

A stylized map of Ireland composed of a grid of grey dots, with several dots highlighted in red. The map is positioned behind the title text.

# Briefing paper on the Irish elections 2011

Facing an Angry Electorate:  
Irish Politicians Desperately Seek to Convince

**BY PEADAR KIRBY**  
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- Election 2011 looks set to mark the most important realignment of the Irish party system since the early 1930s with the dramatic collapse in the vote for the party that has dominated Irish politics over that period, Fianna Fáil.
- If parties implement their election promises, it will result in the most radical reform of Irish political institutions since independence.
- But the parties' options with regard to economic, financial and taxation policy are possibly the most constrained they have ever been, after the outgoing government signed a rescue package with the EU, the ECB and the IMF in November 2010 which endorses an austerity plan up to 2015 to deal with Ireland's economic and banking collapse.
- While a coalition between the Christian democratic Fine Gael party and the social democratic Labour party looks the most likely outcome, final results just might make a minority Fine Gael government, supported by like-minded independents or even Fianna Fáil, a possibility. Polling trends and party rivalries would appear to rule out a left-wing alliance led by Labour.





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Table 1: Basic economic data

GDP growth 2010 (to 3rd quarter)	-0.5%
GDP growth 2009	-7.6%
GNP growth 2010 (to 3rd quarter)	-1.6%
GNP growth 2009	-10.7%
Budget deficit (as % GDP) 2010	9.4%
Budget deficit (as % GDP) 2009	11.6%
Unemployment at end 2010	13.4%
Numbers who emigrated in 2010	34,500

Sources: Central Statistics Office; Central Bank of Ireland.

Table 2: Election results 2007

Party	Seats won	% of national vote
Fianna Fáil	78	41.6
Fine Gael	51	27.3
Labour	20	10.1
Sinn Féin	4	6.9
Green Party	6	4.7
Independents	5	6.6

## 1. Introduction

Even before Irish voters go to the polls on Friday, 25 February, it is already clear that Election 2011 will result in the most extensive changes in Ireland's party and political system since the 1930s. The main issue to be decided is just how radical those changes are going to be. For, not only does Fianna Fáil, the party that has dominated Irish politics since its foundation in 1926, go into the election with the worst opinion poll ratings in its history, but all the main parties are pledging far-reaching reforms to the political system itself. This focus on political reform is somewhat paradoxical since the most pressing issue facing politicians is the country's economic collapse and bankrupt banking system, but the options for dealing with these are greatly circumscribed by the EU/ECB/IMF rescue package that Ireland signed in late November 2010. On this issue, the election is marked by claims and counterclaims about the extent to which it is possible for a new government to renegotiate the package. And, as party candidates keep emphasising, never before have they had to face electors who are so well informed about the enormous challenges facing the country or so angry with politicians. There is widespread agreement that this is the most important election since the foundation of the state because so much hangs on the outcome.

This paper examines the significance of Election 2011 by focusing on four principal issues. The first is the dramatic changes it is likely to make to Ireland's party system since

it is already clear that it marks seismic shifts in what has been a remarkably stable political system. The paper then goes on to examine the focus on reforming the political system on which all parties are placing so much emphasis, highlighting the reason for this emphasis and examining the main reforms being proposed. The third section turns to the economic collapse and the banking crisis, briefly outlining the severity of the situation and discussing the ways the parties are addressing this in the election campaign. The final section examines the range of likely outcomes of Election 2011.

## 2. Demise of a ruling party?

When the registration of candidates for the election closed in early February, one fact stood out above all others – for the first time that anyone could remember Fianna Fáil was running too few candidates to get a majority in the Dáil, even if all were to win. The party which, since it first won power in 1932, has always been the largest party in the Dáil and which won enough seats to form a government on its own over much of this period was acknowledging that its dominance of Irish politics was over. With 76 candidates for the 166-seat Dáil as against 104 for the main opposition party, Fine Gael, and 68 for the Labour party it was being forced to reduce its number of candidates since, with a mere 15–16 per cent support in opinion polls, it ran the risk of spreading its vote too thinly, which would increase its

losses. This must have been heart-wrenching for a party that gained 41 per cent of the popular vote in the 2002 and 2007 elections. On the other hand, having emerged as Ireland's largest party in local and European Parliament elections in 2009, Fine Gael was now certain to become the largest party in the next Dáil, holding levels of support of 32–35 per cent in opinion polls.

However, even more dramatic than Fine Gael supplanting Fianna Fáil is the change in the fortunes of the Labour Party. In a party system dominated by the two parties that emerged out of the split over the 1921 Treaty with Britain that gave Ireland its independence, Labour had always had a secure but minor niche in Irish electoral politics, holding around 10–12 per cent of the vote and with rarely more than 20 members in the Dáil (known as TDs). To gain power, therefore, Ireland's social democratic party has always had to form a coalition with the larger and more conservative Fine Gael, thus diluting its left-of-centre policies. Currently, Labour holds a steady 24 per cent in opinion polls and in some polls during 2010 obtained levels of support that put it ahead even of Fine Gael. Furthermore, the Labour leader, Eamon Gilmore, has consistently been the most popular party leader in all opinion polls over recent years. As a result, one of the noteworthy features of this campaign is the sharpness of the hostility between Fine Gael and Labour since each is vying for dominance. And it allows Labour to run under the slogan »Gilmore for Taoiseach [prime minister]« as, for the first time in the history of the state, there is an outside chance that the Labour leader could become prime minister. However, even before the election was called, polls were showing Fine Gael's lead solidifying over Labour, although the Fine Gael leader, Enda Kenny, continues to suffer from low poll ratings despite the rise of his party.

For Fianna Fáil, the main contest is to ensure that it wins more seats than the smaller opposition parties, particularly Sinn Féin. The ignominy of its position is that over the past two years polls have shown its support eroding to levels previously never thought possible, so that in some polls in late 2010 it had less support than Sinn Féin. So unpopular is the outgoing government, and particularly Taoiseach Brian Cowan, that internal dissent in his parliamentary party led to a confidence vote in Cowan in mid January which he won but, within days, internal unease had convinced him to announce his retirement and former foreign minister Micheál Martin ensured that

the party had a new face to lead its campaign. This he has done with a vigour that has surprised his opponents, seeking to portray Fianna Fáil as a party of reform and to distract attention from its responsibility for the economic crisis. Although his own poll ratings put him ahead of Kenny, at the time of writing these have not translated into any major lift in the party's prospects.

Election 2011 marks a decisive shift in Ireland's party system towards a more European norm, although this is obscured by a focus on the fortunes of the dominant parties. One of the puzzles of Irish politics for many Europeans has been the dominance of two right-of-centre parties that seemed little different in terms of their broad policy orientation (both strongly free-market in orientation and fairly minimalist in their welfare policies), while the left remained in a very subordinate position. On closer examination the reality was somewhat more complex since Fianna Fáil, as a cross-class party with a strongly populist political style and playing the nationalist card in relation to Northern Ireland, had historically embodied some elements that made it somewhat comparable to European social democracy, particularly its development of a strong semi-state sector of industries and services and its early welfare policies. However, these elements had become heavily diluted over time and the close links it forged with Irish elites (particularly property developers and bankers) dramatically changed the character of the party and have now brought it to its knees. It is therefore very noteworthy that one can discern a marked shift to a more left–right alignment in Irish politics that is certain to be reflected in Election 2011. For the traditional hostility between Fianna Fáil and Fine Gael, as Ireland's two main right-of-centre parties, masks the fact that, between them, they now have the support of just under half the electorate, while various left-of-centre parties have the support of the other half. These include Labour with around 24 per cent in the polls, Sinn Féin with around 13 per cent, and various smaller parties and independent candidates of the left (including the Green Party), which together have around 12–13 per cent.

The difficulty for the left, however, is that some major differences make collaboration very difficult. One of these concerns policy differences, familiar throughout the European left, but another concerns a uniquely Irish problem. On policy, a major fault line divides the left. This is most obvious on proposals about resolving the banking crisis. While Labour proposes renegotiating the EU/ECB/

IMF rescue package to maximise the potential for economic recovery and an orderly windup of Ireland's most toxic banks, other parties of the left – including Sinn Féin – argue for a unilateral renunciation of the package and the immediate shutting down of these banks without compensating bondholders. Clearly for Labour, a party that looks certain to be in power in a few weeks' time, any appearance that it might consider such policies could be severely damaging (if not among the electorate, then among international investors and bondholders). For this reason, candidates to the left of the Labour Party often accuse it of selling out to international financial elites at the expense of average earners and the unemployed at home. The other major problem that is unique to the Irish left relates to the division between Labour and Sinn Féin. The origins of today's Sinn Féin (its distant origins lie in the Irish struggle for independence but it had a policy for many decades of not recognising the political institutions of the Irish state and so it faded into obscurity) lie in the Hunger Strikes in Northern Ireland in the early 1980s when it emerged as the political wing of the IRA. Since the peace process of the 1990s in the North, it has had considerable electoral success there, although in the Republic its success has been more limited and it currently holds five seats in the Dáil. Sinn Féin has adopted the language of the left but its origins as the political wing of the IRA raise a credibility problem for many on the left. Therefore, while Sinn Féin leaders advocate an alliance of the left, Labour has made clear that it is not interested.

One final comment about the ways Election 2011 is going to change the Irish party system concerns the Green Party. Over recent elections the Greens have been building a growing support base and have six deputies in the outgoing Dáil. However, the fact that the Greens entered into government for the first time following the last election in 2007 in coalition with Fianna Fáil has severely damaged the party and it is unlikely that they will win any seats in this election. While they did manage to get some key policies into law, such as improving national standards for insulation in buildings and a carbon tax, they only introduced their ambitious climate change bill in late 2010 and it had not been passed before the election was called. The paradox for the Greens is that they made no secret of the fact that they would have preferred to be in a left-of-centre government with Labour rather than with Fianna Fáil, but their determination to get into power overcame their antipathy to the latter.

Now, however, at a time when they would have been certain to pick up extra seats had they remained in opposition, they face the anger of the electorate for having been in government when the economy collapsed.

### 3. Reforming a dysfunctional political system

One certainty of Election 2011 is that it is going to result in the most extensive reforms to Ireland's political system since independence. Even Fianna Fáil, the party that has dominated this political system, never being out of office for more than one term, is now proposing sweeping reforms. In part, this focus on political reform arises from a widespread recognition that the banking crisis and economic collapse reflect major weaknesses in the political system, which the proposed reforms are designed to address.

For decades, political scientists have identified key problems in the way Irish politics functions. Some political leaders have at times championed reform but, even when proposed by committees established by government, these have never been implemented. This now looks as if it is about to change. The two key problems that every Irish student of politics learns about relate to the Irish electoral system and to the division of power in the Dáil. Ireland's form of proportional representation – the single transferable vote (STV) – has the advantage that it usually ensures a relatively close correlation between the percentage of seats won in the Dáil and the percentage of votes cast for each party. However, it is widely recognised as having reinforced the strongly localist and personalist character of Irish political representation. Since TDs are elected in multi-seat constituencies, this pits candidates of the same party against one another; the result is that they build their personal base of support through championing local issues and concerns rather than through a focus on policy issues. This has two consequences for the political system: first, those who are elected tend to be those who are best at championing local issues rather than those who might have the skills and expertise to be good legislators; second, even busy government ministers have to spend a lot of time attending to – often petty – local concerns if they are not to run the risk of losing their seats. The second problem follows to a certain extent from the first since it relates to the balance of power in the Irish system

between the executive and the legislature. International studies have shown that the Irish executive is one of the most powerful in any European system due to its ability to control the agenda of parliament and to choose the time of elections (within the terms of the Constitution) (Adshead and Tonge, 2009: 41–42). TDs, even those of governing parties, often complain how little power they have. Furthermore, the committee system, as a mechanism for scrutinising the actions of the executive, has been weak and its powers limited.

These endemic weaknesses are widely seen as playing a role in the major problems that now beset the Irish economy. For example, in their report on the banking crisis for the Irish Minister for Finance, international financial experts Klaus Regling and Max Watson uncover in forensic fashion the multiple governance and policy failures that led to the crisis, such as a fiscal policy which eroded the tax system (making it reliant on cyclical taxes on the purchase of property or on capital gains, which collapsed once the crisis struck), and a weak and poorly resourced regulatory system that failed to detect or act on the reckless practices of the banks. They speak of »a collective governance failure, and in part it reflected an uncritical enthusiasm for property acquisition that became something of a national blind-spot« (Regling and Watson: 33–34). These things point back to the poor scrutiny of the actions of the executive by legislators, the lack of expertise or inclination among legislators to undertake this role, and the general culture of complacent consensus that characterised the Irish boom, effectively shutting out critical debate.

These issues are central to the reforms being proposed. Interestingly, it is Fianna Fáil that goes furthest in proposing a German-type electoral system, with single-seat constituencies complemented by a list system to ensure that people with relevant expertise are elected. Furthermore, they recommend that ministers, once appointed, are able to relinquish their parliamentary seats to substitutes in order to concentrate on affairs of state. Both the Greens and Sinn Féin also propose a mixture of direct election with a list system. Fine Gael wants to reduce the number of TDs by 20 (the Greens want to reduce the number by 46) and to strengthen their powers through stronger committees and longer sitting hours. Labour is proposing a constitutional convention to draft a new Constitution with wide-ranging changes to the political system within 12 months of taking office. It

wants ministers to be more accountable for their actions, more powers for TDs to initiate legislation and an independent advisory council to oversee government fiscal policy. Fianna Fáil, Fine Gael and Labour all propose the abolition of the upper house of parliament, the Seanad, since it is widely seen as a waste of money. All parties want to reduce ministers' pay. *The Irish Times* editorialised that these changes would lead to »seismic changes in our system of constitutional democracy«, although it chided Fianna Fáil for undergoing »a Damascus-style conversion« after 13 years in office »ignoring or rejecting appeals for Dáil reform, greater ministerial accountability and proper advance planning« (8 February 2011).

#### 4. Fixing the economy and the banks

What most marks out this election from any one in living memory is that parties can make very few promises about improvements in living standards. Constrained by an EU/ECB/IMF package that endorses a severe four-year austerity plan to reduce the state's huge budget deficit to 3 per cent of GDP by 2015 from 32 per cent in 2010 (this figure includes estimates of what it will cost the state to fix the banking sector; when these costs are excluded the deficit was over 11 per cent of GDP last year and is expected to fall to around 9.5 per cent in 2011), all parties know that whichever of them form the next government, their freedom of action on economic, fiscal and taxation policy will be severely curtailed. The incoming government faces two problems of a magnitude never previously faced by a new administration. The first is the collapse in state revenues since 2008. In 2010, tax receipts were down to €31.7bn, from €33bn in 2009 and €40.7bn in 2008, while the exchequer deficit grew from €12.7bn in 2008 to €24.6bn at the end of 2009 (although it had declined again to €18.7bn by the end of 2010). Compounding this unsustainable fiscal situation is the huge drain on state finances caused by the crisis in almost all of the country's banks. Already, by the end of 2010 Anglo-Irish Bank, which was the most over-extended of the Irish banks and was nationalised in 2009, had absorbed just under €30bn of state cash, while the estimate of the cost to the state of salvaging the whole banking sector was €50bn. The uncertainty surrounding the final cost, however, was illustrated in the middle of the election campaign when the government-appointed chairman of the Anglo-Irish Bank, former Fine Gael leader and former Finance Minister Alan Dukes, said the system



may require a further €50bn in addition to that. Furthermore, on the eve of the election Finance Minister Brian Lenihan handed the next administration a poisoned chalice when he postponed payment of €10bn due under the EU/ECB/IMF package.

In this context, most economic debate has focused on what can be done to renegotiate the rescue package. While Fianna Fáil has little choice but to stick to what has been agreed since it was the largest party in the government that negotiated it, it is trying to turn this to its advantage by arguing that »the heavy lifting has been done«, as the Minister for Finance put it: in other words, the worst cutbacks have been implemented already. Both Fine Gael and Labour have pledged to renegotiate the package, but there are marked differences between them. Labour wants to push back the date for achieving a fiscal deficit of 3 per cent of GDP from 2015 to 2016, thereby reducing the cuts to be implemented between 2012 and 2014 from €9bn to €7bn to give the economy a better chance to grow. Both parties want to negotiate a reduction in the interest rate of 5.9 per cent charged to Ireland for its borrowings under the EU/ECB/IMF package, which has been widely viewed by commentators in Ireland as an excessive burden. Fine Gael has taken up Angela Merkel's idea of introducing a »debt-brake« into the Irish Constitution. A further difference between Labour and Fine Gael concerns the mix of expenditure cuts and tax rises required to meet the deficit targets: while Labour wants an equivalent amount to come from expenditure cuts and tax rises, Fine Gael is committed to expenditure cuts contributing two and a half times what tax rises will contribute. The difference has led the party to label Labour a high-tax party during the campaign and to present itself as the low-tax party, pledging not to increase income tax if elected. Finally, both parties want to renegotiate the debt owed to bondholders, although Fianna Fáil cautions that this is best done in conjunction with EU partners because of the danger of triggering significant negative sentiment in relation to Ireland in financial markets if the Irish authorities were to be seen to act on their own. None of these fears seem to matter to other parties of the left. For example, Sinn Féin has pledged to repudiate or restructure debts to bondholders and effectively to withdraw from the EU/ECB/IMF package by refusing to draw down any more loans from it. The Socialist Party wants to use the funds that currently are earmarked to bail out the banks to create jobs and develop infrastructure.

One final point that distinguishes the current opposition parties from Fianna Fáil is their commitment to active measures to create jobs since unemployment is running at 13.5 per cent of the labour force, while a further 50,000 a year are emigrating. Labour is perhaps the most imaginative in proposing a strategic bank to invest in indigenous firms, while Fine Gael's pledge is to create 20,000 jobs a year over four years by cutting employers' social insurance and investing in developing key infrastructures. Both parties also differ on the extent of cutbacks in public sector employment, with Fine Gael pledging deeper cuts even than Fianna Fáil.

## 5. Likely outcomes

As support for Fianna Fáil steadily collapsed in opinion polls over the past two and a half years, the accepted wisdom has been that they will be replaced by a coalition of Fine Gael and Labour. For a period last year, as Labour overtook Fine Gael in the opinion polls, the prospect emerged that Labour could lead that government. While that has now receded, as Fine Gael has regained a solid lead over Labour, the latter party is claiming that this election is the first ever in which the electorate is presented with the option of choosing a government not led by either of the two parties that have dominated Irish politics since the 1920s. In this situation, some commentators have argued that Labour should aim to lead a left-wing coalition with Sinn Féin, the Greens and independent left-wing TDs, forcing the two right-of-centre parties to collaborate for the first time ever. But this seems a step too far for the Labour leadership and the greatest likelihood is that a Fine Gael–Labour coalition will form the government when the next Dáil meets for the first time on 9 March.

However, the Irish electoral system has a tendency to produce surprises and this has never been so true as at the present time. One major uncertainty arises from the collapse of the Fianna Fáil vote. Traditionally, Fianna Fáil voters could not bring themselves even to contemplate voting for Fine Gael, despite the fact that the party was often the closest in policy terms. The likelihood is that the vote will scatter, but it is far from certain who will be the beneficiaries. One element that distinguishes this election is the large number of independent candidates standing and they may well benefit disproportionately from the high level of volatility. If so, they could hold the key to the

formation of the next government in at least two ways. One is the prospect of a group of Fine Gael-leaning independents who would be willing to support a minority Fine Gael government if the latter party were to come close to having sufficient TDs to consider the prospect of not having to rely on Labour. Early in the election campaign, comments by both the outgoing Taoiseach, Brian Cowan, and the new Fianna Fáil leader, Micheál Martin, that they would consider supporting a minority Fine Gael government if it were to implement Fianna Fáil policies fuelled further speculation about such an outcome. It cannot be overemphasised just how remarkable such an offer was in the context of Irish electoral politics and even though the comments were subsequently downplayed, they are a very interesting straw in the wind that the post-electoral situation may be less certain than it now seems.

On the other hand, the election is very likely to mark a shift to the left; the one uncertainty is just how marked this will be and what will be the makeup of the left-wing members of the new Dáil. Again, if Labour were to do very well and rival Fine Gael in the size of its parliamentary party, and if the electoral arithmetic on the left allowed it, it might just be tempted to try to lead a left-wing government. This, however, looks a far less likely option.

Returning to the most likely option, a Fine Gael–Labour coalition presents a number of problems. First, the two parties have perhaps never in their history been so far apart on the content of their policy, and divisions are exacerbated by the hostile tone of campaigning as they attack one another's policies. This will add to the difficulty of reaching a common programme for government after the election. Adding to the difficulties is the fact that the Labour leader, Eamon Gilmore, has consistently been far more popular with the electorate as a choice for Taoiseach than the Fine Gael leader, Enda Kenny. This may be one of Labour's key demands and may make agreement between both parties difficult. It will be interesting to see how these differences are overcome.

Beyond the formation of the next government, Election 2011 throws up a longer-term question that is fascinating to analysts of Irish politics. Despite the fact that Fianna Fáil has reached an unprecedented low in opinion polls, can the party stage a comeback over the coming years or will this election mark a fundamental realign-

ment in Irish politics? Observers at home and abroad have long wondered at Fianna Fáil's remarkable success in maintaining its dominance of the Irish political stage. There is little doubt that it now faces its greatest challenge ever, but few would dare to wager that it may not reinvent itself yet again.

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