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DEMOCRATIC SOCIALIST

PARTY <sup>®</sup>

OUTLINE POLICY  
ON

**FULL  
EMPLOYMENT**

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806.



## FULL EMPLOYMENT

Unemployment is the most serious social problem in this country. It has been a major problem throughout the life of the state. In such circumstances one would imagine that the search for a solution to this problem would form the focus for the idealism, the imagination and the efforts of substantial progressive political movement. In post-war Europe, socialist parties gained greatly in support and authority by placing full employment in the forefront of their policies, and their achievements in this area have been considerable. Irish politics, however, had different priorities. The first national aim remained the enforcement of the territorial claim on Northern Ireland, with the equally sterile secondary aim of reviving the Irish language absorbing much political attention.

The labour movement never succeeded in taking an independent stand in relation to the priorities of Irish politics. Indeed, the achievement of full employment was first placed in the centre of mainstream politics not by the Labour Party, but by Fianna Fail in their 1977 election manifesto. In the event their commitment proved to be a superficial one, a token gesture to the needs of modern Ireland, and when a crisis point came the party replaced its new national aim with the tried and trusted catch-cries of nationalism.

Is the problem capable of solution? Certainly it can not be resolved without some fundamental changes in our approach to economic policy.

We readily acknowledge the usefulness of much that has been done to date to increase employment. In particular, in the '60s and early '70s the expansionist economic policies and the effects of Free Trade led to an increase in the size of the industrial work force and marked the decisive change in Ireland from a primarily rural to an urban society. Welcome though this was, it has not proved sufficient. The initial rate of growth has not been maintained, and even if it had our problems would still not be solved. Even if the Irish economy continued to operate at its mid-sixties peak, the rate of job creation would not come next or near fulfilling the employment needs of our rapidly expanding population. The world recession will ensure that this peak is not achieved again for some time to come in an economy largely dependent on private enterprise and the free play of market forces. It is clear that a much more radical approach is needed in the eighties.

The Democratic Socialist Party is wholeheartedly committed to the principle of full employment. We believe that its achievement is best approached in the context of a planned economy, with economic priorities and broad lines of development being worked out by the main participants in the economy – the government, unions and

representatives of industry. We believe also that the main thrust of economic development and the main burden of job creation will be taken by a productive industrial sector serviced and financed by various state institutions and accountable in turn for its performance to the state.

Important developments must also take place in the areas of vital public services and in the consolidation and expansion of the existing state sector.

We advance these policies (outlined in more detail below) not in any doctrinaire spirit, but in the belief that at present they form the basis for maximum economic expansion and job creation. Some of the details will inevitably have to be altered in the light of experience and changing circumstances. We believe, however, that these proposals contain the essence of a practical economic programme in the framework of an expanding democratic society.

## PLANNING FOR EMPLOYMENT

A certain amount of economic planning is already accepted as a natural element in most advanced countries. The complexity of modern economies coupled with the growing strength of the working class has made pure "laissez faire" capitalism of the 19th century both politically and economically untenable. In the Irish Republic governments have over the years set themselves various medium term economic objectives (seldom achieved) with rather sketchy outlines as to how these might be implemented. In recent years however developments have occurred which are potentially more substantial than these, largely arbitrary, economic programmes.

In the past decade the trade union movement has been forced to adopt a more positively political approach than that necessitated by pure and simple wages policies. In the absence of any significant party political developments the unions have themselves pushed into the open the issues of employment, equity in taxation and the improvement of health and welfare services. Centralised wage bargaining has facilitated these developments though such wage bargaining is not in itself a sufficient mechanism to achieve these ends. Dissatisfaction with the old style National Wage Agreements led in 1979 to the framing by the I.C.T.U. of a set of policy priorities which viewed the question of securing wage increases within the framework of an integrated approach on economic and social issues. Centralised bargaining developed accordingly into the first National Understanding on Economic and Social Policy. The government reaffirmed its commitment to full employment. Specific targets were set for the period of the Understanding with a government commitment to make up at least part of any shortfall that might emerge. There was provision for the planning mechanism to expand beyond the Department of Economic Planning (itself a welcome innovation) to encompass the establishment of industrial sectoral committees with provisions for management and worker representatives. There was also provision for an increased role for state enterprise in job creation through a National Enterprise Agency.

In short when such a framework had, at least on paper, great potential for working class advances. The developments however were stillborn. It is probably pointless to speculate as to how they might have fared had the Lynch-O'Donoghue partnership survived, though there is strong evidence to suggest that considerable backsliding was already underway at the time of their political eclipse. In the event the Haughey government turned the Understanding and its successor into insubstantial shadows. There is no sign of the Coalition government having any intention of bringing them to life. Even more worrying is the ease with which the trade union movement has accepted this situation. No doubt the difficulties of maintaining the living standards of their members have the unions fully preoccupied at present and in the absence of a functioning political wing to the labour movement the broader questions go largely un-tackled.

We believe that the planning framework established by the first National Understanding provides a good starting point for developments in this area. It is obvious that its implementation must be backed up by a genuine political commitment on the part of government and the unions. A full government department should be re-established with responsibility for economic planning and development and with the necessary authority and finance to function effectively. Then as a first priority the base of the discussions must be widened out. Th sectoral committees should be speedily established drawing on the local expertise of shop stewards and others on the shop floor. Developments such as this involving workers directly associated with the creation of employment and its inevitable spin-off profit must raise the questions of industrial democracy and control over the deployment of profits.

The parallel development of an effective socialist party would, through its activities both inside and outside Dail Eireann, help to ensure that political commitments were honoured and that problems and possibilities received a full and open airing.

## INDUSTRIAL JOB CREATION

Increased industrial employment must remain the most important objective of any plan for full employment. While Fianna Fail and Coalition Governments have all stated this as their objective they both have adopted the same basic approach to the problem of job creation. This has been one of hoping, that through the state providing grants and tax incentives, someone, somewhere, will consider exploiting the state as well as its workforce and thereby create jobs! Inherent in such a policy is a belief that only those who have already amassed or inherited money, could or should, have the opportunity, ideas or experience required to start an industrial enterprise. Such an attitude is plainly absurd. The owners are no longer the captains of industry. All the skills needed to found and operate a business are purchased on the labour market. Indeed state institutions such as the I.I.R.S., the I.D.A., and the Export Board currently possess the expertise necessary to develop production and marketing opportunities.

The policy of the Democratic Socialist Party is to harness all the resources of society in the drive for full employment. The following institutions are suggested as a means to achieve this purpose through a planned growth in industrial employment.

### NATIONAL ENTERPRISE AGENCY

This institution would have the task of identifying, researching and developing products for manufacture. It would also identify home and export market potential for new or existing produce. In essence it would be a reservoir and clearing-house for all enterprising ideas and projects.

The agency would:

Work to a target assigned annually to it by the Economic Planning Department;  
Utilise the facilities of existing state organisations such as the IDA, IIRS, Export Board as well as the universities and state companies;

Liaise with the industrial sectoral committees providing them with backup;  
Invite groups or individuals to forward projects or product ideas, to the agency, and make rewards for approved schemes.

Approved projects would be distributed for development by the most appropriate of the following:

The State Development Corporation

The Producer Co-Operative Agency

or

To private entrepreneurs on a franchise or royalty return to the agency.

### STATE DEVELOPMENT CORPORATION

The State Development Corporation would function as a holding company for commercial state enterprises. It would receive an annual grant from the exchequer adequate for the financing of the targeted number of new jobs.

New jobs would be created through new projects developed by the Enterprise Agency or by expansion of existing state enterprises.

The Corporation would eventually become self-financing through the returns of successful enterprises.

### CO-OPERATIVE AGENCY

A producers co-operative agency would be instituted for the purpose of:

- (a) Encouraging and propagating the concept of worker co-operative enterprises in the economy;

(b) acting as a lending agency to and stake holder in, approved co-operatives; and

- (c) providing existing and potential worker co-operatives with;
  - \* products or projects developed by the Enterprise Agency
  - \* advice on company structures, business administration, manufacturing techniques etc.

Only co-operatives whose constitutions guarantee communal ownership would be assisted by the agency.

### THE FINANCING OF INDUSTRIAL JOB CREATION

The primary source of income required to finance the foregoing type of investment would be borrowing, both domestic and foreign. This can be justified as the investment will yield a return by which the borrowing can be repaid. Some finance could be obtained from a redirection of some proportion of IDA funds towards the State Development Corporation. Also higher rates of taxation on non-productive businesses could contribute to initial investment needs.

### THE STATE ENTERPRISES

The existing state enterprises, and new ones brought into existence by the state development corporation will play an expanding and leading role in the economy. The success of many of the state companies, Bord na Mona, ESB, Irish Shipping, Aer Lingus for example, has been deliberately underplayed for ideological reasons by those opposed to the expansion of this sector and a bad image created which contradicts the actual public benefits achieved up to now and which can be consolidated and extended in the future by proper economic planning.

The present subservient role of state enterprise, as an adjunct of the private sector should be ended. The various state corporations should be involved not only in providing services and maintaining infrastructure but should have the freedom to expand into profitable production according to the needs of the economy as defined in a national economic development plan.

The organisation and internal structures of the state corporations should be reformed and improved to take account of the need for industrial democracy (participation by the workforce in the management of the enterprises), and public control over re-investment of profits.

The development of the state sector in industry, coupled with government control of credit and the major financial institutions would allow the accumulation of a new fund of public capital for re-investment according to a democratically decided economic plan. This capital, no longer disposed of at the whim of private speculators, would be essential for the development of the productive forces at present stagnating under the burden of the recession.

2011 A state management training institution should be set up, open to workers from the shop floor, to provide competent personnel for the developing state sector. This would enable the public enterprises to further evolve away from the influence of the FUE and CII and would ensure that the public interests were better served by state sector management.

## SERVICES (HOUSING)

Though industry must of necessity provide the greatest contribution to job creation, major scope for expansion exists in the provision of essential services to the community. It is in this area that we see the greatest examples of failure on the part of the free enterprise system.

It is clear for example that there is a crying need for housing in the country. There is no shortage of demand and yet workers in the building industry are unemployed. There is not enough profit apparently in moderately priced housing, so, many workers go homeless while those who could provide them with housing go idle. This is the logic of the market place. It is a logic we must reject. In such areas the state needs to reflect the interests of its citizens and cast aside the callous logic of the market. By directly funding and organising substantial building projects the State would create the doubly beneficial effect of fulfilling a pressing social need and generating secure useful employment.

To lay the basis for a successful housing programme it would be necessary to control the price of building land and to exercise control over the policies of the major financial institutions — the banks and the building societies.

As a first step we demand the implementation of the Kenny Report recommendations to link the compensations for land acquired for housing to its existing use value and not to some inflated speculative price. We also demand that local authorities be given the necessary finance to engage in an immediate programme to alleviate the housing crisis in our major urban centres.

The beneficial effects of this would be far reaching in terms of social and economic improvements. It has long been recognised that the building industry is one of the most productive in terms of generating jobs, not just in the immediate projects but in the many down stream industries that are necessary to keep the building trade supplied. It is time to tackle the vested interests that stand in the way of such progress.

## AGRI-BUSINESS

Agriculture, as well as being our food supply, and providing exports, is our single largest resource and supply of raw material for downstream industries. For too long the policy of the state has been to use this resource solely in the interest of those who

own the land, the farmers large and small. At the moment, most of these downstream enterprises are owned by the farmers through their ownership of the giant co-operatives. The farmers' interest in them is twofold; (1) to provide an alternative buyer for beef when it can't be sold into intervention, and (2) to convert some farm products, e.g. milk, into other products for which there are safe minimum guaranteed EEC prices. The result is the export of vast amounts of products in their raw or semi-raw state, whose return to the nation is the minimum that could be extracted from them. The Democratic Socialist Party stands for the rapid industrial development of the whole of the agri-business sector.

Industry, taking its raw materials from agriculture can maximise its wealth creating potential. For too long has this relationship been looked at in reverse.

## FISHERIES

The employment potential of an expansion of the fisheries industry is worth considering in the context of an overall development plan. The numbers at present employed on shore in Ireland are lower than in comparable E.E.C. Countries, such as Denmark, and it seems logical to suggest that a demand for re-casting of the division of labour between the E.E.C. partners would allow Ireland to claim the largest share of onshore employment in preparing and marketing fresh fish and in fish processing. A government interested in creating employment should demand that Ireland become the main centre for the E.E.C. fisheries industry.

## FORESTRY

Ireland's forestry resources are at present underdeveloped. The problem is related to the inefficient use of land which has been tolerated here since the state was founded. Some of the 16,000,000 acres of wasteland could undoubtedly be used for forestry development and investment would be justified by the reduction in the balance of payments deficit achieved by the eventual reduction in timber imports. Since timber resources in the world as a whole are diminishing, Irish timber would be of increasing value towards the end of the century when forests planted now could be expected to mature.

## CONCLUSION

It is unlikely that these policies would be implemented in full by any of the current contenders for government. A sustained period of full employment is therefore unlikely in the near future. We believe, however, that even under the present political setup much can be achieved. The trade union movement is already one of the most powerful forces in Irish society and, if it were prepared to use that strength in a way that other less representative interest groups have no hesitation in doing, it could win many worthwhile reforms.

To alleviate the current chronic levels of unemployment special measures are required now. The following could be introduced immediately without any great difficulty.

- \* Expansion of the house building programme. This expansion could be self financing if land were requisitioned at use rather than market value.
- \* Temporary employment guarantee schemes. Special schemes could be used to provide employment for periods of 6 to 9 months on socially desirable projects (e.g. environmental improvement) or superstructural development.
- \* Expansion of training and retraining.

Such measures would not of course strike at the core of our economic problems but they could at least provide a welcome respite for many who may by now be despairing of useful employment.

A long term and lasting solution to our economic situation necessitates a social system in which the productive forces and the financial institutions are used for the benefit of society and not to generate private profits. Only public ownership of these institutions can guarantee such a situation.

In the final analysis a Socialist government operating with the co-operation and support of a fully representative and independent trade union movement offers the best prospect of creating a society capable of guaranteeing work and justice for all its citizens.

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