

A stylized map of Ireland composed of a grid of grey dots, with several dots highlighted in red to represent specific locations or data points.

The Irish General Election of 2016

Winners, Losers and Policy Implications

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June 2016

- The Irish General Election of February 2016 left the established parties stumped. The new minority government led by centre right party Fine Gael will have to work under tenuous circumstances and is expected to struggle in order to fulfill a whole term. The influence of non-party members of parliament is unprecedentedly high.
- The traditional centre-right dominance in government formation is under scrutiny. While the Labour Party is paralysed as a result of government participation from 2011 to 2016 small parties and independents gain ground. The accelerated fragmentation is likely to create a need for new modes of stable government formation thereby opening up space for a new balance between parliament and executive.
- While the future of political decision making is uncertain and aspects of the political system in Ireland seem to be in flux, there is at the same time a widely shared expectation of policy continuity.

Introduction

It took ten weeks for a government to be formed after the February general election in the Republic of Ireland. Fine Gael is leading the new minority government and is supported in office by nine non-party TDs (known as Independents in Ireland). Interestingly, three of the Independent TDs have joined the cabinet. The new government is facilitated in office through what is known as a Confidence and Supply agreement with the second largest party, Fianna Fáil. For its part, Fianna Fáil has agreed that it will abstain on votes of confidence and budgetary matters and it may vote with the government on matters where there is policy agreement. The minority government was elected with just 59 votes out of 158 and 49 TDs abstained. The centre left Labour Party which had governed with Fine Gael from 2011-2016 suffered a calamitous defeat and has returned to the opposition benches where it faces serious questions about its future as the main party of social democracy in Irish politics.

Everything about the new political set up is unusual. No political party emerged as the clear 'winner' of the election. The number of non-party and micro party members of parliament is at an all-time high. The three months of negotiations required to get agreement on government formation was a direct consequence of the fragmentation in political support. Long delays between elections and government formation are not the norm in Ireland. Elections have tended to deliver reasonably decisive outcomes with clear coalition options. 2016 is an election apart on this front.

Ireland has had minority governments before but always where the government was just a handful of votes short of a majority and could rely on Independent TDs to support it. The new government is nearly 20 votes short and there are concerns about the commitment of the Independent TDs who supported the government. The only thing that unites parliamentarians, commentators and voters is a belief that this government will be unstable and short lived.

The future of political decision making is uncertain because the expectation is that the government will not be sustained for a full term. Already in the early days of the administration, divisions about policy on water and justice demonstrate a lack of cohesion. Although there is an agreed programme of policy, there is a great

deal of uncertainty about whether it will be possible for the government to build the rolling majorities required in parliament for it to enact legislation. Furthermore, Ireland operates a system of cabinet government. Discussions at cabinet are confidential and decisions are taken on the basis of collective responsibility; once a decision is taken, it is supported by all members of the cabinet. The Independent TDs who joined the cabinet have not served in government before and there are early signs of friction as the Independents settle into the realities of government.

From a wider EU perspective, the government is also unusual. Fine Gael was the largest party in the 2011-16 government and it oversaw implementation of severe economic retrenchment under the terms of the EU-IMF bailout but despite this, it has been re-elected to government, albeit with a reduction in vote share and seats. Fiscal retrenchment results in variable electoral outcomes in Euro-crisis countries. The Irish election delivered an opaque result but a government has been formed and the prospect of a second election has faded from the immediate horizon. This is unlike the Spanish case where the December 2015 election yielded an unworkable outcome which has resulted in a second election.

This report provides an overview of the results and outcomes of the February 2016 general election. It highlights some of the main events from the election campaign and frames the results in the context of political developments in Ireland over the past decade. An evaluation of the prospects for the new government is included along with a discussion on the implications for policy making on both domestic and international fronts. The report concludes with some speculative remarks on the future shape of party politics in Ireland and the consequences for government and policy making.

Background to the February 2016 Election

International and domestic factors have contributed to the unusual political composition of the lower house of parliament. The previous government was a coalition of Fine Gael and Labour. It came to power in 2011 in the midst of a global economic crisis and a domestic political and economic crisis. Its term in office was marked by global economic turbulence in the early years coinciding with a period of domestic political resignation to the se-



vere economic retrenchment. As the global and domestic economy began to improve from 2013, domestic political conditions became more turbulent.

In 2014, the introduction of a new system of water charges produced a major political flashpoint which be-got mass street protests and civil disobedience through refusal to pay the new charge. It would be wrong to attribute all of the resistance to water. To a great extent, water charges became a symbol for citizens who were weary from years of service cuts, public sector pay cuts of 25 percent and tax hikes which had delivered falling living standards and little by way of substantive change to the way in which the political or economic system operated. Senior bank executives who had contributed directly to the economic collapse reaped few consequences while some of the most vulnerable citizens saw their incomes dramatically cut and their living standards eroded quite significantly. The recovering economy from 2013 brought improvements but these were slow to filter across the state and the changes were small in comparison to the scale of the years of retrenchment.

The roots of the election results lie in this mixed economic picture. Economic conditions were recovering but the consequences of the global financial crisis remained very real and visceral for citizens. The incumbent government oversaw the economic recovery but its scale was insufficient to secure a further term in office for the coalition partners. The Labour Party saw its opinion poll support levels decline very early in its term in government as centre-left politicians oversaw service cuts and tax hikes on low income workers. It never recovered the support it lost.

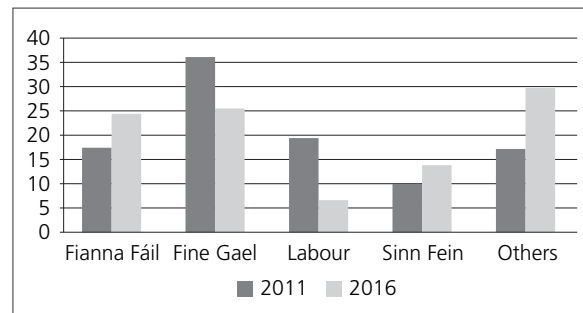
The election campaign when it arrived was dull and list-less. The first week was dominated by discussions about how much additional resources would be available for the incoming government for expenditure growth and tax cuts. EU fiscal rules provided the overarching framework and the technical approach taken by the government parties left the voters cold and confused. Opposition parties took a more emotive approach arguing for a fairer recovery and greater redistribution of the benefits of the burgeoning recovery, although most of the parties also kept their plans within the overall budgetary parameters set down in the fiscal framework. A small number of groups argued against the overall parameters and campaigned for extensive change to the economic model.

Election Result; Party System Fragmentation

The polls suggested considerable stability in the support levels of the main parties over the course of the campaign but on election-day, the Fine Gael vote was several points lower than predicted while Fianna Fáil and non-party candidates received a higher share of the vote. The Labour Party suffered severe losses and Sinn Fein and Independents picked up extra votes and seats in parliament. Overall, the outcome was one of continuing decline for the parties of the centre right and while there was some growth for parties of the far left, the collapse of the Labour Party meant that it was a particularly bad day for the centre left of Irish politics.

The result of the election is presented in figure one and compared with the result from 2011.

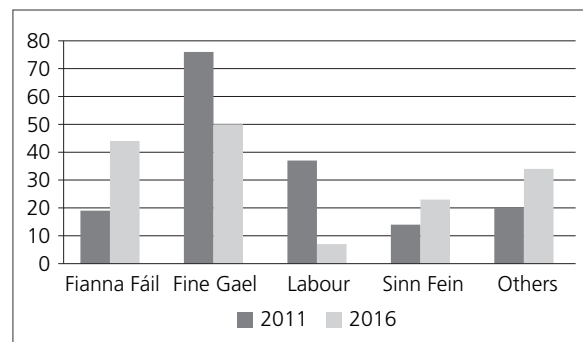
Figure 1: First Preference Vote Share, 2011 and 2016



Source: Houses of the Oireachtas, 2016

Figure two presents the details of the seats won in parliament by the main groups in 2011 and 2016.

Figure 2: Seats in Parliament, 2011 and 2016



Source: Houses of the Oireachtas, 2016

The **Labour Party** had a terrible election. After five years in government, it returned with just seven seats in parliament, a loss of thirty on its 2011 result. The party suffered continual public opprobrium during its five years in government. A party of the centre left, it faced constant criticism as it oversaw tax increases, public sector pay-cuts and expenditure cuts. The history books will likely take a more favourable view of the party; with Fine Gael it oversaw the end of the troika bailout and significant employment growth in the last two years of its government terms. But in electoral terms, it was too late for Labour; it had promised too much to voters in the 2011 campaign and was unable to deliver on key promises in office.

In government, the party had held social policy and public expenditure portfolios and often it was Labour Party ministers who had to announce and defend policy decisions which reduced welfare payments and cut public sector pay. Labour also held the education portfolio. Prior to the election in 2011, the party had promised not to increase university fees but once in office, the scale of the economic crisis was such that increases were implemented over several years. It was a deeply unpopular policy reversal which was constantly referred to in public debates and used as an example of broken promises by the party.

During their years in government, the Labour Party invested a great deal of time in what is termed the liberal social agenda. Labour spearheaded the campaign to have a referendum on marriage rights for same sex couples and it was a prominent part of the successful campaign. It insisted that the government legislate for a very limited form of abortion in life threatening circumstances for women, a move which had been avoided by successive governments from the 1990s. Party TDs and ministers also promoted and introduced progressive policies in relation to drugs, justice and equality for which it received some plaudits but ultimately these issues were not a priority for voters at the general election and did not feature in any of the opinion polls which recorded the top priority issues for voters.

As the junior party in government Labour struggled to assert a distinctive profile to voters. Political science research has demonstrated the party implemented a greater number of the policy commitments it included in its 2011 manifesto than Fine Gael but this was contrary

to the public perception and therein lay the difficulty for Labour. Since the election, the party has replaced its leader but there are internal divisions and it is also struggling to assert an identity as an opposition party. It frequently finds itself arguing against policies which it had previously supported in government.

Across Europe, social democratic parties have struggled, especially since the economic crisis. In many countries, the parties of the centre left have lost power and ceded support to populists and micro-parties. In power, the parties were often unable to reverse the politics of austerity and as was the case for the Labour Party, sometimes required to implement policies which it strongly opposed on ideological grounds. The Irish Labour Party is the oldest party in Irish politics and has experienced ebbs and flows in its vote before but like its sister parties across Europe it faces an uncertain future.

Fine Gael and **Fianna Fáil** are both centre right parties and they have dominated elections and government formation since the foundation of the state. The election brought mixed fortunes for Fianna Fáil. The long dominant party of Irish politics had been eviscerated in 2011 and it has been in a pattern of recovery since. The party exceeded expectations in the February poll and secured 44 seats in parliament, more than double its 2011 number but 2016 was still the second worst result for Fianna Fáil in its history. In 2016, Fine Gael and Fianna Fáil received a similar overall proportion of the vote but their combined vote shares have dropped sharply over the last thirty years leaving both parties unable to form a coalition government with like-minded parties within the system for the first time. Questions have arisen about whether there will be space in Irish politics in the future for two large parties of the centre right which to outsiders seem remarkably similar. History and culture divide the parties but these obstacles may yet be overcome should the current declining trajectory in the combined vote of both parties continue. The long term decline of large, centrist parties is common across old democracies. Ireland also shows signs of another international pattern, growing fragmentation of political support. In the Irish case, this has resulted in the emergence of several smaller political parties along with a somewhat unique feature to Ireland, Independents.

Sinn Féin contests elections in Northern Ireland and in the Republic. The party has seen its vote share grow in

the Republic over the past two decades. Its progress has been steady but slow and it achieved 13.8 percent of the vote which delivered 23 seats in parliament in 2016. The party combines its nationalism with populist left wing politics. Its populism has been central to its growth in working class communities over the years of the recession. The party has tended to underperform its poll numbers at elections and the same was true in February. The party is strongest among working class males and it does very well among younger voters in the polls but as international research on voter turnout has demonstrated for decades, these cohorts tend to turnout to vote in lower numbers than those in other social classes and age groups. That being said, the party takes a very long term view of its growth. It secured extra seats in parliament but will have been disappointed that it is not the lead party in opposition. It faces very specific challenges in the coming years. Gerry Adams has led the party for decades and his eventual retirement could be destabilising for a party which competes in the very different and separate political environments, north and south of the border. Adams transcends the border but there are few others who can, and his departure could yet pose challenges. The party also faces increasing pressure on its left wing flank from small hard left parties and it must tread a fine line between the politics of the possible and left wing populism.

Minority Government After Ten Weeks

The impetus to form a government lies with the party leaders in Ireland. There is no procedure for appointing a formateur as is the case in many other European countries and the President has no formal role in the negotiations. The constitution sets out that the Taoiseach is elected by parliament and formally appointed by the President. The Taoiseach selects the ministers in the government and they are formally appointed by the President. Government formation negotiations dragged on for three months and at times, there was speculation that a new election might be called.

As the largest party after the election, Fine Gael was in the driving seat in the government formation discussions. Party leader and outgoing Taoiseach, Enda Kenny initiated contact with many of the smaller parties and Independents after the election. Fianna Fáil also engaged with the smaller parties and Independents but with a

lower number of seats than Fine Gael, it was always at a disadvantage. It was some weeks after the election before Fine Gael and Fianna Fáil engaged in direct discussions, a development which was seen as inevitable by all commentators.

Fianna Fáil rejected the option of a coalition government citing longstanding historical differences with Fine Gael. The two parties work together in local government but eighty years of direct competition for office at national level has created a distrust and divisiveness which one uncertain election result could not undo. Agreement was eventually reached between the two parties on the creation of a Fine Gael led minority government which would need the support of at least eight Independent TDs. Securing 58 votes would mean that Fianna Fáil could abstain on all confidence motions ensuring the government could stay in office.

Following the Fine Gael-Fianna Fáil agreement, Fine Gael engaged in a second round of negotiations with Independent TDs leading to an eventual programme for government. Policy issues relating to rural affairs and more balanced regional development were prominent in the negotiations with the Independent TDs along with housing, health and disability issues. Agreement was only reached on support for the government at the eleventh hour just minutes before a fourth vote was due in parliament to elect the Taoiseach; a somewhat inauspicious start for the new administration.

Parliamentary reform emerged early in the post-election period as a serious part of the government negotiations with all parties and Independents supporting proposals to enhance the power of parliament. There is widespread agreement that parliament in Ireland is especially weak and the executive is too powerful. There were some small efforts to address this imbalance during the 2011–2016 administration and changes were made to facilitate the election of the speaker of parliament and to allocate the leadership positions on parliamentary committees on a proportional basis. The fragmented political landscape after the election made it clear that a new government would not have a majority and new procedures for conducting parliamentary business would be essential. A cross party committee was established to consider proposals and the recommendations in its first report have been welcomed. They include a significant increase in the roles and powers of parliamentary committees

and greater flexibility in the setting of the parliamentary agenda. The budgetary process will also be transformed with far more discussion of the policy detail taking place in parliament prior to final decisions. Reforms which have been resisted by governments for decades are likely to be introduced within weeks with cross party support.

Continuity and Change – EU Relations and a Looming Brexit

Ireland has had minority governments in the past but none with such a small number of TDs. Although Fine Gael suffered serious losses at the election, it has been returned to power and holds a larger number of positions in cabinet than in the 2011-16 administration. Among those at the cabinet table are several senior Fine Gael ministers from the last government. They include Minister for Finance, Michael Noonan, Minister for Justice, Frances Fitzgerald and Minister for Foreign Affairs, Charlie Flanagan. These appointments are important as they speak to an expectation of considerable policy continuity from the last government and in crucial areas. Specifically in relation to Ireland's engagement with the EU, the three most decisive figures are the Taoiseach, Minister for Finance and Minister for Foreign Affairs. The policy plan for the government includes some new initiatives and preferences for change in agriculture and rural affairs, areas which are heavily influenced by EU initiatives but the overall thrust of EU affairs remains the same.


Although all of the main parties contested the election on a platform of operating within Eurozone fiscal rules, the continuation in position of Minister for Finance Michael Noonan indicates that there will be little deviation from the path of fiscal stability which Noonan had engineered during his preceding five year term at the helm of the state's finances. The political agreement with Fianna Fáil and the new programme for government all confirm a commitment to Ireland's 12.5 percent rate of corporation tax. The last government was engaged with the OECD process on global corporation tax reform and some moves have already been taken in that direction but the commitment to the corporate tax rate remains steadfast.

As Minister for Foreign Affairs, Charlie Flanagan has been engaged in discussions on Brexit for the past years and his remaining in position is an important sign that the

new government plans to continue with its soft politics approach to encouraging the UK to remain within the EU. Should the UK vote to exit, this will present a very considerable challenge to a core plank of Irish foreign policy. But there is a strong EU consensus at the centre of Irish politics; Fine Gael, Fianna Fáil and the Labour Party have been on the same side for decades on EU issues and all have co-operated whether in government or opposition. A minority government may make an Irish response to Brexit a little complex but it is most unlikely that there will be disunity among the main parties. Furthermore, Sinn Féin which takes a more EU critical position in elections and referendums opposes Brexit and is campaigning against it in Northern Ireland. The party opposes any change which it sees as deepening the border between the Northern state and the Republic. It may well see political opportunities of a different kind in the event of a Brexit vote but it will not promote any scenario which envisages the UK becoming more disengaged from the EU.

Brexit represents a serious external risk for Ireland and much has also been made of the challenges which will emerge should instability in the global economy re-emerge in the shape of problems in Asian markets or indeed instability arising from the November elections in the US but there is strong unity of purpose across the new government and between Fine Gael and Fianna Fáil on economic strategy.

Challenges to the new government are much more likely to come from within and there are some obvious problems ahead. Industrial relations are becoming more discordant and the transport sector has already seen one protracted dispute. Public sector workers whose pay was cut by up to 25 percent in the recession are seeking pay restoration. There is a pay agreement in place but this will come under pressure in the coming months and the government will face enormous pressure to concede faster improvements in pay. There are also major policy decisions ahead which will be politically unpopular and divisive. Water charges will return to the agenda in 2017, there is an on-going housing shortage which is proving difficult to resolve. It is politically toxic in a country which experienced an enormous property crash due to over-supply just eight years ago. A decision is urgently required on the funding of third level education. This issue has been on the horizon for some years and none of the options are politically palatable. High quality third level education is intrinsically embedded in the Irish



economic model of attracting large amounts of direct foreign investment into the country and the issue can only be fudged for a short period. Any one of these issues is sufficient to de-stabilise the new minority government. There are clear lines of division across many of the parties in the Dáil and it will be very difficult to persuade opposition parties to vote for anything which imposes a direct cost on voters. Domestic problems are likely to be far more intractable than external changes.

Conclusion

A review of the government in 2018 is included in the agreement between Fine Gael and Fianna Fáil but there are few who expect the government to last that long. It may confound expectations, only time will tell.

As is the case in many of its European counterparts, politics in Ireland has been changing in recent decades. Voter loyalties to the large centrist parties of the twentieth century are weakening and there is growing political fragmentation. The combined vote share of Fine Gael and Fianna Fáil is contracting and support for small parties and Independents is on the increase. Nevertheless, so far the centre ground is still holding. The Labour Party, Social Democrats, Green Party and many of the Independents are centrists and collectively these parties retain the support of more than 60 percent of voters. The composition of governments will have to change. More diverse coalitions and minority government are inevitable as Fine Gael and Fianna Fáil become unable to anchor coalition governments on their own.

A new election when it arrives may yet bring further fragmentation but with a strong policy consensus across the centre, significant changes to long held economic and foreign policy strategies are unlikely. Right wing populism which has been on the rise across Europe is largely absent from the Irish scene. Anti-establishment feeling is often captured by non-party candidates and hard left political parties but as yet, collectively these groups do not constitute a significant challenge to the centre ground.



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ISBN
978-3-95861-518-2