

# **The politics of Irish labour activation: 1980 to 2010**

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## **Abstract**

Unlike most OECD countries, Ireland has not yet developed full labour activation policy, but is under increasing pressure to do so. This paper explores why Irish labour activation policy and implementation stalled over the last three decades and the reasons for policy drift in this area. Framed by two crises, the paper maps the politics of Irish labour activation from the 1980s crisis up to the contemporary crisis. It first analyses the politics of labour activation by tracing shifts in political discourses about labour activation over the last three decades. It then draws on bottom-up implementation theory to examine the micro politics of implementation, referring briefly to implementation of supportive labour activation strategies in the 1990s and reviewing in more depth the *National employment action plan* in the 2000s. It then maps institutions, political debates and advocacy coalitions to assist in understanding the politics of Irish labour activation policy and how its implementation was shaped and stalled. This analysis of the institutional, ideational, political interests and international factors that shaped or postponed Irish movement from passive to active welfare administration helps us better understand contemporary issues concerning the relationship between political discourse about labour activation and its implementation.

*Keywords:* Labour activation, Ireland, implementation, discourse, policy coalitions

## Introduction

Labour activation policy aims to make effective use of both welfare expenditure and a claimant's time on income support to maximise the possibility of return to paid employment. Ireland's level of labour activation is low relative to many OECD countries (Grubb et al., 2009; Martin, 2011). This paper explores why this is the case and why Irish labour activation policy has stalled relative to international experience. The paper is framed by two crises – the mid-1980s unemployment crisis and the late-2000s economic and unemployment crisis. Analysis of political discourse offers insight into how discourse of labour activation is used in times of crisis, how the various policy coalitions worked to progress or block different aspects of labour activation and how Irish policy is influenced by international policy actors and ideas. Drawing on implementation theory, the paper explores the micro politics of implementation and utilises concepts of policy drift, veto points and policy coalitions to account for stalled policy areas. The aim is to better understand contemporary issues concerning the relationship between political discourse about labour activation and its implementation.

The first section defines what is meant by labour activation and reviews Irish labour activation relative to international experience. The second section introduces key theories. The next section then reviews the political discourse of labour activation over the last three decades. The following section examines the politics of implementation in Ireland and reviews implementation of supportive labour activation in the 1990s and, in particular, of the *National employment action plan* (NEAP) in the 2000s to examine how various factors interacted to shape or postpone Irish movement from passive to active welfare administration. The analysis section identifies institutional, ideational, political interests and international factors that influenced the development and type of labour activation policy in Ireland. The final section concludes and speculates about future politics of labour activation policy in Ireland.

### What is meant by labour activation policy?

The language of labour activation is controversial. Some argue that the language implies a problematic level of inactivity and promotes a negative stereotype of welfare recipients. Others argue that a focus on 'activating' people misses the point, that the real barrier to work is not

the behaviour of welfare recipients but the structural barriers they face in moving from welfare to work. Labour activation includes in its scope a broad range of approaches. These lie on a continuum from 'full conditionality' or a sanctions-led workfare approach where no welfare is available without a work requirement to 'fully voluntary' where a wide range of supports are offered to a claimant and where the offer of support is not linked to income support (Dwyer, 2010). Barbier & Ludwig-Mayerhofer (2004) identify many types of labour activation, such as 'liberal' labour activation, which pushes people towards often low-paid work, limits the role of social policies and implies only modest efforts in training and skill enhancement, and 'universalistic' activation, which stresses high standards of social protection and high-quality active labour market programmes (ALMPs), including training, skill development and decent employment.

Where does Ireland stand on the continuum between 'high road' and 'low road' variants of labour activation? Interpretations of labour activation depend on the ideological predispositions of those in power (Barbier & Ludwig-Mayerhofer, 2004). The Department of Social Protection (DSP), with ultimate responsibility for implementing labour activation, defines it as 'a social contract where the claimant commits to engage with services in a process of active case management to develop and implement a personal progression plan and where failure to engage can lead to withdrawal of payment' (DSP, 2011, p. 1).<sup>1</sup> The National Economic and Social Council (NESCC) stresses the objective of labour activation as ensuring 'that the payment of income supports to people who do not have a job is directly linked to the equally if not more important task of supporting such people in their pursuit of employment and related opportunities and pursuing their life chances' (NESCC, 2011, p. 3).

While most agree that Ireland has made slow progress towards labour activation, there is less agreement as to what type of labour activation Ireland should adopt. Murphy (2010) distinguished three different models of labour activation: flexicurity, mutual obligations

<sup>1</sup> For ease of reference unless mentioned for a specific purpose, the DSP is the name used for the department in all years. It was previously called the Department of Social Welfare, the Department of Social, Family and Community Affairs and the Department of Social and Family Affairs. The Department of Jobs, Enterprise and Innovation is the name used for the department previously known as the Department of Labour and the Department of Enterprise, Trade and Employment.

and active inclusion for all. The Danish model of *flexicurity* (derived from the two words flexibility and security) aims to enable flexible transitions between work and unemployment: periods of unemployment are cushioned by generous welfare schemes and workers, while unemployed, remain work-active by participating in ALMPs. The *mutual obligations* model promoted by the OECD (Grubb et al., 2009) recommends intensification of benefit-control activity for the unemployed and other benefit-recipient groups in a more *coercive* approach where moderate benefits are used to support compulsory education, training or labour market participation; intrinsic to this model is the political message it sends about the obligations of the unemployed. The third model, *active inclusion for all*, is promoted by the European Commission as a holistic strategy that stresses work for those who can work and inclusion for those who cannot work. This is less work focused and avoids punitive conditionality or a narrow focus on getting people off benefits. Rather, its three pillars focus on adequate income support, inclusive labour markets and decent public services, which strive to provide personal pathways to employment and/or social participation.

The Irish approach to labour activation can be characterised by 'inertia' (Martin, 2011). Failure to move from passive to active welfare administration has left systematic weaknesses in Irish capacity to respond to unemployment crises (NESC, 2011). Various evaluations find Irish ALMPs weak on delivery of labour market outcomes (Halpin & Hill, 2007; McGuinness et al., 2011). The NESC (2011, Table 3.2) used 2004–2007 data to show that Ireland spent 1.51 per cent of GDP on ALMPs and achieved a 4.1 per cent unemployment rate. This can be compared to low-spending New Zealand (0.77 per cent and 3.7 per cent, respectively) and to high-spending Denmark (3.61 per cent and 4.5 per cent) or Belgium (3.42 per cent and 8.1 per cent). Given the little actual correlation between ALMP expenditure and unemployment outcomes, the issue is more about composition of expenditure. Ireland's composition is a 42:52 ratio between active and passive expenditure (the same as Denmark), while New Zealand strikes a healthier 50:50 ratio and Belgium a poor 33:67 ratio. Irish expenditure as a percentage of GDP is relatively low when compared to high-spending Nordic states but relatively high when measured per jobseeker. Ireland spends more on training and direct job creation than on employment incentives and labour market integration of people with reduced working capacity, a mix that does not deliver significant labour market progression.

In both narrow and broad meanings labour activation often implies making established welfare rights more conditional on jobseeking efforts (Clasen & Clegg, 2006, p. 527). It is in application of conditionality that Ireland differs to many Anglo-Saxon and Nordic countries. The NESC (2011) describes a light-touch approach with lax administrative controls. While in theory Irish policy applies a full sanction of total loss of payment for failure to take a reasonable labour activation offer, in practice this policy is not fully implemented. Contrary to the experience of many OECD countries, Ireland has not shifted as much towards 'conditional' forms of labour activation and has undergone less institutional restructuring than the UK or other liberal regimes (Cousins, 2007). This paper asks why this is so, and the next section offers some theoretical tools to aid us in this task.

## **Theory**

Various theoretical concepts can assist in this analysis. The politics of labour activation are processed within the broader Irish political culture, which has been characterised by policy inertia and incremental pragmatism. Hacker & Pierson (2010, p. 169) observe 'policy drift', where vested interests have the power to let programmes drift without updating or renewal even when there is strong contrary pressure and evidence of policy failure. The NESC (2006, p. 14) identifies an implementation paralysis where strategic decisions are often delayed or reversed. Molloy describes this 'implementation deficit disorder' as a 'deeply embedded impulse established within the culture of established institutions' (Molloy, cited in Mulholland, 2010, p. 40). Regling & Watson (2010) draw attention to Irish veto points capable of asserting vested interests over public good, while Hardiman (2011, p. 6) reflects that a tendency to protect stakeholders limits effective institutional frameworks in policy implementation. Along with Boyle (2005) and Kirby & Murphy (2009), she offers FÁS as an example of a political and administrative culture subject to veto players and vested interests. This political culture sets an important context for understanding how path-dependent policy is often constrained.

The politics of labour activation can be explored using bottom-up implementation theory. This understands implementation as power processes of 'micro politics involving negotiations and bargains where self interested people play games' (Bardach, 1977, as cited in Parsons, 1995, p. 470). Sabatier (1999) stresses how implementation takes place

in a policy subsystem where implementation coalitions are driven by deep, near-core and secondary belief systems. Values, beliefs and culture are therefore crucial, and ideological constructions of the 'problem' are important. Discourse, then, is an essential aspect of 'the politics of labour activation'. Geldof (in Heikkila, 1999, p. 17) describes labour activation as a social discourse with divergent ideological roots. Hvinden (in Heikkila, 1999) argues that some labour activation discourse has latent functions, including political management of unemployment and legitimization of public expenditure cuts. Discourse also functions to legitimate sanction-based welfare reforms. There is a gender dimension to the discourse of labour activation, with lone parents in particular being vulnerable to negative stereotyping (Murphy, 2008).

The politics of labour activation extend beyond formal political institutions into the politics of implementation, which takes place in the domain of unelected power. Parsons (1995, p. 469) argues that implementation requires a specific interpretative element and the crucial application of discretion. Lipsky (1971, as cited in Parsons, 1995, p. 468) describes street-level bureaucrats as workers who use discretion to implement policy and therefore shape policy. Implementation processes are structured by bottom-up negotiation and consensus building. Trade unions, as workers' representatives, have significant capacity to influence delivery of policy. This can be contrasted to representatives of users, who have less capacity and influence (Larragy, 2010). This draws our attention to who is involved in shaping, implementing and monitoring labour activation (NESC, 2011).

### **The political discourse of labour activation, 1980–2010**

This section reviews the discourse of labour activation from the early 1980s to the contemporary crisis and identifies shifts in labour activation discourse from a hostile job-search discourse in the 1980s to a more supportive discourse in the 1990s; while discourse was more muted in the Celtic tiger period, it has shifted back to a more hostile discourse over this current crisis. 'Job search' was the byword for labour activation in the 1980s. In 1986 a Fine Gael Minister for Social Welfare, ideologically inspired by US workfare, piloted 'job search' – a strong sanctions-led model of labour activation (Bond, 1988). A national Job Search Programme with a strong element of compulsion was then launched by a new Fianna Fáil Government in March 1987.

Bond argues that the primary objective of Job Search was ‘policing the welfare system’ to tackle ‘widespread allegations of fraud’ (1988, p. 200). Only 1.2 per cent of those interviewed as part of the programme were disallowed their unemployment payment but public relations spin misled the public that up to 10 per cent of claimants were associated with fraud. Thus ‘labour activation’ policy was instrumental in the political management of high 1980s unemployment: the unemployed were blamed for unemployment and the government was perceived to be doing ‘something’ about unemployment.

It was introduced in the face of campaigns by the Jesuit Centre for Faith and Justice, various unemployed action groups and the newly formed Irish National Organisation of the Unemployed (INOUE), and there was no engagement of client groups in the implementation and monitoring processes. Resistance and institutional turf wars occurred within the newly formed FÁS, driven largely by political actors and institutional insiders, as dominant senior managers from AnCO were oriented towards training rather than unemployment.<sup>2</sup> Trade unions resistant to implementation were driven by their perspective of the impact on working conditions of trade union members in FÁS. Industrial relations negotiations to change work practices to accommodate Job Search interviews were resolved by agreeing a policy that placement officers would only interview people outside their own locale. This worked against the practice of placement officers having effective local labour market knowledge, needed for successful job placement. The negative discourse and poor implementation of this labour activation programme left a lasting legacy in the eyes of claimants: they logically questioned the value of such low-quality training and suspected the state’s motivation and capacity to deliver future meaningful labour activation interventions.<sup>3</sup>

In between crises there is evidence of an ideational struggle in the mid 1990s (Larragy, 2010). Labour activation discourse in the 1990s was dominated by a discourse of ‘sensitive labour activation’ and

<sup>2</sup> FÁS was formed in 1988 as a merger of the National Manpower Service, the Youth Employment Training Agency and AnCO – the industrial training authority *An Chomhairle Oiliúna*.

<sup>3</sup> This legacy gained notoriety in a Rita Ann Higgins poem, which spoke of ‘talking into a banana on a job search scheme’ (Higgins, 1986, p. 112). This image referred to a widespread urban myth about FÁS using bananas to train people in telephone skills in Job Search programmes.

'supportive conditionality', behind which advocates of voluntary and compulsory labour activation battled to shape labour activation in national and local social partnership institutions. In 1994 the National Economic and Social Forum (NESF) published its fourth report, *Ending long-term unemployment*. This framed Irish labour activation discourse towards a more supportive style of delivery and recommended establishment of Local Employment Service Networks (LESNs) in disadvantaged areas. An advocacy coalition led by the INOU worked to shift discourse about unemployment (INOUE, 1997; Larragy, 2010). They were aided by an international context framed by the EU Delors White Paper on Social Policy (1994), but also by civil servants from the Department of An Taoiseach and a new Department of An Tánaiste, who acted as policy brokers to mitigate the power of the economic ministries. The ideational battle continued through 1996's social partnership negotiations, where the Irish Business and Employers Confederation (IBEC) allied with economic ministries to promote a harder, mutual-obligations labour activation agenda. IBEC's agenda overlapped with emerging evidence of skills and labour shortages and fears that the unemployed would not take up newly created jobs; it mirrored a focus on conditionality in the OECD's *Jobs study* (1994). Public rhetoric about fraud and abuse was fuelled by the Irish Small and Medium Employers Association's labelling of the unemployed as 'course junkies' and 'social misfits'. After protracted negotiations, the social partnership agreement *Partnership 2000 for inclusion, employment and competitiveness* (Government of Ireland, 1997) was published, and it contained Clause 3.3, which stressed the 'reciprocal obligation of the unemployed' to take up reasonable offers of work and training. Like the discourse of the 1980s, the associated text included reference to tackling fraud and abuse. A competing voluntary discourse was reflected in policy rhetoric that was strategically ambivalent and promoted both 'sensitive labour activation' and 'supportive conditionality'.

By 1998 the focus shifted to the new EU Open Method of Coordination (OMC), which framed the discourse of labour activation and required each EU member state to report on a NEAP. The language promoted a preventive strategy of 'systematic engagement' with persons at an early stage of unemployment through focused, targeted interventions. Over the course of the Celtic tiger, unemployment fell and labour shortages were managed through migration policy rather than labour activation policy. In 2005 the NESF published the *Developmental welfare state* and challenged



complacency by placing 'labour activation' on the agenda. Inspired by the Danish model of flexicurity, it argued for greater synergy between income supports and active labour market measures. While generally well received, the NESC's argument that Celtic tiger Ireland maintained a stubborn 20 per cent of the working-age population as welfare dependent had little policy impact. Various factors accounted for muted discourse of labour activation over this period. Overall culpability lay in the absence of political leadership and policy ambition in the 2002–2007 coalition government. The path-dependent nature of government departments meant the DSP was preoccupied with administering income supports and the Department of Enterprise, Trade and Employment was more oriented towards wider labour market policy and labour market shortages. There seemed little interest in releasing the productive capacity of unemployed people, perhaps reflecting an underlying conservative social policy and a lack of faith in human capacity based on the belief that the poor would always be with us and that inequality was inevitable. Saris et al. (2002) note in Celtic tiger Ireland a revived 'culture of poverty' argument, where 'unhappy social and market outcomes are connected to perceived deficits within populations and individuals as distinct from using social exclusion analyses to link unhappy individual outcome with structural factors'. They argue that 'a triumphalist celebration of success suggests that those being left behind are simply feckless' (Saris et al., 2002, p. 186).

FÁS and employer groups allied to import labour and shied away from the more difficult challenge of activating reserve domestic labour through an adequate labour activation strategy. Absent also were conspicuous champions for labour activation among the social partners. Claimants' representatives, remembering 1980s Job Search and sceptical about NEAP labour activation experience, doubted the capacity of the state to implement 'intelligent labour activation' (Sweeney, 2011). A 2006 report, *Proposals for supporting lone parents* (Department of Social and Family Affairs, 2006), containing ambitious labour activation and reform proposals, while welcomed was treated cautiously in practice, with many questioning the capacity of the state to integrate service delivery or develop appropriate childcare provision implied in the report. Anti-poverty advocates focused more on welfare adequacy. Using policy space opened up in the EU OMC social inclusion strategy, they successfully embedded social welfare adequacy targets into social partnership national wage agreements and, in a revenue-rich environment, exploited political opportunity for

increased welfare payments in Fianna Fáil electoral budget cycles (Cousins, 2007).

That period was characterised by a lack of politics of labour activation, and Ireland entered the 2007 crisis with a social welfare and labour activation policy largely unreformed from the 1980s and clearly unfit for purpose (Sweeney, 2011, p. 3). International Labour Organization (ILO) data showed that unemployment soared from 4.4 per cent (110,000) in early 2008 to 14.7 per cent (315,000) in late 2010 (NESC, 2011, p. 19). By then, the government and the troika had agreed a Memorandum of Understanding, which includes a labour activation strategy focused on social protection modernisation and reforms towards a 'working age' payment subject to a more intense form of labour activation and conditionality (DSP, 2010).<sup>4</sup> The new Minister for Social Protection introduced the language of 'lifestyle choice' and 'social contracts' into debate on 17 July 2011, and her ministerial colleagues have echoed a relatively consistent and hard message that appears fuelled by an understanding of labour activation as a disciplinary reaction to a perceived welfare dependency. Kerrigan (2012, p. 1) states that the Irish Taoiseach 'Kenny and his like can't help seeing unemployment as a lifestyle choice'. Labour activation is also consistently linked to 'combating fraud' (NESC, 2011). Consistent with the 'mutual obligations' strategy, there is a stress on 'messaging', with the discourse aiming to make people anxious about being long-term unemployed (Finn, 2011). Media discourse reflects a growing emphasis on deserving and undeserving poor. Unemployed people have been negatively stereotyped in various documentaries on TV3 and RTÉ and in the broadsheet and tabloid press (Connolly, 2012; Harford, 2010). The NESC (2011, p. ix) observed the government's tendency to overassociate incentive to work, fraud, control and contract messages with labour activation policy, and warned against the 'convenience' of exaggerating fraud or welfare lifestyle.

### **The politics of implementation, 1980–2010**

This section reviews the implementation of different versions of labour activation. It begins by reviewing the introduction of supportive labour activation strategies in the 1990s, then looks in more depth at implementation of the NEAP in the 2000s and ends by considering

<sup>4</sup> The troika refers to the International Monetary Fund (IMF), European Central Bank and European Commission.

implementation challenges for the National Entitlement and Employment Services (NEES).

Much of the 1990s revolved around institutional battles over who would implement labour activation policy. The 1992 Culliton report argued that FÁS be split into separate training and unemployment agencies (Industrial Policy Review Group, 1992). Despite strong support for such reform (including from IBEC), FÁS resisted plans for total restructuring and maintained the two functions within a new internal divisional structure (Boyle, 2005). A large part of FÁS's capacity to resist reforms came from its direct access to EU Structural Funds. Its capacity to disperse this funding regionally gave it a political relevance that it nurtured through developing strong links with local politicians across parties (Boyle, 2005). In spite of this, cross-party political proposals to divest the unemployment functions of FÁS to the DSP persisted throughout this decade (Boyle, 2005, p. 41). They were resisted by the DSP, which perceived FÁS to be somewhat of a 'poisoned chalice'. Instead, the DSP bypassed FÁS and initiated a number of innovative back-to-work interventions, and also reformed some working-age welfare payments. The politics of implementation of LESN is informative. First mooted by the 1994 NESF report *Ending long-term unemployment*, LESN was introduced in response to evidence that FÁS's mainstream services were not reaching the long-term unemployed in disadvantaged areas. Many believed FÁS could not implement a positive and supportive form of labour activation and lobbied for such a pilot 'demonstration' model outside FÁS. There followed an institutional struggle over implementation, with tension between locating it firmly in the local development infrastructure and achieving some measure of integration in local delivery or leaving it as a stand-alone (Larragy, 2010). *Partnership 2000* negotiations agreed extension of LESN to all designated partnership areas but LESN was not integrated into local development (Larragy, 2010, p. 153). Crucially, LESN had little programmatic capacity and FÁS retained control of the main Community Employment Programme. Eventually, LESN was folded back into FÁS governance in March 2000. While LESN and back-to-work initiatives produced supportive labour activation policy, the net result was also a duplication of labour activation infrastructure and an increasingly fragmented and complex public employment service (Forfás, 2010; Grubb et al., 2009).

Recognising such weakness and the continued institutional competition over labour activation policy, the 1998 EU OMC required institutional linkage between the Department of Social Welfare, the

Department of Enterprise, Trade and Employment, and FÁS. Under EU employment guidelines, each had to develop and report to a common NEAP, which included systematic engagement through a focused, targeted intervention for each unemployed person who had been on the live register for more than six months. Over the years 1998–2002 numbers of unemployed claimants who appealed decisions to withhold benefits on grounds of failing ‘availability’ or ‘genuinely seeking work’ tests rose significantly. The Social Welfare Appeals Office (2001, p. 8) saw appeals for loss of payment increase by 1,700, or 47 per cent, in 2000, suggesting an intensification of conditionality; almost half the appeals were upheld, suggesting some overzealous or unreasonable application of conditionality. By 2006 all unemployed claimants of all ages were required to voluntarily engage with FÁS. Failure to do so could lead to payment review and it was proposed to extend this process to lone parents and people with disabilities. General unemployment fell sharply in the early 2000s, as did long-term unemployment. At first glance, the NEAP labour activation appeared successful and early optimistic evaluations suggested it was cost-effective – Ireland appeared to be on the road to labour activation (Indecon, 2005).

However, all was not well: declining unemployment was replaced with a growth in numbers on lone parent and illness or disability payments, and there was a stubborn working-age welfare dependency (NESC, 2005, p. 53).<sup>5</sup> Despite the EU NEAP framework being in place, the mid-2000s labour market and skills shortages were not managed by ‘labour activation’ of those of working age but through an expanded migration policy. More rigorous evaluations (Grubb et al., 2009) questioned the effectiveness of the NEAP. McGuinness et al. (2011) went further and found it to be counterproductive, with people being 17 per cent less likely to find employment after having been through the NEAP. These evaluations point to the folly of assuming that forcing the unemployed to be ‘activated’ will somehow translate into employment outcomes. Ireland is not the only example where compulsory labour activation decreased job prospects (Allen, 1998, p. 211). McGuinness et al. (2011) found that less than half the target

<sup>5</sup> Lone parents’ allowances covered 95,611 beneficiaries in 1993 (10 per cent of all assistance payments) but 206,241 in 2002 (26 per cent of all assistance beneficiaries). Disability had grown likewise from 38,643 (4.4 per cent) in 1993 to 83,562 (10.8 per cent) in 2002. Unemployment assistance covered 448,614 (51.3 per cent) in 1993 but 125,959 (16.2 per cent) in 2002 (NESC, 2005, p. 47).

group was actually called into the labour activation intervention and that actual intervention was a one-off with no follow-up interviews or actions and no subsequent requirement to remain active. Various reasons lie behind this design and implementation failure, including the general lack of data or information sharing and of broader cooperation between FÁS and the then Department of Social Affairs. The NESC (2011, p. 173) points to poor management, inadequate IT systems, low expectations of service users and less-than-effective use of sanctions.

This revenue-rich period was a missed opportunity for much-needed structural reforms to resolve structural blockages, enabling transition from welfare to work, many of which were a prerequisite for good labour activation.<sup>6</sup> Despite rich opportunity, little reform took place and Ireland entered the crisis in 2007 with a social welfare and labour activation policy largely unreformed from the 1980s and clearly unfit for purpose. In Sweeney's words, 'Irish public employment services entered recession under-examined, fragmented and lacking in ambition ... they were passive and low intensity in character ... increased demands were amplifying these weaknesses' (2011, p. 3). From 2008 the social welfare system had to manage a surge in applications for welfare support, and priority shifted to administering claimants' payments in a time frame that avoided social unrest. Likewise, in FÁS, pressures on employment services meant slippage in NEAP targets for labour activation interviews and a stalling of its planned extension of these interviews to lone parents and people with disabilities. Training resources were restructured into shorter-duration courses of variable quality and relevance (Harford, 2010; NESC, 2011). FÁS was also rocked by a series of corporate and governance scandals (Comptroller and Auditor General, 2010). Restructuring FÁS seemed not only inevitable but imminent. In March 2011 the new Fine Gael/Labour Government agreed to establish a NEES, which, by integrating the DSP's income-support function and FÁS's public employment service function, would be the framework for a new approach to labour activation. The training division of FÁS will be integrated into SOLAS (National Education and Training Agency), housed in the Department of Education and Skills. In July 2011 the DSP launched a framework to merge community welfare officers

<sup>6</sup> Reforms include those on affordable childcare, poverty traps for larger families, rent supplement, unemployment traps, child income support, family income supplement, treatment of atypical work, etc.

employed by the Health Service Executive and public employment services officials employed by FÁS into a fully integrated NEES (DSP, 2011); the original 2012 target for NEES to be fully operational is unlikely to be met. As Boyle observed about earlier reform processes, 'zero basing was an institutional impossibility' (2005, p. 100). There is a core challenge in merging three separate organisational cultures, and how this is done is important. Street-level bureaucrats will have a significant bearing on how labour activation is ultimately implemented (Parsons, 1995). Industrial relations negotiations play a potentially significant role in shaping the local delivery of labour activation (albeit front-line workers may not feel adequately engaged in such negotiation processes). The NESC (2011) advocates ambitious labour activation but appears sceptical about the state's capacity to implement reform in this policy area (NESC, 2011).

## Analysis

What can we learn from this potted history of the politics of labour activation? It is helpful to disaggregate policy processes into three discrete independent variables – 'interests', 'institutions' and 'ideas' – the combination of which actively determines the pace and direction of policy change in any policy community (Hay, 2004, p. 204). This section analyses the institutions, interests and ideas central to the politics of labour activation. Policy community refers to institutional spaces and ideational processes where actors in advocacy coalitions with a common policy focus use a shared language to discuss and bargain about policy ideas (Boyle, 2005, p. 19; Sabatier, 1999).

One agency dominated the various institutions concerned with labour activation policy in Ireland. Resignation of Roddy Molloy as Director of FÁS in November 2009 focused attention on the lack of corporate accountability of FÁS, but there has been less focus on its lack of policy ambition in relation to labour activation (Kirby & Murphy, 2009). Boyle (2005) reflects how FÁS thrived by becoming a Swiss army knife – 'able to do many things but none of them particularly well'. One area where it did thrive was in accessing investment in ALMPs through EU Structural Funds and social funding. The NESC (2011) observes the paradox of significant expenditure on ALMPs (a key component of labour activation) without an overall labour activation framework. Instead of labour activation, FÁS provided an intensive service in local constituencies, and in turn FÁS achieved political protection and immunity from

scrutiny (Boyle, 2005, p. 42). The DSP is relatively weak in the hierarchy of government departments but it controls a significant proportion of public expenditure and income support and thus a key part of labour activation policy. Its successful management and operational delivery of millions of weekly and monthly welfare payments have distracted from other policy functions, including labour activation. The DSP is under significant pressure to 'deliver' in a clientelist political culture where local politicians act as the broker between the state and citizen, and senior staff are often preoccupied with answering local political queries and national parliamentary questions relating to individual welfare files – this limits policy capacity. While the department developed statutory organisations for some policy functions, it never developed significant labour activation policy capacity. Although the EU OMC opened up the labour activation agenda, it also made for a more complex, fragmented policymaking process that, in Irish political culture, lent itself to policy procrastination.

A large part of the failure to drive labour activation was due to a three-decades-long turf war between FÁS and the DSP and weak political leadership in resolving this institutional fault line (Murphy, 2008). When imposed from above through the OMC, cooperation was still minimal, as commented on in several evaluations of the NEAP (Government of Ireland, 2005). The net result was that Ireland remains at least a decade behind institutional reforms that merged income supports and employment services in most OECD countries (NESC, 2011). Other institutions have no implementation role but are important ideational and coalition-building spaces. These included the NESF and partnerships based in local areas but most of all the NESC, which drove the *Developmental welfare state* vision of flexicurity and active social policy but which could not influence senior department civil servants who had capacity for implementation. Post-crisis policy activity has shifted from social partnership to the political arena, albeit with some less-powerful forms of social dialogue or consultation remaining. Internationally, the arrival of the troika in 2010 was to fundamentally change Irish politics.

What of the ideational construction of labour activation in Ireland? The relatively humane Irish labour activation discourse has much to do with a more consensus-oriented political culture that tends towards a 'softer and gentler' language or at least a more rhetorical style of political discourse. All these actors coexist in an Irish political culture that stresses consensus and pragmatism and avoids extremity, so

discourse tends to be minor and incremental with few radical challenges from either the left or right for structural reforms (Cousins, 2007, p. 70). The discourse is relatively subtle and at times strategically ambivalent so institutions can simultaneously be members of opposing coalitions. They draw selectively on sympathetic analysis in international organisations, amplifying analysis that reinforces their particular position.

Wilson argues that when framing debate about unemployment it is important to differentiate people with weak attachment to the labour force from people with a lack of willingness to work. The problem is not individual but caused by the vulnerability of certain groups to macrostructural processes in the larger society and economy and the individual's social environment (Wilson, 1992, p. 651). Cruddas & Rutherford (2010) argue that the pattern in the UK has been for government welfare reforms to identify the poor as responsible for their own unemployment and poverty. Recent Irish discourse about unemployment feeds into this pattern (Kerrigan, 2012). Two crises framed this case study of the discourse of labour activation. There is evidence that the agenda of labour activation in a time of crisis has been about managing the politics of unemployment (Bond, 1988). In both the mid 1980s and early 2010s there is visible use of 'labour activation' as a political discourse to legitimate government responses to unemployment and to shift blame from government to individuals. As *The Irish Times* ('A wake up call', 2011) observed on an unrelated matter:

the language of political discourse matters. It is a measure of the acuteness of divisions in society, a mirror to the nature of politics and it helps shape the climate in which debate occurs. It sets the confines of the discussion and implicitly whether intended or not the limits of the acceptable.

Finn (2000), however, accepts that 'discourse' is an inevitable part and parcel of labour activation strategy, where strong 'messaging' plays a preventive role in 'moving on' people with alternative options. He estimates that strong signalling or motivation and threat effects can encourage up to 10 per cent of the claimant count to engage in *ex ante* behavioural changes to avoid having to participate in labour activation programmes (Finn, 2000). However, such discourse leads to unemployed people being perceived as dishonest and lazy, and it leads unemployed people (especially those with least alternatives) to think



that labour activation programmes are designed to catch them out rather than support them. Given the fact that unemployment causes mental ill-health and damages self-esteem, the body politic needs to exercise caution in this regard (Kinsella & Kinsella, 2011). Claimants can internalise the stigma associated with negative political discourse and are demoralised by such negative messages (Uttley, 2000). Such discourse can be ultimately counterproductive: it can legitimate more ruthless labour activation interventions that, ironically, may actually lead to more, rather than less, social exclusion (Dwyer, 2010). Consistent with the thoughts of Geldof & Hvinden (in Heikkila, 1999), the NESC is wary of the latent functions of labour activation discourse.

While labour activation has never been a direct political issue, unemployment has significant electoral salience. Politicians who want to be seen as effective in managing unemployment have clear motivation to talk tough about labour activation; opposition politicians are more likely to adopt a softer discourse. Clearly, unions have power as direct representatives of workers who implement labour activation and, until recently, as key policy actors in social partnership. Unions had direct impact on the design of Job Search in the 1980s and, in the context of industrial relations mediation concerning NEES, are a crucial factor determining the design of future labour activation policy. Employers also have an interest in labour activation and have much to lose or gain depending on the specific design and implementation of labour activation; compulsory registration of vacancies with public employment services is likely to be resisted by employers but free traineeships welcomed. NGOs representing claimants have had influence as direct lobbyists, social partners and, in some instances, experts in the field of welfare-to-work policy, but their position as social partners is now considerably weakened. Boyle (2005) identified loose groups of actors and institutions in two competing policy coalitions promoting different visions of the future of FÁS. Likewise, it is possible to identify coalitions based on ideologically informed variations of labour activation, one focused around voluntary participation and the other on more conditional labour activation. These interact with different international policy spaces. In one group we see specific government departments and agencies, employer and economic policy advocates, various bankers, economists and business commentators. They are primarily associated with key policy discourses, including expenditure controls, competitiveness, maintaining work incentives and tackling fraud, and are more likely to

associate or engage with OECD/IMF, the World Bank, multinational corporations and EU-LISBON. Another group included over time statutory agencies and NGOs more oriented towards social policy, and they are more likely to advocate on anti-poverty, equality, rights, supportive conditionality and sensitive labour activation, and to associate with EU OMC, UN/ILO and EU NGOs.

Power has shifted over the decades in question and, in some respects, has come full circle. In the 1980s the initiative clearly lay with the political parties, while the 1990s and 2000s saw more focus on social partnership. The 2010s have clearly returned politics to the driving role, albeit in the context of loss of economic sovereignty and the shift of power to international actors, both formally in the soft power of the OMC and the harder power of the troika but also informally through policy and ideational influence and multinational corporations' lobbies on labour market policy. The timetables and reporting structure agreed with the troika have impressed a keen sense of urgency about reform that is rarely seen in the Irish labour market or social policy, but the strict austerity and schedule of cuts in public expenditure make it all the more challenging and difficult to implement that reform agenda.

## Conclusion

Different labour activation agendas have stalled or been inadequately implemented as a consequence of the actions of vested interests working within coalitions. These defensive vetoes often diverted labour activation up 'cul de sacs' (Finn, 2011). There have been some successful offensive attempts to promote labour activation, including establishment of LESNs and introduction of back-to-work allowances in the 1990s. Larragy (2010, p. 130) identifies 'a reversal of fortune' for this offensive coalition as unemployment waned and actors moved to other policy agendas. Often the policy agenda was driven by short-term populism and the clientelistic ambitions of Fianna Fáil, who offered political protection to core agencies (in this instance, FÁS) as long as they delivered locally and on key short-term political objectives. The norm therefore was policy drift where decisions are caught in a 'policy paralysis' and, in Esping-Andersen's (2003) words, a 'frozen landscape of reform'.

Three clear lessons can be observed from this short review: the first concerns the importance of political discourse; the second, implementation; and the third, the relationship between the two. As in

the 1980s, the present agenda is driven from the political seat and tough talk about welfare reform appears part of a broader political strategy to manage the crisis and legitimate the government in the face of such high unemployment. Negative construction of labour activation as a control measure, however, may have the unintended consequence of indirectly derailing or stalling Irish labour activation. This is particularly so because labour activation is a policy area sensitive to those with capacity to block its micro-implementation. The government is clearly serious about implementation of institutional reform. However, path dependence matters, and zero basing is an institutional impossibility (Boyle, 2005). Just as AnCO could strongly influence the future of FÁS in 1988 (Boyle, 2005), FÁS can strongly influence the emergence of the NEES in 2012. There are clear ambiguities between and within different departments' understanding of labour activation. Given that the politics of labour activation is informed by and carried out in the full glare of the troika, the frozen landscape of welfare reform is likely to thaw and 'cul de sacs' are less likely. However, in the context of lack of resources to fund positive labour activation, it is more likely that negative and punitive forms of labour activation associated with cutbacks and control agendas will develop. This is not the best starting point for implementation, and is likely to be politically unpopular from the perspective of at least two key groups with capacity to exercise vetoes. Claimants' representatives, while open to positive labour activation, are understandably defensive about the timing and context, and remain unconfident in the Irish state's ability to deliver effective or meaningful labour activation (NESC, 2011). As the NESC argues, a national client council and wide engagement with client representative groups are necessary to develop a balanced labour activation strategy in consultation with all stakeholders. Trade unions directly representing workers may also veto policy that associates members too much with 'control' agendas. If labour activation becomes politically unpopular, given the Irish capacity for vetoes, policy drift and policy implementation disorder, it is possible, even with the presence of the troika, for Irish labour activation to be postponed again or highly sabotaged in the micro politics of implementation and delivery.

Recalling Sabatier (1999), values, beliefs and culture are important underlying features of implementation coalitions. The ideological construction of the 'problem' of unemployment and understanding of labour activation have a direct bearing on implementation. It is in the interest of both the state and the unemployed that discourse about

labour activation contributes to a public understanding that unemployed people can contribute positively to economy recovery. The labour activation message should be supportive, rather than negative, about unemployed people. Given the previous absence of political leadership and administrative policy ambition, it is crucial to demonstrate faith in the capacity of unemployed people by investing in quality 'high road' labour activation. As Hardiman (2011) observes, a debate about values is necessary. A social contract is necessary. The state needs to deliver on its contract with citizens. The real challenge is not activating people but activating the state to implement a meaningful labour activation strategy that enables social inclusion (NES, 2011). The recession makes introducing activation and the NEES all the more challenging but also all the more necessary.

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