

Industrial Relations in the Two Irish Economies

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Introduction

THIS PAPER EXAMINES THE DEVELOPMENT OF INDUSTRIAL RELATIONS in the two parts of Ireland with a view to identifying the key themes or dynamics in each system. With regard to the Republic of Ireland, the theme that stands out is the extent to which employment practices in the country are influenced by British ideas and procedures. It is argued that for the first 50 years of Independence, Irish industrial relations more or less replicated the British 'voluntarist' model. However, since the early 1970s, the two systems have gradually drifted apart. The arrival of multinationals, the country's enthusiasm for Europe and a new breed of leader in trade union and employer organisations have all contributed to the decline of the British influence. The demise of voluntarism in the Republic has not led, however, to the emergence of an alternative employment model. Contemporary Irish industrial relations are fragmented, with many different ideas influencing the organisation of the employment system.

In relation to Northern Ireland, two main themes have dominated industrial relations. One is the industrial relations dimension to the vexed questions of Catholic labour market disadvantage and the drive towards fair employment in the region. This paper argues that it is naïve to think that work practices or labour market institutions played no part in the religious bifurcation of the employment system. At the same time, it suggests that Catholics fared less well than Protestants in employment more as a result of the unintended consequences of particular labour market practices rather than deliberate acts of discrimination. While certain industrial relations procedures may have contributed to Catholic labour market disadvantage, successive governments have seen other

labour market practices as holding the key to fair employment. In particular, through a series of legal moves, governments have obliged enterprises to adopt certain human resource management policies in an effort to end religious disadvantage at work. We argue that these actions have considerably improved the position of Catholics in employment.

The other big issue with regard to Northern Ireland industrial relations is the extent to which it is integrated into a wider UK system. One view is that because the region is half in and half out of the British economic and political system, it should develop its own system of labour market governance to improve economic performance. The counter-argument is that to reinforce the Union, Northern Ireland should tie itself to UK-wide arrangements. This paper suggests this debate is a side-show. For a start, it argues that talk about integrating the local system into wider British arrangements is a misnomer as the UK no longer has an established pattern of industrial relations. Furthermore, the case for a regional industrial relations systems is blunted by the under performance of local labour market institutions. Overall, Northern Ireland industrial relations fails to promote fairness in the employment systems or to contribute greatly to economic performance. In this situation, important changes have to occur to existing arrangements which set out to reform the nature of the British connection and the activities of regional industrial relations bodies.

Living with the British Legacy

Political independence in 1921 did not end British influence in the Republic of Ireland. For the most part, the new Free State inherited a British method of governance. Like many other parts of the administrative structure, little attempt was made to recast the established industrial relations arrangements by the early governments of the Free State. As a result, an ethos of voluntarism continued to govern relationships between labour and management. Indeed industrial relations in Britain and Ireland remained virtually indistinguishable until the mid-1970s.

Voluntarist industrial relations in Ireland influenced the organisation and behaviour of employers and trade unions. As for organised labour, its most pronounced feature was its fragmented structure. Every occupational segment, no matter how small, seemed to have its own trade union organisation. Moreover, trade unions frequently competed for similar types of worker, a practice compounded by several large British trade unions continuing to recruit in the Republic after Independence. A second feature of trade union organisation was its decentralised orientation. On the one hand, the authority of the Irish congress of Trade Unions (ICTU), the

federal body for organised labour, was carefully circumscribed so that its main role was one of coordination. On the other hand, local shop stewards enjoyed considerable autonomy, thereby ensuring that they were frequently the pace setters on industrial relations matters. Employer organisations displayed many of the characteristics of the trade unions. Although not particularly fragmented, national employer organisations were relatively weak bodies with little capacity to drive an industrial relations agenda from the centre. In one sense this was not a problem since the predilection of employers was for decentralised industrial relations.

Thus voluntarism ensured that the social partners in Ireland progressed along a different path to that emerging in other parts of continental Europe. In countries like Germany and Sweden, a contrasting organisational structure was unfolding for trade unions and employers. Here, both social partners developed more ordered and coherent internal structures. In addition, national federations played a prominent role in deciding the general strategic direction of capital and labour. Thus each side of industry approximated towards the Olsonian idea of *encompassing* institutions with the national leadership of trade unions and employers able to formulate collective strategies, negotiate collective obligations and implement collective policies. These institutional characteristics resulted in associative orders being established in many national labour markets in Europe. Key features of such an order were a strong reciprocity between trade unions and employers, even though they had competing interests, and a special public status being conferred on them by government (Schmitter and Streeck, 1985). A contrasting organisational logic emerged in the Anglo-Irish industrial relations system. The core reflex of this system was adversarialism which tended to encourage mistrust and suspicion between labour market actors. This is an important contrast, for it meant that both Ireland and Britain stood apart from the institutional dynamics that underscored the evolution of Social Europe.

Trade union and employer behaviour in Ireland was strongly influenced by voluntarist principles. In particular a sectionalist approach to collective bargaining was promoted in which both sides of industry sought to realise the narrow interests of their members. For many leading British industrial relations academics, such as Alan Flanders (1968), this was a perfectly acceptable and reasonable approach. But the consequence was a lack of integration between industrial relations and the wider national strategy of economic development. The gap between the two is exemplified by the roller-coaster history of attempts at national pay agreements between 1948 and 1980. Successive Irish governments established national wage determination arrangements to tie pay to other national economic objectives, but invariably many of these initiatives were short-lived. The chequered

history of these programmes is well documented (see Hardiman, 1988; 1992; Roche 1994; and Durkin, 1992), but the basic problem was that governments were attempting to build a national wage strategy on unsuitable institutional foundations.

Voluntarism ensured that legal regulation played a relatively minor role in Irish industrial relations and also made policies to promote a greater consensus in the employment relationship more difficult. For the most part, both sides of industry eschewed the juridification approach to industrial relations whereby legal rules govern labour market behaviour. Such an approach was common in continental countries such as France, Belgium and Italy. But in Ireland, labour law interventions were regarded as a direct threat to collective bargaining and to the autonomy of both sides of industry in deciding their own destiny. For the trade unions, excessive labour law would sound the death knell of solidaristic action whereas employers found it menacing as it would place them inside the straight-jacket of state regulation. Thus both sides of industry favoured taking their chances in a free collective bargaining tussle rather than allow government the opportunity to lay down the boundaries of permissible and non-permissible industrial relations action.

In Ireland, there was not the strong antipathy towards the principle of worker participation which existed in Britain. Many British trade unions rejected out of hand proposals for worker democracy as a cunning capitalist ploy to first incorporate and then subjugate organised labour. Irish trade unions were more phlegmatic on the matter; they were neither overly in favour nor opposed to the principle of participation. But the institutional characteristics of Irish voluntarism meant that it was exceptionally difficult to implement worker participation schemes within organisations (McCarthy, 1975). A fascinating report under the chairmanship of Michael Fogarty (1969) highlighted how the fragmented trade union structure created enormous organisational barriers to the enactment of an employee involvement arrangement.

All these developments added up to Irish industrial relations being the twin sister of the system that prevailed in Britain. Despite formal political independence, the umbilical cord was still there. Another way the close association between the two countries manifested itself was by Irish trade unions engaging in pattern bargaining. The term 'pattern bargaining' was invented by American industrial relations scholars to describe the process of trade unions in one part of the United States formulating bargaining demands by examining collective agreements reached in other parts of the country. Underpinning pattern bargaining therefore, is the view that trade union demands are heavily influenced by (i) normative sentiments about a group of workers' position relative to other workers; and (ii) the availability

of information since only when workers have information about wages and employment conditions for other workers can they make a judgement. Mostly, pattern bargaining is practised within countries. Previously in Britain, for example, most firms in the engineering sector waited for Ford and other large car manufacturers to set the pattern for collective bargaining demands before entering negotiations with their own workforce.

Many trade unions in Ireland, particularly in the 1960s and 1970s, regarded pay deals concluded in Britain as a legitimate comparison and thus sought to shadow particular UK collective bargaining agreements. Britain being an orbit of comparison for Irish wage setting was facilitated by three factors. First, the existence of a currency union between the two countries removed any possible centrifugal influences arising from the exchange rate illusion. The argument here is that separate currencies discourage trade unions from engaging in any normative comparisons. Second, by engaging in collective bargaining in Ireland, British-based trade unions represented a ready-made organisational channel for the transmission of information from one area to the other. Thirdly, the large flows of Irish workers in and out of the British labour market created the all-important social foundations to pattern bargaining.

Escaping the British Model

Thus for fifty years after 1921, Irish industrial relations more or less followed the pattern of British labour market governance. But since the 1970s the apparently seamless boundary between the two employment systems has been gradually coming apart. No one episode has been responsible for the rupture. Instead, it is the result of four factors operating in Ireland and one large factor working in Britain. With regard to Ireland, the first important factor to prompt a reorientation of industrial relations, and wider economic and political structures for that matter, was the arrival of multinationals. After the programme of self-sufficiency had all but brought the country to its knees, the political and administrative elite in Dublin engineered a complete policy reversal and a regime of unfettered economic openness was put in place. Generous tax incentives were created to attract foreign direct investment and many multinationals were enticed to take up the offer.

Much has been written about how multinationals have come to dominate the tradeable sector in Ireland, and the benefits and weakness of this situation. It is not appropriate to review this literature here, since the concern is with the impact of multinationals on the industrial relations environment. In the industrial relations literature an important distinction

is made between multinationals acting as ethnocentric and policycentric organisations. Ethnocentric multinationals transfer the dominant employment practices of the home country when establishing a subsidiary in a host country. By contrast, polycentric multinationals adopt the employee relations practices of the host country. No systematic study has been carried out on which industrial relations strategy tends to be pursued by multinationals in Ireland, but the balance of evidence is that ethnocentric practices are more widespread. Roche and Geary (1994) argue that multinationals have played a significant role in the importation of new employee relations ideas such as the non-union firm and US models of human resource management that emphasise team-working and multi-skilling. McCartney and Teague (1997) in an in-depth survey of three economic sectors in Ireland, reached similar conclusions.

Many new workplace employment practices inside multinationals are a direct challenge to old-style voluntarist industrial relations. For example, under voluntarism trade unions gained influence over the social structure of the enterprise through joint management-trade union committees. But now work practices such as team-working and employment involvement arrangements are, in many areas, dissolving the traditional boundaries between management and labour and are thus making such committees obsolete. Moreover, it is unlikely that these workplace innovations will remain completely confined to the foreign-owned sector. Managers who have worked for multinationals leave and join indigenously owned companies, taking with them fresh ideas about managing the internal labour market. Owners of Irish companies sometimes compare themselves to foreign subsidiaries to assess whether they can copy human resource practices to improve their competitive performance. More generally, a process of societal spill-over invariably takes hold through which the employment practices of certain companies gradually modify the social conventions governing the labour market. This type of slow reorientation appears to have taken place in Ireland: voluntarism is no longer a widely accepted labour market convention.

Membership of the EU is a second factor encouraging a recasting of Irish industrial relations. European integration has generated both formal and informal influences. On the formal side, Irish entry into the EU coincided with a relatively large shrinkage of the indigenous industrial base. Through the process of trade creation, whereby inefficient productions are exposed to more competitive organisations from other member states, many Irish-owned companies went to the wall, unable to live in a world without protective barriers. It was not that these companies were a bastion of voluntarism—they were in the main just poorly managed, inept even at voluntarist industrial relations—rather their closure was significant

in that it removed from the industrial structure a group of enterprises that would have been a drag on industrial relations change. In other words, the corporate shake-out that took place with EU membership resulted in an increase in the capacity of organisations to diffuse workplace innovations. A higher diffusion capacity spelt a bigger threat to the traditional relations system.

Another formal influence arising from European integration was EU social policy. Like other member-states, Ireland is obliged to comply with employment laws and policies adopted by the EU. At the start, this proved a difficult enough task. For example, the 1975 Equal Pay Directive threw the Irish Government into convulsions, with ministers declaring that they had no intention of placing such sex equality legislation onto the statute book. Twenty years later, although not problem-free, Dublin is more comfortable dealing with EU social legislation. A measure of the new confidence was the passage in 1993 of a law giving part-time workers a plinth of rights which was more or less modelled on a draft EU Directive: to show that it was a good European, the Irish government implemented the initiative even before it became EU law. Large-scale Europeanisation of policy making in Ireland accounts for the positive attitude in Dublin to EU initiatives. This process had several dimensions, but all with implications for the voluntarist system of industrial relations.

Probably the most important dimension was that the EU became an important external reference point for Irish governments when developing labour law initiatives. Previously, Dublin administrations had either relied on British legal thinking or the International Labour Organisation when formulating industrial relations legislation. Unsurprisingly, therefore, a strong voluntarist ethos underpinned much of the Irish labour law before 1970. With the EU legal influence becoming more prominent, Irish thinking on employment matters has shifted towards the juridification model, found in continental Europe. In addition to this legal dimension, EU membership allowed Irish civil servants to participate in Europe-wide policy networks. As a result, government officials became exposed to differing institutional models of the labour market. In particular, they learnt more about the associative industrial relations systems of many north European countries where the emphasis has been on management and labour developing mutual interdependence strategies. Irish trade unions and employers too, have been more exposed to such systems by participating in various committees for the social partners in Brussels. It would be wrong to argue that the EU has ended the British influence in Irish industrial relations, but European integration has certainly weakened it.

In addition to these formal factors, European integration also gave rise to a range of informal influences. Across Irish society, European integration

is regarded as involving much more than meeting the obligations of EU membership or participating in EU institutions in Brussels. It is also seen as embodying a model of development that combines social equity and economic efficiency which ought to be diffused into Ireland. Thus, European integration represents an imagined economic and social order which should guide policy in Ireland. This informal European influence, for example, has played a big part in the commitment of the trade union movement to the recent national wage agreements. In other words, the dynamics of European integration has become embedded in the cognitive structures of the Irish labour market.

A third factor encouraging industrial relations change was the deep economic crisis that lasted from the late 1970s until the early 1990s. For most of that decade Ireland stood at the edge of the economic abyss. Huge budget deficits, rampant inflation, accelerating unemployment and large-scale migration threatened to rip apart the economic and social fabric of the country. The country faced nothing less than an economic emergency which required an all-embracing, inclusive institutional response by government and the social actors. Voluntarist industrial relations, with the capacity to promote a 'them and us' mentality, were ill-suited to this policy imperative. To have pursued sectionalist demands in such bleak economic times would have been exceptionally cavalier. Thus, both employers and trade unions stepped back from voluntarism and joined the country-wide solidaristic alliance to combat the economic crisis. Tying their own actions to wider national priorities was a decisive step away from voluntarism and towards cooperative industrial relations. The national pay deals that were first signed in the teeth of the gales of economic crisis, and which have lasted the arrival of calmer, more prosperous times, are an indication of the new commitment towards consensual labour market behaviour.

A fourth factor that accounts for the demise of voluntarism has been strategic change by the social partners themselves. There is widespread agreement in the academic industrial relations community that economic and social factors alone do not fully account for trade union or employer action. In most circumstances, both have a range of strategic options open to them. This factor has been at play in Ireland. In the early 1980s, a new brand of trade union and employer leader emerged in the country, unhappy that the Irish employment system was driven by free collective bargaining. The common view was that the British voluntarist model of employee relations was ill-suited to modern Ireland. As a result, both sides of industry became more amenable to industrial relations change.

The demise of voluntarism was accelerated by the rise of Thatcherism in Britain. A cornerstone of the Thatcher economic programme was

industrial relations without trade unions. Labour exclusion policies have considerably weakened the British trade union movement. Trade union density rates have declined, as has trade union recognition. Moreover, multi-tier collective bargaining has been broken up, leading to decentralised and disorganised industrial relations. The lessons of the Thatcher years have not been lost on Irish trade unions. Neo-liberalism rewrote the industrial relations ground rules: the traditional choice between concertation or voluntarism was buried and trade unions, almost everywhere, faced the stark reality that if they were not cooperative they would be excluded. Thatcherism delivered the knock-out blow to voluntarism as a credible organising principle for employee relations. Little wonder, when in 1989 the then Irish Prime Minister, Charles Haughey gave the trade unions the option to participate in a national stabilisation programme, the offer was immediately accepted. Economic times may have been hard, but the trade unions were at least assured a future.

Contemporary Irish Industrial Relations: A Cohabitation of Different Models

The National Wage Agreements: Towards Social Corporatism?

The institutional edifice of the new consensual industrial relations is the national pay agreements that have been in place since 1987. In one sense these pay deals are unremarkable since an evergreen in Irish economic policy has been attempts at centralised wage formation. But for many they mark a new beginning as they are seen to embody the end of voluntarism in Ireland and a decisive move towards a more European model of labour market management. Whilst some of the claims made about the latest national wage agreement are too exaggerated, they nevertheless appear to stand apart from previous arrangements. Not only have they lasted for much longer, but they also seem to be underpinned by a qualitatively different relationship between the social partners: a greater spirit of partnership seems to prevail between employers and trade unions than hitherto.

A number of features of the national pay agreements stand out. One is that they have held down wages in Ireland's tradeable sector. Some commentators, such as Walsh (1993), have been critical of the various national wage deals for failing to control wages in the private sector. But little justification exists for this assessment: without the national agreements, wages in the private sector would have been much higher (Teague, 1995). A second and more important aspect of the agreements is how they have dovetailed with the country's macro-economic strategy. Since the

mid-1980s Ireland has pursued monetary and fiscal policies to make it better placed to join a monetary union in Europe. Every agreement explicitly states that the pay deals must be consistent with the country's efforts to be part of an EU single currency club. Fituossi (1995) describes such a macro-economic strategy as *competitive disinflation*. Tying wage formation to a tight fiscal and monetary regime marks off the Irish national pay deals from the social corporatist arrangements found in most Nordic countries in the 1970s and 1980s (Rowthorn, 1992).

Third, while private sector pay has been constrained, the same is not true for the public sector. For the past decade, employees in the non-market sector have received annual wage increases above inflation. Moreover, because of the regular comparability assessments, pay, particularly for higher grade public sector workers, is regularly topped up. As a result, it is questionable whether public sector workers would have done so well under free collective bargaining. Sooner or later the imbalance between private and public sector wage formation will have to be addressed. Without any redress, private sector workers are likely to grow disillusioned with centralised pay fixing, causing the agreements to fall apart.

A fourth feature of the agreements is how they have more or less concentrated on redistribution—how to divide up the macro-economic pie. This is unlike other national collective bargaining systems which also have an active role in the productive side of the economy, mostly through the provision of collective labour market goods. Thus, in Germany national partnership between trade unions and employers is not simply embodied in the system of coordinated wage bargaining, but also in the renowned apprenticeship system. Labour market collective goods are important for productive activity as they can reduce negative economic externalities. For example, without proper, functioning training institutions it is difficult to establish an adequate pool of skilled workers. When skill shortages arise, firms invariably start to poach labour from each other, thereby triggering wage inflation. Collective labour market goods frequently prevent these distortions and thus contribute to economic efficiency. For the most part, the centralised wage agreements in Ireland have yet to create such arrangements for the productive side of the economy. By and large, this can be attributed to the weak links between the national pay deals and the employment practices of enterprises.

Overall, the Irish national wage agreements have operated in a highly distinctive way, containing both positive and negative features. Thus some of the uncritical accounts that are emerging about the pay deals are perhaps overblown. Nevertheless, it would be churlish not to accept that they have played an important part in the present economic recovery. For the social partners, but particularly the trade unions, the big prize is that

they have emerged from the dark days of economic recession at the centre of economic decision making. The theme of partnership now appears at the centre of all government programmes. This is unlike Britain, where the trade unions are out in the cold. With the return of better economic times, the opportunity now exists for the trade unions and employers, through the national collective agreements, to help promote a new social agenda for the country. In terms of narrow industrial relations matters, the key issue will be whether or not the partnership principle can be diffused into enterprise-level employment systems. The extent to which this can happen depends on the character of employee relations on the ground.

Enterprise-Level Employment Systems in Ireland

Only a fragmentary picture exists with regard to ground-level industrial relations. As a result, it remains uncertain, for example, whether companies are introducing new human resource policies such as employee involvement and team-working or whether they are sticking with tried and tested employment practices. In an effort to gain more information about employee relations inside organisations the authors conducted a survey covering three sectors of the Irish economy—electronics, financial services and food, drink and tobacco—to assess the extent to which workplace innovations are being diffused in the country. In total, in-depth interviews were carried out with 102 organisations.

A number of important findings emerge from the survey. First, team-working is the least likely workplace innovation to occur. Only about one in four enterprises have adopted this type of workplace reform. The results with regard to job rotation are interesting, for they show that whereas 56.9 per cent of companies have introduced this practice to some of their core workers, only 38.2 per cent have enacted the policy at the 50 per cent level. This suggests that job rotation has been introduced by firms as much to remove job demarcations as to promote multi-skilling or multi-tasking. Breaking down demarcations between job tasks has been a common strategy in British companies in an effort to obtain internal functional flexibility. Thus one interpretation of this result is that human resource managers inside companies in Ireland continue to be influenced by British thinking on the employment relationship. But the figure also suggests that many skilled workers have been able to resist moves towards functional flexibility.

Total quality management (TQM) has been the most common employment innovation introduced by firms: about 70 per cent of the sample diffused this practice in some form, (workers in each establishment are

involved in this effort). However, in a good many cases TQM initiatives mainly involve a company-wide ethos and have not involved any large-scale changes to work organisation. Thus some companies appear to have only introduced minimalist, symbolic workplace innovations with few far-reaching implications. But perhaps the main finding from the survey is that no overall pattern exists to workplace change in the country. This conclusion is broadly in line with other studies which suggest that ground-level employee relations in Ireland are fragmented (Roche, 1994). It is also consistent with the observation that whilst human resources managers in Ireland are moving away from voluntarist industrial relations, they have no preferred alternative model: they are being influenced by a number of different developments with regard to the employment relationship. In particular, some appear influenced by the British flexibility model; others are closer to the American human-resource management model; still others by the partnership principle through which workplace reform is introduced via working with established trade unions.

Thus although there appears to be a decisive shift away from the voluntarist model of industrial relations at the enterprise level, no coherent new system is emerging. Elements of different models of the employment relations are sitting side-by-side with each other. This conclusion has implications for how the central industrial relations arrangements connect with employment systems on the ground. Perhaps the key lesson from the above discussion is that it would be misguided to tie organisations to any one particular employment practice. Only loose connections between the centre and enterprises appear feasible, suggesting that Ireland cannot develop a distinctive industrial relations model. Actually to even use the language of an 'employment model' is to cut against the grain of social and economic change.

At the moment, economies are going through a huge wave of innovation and experimentation. The scale and direction of these changes have made well-understood categories of the labour market governance more or less redundant. For example, innovations such as lean production make it no longer possible to talk about a high road and a low road to economic success. In the new emerging complex economy, systems of governance lose their capacity to order and stabilise productive systems. They certainly lose the ability to tie enterprises to particular labour market practices. All that can be achieved is a form of open-ended coordination which establishes fluid and loose institutional supports for strongly decentralised forms of corporate decision making. As a result, it is inevitable that ground-level employee relations will be diffuse. At the same time, the industrial relations centre still has an important role, particularly by generalising good employment practices. In addition, industrial relations institutions should adopt

'learning by monitoring' procedures (Sable, 1994) whereby the centre interprets and codifies the type of social and economic changes taking place to guide and support unfolding labour market changes.

Almost by accident, Irish industrial relations have arrived at this open-ended coordination arrangement. On the one hand, ground-level employment systems are fairly fragmented. On the other hand, the industrial relations centre continues to have a key role, especially in relation to wage formation. Until recently, the national pay agreements have been mostly concerned with macro-economic management. With macro-economic stability more or less restored, the social partners can encourage a dialogue about the nature of enterprise-level employment systems. Indeed, as part of the latest agreement, the national social partners are likely to set down general principles to encourage employee voice at the workplace. This is exactly the type of policy suggested by the open coordination model; rather than tying individual enterprises to one particular arrangement, for example, works councils, the centre sets out broad policies. Thus the general outlook for Irish industrial relations is bright. After a generation of living with a model it did not want, the country has developed alternative arrangements that are in line with the new flexible economy.

Industrial Relations in Northern Ireland

Whereas the story of industrial relations in the South is essentially about the gradual atrophy of the British voluntarist model, no single overarching theme is evident for the employment system in the North. Instead, discussions about industrial relations in the region must address two relatively separate trends: (i) the relationship between industrial relations and the religious divide in the labour market; and (ii) the extent with which Northern Ireland is part of a wider British industrial relations system. Each of these themes are discussed below.

Industrial Relations and the Religious Divide in Northern Ireland

Industrial relations institutions are perhaps most accurately seen as mediating mechanisms that connect economic and social structures; they are an attempt to secure an accommodation between the human resource needs of enterprises with worker aspirations for decent wages and working conditions. Thus, industrial relations arrangements help create a form of economic citizenship by establishing rights and obligations through which

people are incorporated into working life. We can say, for example, that Germany has a different model of economic citizenship than Britain largely as a result of contrasting industrial relations systems. In relation to Northern Ireland, this line of analysis raises the sensitive question of whether industrial relations practices have played a role in the unequal employment status of the two communities.

That differential employment status exists in Northern Ireland is now more or less beyond controversy. The literature on the religious divide in Northern Ireland labour markets has arrived at the following stylised facts:

- 1 Catholic males are more than twice as likely to be unemployed than Protestant males;
- 2 Protestants are over-represented in professional, managerial and skilled occupations;
- 3 Catholics are over-represented in semi-skilled and unskilled jobs;
- 4 Catholic males are hugely under-represented in security-related occupations;
- 5 While Catholic women are under-represented in administrative and managerial jobs and in clerical, secretarial and sales employment they are over-represented in professional jobs;
- 6 Economic inequality within each religious bloc has increased.

Agreement rapidly breaks down when it comes to explaining why Catholics have fared worse than Protestants in the employment system. Part of the debate on this matter concerns the role of industrial relations institutions in segmenting the regional labour market along religious lines. One view, which can be called the vulgar incorporation thesis, suggests that trade unions were docile, if not open accomplices, with the Unionist domination of the regional labour market, particularly during the Stormont years (Boyd, 1984; Tomlinson, 1980). As for the formal workings of the trade union movement, this argument is not convincing. Cradden (1993), in a copious and illuminating study of the Northern Ireland labour movement, shows that the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU) continually exhorted government to move against religious discrimination in employment. Individual trade unions frequently demanded similar action. Thus, from the very outset of the Northern Ireland state, the formal trade union position has been unequivocal in its opposition to sectarianism and religious bigotry.

A contrasting picture emerges when the focus shifts to the informal side of industrial relations. Here, the argument is that the actions of workers and employers outside established collective bargaining structures, and sometimes within them, ensured that Protestants did better than Catholics

in employment. There are malign and benign versions to this story. According to the malign version the informal workings of the labour market were fairly straightforward. On the one hand, many employers when recruiting simply preferred Protestants to Catholics. On the other hand, Protestant workers inside enterprises, with considerable incumbency rights, acted to protect their insider status in a way that excluded Catholic outsiders. Thus the malign view is that the minority community encountered deliberate, widespread, if not systematic, labour market discrimination.

The benign story is somewhat different. It suggests that Catholic labour market disadvantage has in large measure been the unintended consequence of particular employment practices. Consider Harland and Wolff, the large ship-building company. Traditionally, this company operated a dense local employment system in mainly Protestant East Belfast, in a way that blurred the boundary between the company and the local community. In particular, a highly developed, extended internal labour market existed in the district whereby local people formed a queue for a job in the company. When a vacancy arose, it was filled from this waiting list through an informal recruitment channel. Both Harland and Wolff and the local community benefited from this informal employment system. This loose industrial relations system was not peculiar to Belfast: other communities elsewhere in Britain and Europe which housed large traditional industries, such as steel and coal, developed similar employment practices. But one negative side-effect from such systems can be local labour market closure as social barriers to entry are erected, making it difficult for outsiders to gain employment inside the community or district. Two unfortunate consequences arose in Northern Ireland as a result of local labour market closure. One was that Catholics were effectively excluded from many engineering jobs. The other was that a deep association emerged between Protestantism and manufacturing activity. In other words, it was a battery of industrial relations practices along with other social processes that ossified the occupational structure along religious lines, and not some innate propensity for Catholics or Protestants to favour one type of employment over another.

Economic change has all but washed away traditional extended internal labour markets in Northern Ireland. As a result, the high-profile local employment systems which appeared to typify the deep religious schisms in the regional labour market have declined. In recent years, there has been some discussion about the relatively large number of small private sector organisations with mainly Catholic or Protestant employees. Frequently, this religious segregation of corporate life is attributed to what is known locally as the chill factor: the reluctance of individuals from one religion to join organisations where the other religion is dominant because of a

perceived threat of intimidation, personal injury, or in the extreme case death. Whilst clearly an important factor, it is questionable whether the chill factor is the sole influence at play. Even at the height of the violence, there were many trouble-free areas where the chill factor was relatively weak, yet there still existed a high number of mono-religious enterprises.

A more convincing explanation for this development is that segregation in employment is only reflecting the growing residential segregation of the two communities. Over the past twenty years gradual, almost unnoticed, shifts in population have been occurring, resulting in the concentration of Catholics and Protestants in particular parts of the region. For instance, there appears to have been a virtual exodus of Protestants from the border areas and in many residential areas a more pronounced clustering of the Catholic community has taken place. Since many (small) private sectors firms tend to recruit from the immediate surroundings, it may be that mono-religious enterprises are the by-product of the residential concentration of Catholics and Protestants. Industrial relations influences played a relatively minor part in this development. Yet paradoxically the emergence of religiously homogenous workplaces may impact benignly on employee relations as they might encourage the social bonds of loyalty established in communities spilling over into enterprises.

Overall, industrial relations arrangements have played a part in the religious bifurcation of the Northern Ireland labour market. It would be almost impossible to quantify the exact role of such factors since we are dealing with informal social processes. Determining the relative importance of the benign and malign influences of industrial relations institutions would be equally difficult. Employers did overtly discriminate against Catholics (and Protestants), and Protestant workers did operate in a way that intimidated Catholics from particular firms. Probably more important however, have been industrial relations practices with the unintended consequence of crowding Catholics into the lower end of the labour market. Thus, Catholic disadvantage was not some grand conspiracy on the part of Unionists or Protestants, but, in part, the result of 'normal' labour market processes becoming entangled in the local religious divide.

Industrial Relations and Fair Employment

Although industrial relations and human resource management practices are implicated in the religious divide in the labour market, policies in these areas are also seen as important to realising fair employment. Fair employment legislation has been on the statute book since 1976, but it was only after the law was revised in 1989 when an effective anti-discriminatory

regime emerged in the labour market. The updated and revised Act of that year places strong obligations on enterprises to become fair employers. Table 1 outlines the various fair employment policies that enterprises have to pursue and others that could be used. At the very minimum, enterprises have to introduce a range of actions aimed at compliance with the law and the 'key duties' placed upon employers. As a next step an employer could make some improvements in general employment practices in line with the 'Fair Employment Code of Practice'. For the most part, this code sets out a 'soft' human resource management (HRM) approach to fair employment involving the formalisation of procedures relating to recruitment, promotion and redundancy and the introduction of new disciplinary arrangements to deal with religious harassment at work. More radically, the employer could take steps to bring about significant organisational change to promote fair employment. In general terms, such an approach can be termed 'hard' HRM policies for fair employment. Whilst not completely jettisoning the merit principle, measures under this banner represent a more far-reaching attempt to reduce religious imbalance inside the enterprise.

Table 2 shows that in the years since the Fair Employment legislation has been strengthened, the proportion of Catholic men and women in the workforce has increased in almost every occupational grouping. An interesting question is whether the 1989 Act encouraged the adoption of new employment practices by enterprises and the extent to which these contributed to the improved labour market performance of Catholics. In 1992 a survey of public and private sector organisations was carried out to

Table 1. The range of fair-employment policies.

Compliance	Soft fair-employment policies	Hard fair-employment policies
Registration with the Fair Employment Commission	Written policy for equality of opportunity	Enacting a strong fair employment culture
Annual monitoring of the workforce	Consultation with trade unions or employee representatives	Targeted training Fast-track promotion
Review of personnel policies on three yearly basis	Formalised recruitment and selection procedures	Performance indicators to include equality targets
Programme of affirmative action, if necessary	Redundancy procedures based on efficiency criteria Improving managerial competence in relation to fair employment Outreach activities Anti-harassment policy Policy on flags and emblems	Organisation relocation to achieve a better balance of workforce's community background

Table 2. Change in the Catholic proportion of the Northern Ireland workforce, 1990–94.

	Men			Women		
	1990 %	1994 %	Change %	1990 %	1994 %	Change %
Managers and Administrators	28.5	32.2	+3.7	36.0	39.1	+3.1
Professional Occupations	29.6	34.4	+4.8	41.4	46.1	+4.7
Associate Professional and Technical Occupations	32.8	34.8	+2.0	45.3	46.8	+1.5
Clerical and Secretarial Occupations	34.9	39.3	+4.4	33.9	36.4	+2.5
Craft and Skilled Manual Occupations	32.2	32.6	+0.4	42.7	43.1	+0.4
Personal and Protective Service Occupations	20.0	22.0	+2.0	40.5	40.5	0.0
Sales Occupations	26.0	31.1	+5.1	34.7	37.0	+2.3
Plant and Machine Operatives	36.5	39.0	+2.5	42.3	46.7	+4.4
Other Occupations	40.5	40.9	+0.4	36.8	39.5	+2.7
Total	32.0	34.2	+2.2	38.5	40.6	+2.1

Source: Fair Employment Commission, Profile of the Workforce in Northern Ireland, Summary of the 1994 Monitoring Returns, FEC, 1995.

find out the experience of employers in complying with the 1989 Act. The results show that the new legislation had an impact on the employment practices of a sizeable proportion of companies, but by no means a majority. For example, personnel practices were reported to have been revamped in one way or another in 40 per cent of companies as a result of the legislation. Staff recruitment procedures was the area most commonly changed, particularly among larger companies. Just under a third of companies canvassed also introduced affirmative action measures and, of these, just under half had also incorporated goals and timetables.

The most recent evidence for change comes from the three-yearly reviews of companies undertaken by employers themselves. An analysis of these reviews by the Fair Employment Commission (FEC) shows that the overwhelmingly majority have adopted at least some of the soft fair-employment policies recommended in the Code of Practice (FEC, 1995). For example, 89 per cent of companies have a written equal opportunity policy, and a similar proportion have a policy governing the display of flags and emblems. Also, the vast majority (85 per cent) have made discrimination and harassment a disciplinary offence.

In relation to recruitment and selection, it appears that a greater degree

of formality is being introduced. This is particularly the case with regard to management jobs. However, informal methods (factory notices, word of mouth) continue to be used for manual recruitment in about 20 per cent of companies. In addition, informal recruitment methods have been important for school leavers in gaining employment (Shuttleworth, 1994) which is a worry, since disadvantages experienced at the start of a career are likely to have an important influence on future work prospects.

Initiatives in the 'hard' range of policies remain the exception. A few large private sector companies, as well as certain public sector organisations, have adopted radical human resource management innovations to secure a more religiously balanced workforce. One enterprise, for example, has pursued a corporate decentralisation strategy with the explicit aim of increasing its presence in predominantly Catholic areas. Parts of the public sector have introduced far-reaching changes to internal structures and procedures to ensure that the organisation's employment system does not operate in a manner that disadvantages Catholics. Such high profile changes however, are in the minority. Overall the trend is for enterprises to do enough to comply with the legislation or to introduce 'soft' HRM policies to promote fair employment.

Political systems require a range of attributes to make them stable and governable. But an indispensable ingredient is an inclusive form of citizenship that not only makes people feel protected by the law but also enables them to actively engage in social and public life if they so wish. Should any formal or informal barriers exist to the full social participation of any particular group then the legitimacy of the entire political system invariably is called into question. Northern Ireland has never really enjoyed a stable system of governance precisely because of the absence of an all-embracing citizenship. The main factor behind this problem is the big religious divide in the region, which has been sustained over time by the complex interplay of a variety of social and cultural institutions. It has been argued here that industrial relations arrangements, mostly in the form of informal influences, did contribute, particularly during the Stormont years, to economic citizenship being truncated and deformed. More recently, however, active government initiatives, particularly the adoption of fair employment legislation, have gone a long way to addressing this shortcoming in the *formal sense*. Industrial relations institutions formally promote an inclusive form of economic citizenship. Moreover, informal industrial relations processes can no longer be regarded as generating unequal status in the labour market. Yet for all these encouraging developments, a genuinely inclusive citizenship in Northern Ireland has yet to be established. The large political divisions that remain between the two communities continue to hold back other positive moves towards social integration. Northern

Ireland remains an unstable democracy, despite the overhaul of many social and economic institutions.

Regional or British Industrial Relations

A long-running controversy has been whether Northern Ireland should be fully integrated into a wider British system of industrial relations or whether it should develop its own regional labour market governance structures. In a number of papers, Black (1984; 1985; 1987) argues that in spite of a number of local peculiarities, Northern Ireland is essentially part of a wider British employment system. While this conclusion is broadly correct, it would be misleading to suggest that local arrangements are insignificant: Northern Ireland has a more developed institutional architecture for industrial relations than any other UK regions. Thus for instance there is the Labour Relations Agency which provides a more developed regional arbitration, conciliation and mediation service for the local economy than other parts of the UK. In addition, the only regional Equal Opportunities Commission in the UK exists in Northern Ireland. The same is also true for health and safety matters. Furthermore, the local Training and Employment Agency enjoys considerable autonomy in developing skill-formation policies. For instance, the strategy of the UK central government of creating local Training and Enterprise Councils (TECs) never crossed the Irish Sea.

Many of these distinctive, regional industrial relations institutions are a by-product of the Stormont years when Northern Ireland enjoyed devolved government: regional administrations have a propensity to create decentralised institutions to help manage economic and political affairs. Although Northern Ireland has been without a devolved institution for more than 20 years, an ethos of doing things differently still lingers. For instance, the strong anti-corporatist stance of successive Conservative governments has never been actively pursued in Northern Ireland. Local trade unions and employers still have an input into government decision making. At the same time, it is not at all apparent that these regional industrial relations institutions operate to maximum potential. First of all, there appears to be a lack of coordination between the various bodies. For example, many would be hard pressed to remember any policy collaboration between the Labour Relations Agency and the local Equal Opportunities Commissions. In addition, there is a relative dearth of innovatory regionally specific industrial relations policies. Local industrial relations institutions cannot be considered policy entrepreneurs eager to make full use of the autonomy they enjoy.

Despite having its own regional labour market institutions, Northern Ireland is tied in key ways to the wider UK system of industrial relations. Many of the legal rights and obligations governing the workplace in the region are set by Westminster. Over the years, collective bargaining in the region has been fully incorporated into the British system. Thus, for example, although important areas of the public sector in Northern Ireland, such as local government, have their own regional institutional structures for collective bargaining, these normally only act as *conduits* for the local introduction of agreements concluded in London: little attempt has been made to reach regional bargains on pay and terms and conditions. All sorts of other anomalies exist; for example many local civil servants are members of Northern Ireland-only trade unions, but this does not affect them being covered by national-level collective bargaining arrangements. Virtually every public sector worker in the region is governed by a UK-wide pay determination system.

In the 1980s, it was fashionable to argue that national collective bargaining in the public sector turned those on the government payroll in Northern Ireland into privileged insider employees. Public sector unions were incensed by the portrayal of their members as some new type of labour aristocracy. But this fury could not disguise the fact that public sector employment was on the whole more attractive than jobs in the private sector—there was a greater level of job security, pay was relatively good due to national pay bargaining, and prospects for training and career development were much better. But the 1990s have seen several significant changes to the employment system in the public sector. In the first place, contracting out and the introduction of quasi-markets in many parts of the government sector have put the squeeze on public sector employment. Moreover, job insecurity has increased, with many people uncertain about whether redundancy is just around the corner. In addition, because of cash limits and meagre pay awards, public sector productivity has grown rapidly. Few government workers are now capturing insider rents (obtaining wages in excess of productivity performance). A more accurate picture now is of public sector workers stretched to the limits. Thus even though a UK-wide system of employment rules still prevails, the relatively privileged position of public sector workers in Northern Ireland has been undermined.

For the most part, this new situation is the result of large-scale and on-going organisational change. In almost every sphere of public sector activity there has been a growth of autonomous organisational units with considerable capacity for independent action. So far, national collective bargaining has remained unaffected by these developments. But it is scarcely credible that this situation will last for much longer. The new breed of public sector managers that are now in control will soon be demanding

scope to develop their own human resource management systems, unhindered by national rules. In other words, UK public sector industrial relations are on the threshold of fragmentation, with far-reaching implications for Northern Ireland.

What is threatening to happen in the public sector has already occurred in the private sector. As a result of concerted action by Conservative governments, national pay bargaining in key parts of the private sector has collapsed. The effect has been far-reaching since it is no longer credible to talk about an organised system of industrial relations in the UK. Hardly any private sector workers in Northern Ireland are now covered by national collective bargaining deals. Decentralised, enterprise-level pay determination has become the norm. The impact of this new industrial relations environment has been considerable. From the early 1970s to the mid-1980s, private sector wages in Northern Ireland gradually converged with the UK average. But since the mid-1980s, this trend has been reversed and the pattern is now one of divergence. Private sector wages in Northern Ireland are not much lower than any other UK region (Dickens and Machin, 1995).

This development has been bad news for the private sector worker in Northern Ireland. Decentralised industrial relations have resulted in their real wages not keeping up with the UK trend, although they have increased in real terms. At the same time, the new low wage environment is likely to have contributed positively to the impressive employment growth in the region over the past six or seven years. By any standards, recent job generation figures have been impressive. In the main, service sector activity lies behind the recent increase in employment. Since the late 1980s, job growth in financial and business services has been growing at about 5–6 per cent a year. Jobs in other non-tradeable sectors, such as retailing, and hotel and catering, have also expanded rapidly. During the past decade, the number of jobs lost in manufacturing has outweighed the number of jobs created, but behind the aggregate total, the job market in this sector has behaved fairly erratically.

The factors behind this impressive performance are not fully understood. But it would be surprising if cheaper labour were not part of the equation. Certainly some aspects of the labour market appear to resemble an 'American'-style deregulated, flexible employment system. Evidence is emerging of much higher rates of turnover in many parts of the economy. Higher turnover rates cause unemployment inflows and outflows to be larger. Previously, if a person lost a job in Northern Ireland they would normally experience a lengthy spell of unemployment, if not a fall into long-term unemployment. But in recent years there has been an improvement in short-term joblessness rates. Thus a new pattern of labour market

behaviour is emerging; although many workers are still prone to experiencing unemployment, they are more likely to leave it once they are there. People are getting jobs, leaving them more frequently, and returning to another job sooner. This is exactly the type of labour market behaviour that exists in the United States and it is closely associated with the widespread availability of low-wage, unskilled jobs.

This rise in flexible labour markets has raised concern about the regional economy falling into a low-skills, bad jobs trap. On the one hand, workers have little incentive to improve their human capital since relatively high skilled, well-paid jobs are not available, the private rates of return to education and training are low. On the other hand, firms do not provide good jobs either because they do not require a high skilled labour input or because there is a relative scarcity of well-trained people. When such market failures operate simultaneously on the demand and supply side, the labour market becomes locked into a low-skills equilibrium that makes it difficult for the economy to compete on the basis of high skilled, high value-added activity. The worry is that the poor quality of some of the new commercial activity may be turning the local economy into a site for low value-added and unskilled jobs.

Thus the decline of national collective bargaining systems has squeezed the equity dimension in the regional labour market. This should not be surprising as multi-tier collective bargaining tends to create an employment safety net by establishing a floor of workers' rights. With the breaking up of this floor, the regional labour market has become monopsonistic in character, it operates as a captive market for employers. Restoring an acceptable balance between labour market equity and efficiency in Northern Ireland will be difficult. One option is to include the region in a UK-wide collective bargaining system. But after nearly two decades of Conservative rule, it is hard to see how an organised national system of employee relations can be restored in the UK: the shift towards decentralised pay determination appears irreversible.

In the short term, perhaps the only way equity can be restored in the Northern Ireland private sector is if the Labour government introduces a minimum wage. Many uncertainties exist about the implementation of a minimum wage in the UK. One controversy concerns the rate at which the minimum wage should be introduced. At the time of writing, the Low Pay Unit is calling for a rate of £4.80 per hour, while the TUC figure is £4.40. Other calculations suggest a lower rate. For instance, if the average basic hourly earnings level of Wage Councils before abolition is updated, the minimum wage would be £3.20. Figure 1 sets out the number of Northern Ireland workers in certain sectors covered by the minimum wage at various rates. If a minimum wage was introduced at £4.50, approximately the TUC

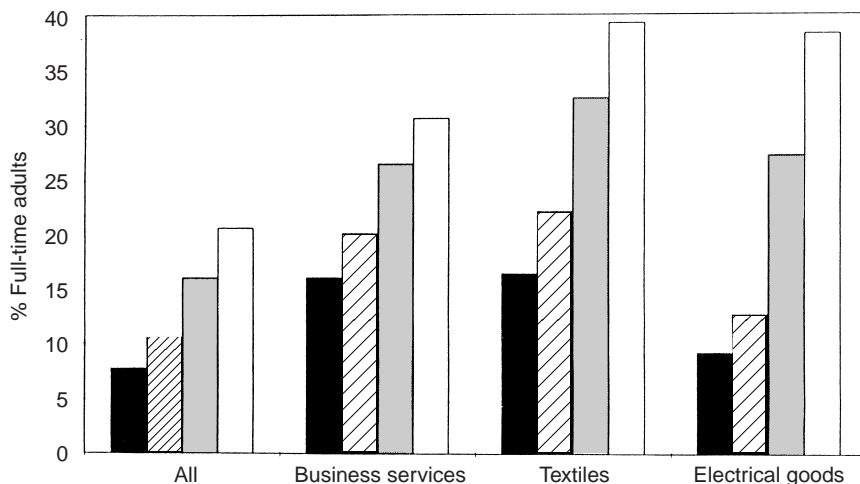


Figure 1. Percentage of full-time adults in Northern Ireland earning less than the specified hourly rates (1996 £). ■ £3.60, ▨ £3.80, ▩ £4.20, □ £4.50.

figure, the impact on Northern Ireland would be enormous. Nearly 40 per cent of all workers in textiles and electrical goods would be covered by the policy. This is totally out of line with the labour force coverage of minimum wages in most European economies where only about 7–8 per cent of workers are affected by such arrangements. To approximate to the European norm would mean setting a rate of about £3.60 for Northern Ireland, but even then the impact on individual low pay sectors would be considerable. Overall, a minimum wage is likely to have a greater impact on Northern Ireland than any other part of the UK such as the low level of private sector wages. Clearly careful attention would have to be given to how this policy would impact on job creation.

Overall, two points arise from the above analysis. One is that existing regional industrial relations institutions under-perform. In the literature, a range of positive benefits are seen as arising from regional forms of labour market governance: employment policies are more in line with the needs of enterprises, and public institutions can contribute more to the formation of trust relations between employers and workers. But industrial relations institutions fail to create such an environment in Northern Ireland. The other is that the fragmentation of the UK system of collective bargaining has weakened the equity dimension in the regional labour market. As a result, Northern Ireland needs a new balance between equity and efficiency in its employment system. For this to happen, both the regional and British components to the industrial relations system need reform: thus these two components are not in collision but are actually complementary and

potentially mutually reinforcing. Of course, behind this argument is the view that it is preferable to have an industrial relations system that at once improves the competitiveness of the local economy and increases the living standards of citizens in the region. But it is far from certain that this system will arise. An equally plausible scenario is that industrial relations in the region will remain lacklustre.

Conclusions

Clearly, there are similarities between the industrial relations systems, North and South. The frequency of strikes and industrial disputes have been declining in both economies; trade unions find it difficult to recruit atypical workers in the two parts of the island; companies each side of the border are concerned with the impact of labour market rules on corporate competitiveness. While important, these similarities should not be overstated as they are trends common to virtually all European economies. These shared patterns can be regarded as exogenous influences that are pushing industrial relations systems in the same direction. Beyond these common features, large differences remain between the two industrial relations systems on the island.

At root, two factors account for the distinctiveness of labour market governance in the two Irish economies. One is that whereas the Republic is a national system of industrial relations, the North is only a regional system. This difference has considerable implications for the organising capabilities of both trade unions and employer organisations, the type of trade-offs that can be made between pay bargaining and wider economic policy objectives, and the range of incentives and constraints that can be created by industrial relations institutions. In other words, national sovereignty has a big impact on the institutional architecture and key dynamics of an industrial relations system. The other main source of difference between the two industrial relations systems is that one part of the island is a stable political democracy and the other is not. In the Republic, the enactment of the national pay deals has been made easier by the high level of legitimacy enjoyed by the political system. Not only has this legitimacy been absent from Northern Ireland, but industrial relations arrangements have become intertwined with both the lack of inclusive citizenship and the search for a more stable form of governance in the region. The result is that the character, texture and orientation of the industrial relations systems on the island are quite contrasting.

This assessment has implications for the topical debate about promoting closer institutional links between the two economies. For the over-riding

message is that borders continue to matter, at least in relation to labour market management. Claims that economic globalisation, along with European integration, are washing away national boundaries, whether in Ireland or wherever, should be treated with scepticism. Borders have not atrophied largely because they signify that national territories still create the necessary institutional and social structures for economic and commercial activities. Frontiers represent the end of one economic and social order and the beginning of another. The German economic system is different from that of France which in turn contrasts with the organisation of economic activity in Britain.

Thus even with the undoubted rise of economic globalisation, national systems are not obsolete. Actually, basic economic theory tells us why this should not be surprising. The consensus now in economic theory is that markets are decentralised and characterised by limited information. In this situation buyers and sellers cannot explore all possible transactions and thus usually only explore a restricted number of commercial deals. As a result, close and repeated 'customer' connections emerge between buyers and sellers, which normally give rise to long-term relationships. Thus although decentralised markets are fragmented and incomplete they are frequently associated with established social relations that sustain long-term relationships and which compensate for limited information and high levels of uncertainty. In other words, decentralised markets are usually socially embedded. Moreover, because full information is absent, decentralised markets cannot be seen as self-clearing; on many occasions they fail. When market failures occur, institutional interventions, normally in the form of government policies, become necessary to avoid distortions. This is the classical reason why governments have to create public goods in areas such as education, health and transport. Thus decentralised markets are also institutionally embedded. Institutional and social support structures to organise and sustain decentralised markets are normally formed within distinct national territories. Economic structure and national institutional and social processes become contiguous.

One manifestation of this coincidence is the idea of distinct national models of economic and social developments. Sometimes the notion of national models is used in a fairly vacuous way, but developed properly it can yield penetrating insights. It can show how different bargains emerge, and are sustained between different economic and social interests—for example between industrial and financial capital. It can highlight how different forms of economic and social citizenship arise in different national contexts. The way people are incorporated into work—the skills they possess and the rights they enjoy—are quite diverse in Britain and Germany for example. Some countries have a more comprehensive welfare

state than others, with their citizens prepared to pay the price in terms of higher taxes. Thus although we live in a global era, which generates common pressures across countries, there is still considerable diversity to national economic and social life.

This analysis has important implications for the current debate about the potential for North-South economic cooperation. For it suggests, at least for labour market governance, that far-reaching programmes to bring the two economies together may not succeed. Partly this is because the industrial relations institutions are so different. It is hard to envisage how genuine coordination could be secured between the two systems without root and branch institutional change either in the North or South, or perhaps even both. Another factor is that the two industrial relations systems are directly tied to contrasting models of economic and social citizenship. Therefore, obtaining close labour market coordination between the two parts of the island may involve undermining the economic and political sovereignty of one of the jurisdictions. Thus without major constitutional change, only relatively low level, ad hoc connections between the North and South appear feasible.

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