage change in number of social welfare bills debated in the parliament annually</li> </ul>	
<i>Policy Output Series</i>	<b>Budget Allocations</b> <ul style="list-style-type: none"> <li>Percentage change in annual social welfare expenditure budget</li> </ul>	<b>Source:</b> Statistics Netherlands <a href="http://www.cbs.nl/en-GB/menu/home/default.htm">http://www.cbs.nl/en-GB/menu/home/default.htm</a>

## MEASUREMENT

Strategies used for calculating change score measures are described in more detail in this section. Change scores are either calculated using *percentage-count* method or *percentage-percentage* method. Year to year percentage changes in the amount of attention paid to poverty, social welfare, partnership, and social exclusion in *The Irish Times*, for example, is calculated using the following equation:  $[(\text{count at time 2} - \text{count at time 1}) / \text{count at time 1}]$ . So, if there were 11 articles in 1995 and 22 articles in 1996, the year to year change would be 1. This method enables the capture of both change in attention to the issues in the media and the overall growth of the issues on the agenda over time (Baumgartner and Jones, 2003). The second method, *percentage-percentage* measures the change in the relative size of the issue on the overall agenda. So, if the percentage of time dedicated to discussing social exclusion in the Dáil is 1.87% in 2004 and 2.24% in 2005, the year to year percentage change is 0.20. This measure captures the relative size of an issue on the agenda as compared to other issues taking up agenda space; change is based on both on what is

happening in a given policy issue and what is happening in other policy issues (Ibid pg. 168). Both methods are used in this analysis in order to check the robustness of results. The *percentage-count* method can be subject to skewed distributions in larger sample sizes, but given the small size of the samples in this study, it provides an acceptable check for robustness.

Each of the eight indicators used for Ireland above are described in more detail below as an example of the data collection process. Data gathered in the Irish case is comparable to both Denmark and the Netherlands:

1. *Irish Times*: Quarterly percentage-count change in the number of stories covered in three sections of the daily newspaper: *Front, Ireland* and *Opinion & Letters* from 1992 to 2010.
2. *Industrial Disputes*: Annual percentage-count change in the number of ongoing industrial disputes; the total number of workers involved in disputes; the total number of firms involved in disputes; and the total number of working days lost to industrial disputes from 1985-2009. All major industrial disputes are recorded by the Irish Central Statistics Office ([www.cso.ie](http://www.cso.ie)).
3. *Election Results*: Percentage-percent change in the number of Dáil seats controlled by each political party from 1937 to 2007 for 22 national level elections. The Oireachtas contained 138 seats in 1937, was increased to 148 in 1948, and presently holds 165. In this analysis, the An Leas-Cheann Comhairle seat is not included since the house speaker becomes a neutral actor upon election to the position and no longer votes with his or her political party.
4. *Election Results*: Percentage-percentage change in the percentage of first preference votes for each of the political parties from 1980 to 2007 for 10 national level elections. Data is aggregated at the national level and reflect only first preference votes rather than total percentage of votes received. Because of Ireland's single transferrable voting system, a given



political party may have received a significantly higher percentage of the final vote tally than is reflected here. However, in the interest of capturing allegiance to a specific political party, the percentage of first preference votes received is an adequate measure.

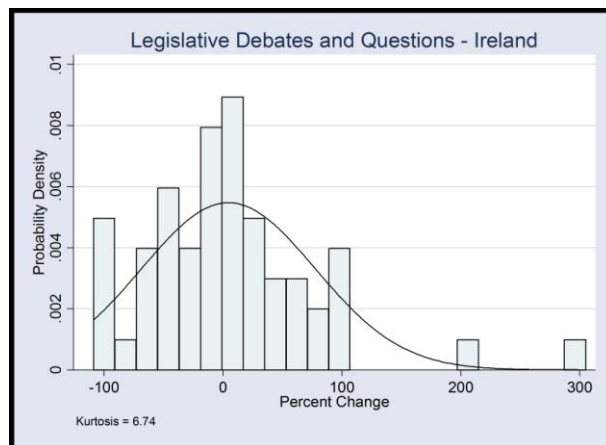
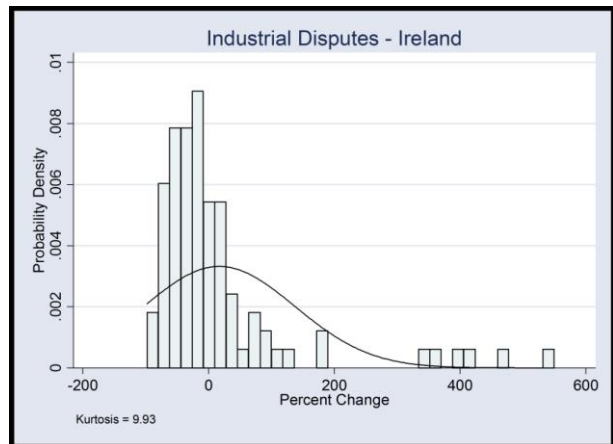
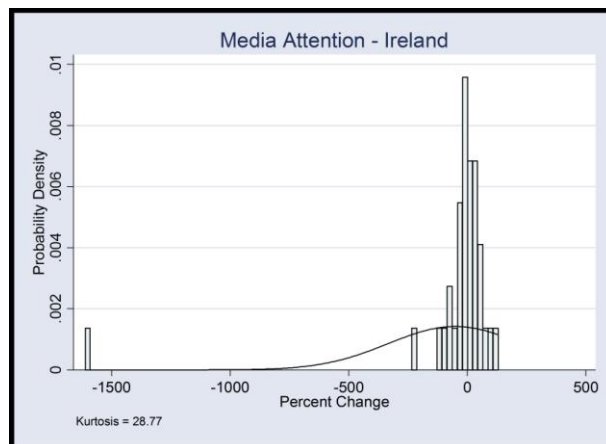
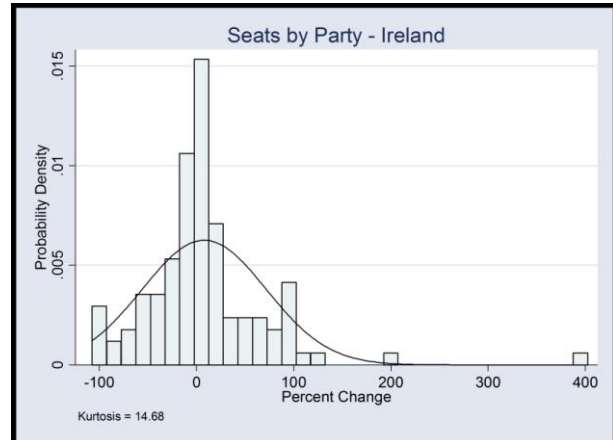
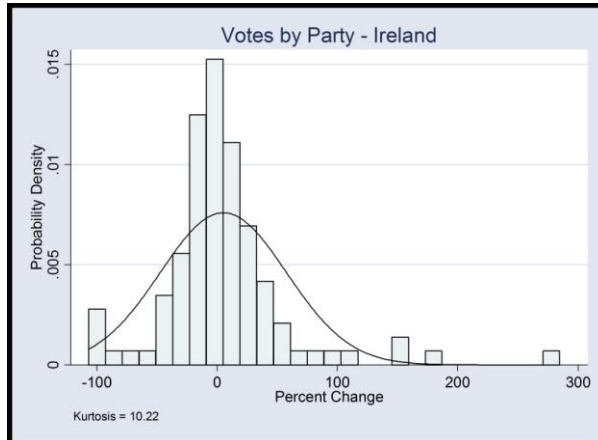
5. *Dáil Activity*: Percentage-count change in the annual number of oral questions, statements and adjournment debates presented in the Dáil from 1983 to 2010 regarding social welfare, poverty, social exclusion, national and local partnership, and other related issues (such as low income housing, disadvantaged communities, etc.) Data was collected from the Irish Government ([www.irlgov.ie](http://www.irlgov.ie)) website under the historical debates of the Houses of the Oireachtas section.
6. *Dáil Activity*: Percentage-count change in the annual number of motions, legislative debates and budgetary/financial debates from 1983 to 2010 regarding social welfare, poverty, social exclusion, national and local partnership, and other related issues (such as low income housing, disadvantaged communities, etc.) The Dáil meets an average of 90+ times per year; each session typically includes 10-15 questions, 3-4 pieces of legislative debate, 1-2 statements, motions or adjournment debates. Each daily meeting was converted into Word documents and coded for further analysis.
7. *Budgets*: Percentage-percentage change in the annual social welfare, housing, health and education budgets as a percentage of overall GDP from 1980 to 2009. National social partnership agreements cite housing, health and education as the three target areas other than social welfare spending that need to be improved in order to combat social exclusion. Budget allocations are available from the Irish Central Statistics Office ([www.cso.ie](http://www.cso.ie)) and from the Department of Finance.
8. *Budgets*: Percentage-percentage change in the annual social protection budgets as a percentage of overall GDP from 1980 to 2009. Social protection budgets include multiple areas of spending such as

unemployment payments, state pensions, allocations to local anti-poverty partnerships, illness, accidents and child benefit payments. Budget figures for all Irish partnerships were obtained from the Department of Community, Rural and Gaeltacht Affairs and their subsidiary office, Pobal.

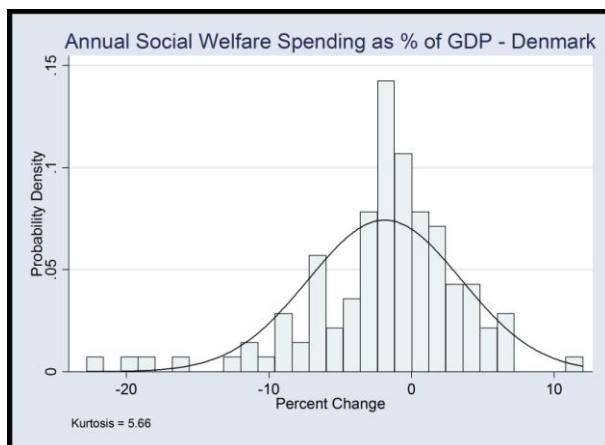
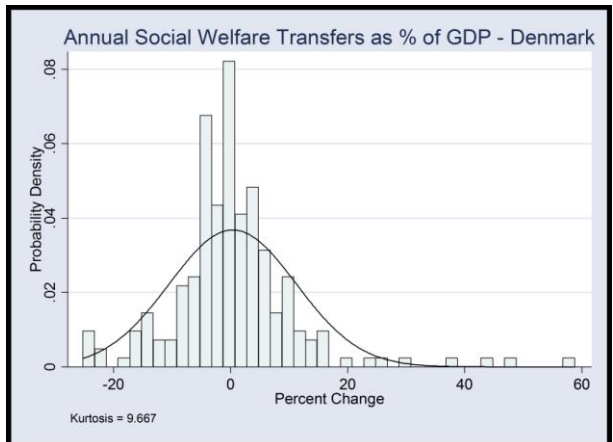
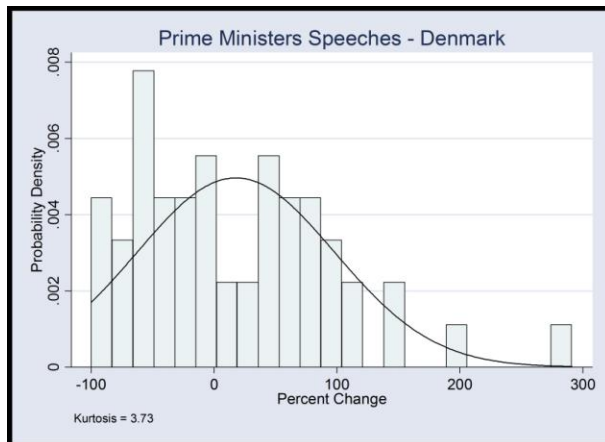
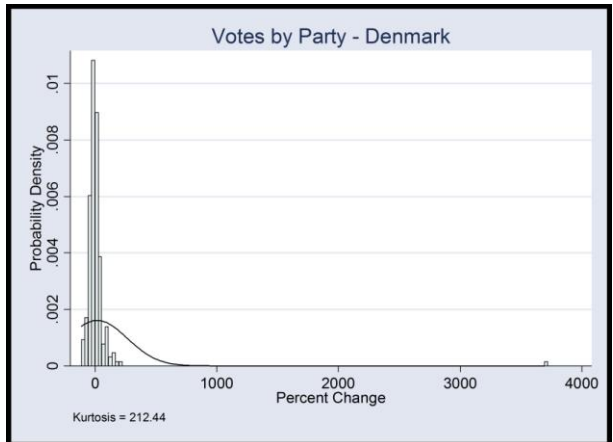
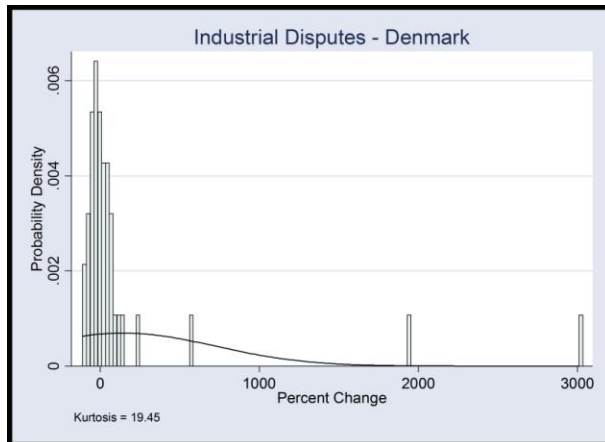
## APPENDIX B

### DISTRIBUTION HISTOGRAMS FOR EACH DATA SERIES

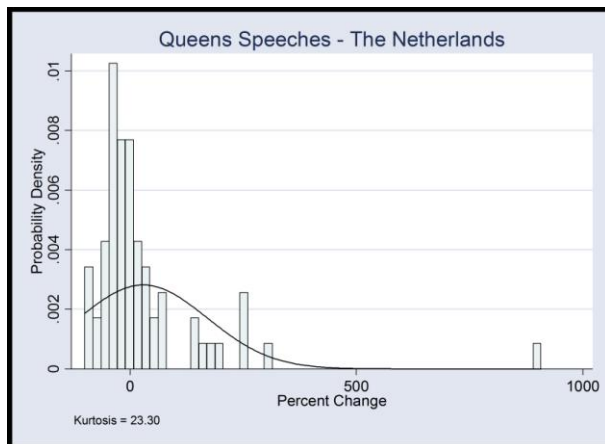
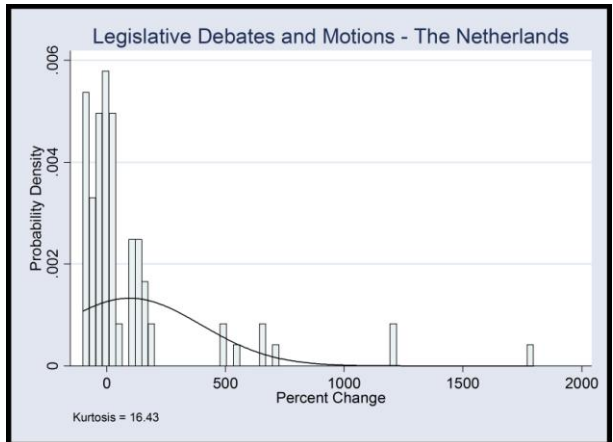
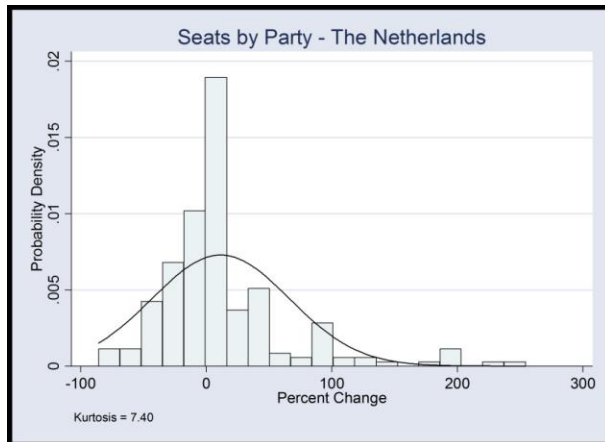
#### IRELAND



## DENMARK



## THE NETHERLANDS



## APPENDIX C

### REGRESSION MODELS WITH TOTAL SOCIAL SPENDING<sup>26</sup> PREDICTORS OF ANNUAL SOCIAL SPENDING AND SPENDING AS A % OF GDP

	<i>Model I:</i> Annual Social Spending (logged)	<i>Model II:</i> Annual Social Spending as % of GDP
Lagged Total Social Spending	<b>1.02**</b> (0.03)	
Lagged Social Spending as % of GDP		<b>1.57**</b> (0.13)
Friction in the Policy Process	<b>-0.008**</b> (0.003)	<b>-0.16**</b> (0.05)
Lagged Friction in the Policy Process	-0.003 (0.003)	<b>-0.12**</b> (0.05)
Share of Left/Center-Left Dáil Seats	<b>0.002**</b> (0.001)	0.02 (0.02)
Election Cycle Dummy	<b>0.04**</b> (0.01)	<b>0.50**</b> (0.19)
Lagged Consumer Price Index Rate	<b>0.02**</b> (0.003)	<b>0.07**</b> (0.03)
Lagged Trade to GDP Ratio	<b>0.0007†</b> (0.0004)	<b>0.006</b> (0.009)
Lagged EU Revenue	<b>0.007</b> (0.009)	<b>-0.15†</b> (0.09)
Lagged Tax Revenue	<b>-0.0001</b> (0.004)	<b>-0.27**</b> (0.07)
Constant	<b>-0.33</b> (0.41)	<b>3.21</b> (3.31)
R-squared	0.9991	0.9611
Adj R-squared	0.9987	0.9427
N	29	29

Significance: †p > 0.1 \*p>0.05 \*\*p>0.01

<sup>26</sup> Measures of total social spending presented in these models include discretionary and statutory spending

PREDICTORS OF ANNUAL CHANGE IN SOCIAL SPENDING & SPENDING AS A % OF GDP

	<i>Model III</i> Annual Change in Social Spending	<i>Model IV:</i> Annual Change in Social Spending as % of GDP
Lagged Annual Change in Social Spending	<b>0.90**</b> (0.16)	
Lagged Change in Spending as % of GDP		<b>0.78**</b> (0.25)
Friction in the Policy Process	<b>-71.23**</b> (27.09)	<b>-0.11**</b> (0.05)
Lagged Friction in the Policy Process	-12.64 (28.49)	-0.09 (0.06)
Share of Left/Center-Left Dáil Seats	11.84 (9.55)	-0.004 (0.02)
Election Cycle Dummy	<b>265.30**</b> (101.59)	0.28 (0.20)
Lagged Consumer Price Index Rate	12.47 (15.46)	0.006 (0.03)
Lagged Trade to GDP Ratio	3.37 (4.50)	-0.005 (0.009)
Lagged EU Revenue	<b>-99.80</b> (64.71)	-0.03 (0.11)
Lagged Tax Revenue	<b>73.58†</b> (45.39)	-0.08 (0.09)
Constant	<b>-2579.10</b> (2073.76)	4.15 (4.03)
R-squared	0.9198	0.7691
Adj R-squared	0.8797	0.6522
N	28	28

Significance: †p > 0.1 \*p>0.05 \*\*p>0.01

PREDICTED VALUES FOR SOCIAL SPENDING VARIABLES AND MEASURES OF LAGGED PROCEDURAL FRICTION

FIGURE 18: TOTAL SOCIAL SPENDING (LOGGED) AND LAGGED PROCEDURAL FRICTION (WITH 90% CONFIDENCE INTERVALS)

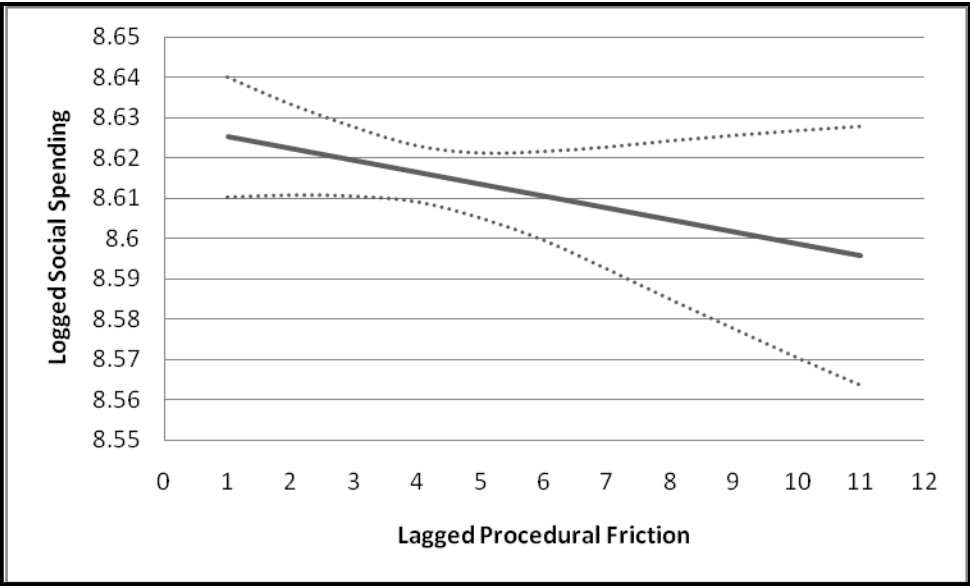


FIGURE 19: TOTAL SOCIAL SPENDING AND PROCEDURAL FRICTION (WITH 90% CONFIDENCE INTERVALS)

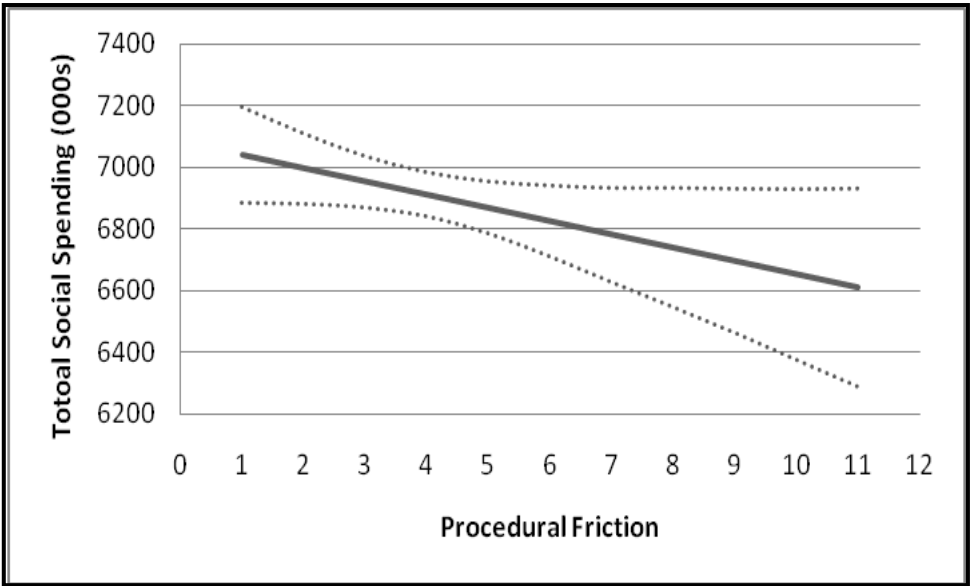




FIGURE 20: TOTAL SOCIAL SPENDING AND LAGGED PROCEDURAL FRICTION  
(WITH 90% CONFIDENCE INTERVALS)

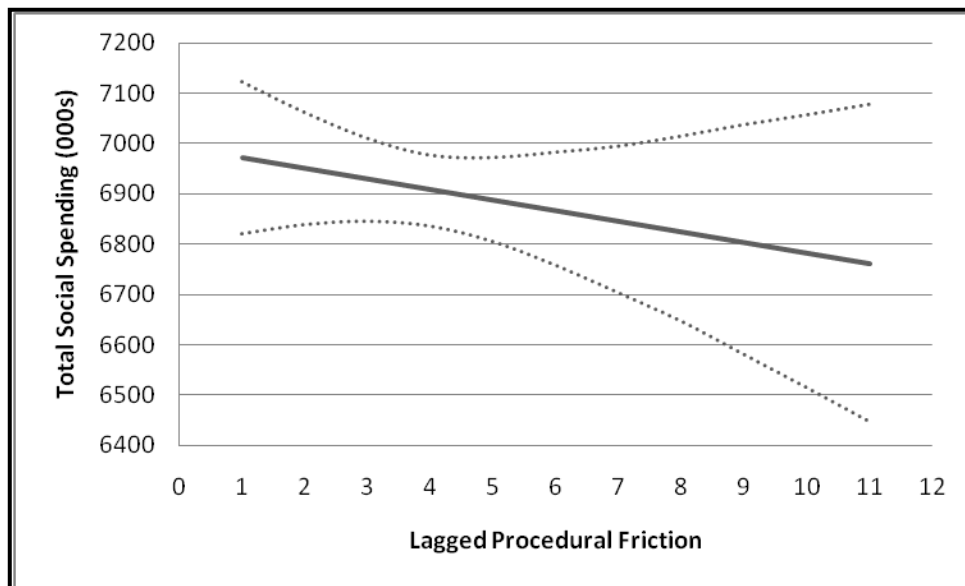


FIGURE 21: CHANGE IN SOCIAL SPENDING AS % OF GDP AND  
LAGGED PROCEDURAL FRICTION  
(WITH 90% CONFIDENCE INTERVALS)

