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## **Austerity and Reform of Irish Public Administration**

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### **Abstract**

The impact of the global financial crisis has been particularly severe in Ireland, and the 2008-14 period has been one defined by considerable state retrenchment. It has, however, also given rise to a period of unprecedented public service reform, and particularly following the election of a government with a strong reforming mandate in 2011. In this paper, the context and content of the reforms are examined along institutional, financial and politico-administrative dimensions respectively. A final section discusses the politics of reform in a time of crisis.

**Keywords:** Administrative Reform, Austerity, GFC, Ireland

## **Introduction**

Although a number of years have passed since 2008, the year generally accepted as the beginning of the Global Financial Crisis, it remains the case that many governments across the OECD are still grappling to manage their public finances, and to re-assert control of their economies. As the scale of the crisis unfolded, administrative retrenchment and bureaucratic cutback management policies emerged across Europe with varying intensities, and continue as important elements of government strategies to balance national budgets. In these efforts they are supported by reform ideas emerging from transnational organisations such as the OECD (OECD 2010a). Many early academic studies, however, point to considerable diversity in governments' responses to the crises (cf. Bideleux 2011; Kickert 2012; Peters, Pierre and Randma-Liiv 2011). It is not clear when reforms designed to reduce the size and cost of national administrative systems will be wound down; rather they are likely to continue for some time (Pollitt 2010; Peters 2011; Thynne 2011; Coen and Roberts 2012; Lodge and Hood 2012).

In respect of state economic policy, the findings of Alesina and Perotti (Alesina and Perotti 1995; Perotti 1998) and others (Reinhard and Rogoff 2010), were influential in the fiscal consolidation approaches adopted by governments post-2008. In particular, the argument that successful responses to crisis were those that mainly relied on cuts in public expenditure rather than taxation increases, roughly in a 2:1 ratio, provided the basis of many budgetary strategies in the EU. Work by Larch and Turrini, which advocates large fiscal corrections implemented in a short period of time, dubbed 'cold shower' consolidation, as compared to 'more gradual episodes of adjustment' (Larch and Turrini 2008, p.3) also appears to have been persuasive.

For public administration scholars, however, there have been fewer accepted doctrines concerning bureaucratic reform and viable cutback strategies in times of crisis. Furthermore, understanding and theorizing the current wave of crisis-inspired administrative reform, and how it differs from previous attempts to downsize the state in times of fiscal crisis, has proved challenging given the diversity of responses (Kickert 2012; Peters et al. 2011). For some, the current phase of austerity is one in which NPM ideas have given way to a post-NPM era, in which more classical bureaucratic principles of standardisation, unit-cost and centralisation of authority are

combined with the managerialism of NPM (cf. Christensen and Laegreid 2011). For others, the variety of administrative reforms does not make such classifications easy to sustain (Lodge and Hood 2012, Lodge and Gill 2011).

In this paper, our concern is with the case of Ireland, where the impact of the global financial crisis has been particularly severe. The decision by the Irish government in September 2008 to provide a blanket state guarantee for all bank liabilities greatly worsened an unfolding fiscal crisis, and continued deterioration in the Irish state's ability to raise funds in the international bond market resulted in the government requesting a 'bailout' loan programme from the EU-ECB-IMF (the 'Troika') in late 2010. Indeed an IMF report in June 2012 reported that the Irish banking crisis was 'the costliest banking crisis in advanced economies since at least the Great Depression. And the crisis in Ireland is still ongoing' (Laeven and Valencia 2012, pp. 20-21). At time of writing, the Irish fiscal position was beginning to stabilize, though the national debt remained larger than the economy, and it is expected to take a number of years to return to more sustainable levels. Figure 1 below identifies the rapid increase in public debt post 2007, following almost a decade of successful economic growth.

**Figure 1: Public Debt (Maastricht Basis) in Ireland and the Euro Area, 2000-12**

% OF GDP	2000	2005	2007	2010	2011	2012
Public debt, € Billions	37	44	47	144	169	192
Public debt	35.1	27.3	25.1	92.1	106.4	117.6
Public debt (Euro Area)	69.2	70.3	66.4	85.4	87.3	90.6

Source: Irish Fiscal Advisory Council 2013, p.6

The purpose of this article is to present the contents of the administrative reform measures adopted in Ireland as part of an period of austerity arising from the banking, financial and fiscal crises. It is structured as follows: the next section presents the immediate responses to the crisis post-2008 and the context for the initial administrative reform measures. Following this, the paper presents the reform plan adopted by a new government elected in 2011 across a number of themes –

institutional, financial and politico-administrative. A final section compares the Irish public administration today as it was at the moment of crisis.

### ***The context for initial administrative reforms***

As noted above, the proximate cause for the crisis in funding the Irish public service was the collapse in the banking system, which was primarily due to a poorly regulated housing bubble. However, fingers of blame were quickly pointed at the organs of state whose role it was to regulate the banking sector, most notably the Central Bank and Financial Services Regulatory Authority, as well as the powerful Department of Finance. Official reports commissioned in the aftermath of the near banking collapse pointed to a lack of timely critical debate and analysis by bank analysts and the public at large, aligned with a sense of complacency in the Government and other authorities (Regling and Watson, 2010, Nyberg 2011).

Coincidentally, just before the crisis took hold, the Irish government had been presented with the final report of a study it had commissioned the OECD to undertake with a view to widespread reform of the public service. In its report, titled *Ireland: Towards an Integrated Public Service*, the OECD presented a bureaucracy characterized by institutional fragmentation, weak coordination and poor performance management practices (OECD 2008). It presented a list of reform ideas, many of which were due to be adopted by government, but which in the face of the financial and economic crises were stalled and effectively disappeared from the agenda as rapid reductions in public expenditure took priority.

As the budgetary situation began to deteriorate, a general 'efficiency cut' to public service pay was introduced in mid-2008. And in the aftermath of the blanket banking guarantee, an early 'emergency' Budget for 2009 was published in October 2008 which prohibited any increases in spending. A 'Special Group on Public Service Numbers and Expenditure Programmes' led by a prominent economist conducted a 'stock taking' exercise which identified €5.3 billion in savings and recommended a reduction in public service personnel of about 5%. These recommendations were considered to be drastic at the time, though later cuts would result in €20 billion and a reduction in public service numbers of almost 10%. The Budget for 2010 introduced a less severe round of expenditure reductions including pay reductions on a tiered basis

and changes to pension entitlements for public servants. As a result of these measures, the gross rates of public service pay were reduced by about 14% cumulatively over 2009 and 2010.

As 2010 progressed, however, and government sources of domestic revenue continued to reduce and general public debt increased, the issue of the public service paybill again came into view. An agreement was struck between government and public service unions to engage in further reforms, including mobility of staff across public service organisations and further pay cuts, in return for no forced redundancies. The ‘Croke Park Agreement’, as it became known, provided a very important platform for introducing changes to work practices at the local organizational level that had previously proved resistant to centrally-devised reform plans. Faced with the prospect of large job losses and more severe pay cuts, public servants agreed to engage in these reforms (including longer working hours, reductions to leave and cancellation of pay increases) and, unlike their counterparts in Greece, Spain and other EU states, not to engage in strike action.

While the Croke Park Agreement was an important milestone, wider economic pressures in the Eurozone pushed the cost of borrowing on international bond markets to record levels for the Irish government, and raised fears that state would default on its loans. This would in turn have serious consequences in the Eurozone. Under considerable pressure from other EU member states, Ireland was obliged to enter an IMF-EU-ECB loan programme (titled the ‘National Recovery Plan’) in November 2010, which made €85bn available to the government. This structured the terms of economic adjustment up to the end of 2013. The programme agreed with the Troika in 2010 did not specify particular administrative reforms however. Rather, it focused on macro-level targets for public service numbers and structural reforms to particular policy sectors, particularly the medical, legal and pharmaceutical professions where it criticized monopolistic practices. The Troika also accepted proposals for reform of the Irish budgetary and financial management framework, including stronger links between expenditure and performance measurement.

Within weeks, however, the coalition government that had been elected in 2007 and which had weathered over two years of ad hoc cuts and reform measures, as well as a

loss of economic sovereignty to the Troika, began to unravel and an election was called for February 2011. The election result delivered a severe blow to the governing coalition, with the larger party (Fianna Fáil) seeing its vote share drop from 41% to 17% and the junior coalition partner the Green Party losing all of its parliamentary seats. In contrast, the centre-right Fine Gael and centre-left Labour Party, which had both campaigned on a promise to introduce significant public service reforms, achieved their highest ever first preference votes respectively. With a combined total of 113 or 68% of seats in the Lower House, they commanded the largest parliamentary majority ever held by an Irish government and a significant mandate for reform. The Programme for Government subsequently adopted by the new administration set out an ambitious agenda of “whole of government” reforms, ranging from abolishing the Upper House of parliament to introducing a new public procurement regime (Government of Ireland 2011). We turn here to consider in some detail the reforms introduced along structural, financial and politico-administrative dimensions.

### *Institutional reforms*

There are three levels at which major institutional reforms occurred in Ireland – at the primary or central government level, at a secondary level between government departments and the agencies under their remit, and finally at the sub-national level. Looking first at the primary level, the coalition government elected in 2011 made two important institutional innovations. The first was to create a new Ministry – the Department of Public Expenditure and Reform (DPER) – and in so doing to break up the traditional duopoly at the heart of Irish government between the Department of Finance and the Taoiseach (Prime Minister). The new Department took functions from both, and combined in one organization the issues of public sector reform, industrial relations and expenditure control.

As well as assuming responsibility for the annual financial and budgetary process, the Department has been responsible for the development of two public service reform plans (DPER 2011, DPER 2014a) and overseeing the creation of a cross-government infrastructure for the implementation of those plans’ objectives. It also engaged in extensive negotiations with public service unions on further reforming terms and conditions of employment, including tiered cuts in the wage bill (below). Some of its

signature successes have been in respect of centralizing common functions across the public service, including large savings in procurement arising from the creation of a new singular Office for Government Procurement.

Reducing duplication by means of new Shared Service Centres (SSCs) have also featured prominently as part of the Irish reform effort, and indeed elsewhere (OECD 2010b). The SSCs seek to unify corporate and transactional functions (such as payroll, pensions and HR) from across government departments and agencies, therein securing supply-side gains to efficiency with increasing volumes of work. As shared services in relation to transactional HR matters (such as holiday arrangements) in the civil service was a primary target of the first Public Service Reform plan, the first functional centre to open (in 2013) was therefore concerned with HR for the central government sector, and titled PeoplePoint. Estimating that the cost of HR services across 40 central government departments and associated offices was €85.6m, it was envisaged that a shared service system would reduce the bill by €12.5m and staff numbers involved in transactional HR activity by 17%. The next functional area to be consolidated under the shared services programme for central government was (at time of writing) payroll, with a goal of reducing the number of payroll centres serving 53 organisations from 18 to 3.

In terms of ensuring that the reform plan was implemented beyond central government, a hierarchical oversight and reporting structure was created. At the apex, a Cabinet sub-committee on public sector reform was created, chaired by the Prime Minister, and which provided a key mechanism for overcoming internal bureaucratic barriers to reform. It also served to firmly link administrative reform with the national economic recovery effort. This committee approved the 2011 Public Service Reform Plan, and in early 2012 approved a mandate for the Reform Delivery Office to create new structures across the main sectors of the public service to implement the plan. At the next level was an Advisory Group of Secretaries-General (the top civil service level), chaired by the Secretary-General of DPER. A 'Reform Board', with a senior official from each of the other 15 government departments, was instituted and chaired by the Director of the Reform Delivery Office in DPER. For every sector of government – local government, health, education, justice, etc – a 'Senior Responsible Officer' was identified with responsibility to ensure implementation of

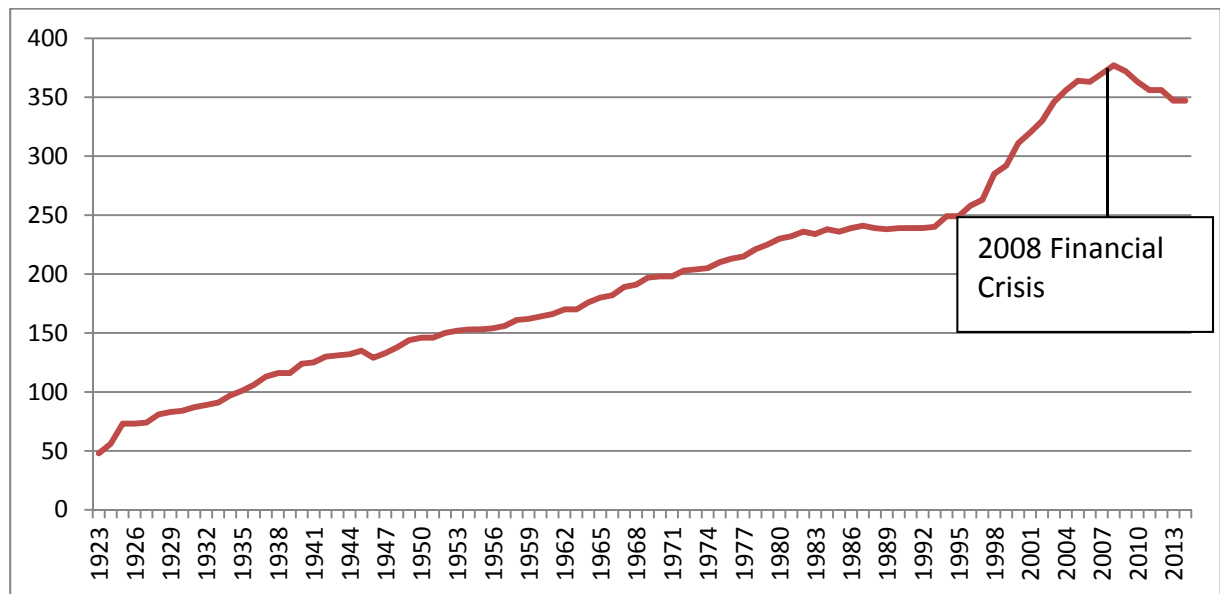


their respective reform projects. This level of oversight had been missing from previous (pre-crisis) reform efforts, resulting in reforms not being implemented or coordinated.

The second institutional innovation at national government level was the creation of an 'Economic Management Council' – a small sub-Committee of the Executive consisting of the Prime Minister and deputy Prime Minister, the Ministers for Finance and Public Expenditure and Reform, and their top civil servants and economic advisers. Often referred to as a 'War Cabinet' the primary role of this small group was to ensure implementation and completion of the Troika programme with a view to regaining control of national economic policy, and to provide a forum for rapid decision-making on economic policy. Its operations were often considered as overly-secretive even by other government Ministers, but its existence reflects the findings of Levine and Posner (1981) from a previous era of cutbacks, whereby centralization of decision-making during retrenchment is deemed necessary because organizational subunits are otherwise unlikely to volunteer cuts to their budgets. Though questions persisted about its democratic accountability, its effectiveness in decision-making was reflected in the fact that it was retained after the Troika programme was completed.

At the secondary level, the issue of state agencies had featured prominently in the media and political discourses concerning the cost and effectiveness of the Irish public service. Drawing on a longitudinal dataset of all public bodies created since independence in 1922, Figure 2 below identifies that there was an accelerated increase in the aggregate number of agencies post-1994 up to 2008, which coincided with notable periods of agencification in other jurisdictions (Verhoest et al. 2012). When the banking crisis occurred, one of the first actions of the government was to announce a plan of agency 'rationalizations' with a view to reducing the number and therefore cost of these arms-length bodies. The government elected in 2011 also announced plans for further agency terminations, and though progress has been more modest than hoped for (MacCarthaigh 2014a), Figure 2 also identifies that the post-2008 period has witnessed a gradual and sustained contraction in the aggregate number of state agencies.

**Figure 2: Public Organisations in Ireland (other than Ministerial Departments) 1922-2014**



Source: Hardiman et al. 2014, [www.isad.ie](http://www.isad.ie)

Apart from reducing the number of agencies, the relationship between agencies and departments has also undergone considerable change. Essentially, it has become more difficult for Ministers to create agencies, with more robust business cases required than previously expected. For existing agencies a more stringent reporting and performance regime has been introduced by means of Service Level Agreements between agencies and their parent Departments, as well as a stronger emphasis on linking strategy statements to financial allocations and objectives. Agencies are also subject to the wider public service regulations, including those which prevent recruitment and borrowing finances, and greater use of programme evaluations. They are also expected to engage in shared service initiatives (above) with parent departments or with each other.

The final level at which institutional reform has occurred is at the sub-national level. Irish local government has experienced an enormous change in relation to its structure and finance since the onset of the crisis. Prior to 2011, the sub-national system had consisted of two tiers – 34 city and county councils which were classified in law as the “primary” units of local government, with responsibility for the full suite of local government services, and 80 small municipal or ‘town’ councils, which had a limited

range of functions. In international terms, Irish local authority financing was heavily vertically imbalanced, with a significant proportion of local expenditure being funded centrally from general taxation. Indeed, a defining feature of Irish local government was the absence of local domestic taxation, with only commercial premises paying some form of levy to elected local councils.

In 2009 the Special Group on Public Service Numbers and Expenditure Programmes (above) had recommended a drastic reduction in the number of local authorities from the existing 114 to just 22 by means of abolishing all 80 town councils and merging the remaining local authorities to leave just 22. Not unexpectedly, these proposals met with considerable resistance from the local government system, especially as local authorities experienced disproportionately large cuts in personnel and central revenue when compared with other sectors of government. A government appointed 'Local Government Efficiency Review Group' was set up later that year to review the cost base, expenditure of and numbers employed in local authorities. It published proposals in 2010 for "joint administrative areas" which would pool management teams, corporate services, and the administrative overheads of smaller neighboring county and city councils. However this report was superseded by the decision of the new Government elected in 2011 to commission a review of local government reform. Its findings led to the Local Government Reform Act of 2014. The main changes concerned local government structures, including a new system of non-elected 'municipal districts' to replace the 80 town councils following the local elections in May 2014, as well as a merger of a small number of city and county councils.

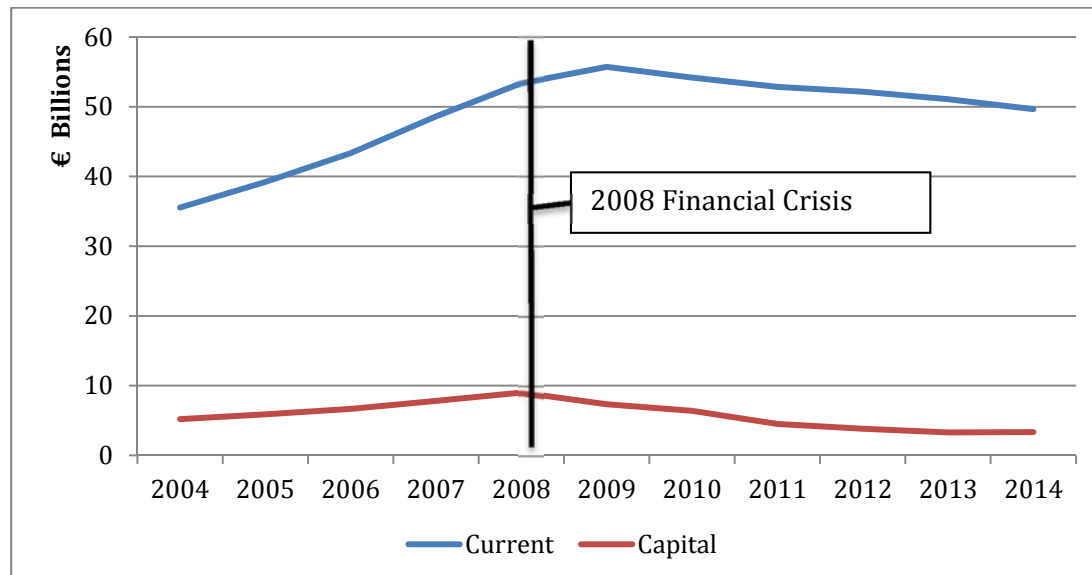
In respect of local government finances, a local property tax was introduced in 2013 based on the assessed market value of houses to provide funding for local authorities. Separate charges for refuse and domestic water services were also introduced, albeit with some resistance from the public and left wing political parties. The need for budgetary savings also saw a wide range of local bodies closing or being merged into local authorities. A study by MacCarthaigh (2013) found that while there were 244 bodies operating alongside local authorities in 2007, by mid-2012 that had been reduced to almost 200 by means of closures and functional absorptions by elected authorities, and plans were underway to reduce the number further to at most 144

bodies by 2015. This represented a total decline of 40% in the number of sub-national organisations over the period.

### Financial reforms

The institutional reforms identified above were conducted in the context of a wider overhaul of the Irish public financial system. As Figure 3 displays, while cuts to capital expenditure were made immediately in 2008, such was the upward trajectory of current spending increases for many years in advance of the economic crash that it took until 2009 for reductions to take effect. In large part, this was due to the public service pay-bill. Since 2010, however, there has been a sustained contraction in public expenditure with a view to meeting criteria agreed as part of Ireland's ratification in 2012 (by popular referendum) of the European Treaty on Stability, Coordination and Governance in the Economic and Monetary Union. This committed Ireland to achieving a budget deficit of less than 3% by 2015. The annual financial cycle has also shifted to align with the European Semester process.

**Figure 3: Profile of public current and capital expenditure 2004-14**

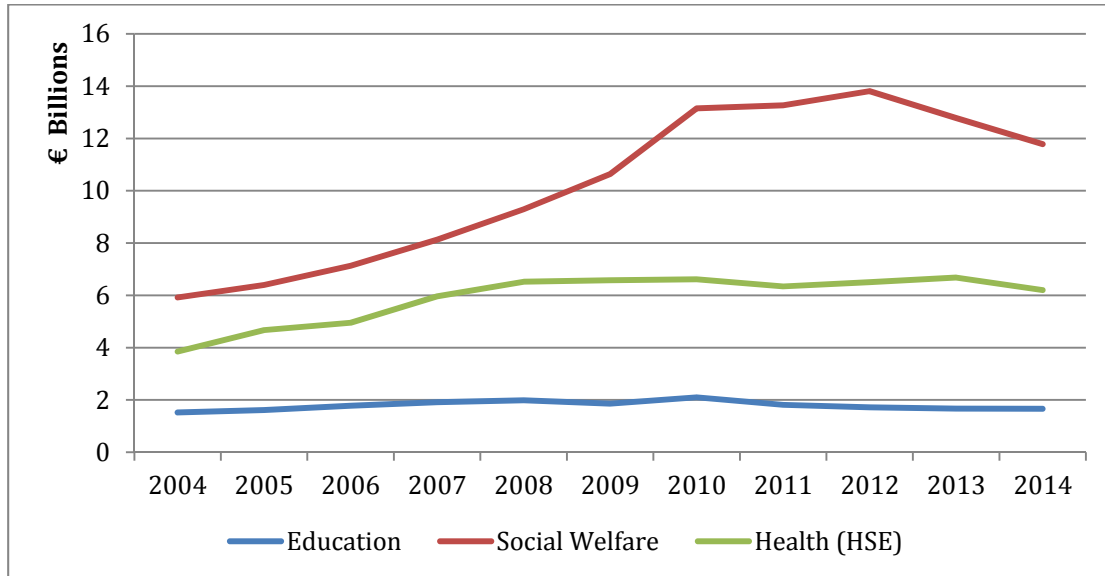


Source: [www.per.ie](http://www.per.ie), statbank

Demands on public services have increased dramatically since 2008, but the cost of running the public service has declined, in large part facilitated by agreements with public service unions over increased productivity and wage reductions. This is not to say costs have been universally reduced. In line with rising unemployment, which

rose from 4.7% in 2007 to 14.7% in 2012, Figure 4 identifies that the social welfare budget increased rapidly over 2008-12 before decreasing as employment rose in 2013. Education spending has been largely static despite a large increase in the under-25 population. The Health sector has almost consistently struggled to meet its budget due to rising demands and medical costs.

**Figure 4: Non-pay current spending by sector, 2004-14**



Source: [www.per.ie](http://www.per.ie), statbank

While headline target figures for savings have been important, the strategy used to achieve savings has been mixed, and not followed a ‘cheese-parer’ or targeted approach alone. A survey of public servants conducted during 2013 (Boyle 2014) found that a large number of respondents (40%) felt that the approach to achieving savings has primarily been through the use of proportional cuts across the board. However, 35% believed that targeted cuts have provided the main approach to savings. A further 22% suggested that productivity and efficiency savings has been the main approach in their policy area. The survey results also suggested that public service managers felt main cutback measures applied are pay cuts, pay freezes and hiring freezes.

As well as achieving Troika and EU targets, and avoiding penalties under the EU’s Excessive Deficit Procedure, there has been a substantial overhaul of the Irish financial reporting system, and a move towards a more comprehensive performance

budgeting processes. Prior to the crisis, a buoyant economy and surplus revenues had resulted in the Department of Finance gradually losing control over growth in public expenditure as Ministers' expenditure demands grew. In 2010, as it became clear that external finances were going to be needed to fund the state, officials sought to pre-empt Troika demands by preparing a plan of action for reforming the management of public finances. The 'National Recovery Plan' as it was called, was accepted by the Troika and its implementation was part of the agreement it struck with the government as part of the loan programme

A number of ancillary policy publications were also published by government as part of its agenda to have 'performance budgeting' integrated into public spending processes. A discussion paper titled 'Reforming Ireland's budgetary framework' (Department of Finance 2011a) was published which set out options for moving towards a multi-annual and more controlled public spending cycle, as well as an independent budgetary advisory council. Arising from this, the government approved a 'Comprehensive Expenditure Report' in late 2011 as part of its Budget plans. This document set out important financial governance reforms, including:

- Three year rather than annual current spending limits
- New measures to allow Departments to retain a portion of any savings they make
- Triennial reviews of spending priorities
- A new value for money code
- A new performance budgeting policy, to be achieved by measuring financial and personnel inputs, outputs and activities, and impact indicators.

Subsequent legislation in 2012 created the Irish Fiscal Advisory Council, with a role of assessing the official macroeconomic and budgetary forecasts produced by the Department of Finance. Significantly, and distinguishing it from counterparts elsewhere in the OECD, the Irish council can also give an opinion as to whether or not the 'fiscal stance of the Government is conducive to prudent economic and budgetary management'. In effect it allows the Council to express a view on the

fiscal stance to be adopted by the government around budget time. A final element of the new financial performance management framework was the creation of a public online performance measurement system, called 'Irelandstat' ([www.irelandstat.gov.ie/](http://www.irelandstat.gov.ie/)), to longitudinally link sectoral policy goals with associated outcomes and outputs.

At time of writing, the Irish government is stabilising its public finances, though debt remains at an historical high. Warnings by the Fiscal Advisory Council that government should resist the temptation to increase spending in order to maintain a 'prudent budgetary stance' and end a cycle of 'boom and bust' (IFAC 2014, pp. 4-5) have been challenged by Ministers keen to signal an end to a protracted period of cutbacks. Pressure to increase public spending will present a serious test for the new performance budgeting regime, and whether or not it is used to good effect in a post-austerity context.

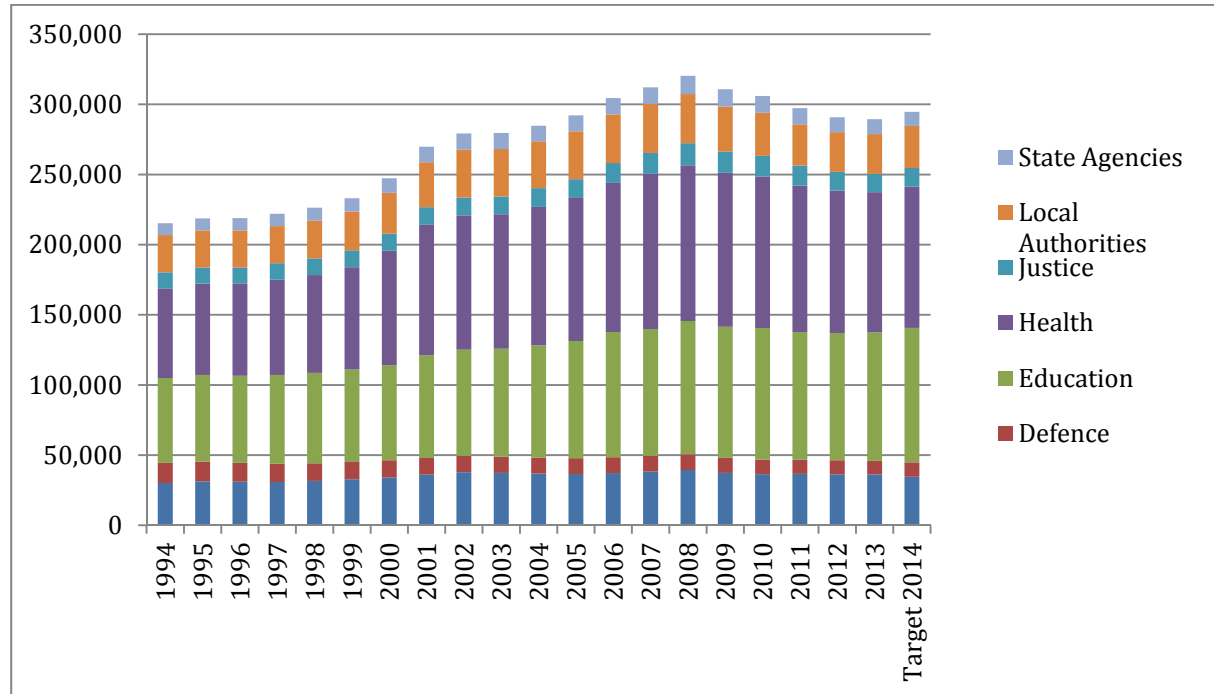
### **Politico-administrative reforms**

The final area for consideration is the effect of austerity-driven reforms on the politico-administrative relationship in Ireland. As Figure 5 below identifies, the size of the public service increased substantially over the 1997-2008 period, during which time there was also a substantial increase in public service salaries. Pay scales had improved considerably during the 2000s due to a series of 'benchmarking' reviews that linked public sector salary scales to those of a selection of private sector professions. Attempts to establish comparability proved to be very contentious, particular in respect of which market sectors public service pay should be considered against. But between 2003 and 2006 alone, the relative gap (or pay premium) between public and private sector workers almost doubled from 14 to 26 per cent (Kelly, McGuinness, and O'Connell 2009).

The 2008-14 crisis period has witnessed a contraction in numbers accruing to about 10% of the public sector workforce, surpassing a 2014 target set by the Troika in 2010. Surprisingly, this was achieved not by enforced redundancies but by means of a recruitment embargo on new entrants, as well as incentivized early retirement schemes and non-replacement of retired staff. While the effects have been successful in further reducing the paybill without any strikes, it has created an unusual

demographic profile for the public service. There are few staff under 30 years of age or over 60, and the median age of the Civil Service now stands at 48 years.

**Figure 5: Public Service Numbers by Sector 1994-2013**



Source: Statbank, [www.per.gov.ie](http://www.per.gov.ie)

As well as reducing public service numbers through a recruitment embargo and early retirement, the government elected in 2011 also sought to overhaul the ‘bargain’ or relationship between the political and administrative systems. The changing relationship also arose in the context of the end two decades of ‘social partnership’. This was a process of negotiated corporatism between unions, employers and government that had been credited with providing the platform for the Irish economic success post 1990 (Hastings, Sheehan and Yeates 2007), and which had provided the forum for negotiating public service reforms. For the public service, as well as a decline in pay rates and personnel numbers arising from budgetary cuts, there was a new emphasis on performance management and standardization of leave and holiday entitlements, as well as termination of outdated work practices in the context of technological change.

Recruitment to the public service also changed. Prior to the crisis, only a small number of senior positions had been made open to outside recruitment, but as part of the reforms



agreed with unions, all senior public service positions are now publicly advertised. This has also served to meet the government demand for a more position-based, specialist and meritocratic public service, rather than a continuation of the career-based system that had in many cases prioritized longevity in office over skills when it came to career advancement.

In a bid to address long-running accountability problems, the Department of Public Expenditure and Reform also developed proposals to ‘spell out the legal relationship between Ministers and their civil servants and their legal accountability for decisions and for the management of Departments’ (Department of Public Expenditure and Reform, 2011, 29). It followed much criticism in the media of a perceived absence of accountability (or more specifically resignations and sackings) in the political and administrative realms for major project and policy failures, not least of all in respect of the enormous banking and financial crisis that befell the state in 2008.

The 1924 Ministers and Secretaries Act has been the cornerstone of the Irish politico-administrative system and provided that the Minister is legally responsible for all that happened in his/her Department. The Act also deemed each Secretary-General to be personally responsible for the sound management of finances within their Department, and though individual cases of overspends or waste are not unusual, no holder of the position ever lost their job over failure to uphold this role. Reforms in the mid-1990s under the Public Service Management Act sought to devolve more managerial responsibilities from Ministers to senior civil servants but such devolution was limited in practice, and political accountability has rested with Ministers. At time of writing, proposals for a new ‘Head of the Civil Service’ and an ‘Accountability Board for the Civil Service’ were being considered as part of the reform of the political administrative interface (Department of Public Expenditure and Reform 2014b) and allowing the civil service to have a more public voice. A final decision had not been taken on the proposals, but the inexorable pressure to remove the traditional anonymity of public servants and to have a more public bureaucratic face will fundamentally the politico-administrative relationship.

Integrating these changes at a time of considerable restructuring significantly complicates the reform process. A characteristic of post-NPM reforms in states of the

Anglo-Saxon administrative tradition involves hybrid approaches to organization and control, combining traditional approaches to hierarchical authority with more contemporary ideas about performance management (Halligan 2011: 94-5). In this respect the Irish case provides a useful case study of how hybrid forms of organization and performance management methods emerge in the context of conjoined reform initiatives and cost-saving measures.

The views of public servants on the effects of these reforms is revealing. A survey of senior Irish public executives published in 2014 found that 62% felt the administrative system had got better over the 2008-13 period, but the remaining 38% feeling that it has got worse (Boyle 2014: 35). The study found that when compared with other European states, Irish respondents tended to be more positive in their assessment of how the public administration had performed over the previous five years, particularly in respect of policy effectiveness, policy coherence and coordination, cost and efficiency, external transparency, and openness and ethical behaviour. However, the results also found that Irish public service managers reported a stronger deterioration with regard to citizen trust in government, the attractiveness of the public sector as an employer and staff motivation when compared with other states (Boyle 2014: 35-6).

### **And finally - the politics of reform**

The series of what might be described as ‘whole of government’ reforms detailed above are taking place in the context of a turbulent economic period in Ireland, and one in which the traditional contours of Irish partisan politics have shifted as a consequence. Politically, the Irish party system has traditionally had a strong bias toward the right and centre-right on economic affairs, and support for any left parties is much lower than the European average (Mair and Marsh 2004). Administrative reforms have never been a prominent subject of partisan cleavage, and no party has ever taken a distinctive position on the role of the Irish administrative system or its reform.

A relatively narrow ideological spectrum has facilitated a considerable degree of cross-party agreement among the largest government-forming parties about the dimensions of response to the crisis. However, this has not been uncontroversial and the dominant conservative but cross-class Fianna Fáil party which had been in power since 1997, suffered an unprecedented electoral collapse in the general election of February 2011.

The government formed at that date, was made up of the conservative Fine Gael Party and the smaller Labour Party. The election also returned a number of anti-austerity candidates, independent representatives mostly from small socialist or other left-wing groupings.

It has been interesting to note how the profile of state retrenchment has not changed significantly from one government to another, despite the participation of the Labour Party after February 2011. Indeed the social democratic Labour Party has assumed responsibility for the Department charged with making the public service smaller by means of the administrative reforms and cost savings programmes identified here. Arguably, the absence of partisan political divisions on the content of the reforms provides a strong basis for their implementation, and for the ongoing study of the reform implementation process.

Surprisingly, while many of the internal bureaucratic reforms post-2011 are occurring out of public view, public support for high-profile political reform has wavered. The electorate rejected two proposals put to it in referenda on parliamentary reform — the first to strengthen parliamentary committee powers (in order to facilitate an inquiry into the 2008 banking crisis), and the second to abolish Seanad Éireann, the Irish parliament's relatively powerless indirectly elected upper chamber. However as part of a pledge to amend the constitution by means of more direct democracy, the government established a Constitutional Convention comprising 100 citizens and politicians. The Convention held public sittings over a year to discuss a number of pre-determined constitutional issues, including the electoral system, same-sex marriage, reducing the voting age and the term of office for the President of Ireland. This were broadly deemed to have been a successful innovation, and the government has committed to holding a number of referenda on some (though not all) of the recommendations of the Convention before its term of office ends in 2016.

### **Conclusion - Never wasting a good crisis**

Pollitt (2010, p. 21) notes that although comparative discussions and analysis are potentially useful in seeking for means and ways to address crisis, in practice every government must find its own instruments and make its policy choices. Echoing this, Pandey (2010, p. 564) insists that no definite answers exist concerning the most

appropriate cutback challenges and cautions against relying on prescribed tools and lists of measures on which policy-makers can draw. In the case of Ireland, the scale of the banking, financial and economic crises faced by the government in 2008 were unprecedented, and it took some time to settle on courses of action to address them. In terms of the public administration, the government elected in 2011 has managed to integrate reforming measures that were unlikely to occur previously with its retrenchment measures. This lends itself to the dictum that governments should never waste a good crisis in order to try and overcome traditional veto players or veto points, and to change the frame of discourse around policy problems.

The European crisis has also brought the issue of state capacity to the fore, and particularly the ability of governments to be prepared for major challenges, to develop stronger links between state and non-state actors, and to co-ordinate in new ways to achieve policy goals in hard times. This new-found ability to adapt to rapidly changing circumstances will be necessary to address at a national level the policy questions presented by global challenges such as climate change, demographic shifts and security. It will also require a reconsideration of how we think about government performance, and how best it can be measured and developed (Hertie School of Governance 2013).

This paper has presented the administrative reforms that have occurred in Ireland as a consequence of a period of austerity according to three themes – institutional, financial and politico-administrative. There is much overlap and dependency between the reforms, but combined they represent the most sustained and significant period of public administration reform in over 90 years of independence. The scope of government activity in Ireland has not changed significantly despite the reduction in personnel and budgets; conversely there is strong evidence that there has been a sharp increase in productivity arising from the reforms undertaken by public servants. As the economy recovers, and demands for restoration of pay-cuts and improved terms and conditions of service grow amongst public service unions, it will be instructive to see if a ‘performance culture’ that promotes innovation in public service delivery has taken root, or if there is a return to reform by negotiation between unions and government.



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