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Government policies must keep business on tight rein

PAUL DONNELLY, JOHN HOGAN and BRENDAN O'ROURKE

ANALYSIS: The unethical behaviour that helped create the economic and banking crisis has caught the attention of some parties

W HILE THERE appears to be greater interest in the policies of those seeking to represent us this election cycle, as academics, our interest is the positions of the parties (Fianna Fáil, Fine Gael, Green Party, Labour and Sinn Féin) on a number of issues at the intersections of business and society: white-collar crime; whistleblowing; corporate governance; strategic State enterprises; running government as a business; and partnership.

Through a combination of questions to the parties and analysis of their manifestos, we have done our best to capture where they stand on these issues. While not headline grabbers in the election to date, we believe these issues are important to the type of Ireland we want to build as we move forward.

Fine Gael, the Green Party and Labour make explicit commitments regarding white-collar crime. Given the public outrage over the private sector failings that have brought the country to its knees, it is quite surprising that neither Fianna Fáil nor Sinn Féin have anything to say on this issue.

Fine Gael says it will enact a new, consolidated and reformed anti-corruption law to “punish white-collar crime and end the impunity from consequences for corporate behaviour that threatens the economy”. Tackling such crime will also see necessary resourcing being provided to the Office of the Director of Corporate Enforcement.

The Green Party proposes taking measures to ensure white-collar crime is treated with the “same stringency as any other type of crime”. Its plan raises the issue to cabinet sub-committee level, and holds out the possibility of non-jury trials involving specialist panels to deal with complicated prosecutions and expanding the definition of treason in the Constitution to include economic treason.

Labour promises laws to “to halt white-collar criminals transferring assets to spouses or others”. The party is highly critical of self-regulation and declares it to be “a blank cheque for corporate misconduct”, adding that it does not “provide sufficient reassurance to investors, who need to be convinced that Ireland is a fair, transparent place to do business”. Labour says it will “make good corporate governance law” and plan both more efficient regulatory agencies and more legal powers.

In tandem with legislation to combat white-collar crime, all the parties bar Sinn Féin make explicit mention of introducing long-overdue legislation to protect whistleblowers, with the Green Party and Labour committing such legislation to cover the public and private sectors.

Given ample evidence of the significant personal cost to whistleblowers at the hands of powerful organisations, it is imperative that significant protections be put in place to protect whistleblowers and act as a disincentive to wrongdoing.

Turning to public enterprise, the Green Party presents strongly against a “fire sale” of State assets, while Labour opposes the “short-termist privatisation” of key State assets. The Green Party sees Coillte, the ESB, Bord Gáis, Bord na Móna and EirGrid as strategic assets, with Labour explicitly mentioning energy networks and Coillte. Labour also proposes establishing NetCo as a co-operative of investors in a new broadband infrastructure.

Meanwhile, Fine Gael talk of streamlining and restructuring commercial semi-State companies with the help of a “Bord Snip” for semi-States and disposing of assets considered non-strategic. Investment will be focused on energy and communications networks, along with water and biomass, through a new State holding company, the New Economy and Recovery Authority (NewEra).

It is interesting that only Sinn Féin mentions maximising the return from our oil and gas resources, with its thinking indicative of the Norwegian model. Norway ensures the highest royalty payments flow to the State, in addition to building up indigenous expertise in resource exploration and exploitation through a State-owned enterprise (Statoil).

We find it interesting that Fine Gael, the Green Party and Fianna Fáil talk about what the State will do for business, but nothing of what society can expect of business. Fine Gael, the Green Party and Labour all voice their commitment to the concept of public enterprise, seeing the value and contribution of such enterprise as different to for-profit business. That said, they see benefits in replicating private sector practices in respect of efficiencies and cost savings.

From a corporate governance perspective, Fine Gael, the Green Party, Labour and Sinn Féin all propose an open and transparent system for appointments to State boards. Fine Gael and the Green Party propose publicly advertising State board vacancies, with ministers selecting suitably qualified people from shortlists. Labour also talks of publicly advertising vacancies to State boards, but with parliamentary committees scrutinising applicants.

Other than references to working with the Croke Park agreement by Fine Gael and Labour, partnership as we have known it seems to be dead for all parties but Labour.

On future partnership, Labour considers negotiated wage policies to be a potentially “important tool of macroeconomic policy in a small open economy” and that “investment and job creation can be enhanced through structured multiannual agreements that incorporate wage restraint”.