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Americanisation and Irish Industrial Development 1948 - 2008

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Americanisation and Irish Industrial Development, 1948-2008

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Abstract

Over the past sixty years, the Republic of Ireland has experienced two forms of americanisation. One of these was aid during the early post-war decades from the US government or from European agencies that owed their existence to US government funding, like the European Productivity Agency. The second was investment by US private corporations that began to increase in importance from the late 1960s. This paper notes some contrasts between the two. The early period was one in which a productivity drive was unsuccessfully attempted: the latter was one in productivity statistics were rendered increasingly incredible by the transfer pricing indulged in by multinational corporations. European `free' (as opposed to `red') trade unions were promoted by US government policy against a Cold War backdrop but, as US corporate investment has becomes increasingly important, Irish unions in the private sector came to experience the same `slow strangulation' that was being visited on their US counterparts.

Introduction

It is now sixty years since Marshall Aid introduced industrial Technical Assistance and Productivity (TA&P) programmes to Ireland in 1948 (Whelan 2000: Murray 2008). This flow of aid ceased in 1952 when Ireland would not adhere to the conditions attached to its provision by the US Mutual Security Act. But the establishment of the European Productivity Agency (EPA) within the Organisation for European Economic Cooperation (OEEC) created a new external TA&P source which operated for almost a decade after 1953. As an OEEC member, Ireland joined the EPA, which worked in tandem with European national productivity centres. Minimal Irish involvement during the EPA's early years was reflected in the ongoing failure to give effect to the government's approval in 1950 of the creation of an Irish national productivity centre. But by 1958 a coalition that saw the EPA as a source of vital resources for Ireland's development had formed and the Irish National Productivity Committee (INPC) was created (Murray 2005).

Supported by EPA in its early years, and securing domestic state support after the EPA's disbandment, the productivity drive helped reshape Ireland's institutions in significant ways as state strategy shifted from import substitution to export-oriented industrialisation and adopted EEC entry as its central objective. Its bringing together of government, business and unions made it a precursor of a sustained social partnership approach to issues of adaptation to ongoing change in the international economic environment. It provided a forum where emerging labour policy issues, such as workers' rights in a situation of redundancy, were initially raised. In addition to initiating support for social science research, its resources were crucial to establishing educational provision for managers and trade unionists. It also played a part in preparing the ground for the transformation of the mainstream of the Irish education system during the 1960s (Murray 2004, 2007 and forthcoming). But, as an agency of Ireland's americanisation in the second half of the twentieth century, aid from US government agencies or European organisations that would not have existed without US government funding in this earlier period is relatively insignificant when compared with the foreign direct investment by US private corporations that took off at the end of the 1960s. This paper reflects on these two americanisations and the Ireland they have created.

Irish Industry Then and Now

Today the economy until recently dubbed the Celtic Tiger is dominated by the operations of multinational corporations. Indigenous industry plays second fiddle although, after suffering a period of severe contraction, it has demonstrated a renewed capacity to expand (O'Malley 1998). Foreign capital and expertise was certainly esteemed and welcomed by post-war productivity drive proponents although few, if any, could have envisaged the extent to which it would be attracted to Ireland or the centrality to Irish economic development it would assume. Attracting foreign investment was the task of the IDA, the agency in whose direction the project of creating a national productivity centre had first been steered. `For most of the 1950s' IDA `was experimenting and responding to changes in the international economy and within Ireland' (Girvin 1989: 180). Through most of the 1960s the mostly European projects it promoted generated relatively modest numbers of jobs (Black 1977 Table 2.9: O'Malley 1989 Table 6.1) while helping to significantly increase Irish industrial exports. At the end of the 1960s, following a review carried out by management consultants A.D. Little Inc. that prompted the amalgamation of previously separate agencies, the IDA emerged as an expanded and culturally revolutionised body:

> The Industrial Development Authority became after 1969 the key coordinator of industrial policy and the most significant planning agency in the Irish Republic… the "civil service climate" was swept away and the new managing director populated the IDA with new talent on contractual terms akin to "venture management" – they were public servants with flair (Jacobsen 1994: 104-105)

These changes took place as Irish EEC entry became first a likely prospect and then, in 1973, a reality. Armed with this market access, a suitably educated, English-speaking, relatively low cost workforce plus an array of grant and tax incentives, IDA particularly targeted mobile US investment into Europe. It made considerable inroads in the 1970s, found the going much tougher in the 1980s when its policies were also subjected to much critical scrutiny but went on to achieve spectacular success during the 1990s when `nearly every major player in information technology followed Intel to Ireland in a few years' (O'Hearn 2000: 74). Chemical and pharmaceutical plants joined with computer hardware and software to constitute the `high tech' industrial core of the US-owned, IDA-attracted Celtic Tiger. By the mid-1990s the Irish industrial profile was one in which:

> Although only 16 per cent of local plants are foreign-owned, they produce 65 per cent of gross output and engage 47 per cent of manufacturing employment. About 40 per cent of foreign plants are US-owned, with 16 per cent British and 14 per cent German-owned. Foreign plants are much more likely to import their raw and semi-processed material inputs than indigenous plants. Irish plants export on average about 36 per cent of output while foreign plants export 89 per cent, rising to 95 per cent for US-owned plants. Thus the domestic market is of little significance to the foreign plants (Barry, Bradley and O'Malley 1999:50-51)

With a government fiscal policy shift from deflation to expansion, employment growth in protected Irish industry – in abeyance since 1952 - resumed in the first half of the 1960s. In the period of tariff lowering and removal in the second half of the 1960s and 1970s this growth stalled. The 1980s witnessed a massive wave of job losses in indigenous industry with 42,000 jobs or 27 per cent of the 1980 total being lost in the period 1980-87 (O'Malley 1989: 101-102). Thus `for most of the outward-oriented era [from 1973] employment growth in the foreign-owned sector occurred alongside employment decline in indigenous industry, a particularly disappointing development since unemployment remained high throughout most of this period' (Barry, Bradley and O'Malley 1999: 57-58). Disappointment edged closer to social disaster in the mid-1980s when both the foreign and indigenous industrial sectors were simultaneously contracting while, even with the return of mass emigration on a scale comparable with the 1950s, a massaged Irish unemployment rate stood close to 20 per cent.

The structural transition involved in moving from very high levels of protection to free trade could hardly be painless but it is reasonable to ask whether the cost might have been lowered if the industrial adaptation agenda of which the Irish productivity drive formed a central part had been more successfully pursued in the 1960s by government, business and unions. Then bipartite Productivity Committees were stymied, tripartite Development Councils were still born while business-only Adaptation Councils failed in most cases to function effectively. Faced with this situation the state made no response. Instead it relied upon `financial linkages, mergers and takeovers' - as likely, perhaps, to be prompted by asset stripping opportunities as by prospects of greater productive efficiency – or increased its funding of the IDA to woo foreign industrialists (Murray forthcoming).

Ireland, it turned out, had acquired a national productivity centre without ever engineering a productivity coalition to sustain it. What a productivity coalition entailed was a set of structures in which the state, industry and the trade union movement could collaborate strategically at national, industrial and firm level. Denmark, a state held up as a suitable productivity model for Irish emulation since the time of Horace Plunkett, succeeded in creating such a set of structures in the post-war period (Kjaer 2001). A comparison of Sweden, West Germany and the United Kingdom in the decade after 1945 concludes that, although its initial circumstances were in many ways the most favourable to the achievement of this outcome, the United Kingdom failed, relative to the other two states, to institutionalise a productivity coalition and suggests that `perhaps the key lies in [Britain's] liberal and reactive state tradition':

> An effective productivity coalition requires a proactive state to persuade, threaten, or even coerce institutions into a cooperative bargain and to develop the machinery of coordination that consolidates such bargains (Booth, Melling and Dartmann 1997: 436)

`The British legacy of a weak state without a significant tradition of government economic intervention' has been held to be `of crucial importance' both in limiting the scope of the transformation of the Irish economy wrought by Fianna Fail policies in the 1930s and in subsequently inhibiting action to tackle inefficiencies in the protected industrial sector these policies created (Daly 1992: 176-179). Fragmentation rather than centralisation of authority within employer and trade union federations also militated against the kind of concerted anticipatory action that might have lessened the negative effects accompanying Irish industry's exposure to international competition. Only in the depths of the 1980s crisis did state industrial policy focus on devising initiatives to address the problems besetting indigenous industrial development and government, business and unions adopt a partnership approach to formulating national strategy.

The manner in which the new wave of US investment in the 1990s was accompanied by some revival of indigenous industry, with employment in the latter up 6.9% between 1988 and 1996, has prompted some reappraisal of the state's role in Irish industrial development. The remarkable – for a country whose severely limited capacity for indigenous science and technology innovation has been well documented (Mjoset 1992: Yearley 1995) - growth of Irish software companies alongside the multinational giants that were locating in Ireland led O'Riain (2000) to discern the emergence of a `flexible developmental state' attuned to the contemporary globalised economy. A substantial indigenous producer presence could develop in software because:

> The state, through its heavy investment in education had created a new class basis for an indigenous technology promotion and business expansion agenda. The danger here was, of course, a massive brain drain that did indeed take place. However, of those who stayed, a number started their own companies and combined with a trickle of people from the foreign-owned sector and from user organizations to form a constituency that could support state agencies promoting indigenous development… [resulting in] a local network of indigenous firms that have become increasingly integrated into international business and technology flows and have been highly successful in international markets (O'Riain 2000:175)

The successful integration of a flexible Irish developmental state into the global economy in this period is seen to have three interacting but distinct elements. Attracting foreign investment followed by efforts to embed it through linkages into the local economy, cultivating dynamic indigenous capacity as in the software case and engineering `a series of national neocorporatist social partnership agreements since 1987 [which] have created a stable macroeconomic and financial environment that has underpinned industrial transformation, while mediating the relationship of unionized workers and welfare recipients to the global economy' (O'Riain 2000: 85-86).

Yet long-lasting and successful in some respects as the post-1987 partnership approach has been, it seems to have been almost as unsuccessful as the 1960s productivity drive was in translating its agreed national level statements into effective joint action involving management and employees on the ground within industry. Roche (1997: 119) notes that `the neo-corporatist consensus has extended beyond distributional issues to encompass industrial policy and the wider question of Ireland's competitive advantage in the international economy…[through statements that] all turn away from advocacy of a low cost, low wage route to competitiveness and instead promote an understanding of Ireland's competitive advantage as entailing the creation of a high skill, knowledge intensive and dynamic economy with core sectors competing internationally in upstream product and service markets'. But:

> Notwithstanding the emergence of effective neo-corporatist exchange between the social partners on distributional issues like pay, taxation and public spending, attempts to realign the Irish industrial relations system in pursuit of a high-road competitive strategy have to date been hampered by deadlock and paralysis. While the `social partners' have developed a stable distribution coalition, they have not shown a capacity to develop an effective productivity coalition (Roche 1997: 121-122 - see also Roche 2007: 67-69)

The failure of enterprise partnerships to take off raises doubt about the general validity of the flexible development state characterisation of 1990s Ireland. One software swallow does not make an industrial Summer and this case may belong to a series of striking but misleading exceptions thrown up by the Irish pattern of industrialisation. Southern Ireland could, after all, boast of having the largest brewery in the world before it became politically independent with a miniscule industrial base. Waterford Glass could export successfully to the USA after World War Two when consultants scoured the state without finding other enterprises with products for which it was considered worthwhile recommending US market research. Jefferson Smurfit could emerge from a tariff-dependent industry that appeared particularly threatened by the freeing of European trade in the late 1950s to successfully internationalise its business.

Lies, Damn Lies and Contemporary Irish Productivity Statistics

Barry, Bradley and O'Malley (1999: 51) calculate that US plants are `five times as productive and eight times as profitable' as Irish ones. Funded by the Marshall Plan, the Ibec Technical Services Corporation's report *Industrial Potentials of Ireland: An Appraisal* attempted to estimate the dimensions of the `productivity gap' between Irish and US industry in 1952:

Table 1 Estimated Operating Ratios Per Person Employed: US and Irish Industry

Category	Ratio US to Ireland
Gross output	2.1 to 1
Value Added	3.0 to 1
Wage and Salary Payments	3.0 to 1
Materials Costs	1.6 to 1
Profits before taxes	3.4 to 1
Investment in fixed assets	2.9 to 1

Source: Ibec Technical Services Corporation (1952: 38)

Lagging behind to a much greater extent than half a century earlier, contemporary Ireland would appear to stand in very urgent need of an effective productivity coalition to launch a vigorous new productivity drive. However, a reassuring footnote to the 1999 exercise adds that `these comparisons are, of course, heavily distorted by transfer pricing'. Transfer pricing is the setting of prices in transactions that are not `at arm's length' – for example, when one company sells goods to another company, but both companies have common ownership. Here prices may be set at an arbitrary figure unrelated to costs incurred, to operations carried out or to value added. A motive for setting arbitrary prices may be to maximize the common owner's after-tax revenue by shifting profits in a manner that minimizes the total amount of tax paid.

Multinational corporations can engage in extensive transfer pricing because a large amount of trade nowadays consists of one affiliate of corporation X (say, a subsidiary running a manufacturing plant in Dublin which utilises patented technology developed by a separate corporate unit in the United States) selling goods to another affiliate of the same corporation (say, a subsidiary based in Frankfurt whose function is to handle sales and marketing in Europe). With business being conducted `all within the family' like this, opportunities for tax-efficient collusion are plentiful. Transactions between the three entities can be organised to show a big profit where a very low corporate tax rate prevails (Ireland) and a token one where corporate tax rates are higher (as in Germany and USA).

Awareness of the significant prevalence of this phenomenon first developed in Ireland in the early 1980s. Table 9.1 reproduces a table published by economist Jim O' Leary in an *Irish Independent* article in November 1984. It shows in its first column the income earned by US companies in different European countries. In column 2 it shows the value of the investments these companies held in each of the countries. The third column calculates a rate of return on capital invested by expressing the figures in column 1 as a percentage of those in column 2. Finally, the fourth column states the rate at which tax is levied on corporation profits by each of the countries. The exercise revealed dramatic divergence in the rates of return enjoyed by US companies. What could account for the contrast between the United Kingdom's 3 per cent and Ireland's 24 per cent? Only the difference in corporate tax rates that provided an incentive to artificially inflate declared profits where they are least taxed.

Shortly before this article appeared the chief executive of the Irish Productivity Centre had
described the figures for net output per worker in Ireland's chemical and computer industries as `unreal' (Irish Times 1984). Two decades later, in 2004, an article in the Quarterly Bulletin of the Central Bank referred to the `measurement difficulties' to which productivity trends in Irish manufacturing industry were subject as a result of transfer pricing by foreign owned firms, particularly those in the chemicals and pharmaceuticals sector. A comparison made between Ireland and the EU average on the measure of gross value added per person employed underlined the point by illustrating the enormous variation in the differences to be found across a range of industrial sectors:

Table 2 How US companies declared their European Profits circa 1984

State	Income ($ million)	Investment ($ million)	Rate of Return (%)	Corporate Tax Rate (%)
Belgium/Luxembourg	99	3,100	3.2	48.0
Denmark	26	275	9.5	40.0
France	-70	4,501	-1.6	50.0
Germany	552	9,991	5.5	50.0
Greece	-8	85	-9.4	N/A
Ireland	693	2,888	24.0	0-10*
Italy	298	3,076	9.7	36.0
Netherlands	269	3,295	8.2	48.0
United Kingdom	406	12,951	3.1	52.0

Source: O'Leary (1984)

* Some Irish-based companies were then operating under the Export Profits Tax Relief (EPTR) scheme introduced in the late 1950s which was then being abolished on a phased basis at the insistence of the European Commission. They could qualify for a zero tax rate if all their output went for export (even if some of it later got shipped back in to service the Irish market). EPTR was replaced by a 10% tax rate on all Irish corporate profits. This, as Table 9.1 shows, was very low by European standards.

Table 3 Gross Value Added Per Person Employed (Euro thousand), 2000

Industrial Sector	Ireland	European Union
Total Manufacturing	132.2	51.5
Chemicals	532.9	92.5
Electrical and optical equipment	121.9	59.5
Pulp, Paper, Printing and Publishing	168.3	58.8
Transport Equipment	55.1	57.7
Other Machinery and Equipment	48.7	51.0
Other non-metallic mineral products	69.3	50.2
Rubber and plastic products	44.6	47.1
Basic metals	43.9	46.4
Food, beverages and tobacco	94.6	44.9
Wood and wood products	39.3	33.9
Textiles	29.8	29.5
Leather products	28.3	26.8

Source: Cassidy (2004) Table 5

Although it subscribes to OECD tax conventions that proscribe the practice, the Irish state has not taken – and is unlikely of its own volition to take - action to curb transfer pricing. It is effectively getting something for nothing, and that something is a large and growing stream of tax revenue that helps it deliver both high public expenditure and domestic personal tax cuts in its social partnership agreements. Transfer pricing, from the Irish state point of view, represents a new and more lucrative version of the Hospitals Sweepstake that used to help fund the health care system with the proceeds of lottery tickets sold illegally in Britain and North America (Webb 1968). Less easy to understand than Irish inaction is the muted reaction both of USA and of other European Union states that lose out on substantial amounts of corporate tax revenue as a result of transfer pricing. There the media occasionally draw public attention to this fact. One such occasion occurred in late 2005 when the *Wall Street Journal* reported that Microsoft had saved $500 million on its US tax bill by transferring intellectual property rights to Irish-based corporate units. Shortly afterwards Microsoft reregistered the companies in question with unlimited liability at the Companies Office in Dublin. This removed the obligation to file company accounts publicly and shielded the activities of these tax efficiency vehicles from further scrutiny (Irish Times 2006a)

Technical expertise was always central to the pursuit of higher productivity but nowadays it is not technique of the engineering variety that holds centre stage as it did in the years after World War Two but that of the accountant and the tax lawyer. When in 1952 IBEC Technical Services Corporation suggested that, by establishing the right economic climate in Ireland, foreign capital `could be attracted in considerable volume to what would amount to a haven from state-imposed restrictions that are so widely prevalent in Europe' who could have envisaged the burgeoning of a tax haven on present day lines? The Irish were then urged to act and think boldly and no one could now accuse them of not having done so. As `a prominent Boston tax lawyer' commented `it seems to us in the US that Ireland continues to try and better itself, to make itself more and more attractive' (Irish Times 2005). Shortly after the Microsoft company re-registrations an Irish economist who has tracked the tax dimension to foreign investment in Ireland since the 1980s, Antoin Murphy, opined that the current advantageous corporation tax structure might have as little as ten to fifteen years of life left before European Union corporate tax harmonisation consigns it to history (Irish Times 2006b). But, even for experts, such forecasting is hazardous, as the report EPA's Adrianus Vermeulen wrote after first visiting Shannon in November 1959 illustrates:

> The Shannon Development plan is part of the Government policy to attract foreign industries to Ireland thus decreasing unemployment which is extraordinarily high in some regions… This must be borne in mind when judging the facilities which Ireland is offering to foreign companies. The Irish Government grants total exemption from income tax and Corporation Profits Tax for a period of 25 years for profits derived from export business; partial exemption from local taxation on land and building… complete freedom to repatriate profits and capital gains at any time. I have pointed out to the authorities concerned that these kind of facilities are only acceptable - from an economic point of view – against the background of the serious unemployment situation but that it is obvious that when the situation has changed and Ireland reaches full employment, these kind of facilities will be the first ones to be criticised and abolished.[1]

Strangled by Americanisation? Unionisation of Irish Private Sector Industry

From a *prima facie* case of grand larceny where shouts of `stop thief!' are surprisingly muted, we turn to one of attempted murder. The victim of the crime is the Irish trade union movement. Its chief perpetrator is US corporate culture.

When the post-war productivity drive got under way Europe's `free' (non-communist) unions were heavily wooed by US government aid agencies. With the Marshall Plan being `the New Deal writ large' (Raymond 1985: 321), US trade union officials were strongly represented alongside those drawn from business, academic life and elsewhere on the staff of these agencies. The Benton Amendment of the 1951 Mutual Security Act mandated US aid policy to promote the development of `the free labor union movements as the collective bargaining agencies of labor' in Europe. The following year the Moody Amendment of a second piece of Mutual Security legislation stipulated that aid policy should aim for `equitable sharing of the benefits of increased production and productivity between consumers, workers and owners'. Headed by Adrianus Vermeulen, EPA had a Trade Union Section whose links to the US union movement were strong.

But then the New Deal died. A period stretching from the 1930s up to the 1960s during which the U.S. corporate mainstream accepted unions as an inevitable, and - within limits – useful, fact of life was succeeded by an era in which top management now routinely includes maintaining a non-union operation among its strategic objectives. This influences where it will site new investment. Within the United States highly unionised areas are avoided and regions where unions have not flourished are favoured. The north-east and mid-west have had rustbelt status thrust upon them in part through such disinvestment: the south and south-west, on the other hand, have enjoyed rapid growth.

The new industrial relations is not merely a matter of where you put plants, it is also a question of how you run them. Here many of the firms which opt for union avoidance have developed a new style of management, the Human Resources approach. This is not the crude speed-up style which flourished in the era of F.W. Taylor and Henry Ford and prompted those exposed to it to flock into trade unions in the first place. It is a `sophisticated paternalism' that seeks to integrate workers into the company, fostering a strong unitary organisational culture and introducing work practices designed to dissipate or preempt the deprivations and dissatisfactions of industrial working life that employees have looked to unions to address.

What effect has the rise of the new industrial relations had on union density in the U.S. economy? Statistics show the level of unionisation to have declined in every sector except that of Government employment. In 1956 34% of the U.S. non-agricultural private sector workforce were trade union members, by 1980 this had fallen to 24%. In 1994 the authors of the best-known analysis of the transformation of US industrial relations were noting that `the coverage and appeal of the traditional collective bargaining system in the United States continues to shrink… no new industries, new employers or growing occupations have been organized by traditional unions in recent decades' (Kochan, Katz and McKersie 1994: ix).

There is a statutory procedure in the USA for deciding whether or not a union is entitled to recognition from an employer. Once a union is certified by the agency enforcing the law as having the support of a majority of the workforce the employer is obliged to bargain with it. Employers for their part enjoy the right to apply to have a union decertified on the grounds that it is no longer representative of the workforce's wishes. In the USA a union normally has to present a substantial number of signed authorisation cards to the National Labour Relations Board (NLRB) which then proceeds to hold an election in which the whole workforce of the bargaining unit votes on whether or not the union should be certified as its bargaining agent.

It is then that problems tend to arise for US unions. NLRB elections are often subject to long delays during which managements will usually mount sustained and sophisticated anti-union campaigns. There are many consultancy firms specialising in this union busting. Borrowing from Human Resources thinking to make their labour relations more positive and openly arguing the case that certifying a union will not improve matters are perfectly legal employer responses which can be effective in securing a no vote. But there is strong evidence that victimisation and illegal practices are also frequently brought into play to defeat union campaigns for recognition. While the number of elections ordered by the NLRB hardly changed between 1960 and 1980 the number of complaints of illegal sackings of union supporters rose threefold while the number of back pay or reinstatement awards made to complainants by the NLRB multiplied by five (Freeman and Medoff 1984).

U.S. trade unionists are bitter about the light penalties employers face when they are found guilty of breaking the law in this way and their spokesmen complain that, with Republican Presidents favourable to big business interests occupying the White House for all but twelve of the last forty years, the NLRB itself has been stuffed with appointees who, far from being impartial, are hostile to organised labour's viewpoint. In 2000 Human Rights Watch produced a report that endorsed this case and catalogued numerous infringements of US workers' right to freedom of association (Human Rights Watch 2000).

In Ireland the issue of union recognition within new foreign-owned industries was first sharply posed in Shannon where an EPA-supported vision of creating a model industrial community emerged briefly at the start of the 1960s (Murray forthcoming). EI, a subsidiary of US General Electric, located in Shannon as this vision was vanishing in 1962. Six years later, when the Irish Transport and General Workers Union (ITGWU) called a strike to gain recognition from the company, it was the airport zone's largest employer, daily bussing in a large proportion of its 1,200-strong workforce from far-flung parts of Clare, Limerick and Tipperary. The burning by the IRA of one of the buses used was one notable incident of a bitter strike that ended in a victory for the union and, on foot of the recommendations of a committee of inquiry set up by the Department of Labour, a new norm for the wider foreign-owned sector. IDA now informed potential investors that:

> There is no legislation that compels an employer to recognize or negotiate with a trade union but it is virtually universal practice for employers to recognize and negotiate with a union or unions of which its employees are members. Where more than one union represents employees it is usual practice to negotiate the unions on a collective basis (IDA 1973)

However within the pattern that emerged on the ground in the wake of the EI dispute the norm was for foreign-owned plants to a have single union with whom an agreement had been signed prior to the plant going into production. To secure easy recognition Irish unions often confined their representation to hourly-paid grades, foregoing the recruitment of large sections of the workforce that would often be unionised in other types of employment. They also agreed to restrict the scope of what could be bargained about to a fairly narrow range of issues (Murray and Wickham 1985). The union with whom such an agreement was signed was almost invariably the ITGWU. To an extent, this was unsurprising as new foreign-owned industry was widely dispersed around the country by the IDA and the only union with a national branch network was the ITGWU. But on the east coast, where other general unions were long established, there were allegations of an orchestrated exclusion of these unions by IDA (Merrigan 1987). IDA's relationship with ITGWU during the 1970s recalled the closeness of Fianna Fail to the ITGWU-dominated Congress of Irish Unions during the 1940s (Allen 1997: Dunphy 1995). What critics saw as the ITGWU's indulgence in the `sweetheart deals' that were giving it a monopoly on representation in new foreign-owned plants generated considerable friction within the Irish Congress of Trade Unions (ICTU).

Rank-and-file revolt against such arrangements also occasionally occurred, as in Ferenka's Limerick plant in the mid-1970s (Jacobsen 1994: 120-123). In a survey of industrial relations carried out in and around Limerick city in the wake of Ferenka's closure, shop stewards were asked whether the existing union arrangement had been chosen by the workers or agreed over their heads. Table 9.3 sets out the responses:

Table 4 Was union was chosen by workers or agreed by management and union ?

Response	Foreign-owned plant (%)	Irish-owned plants (%)
Chosen by workers	25	77.6
Not chosen by workers	75	22.4

Source: Wallace (1982: 148)

In the early 1980s ICTU set up a special committee to deal with inter-union tensions in relation to the organization of new firms. But the agreement it sketched out (ICTU Annual Report 1982: 96-98) was to be overtaken by events. Incoming US corporations increasingly eschewed host country industrial relations norms and opted to replicate the union-free environment with which they were familiar at home - `union avoidance strategies began to take hold around the early 1980s, became significantly more commonplace as the decade progressed, and are now characteristic of the majority of greenfield site firms in the manufacturing and internationally traded services sectors' (Muller-Camen *et al.* 2001: 440). This shift away from the earlier pattern of managed unionization has occurred with IDA acquiescence:

> The IDA has moved from its traditional policy of encouraging incoming multinationals to concede union recognition and engage in collective bargaining. Ireland can now be presented to potential investors as a location where companies can and do operate on a non-union basis. The Authority is responsive to the demands by non-union multinationals that no initiatives be undertaken that might impose trade union recognition or uniform representation arrangements on the non-union sector (Roche 1997: 121)

Today union density in Ireland is plummeting as it did earlier in the USA – down from 46 per cent to 35 per cent of those at work in ten years and standing at around 28 per cent in the private sector (Roche 2007: 70). Employer resistance to union recognition appears to be intensifying. Also a US-style resort to illegality now forms part of the employers' strategic repertoire with a recent survey of union officials reporting a substantial incidence of activist victimisation and illegal dismissal (D'Art and Turner 2005: 134). What Freeman and Medoff (1984) in the USA termed `the slow strangulation of private sector unionism' seems well on its way to being replicated on this side of the Atlantic.

It remains to be seen where the situation in which `unions have been invited to become partners in the macroeconomy but appear increasingly unwelcome partners in the workplace' (Roche 2007: 75-76) will lead in the future. As 2008 ends, a world economic crisis has commentators invoking Wall Street Crash analogies. With the election of Barack Obama as US President, there is a sense abroad that one political-economic era has definitively ended and that a new one is about to begin. Optimistic scenarios envisage that the `change' Obama invoked during his election campaigns could be translated into a progressive programme of reform that emulates the 1932 New Deal of his Democratic predecessor, Franklin Roosevelt. If this is so, interesting times could lie ahead for transfer-pricing US multinationals, for the Irish state that accommodates and profits from their practices as well as for the beleaguered trade union movements of Ireland and the USA.

NOTES

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