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# Social Dialogue

An outline



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## 1. Introduction

We are at an unprecedented moment in our State's history. The COVID-19 pandemic has given us all cause to reflect on how society functions, how it has been structured, and who benefits from the status quo. It has also served to highlight some of the superfluous, the irrelevant, and occasionally the absurdity, in how we live our daily lives. Similarly, the pandemic has highlighted the essential nature of services and people previously taken for granted.

This has all presented us with a once in a generation opportunity to build a new society, a new economy and a new country that reflects the lessons we have learned in this pandemic experience.

The decision by Government parties to put a new social contract and a focus on the wellbeing of Irish people at the heart of their Programme for Government is very welcome. So too is their assertion that there is no going back to the old way of doing things.

Ireland would greatly benefit from having a structure that would engage all sectors at a national level. Social Dialogue involving all sectors of society would be hugely beneficial.

- It would help highlight issues at an early stage of their development which would allow them to be addressed promptly.
- More importantly, it would ensure that the various sectors of society were involved in developing mutually acceptable solutions to problems as they emerge.
- This, in turn, would be most likely to ensure the support of these sectors for such solutions when implemented by Government.

Once Covid-19 has been defeated, all countries will face a major challenge: to decide how the experience of the pandemic and our response to it should impact the future of our society? Will we decide to learn from this experience and tackle the inequality and exclusion that we have failed to address heretofore? Social dialogue could play a vital role in delivering a new Social Contract and rebuilding our society and economy once the worst of the health impacts are contained.

## 2. The Need for Social Dialogue

At a national level, a new structure for Social Dialogue is required where issues may be discussed in a deliberative manner. Any proposal for Social Dialogue should involve Government, trade unions and employers, the community and voluntary sector, as well as farmers and environmental groups. Any structure for Social Dialogue that excludes any of these groups would be a recipe for ensuring that inequality would grow as most of Ireland's resources would be captured by those participating in these discussions. Such an approach would simply lead to deepening divisions in Ireland.

Government needs to engage all sectors of society, not just trade unions and employers, in addressing the huge challenges Ireland currently faces in the areas of infrastructure and services, climate and regional development, taxation and unemployment, etc.

If government wishes all sectors of society to share responsibility for producing a more viable future, then it must involve all sectors of society in a real manner in planning for it. Responsibility for shaping the future should be shared among all stakeholders. There are many reasons for involving all sectors in this process, including:

- to ensure priority is given to well-being and the common good;
- to address the challenges of markets and their failures; and
- to link rights and responsibilities.

When groups have been involved in shaping decisions, they are far more likely to take responsibility for implementing these decisions, difficult as they may be. A process of Social Dialogue involving all and not just some of the sectors in Irish society would be a key mechanism in maximising the resources for moving forward.

After the economic crisis of 2008 ‘social partnership’ was unfairly cast by some commentators as one of the villains of the drama of Ireland’s bubble and bust. However, Social Dialogue in various forms remains common across Europe’s most successful economies and can play a key role in building a fair and sustainable future here in Ireland.

The design and implementation of our recovery after the COVID-19 crisis will reshape our society and economy for the longer-term and indeed for future generations. It is important that we get these decisions right. Ireland’s economic growth has been spread very unevenly; we must ensure that this trend does not continue. In the absence of a real Social Dialogue at national level, the strongest can fight their corner in the open market or in the political realm, while the weakest will be left behind. In such a scenario inequality, already at unacceptable levels, will continue to grow and the integrated development that is required will not be achieved.

Furthermore, there are a range of key issues that go beyond the economy. These include:

- infrastructure (e.g., social housing, public transport, rural broadband);
- services (e.g., healthcare, education, caring);
- climate change and sustainability generally;
- just taxation;
- good governance; and
- wellbeing.

These are all issues that impact on the economy and are impacted on by the economy but are not confined to the economy. Ireland needs an approach that addresses these issues simultaneously, not one that gives priority to the economy and hopes the benefits will trickle down, which they never do.

As already noted, Ireland faces significant challenges in the coming decades, among them the housing and health situations, an increasingly older population, and the transition to a cleaner, greener economy. We need to get beyond growth and markets and recognise that, while they do have a role, they are only part of the solution. It is also important that all sectors and interest groups in society – young and old, urban and rural, businesses, trade unions, farmers, community and voluntary, social inclusion, and environmental – have a voice in deciding how these challenges will be met.

At the core of the new model of Social Dialogue is not the drive towards cost competitiveness (although this is incorporated through the wage bargaining process and productivity improvements) but a broad-based enhancement of capabilities in the economy and society. These do not emerge spontaneously, however, and the role of civil society – where the community and voluntary sector are particularly important in Ireland – is critical here. A credible Social Dialogue process must include the community and voluntary sector and the environmental sector as well as the trade unions, employers, and farmers.

There is a real danger that the economic recovery from the pandemic will be spread unevenly. This happened after the financial crisis of 2008/2009, where some in society experienced significant increases in wages and profits, while, at the same time, homelessness and deprivation rates reached record levels, and waiting lists and trolley numbers in our healthcare system increased. The issues that

require addressing go beyond wages and taxation. Domestic business will be crucial to economic recovery, while the pandemic has served to brighten the light being shone on the flaws and inadequacies in Ireland's public services.

A new format of social partnership can address these and other issues and build a fair and sustainable recovery. But it cannot be the partnership of the Celtic Tiger years. Those partnership agreements traded worker wage restraint for tax cuts on the part of government. In the context of high tax rates and improving public finances these deals made sense for a period of time. Today's crisis is very different.

### **3. Ten Important Features of a Social Dialogue Model**

- Government needs to engage all sectors of society. Otherwise, lop-sided outcomes that benefit those who are engaged in the dialogue process will emerge. Excluding stakeholders will lead to further inequality and social exclusion.
- Government plays a unique role in the dialogue process. It provides the arena within which the process operates. It must also share some of its authority with social dialogue participants.
- The process should reflect the inter-dependence between the stakeholders. This is necessary because no party or sector has a monopoly on wisdom or can achieve its goals without a significant degree of support from the others.
- Social dialogue should not be scheduled to occur after there has been agreement on pay and taxation and related issues between trade unions and employer groups. This is so that the process cannot be portrayed as those who are not part of the pay talks being left to discuss what is to be done with the 'left-overs'.
- Participation of the different sectors should be on an equal basis. Power imbalances must be left outside the door.
- The process should be evidence-based. Debate and discussion should be informed and supported by credible data, research, and other evidence.
- Participation should be characterised by a problem-solving approach which seeks to produce a consensus in which various groups can address problems together. It must be accepted that this will involve trade-offs between and within interest groups.
- Dialogue and partnership should involve different participants on various agenda items ranging from national macro-economic policy to local development, and across all key policy areas. Sector representatives should be given an opportunity to set out an overarching position if they wish to do so, rather than just being confined to providing inputs on particular issues.
- Government must be seen to be open to approaches that vary from its own as long as those approaches acknowledge fiscal realities, credible evidence, and the need for just outcomes and sustainability.
- There are lessons to be learned from the old social partnership process. It is important that this learning is based on evidence and not on the caricature of social partnership that is often presented by commentators.

#### 4. Four Key Outcomes

The process of Social Dialogue should aim to produce four key outcomes:

1. A national wage bargain to provide wage increases that would be steady, more modest than the strongest employees could get on the open market but better than the raises that the weakest workers could negotiate. The process could also address issues like the National Minimum Wage / Living Wage. Done well, this could help to boost demand, support competitiveness, and promote an egalitarian recovery.
2. Just as important as pay and taxation – sometimes more important – to people’s living standards is what is known as ‘the social wage’ i.e., the publicly funded services and infrastructure which many people rely on to underpin their standard of living. Government can improve living standards for workers and broader society through a better social wage. This can be delivered in the policy areas of health, childcare, public transport, education and training, pension provision, housing, and others. Just three examples:
  - Fewer people would feel the need to spend thousands of euros annually on private health insurance if Ireland had a robust single-tier accessible universal healthcare system.
  - People would spend substantially less on childcare were it better subsidised by the State.
  - People would pay lower rents if government got the housing crisis under control.

Unless public services and infrastructure are addressed at the same time as pay and taxation, the concerns of only a part of the population will be given priority. Ensuring this is avoided requires explicitly factoring in the needs of all at the beginning of the process.

3. Government can also promote a ‘productivity dividend’ through additional measures based on enabling credit for firms to invest and supports for upgrading the capabilities of companies and the skills of their workforces. Irish domestic business has long been hampered by low levels of investment in the upgrading of companies, weak financing for such investment and by poor supports for their workforces’ skills and participation.

A new model of dialogue and partnership both challenges firms to upgrade and supports them in doing so.

4. A sustainable society should be a key goal of the Social Dialogue process. By sustainability, we of course mean from an environmental perspective, but also from economic and social perspectives.

These four outcomes might form part of a new Social Contract.

#### 5. Before Convening Social Dialogue

While it is important to deal with pay and taxation issues and map out the road ahead for some years to come, it must also be recognised that:

- Any proposal for social dialogue involving only some sectors and not others would fail to recognise the complementary nature of economic, environmental, and social development. It would also ensure that most of Ireland's resources would be captured only by those participating.
- If Government wishes the whole of society to take responsibility for producing a more just and viable future, then it must involve all of society in negotiating this future. Responsibility for shaping the future should be shared among all stakeholders. When groups have been involved in shaping decisions, they are far more likely to take responsibility for implementing these decisions, difficult and demanding as they often may be.
- Many people do not have jobs and therefore do not have an income from employment. These include older people, many of those who are ill or have a disability, as well as those who are unemployed. Many are among the most vulnerable in Irish society. Improvements on pay and taxation will be of no direct benefit to them.
- The necessary issues to be negotiated should be approached in an integrated manner, rather than one at a time.
- Government will make the final decisions on all policy issues. That has always been the case. But it is important that any new approach adopted by Government is integrated and inclusive.

A process of social dialogue along these lines would be a key mechanism in maximising resources to plan for Ireland's recovery, securing macroeconomic stability, strengthened social services and infrastructure, a just tax system, good governance, and sustainability. A social dialogue process that includes all the stakeholders in Irish society would go a long way towards achieving such a future.

## **6. Conclusion**

A new Social Dialogue along the lines outlined here can re-capture the strengths of earlier periods without their failings. The most competitive and egalitarian economies in Europe operate on this model – supporting the development of their businesses, investing in their populations, and protecting their societies. There are many forms that partnership agreements can take. It is time for a conversation about how a different partnership can help a sustainable recovery that will boost business development, improve wellbeing, and invest in the future of citizens and communities.

Government needs to engage all sectors of society in addressing the huge challenges Ireland currently faces. Social dialogue and social partnership, in various forms, are common across Europe's most successful economies and can play an important role in creating a fair and sustainable economic recovery here in Ireland.

A social dialogue process would be a very positive development for Ireland, and given the disruption caused to the economy and society by the current coronavirus pandemic, such a process is increasingly important. The Ireland that emerges from this crisis will look very different to the one we knew prior to the pandemic. A new structure for dialogue and partnership at both a local and national level is required where the key issues - those which existed before the pandemic, and those being created as a result of it – can be discussed in a deliberative manner.

A properly constituted social dialogue forum would focus on the need to create a just society underpinned by a vibrant economy, decent services, and infrastructure, just taxation, good governance, and sustainability. Such a social dialogue process would follow an evidence-based

approach to find solutions to the challenges we face. Objective social and economic research and analysis would inform this process, where mutual respect of all stakeholders is a given.

A measure of the health of our democracy is whether we are capable of debating issues based on evidence with a view to finding common consensus on policy solutions to the problems our society and economy faces.





**Social Justice Ireland** is an independent think-tank and justice advocacy organisation of that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.



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