SGI Sustainable Governance Indicators 2011

Ireland report

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BertelsmannStiftung

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Executive Summary

Ireland's economic situation deteriorated dramatically over the 2008 – 2010 period. As a consequence there is a stark contrast between the generally upbeat summary provided in November 2007 and the much more somber assessment that is called for following the close of the review period in April 2010.

Ireland's economic crisis erupted suddenly. Although warning signs were visible by the middle of 2007, the scale of the problem became apparent only in the course of 2008. The crisis occurred on two fronts. First, the extraordinary boom in the Irish construction sector was beginning to crumble by 2007. This crash gathered pace during the following two years and had a devastating effect on employment, tax revenue and the level of consumer confidence. Second, the global financial crisis of 2008 exposed the exceptional fragility of the Irish banking system. This system was heavily exposed to (and indeed was partly the cause of) the unsustainable boom in property prices. This was based on an expansion of credit fed by interbank borrowing from global financial markets. In 2008 a collapse of the Irish banking system was averted only by the government's blanket guarantee of all depositors in the main banks and building societies. It is debatable whether this guarantee should have been as all-encompassing as it was. Some of the institutions receiving guarantees were not of systemic importance to the Irish economy. By extending the guarantee so widely, the future cost to the Irish taxpayer was increased.

The government's main defense of its economic strategy has been that the small and very open Irish economy was the victim of global financial turmoil. Policymakers have been reluctant to acknowledge the policy mistakes and weak management that aggravated the Irish crisis. Chief among these was the failure of the Irish financial regulatory system, with its emphasis on a "light touch, principles-based" approach, to take corrective action to moderate the credit-fuelled property boom. The questionable activities of rogue bank executives went undetected and uncorrected for far too long.

The weakness of the budgetary situation, and the growing resort to deficit financing, led to a downgrading of Ireland's sovereign debt during 2008. The risk premium on Irish government bonds rose to 2.8 percentage points over comparable German bonds in March 2009. The austerity budgetary measures introduced since then have gone some way toward restoring international confidence in the Irish economy and the risk premium on Irish bonds has more than halved.

The "social partnership" model of cooperation between business, unions and government failed the test posed by the economic crisis. Talks between government, employers and trade unions on adapting to the crisis broke down toward the end of 2009. The model could not deliver consensus on how to share the painful adjustment necessitated by the deterioration in the public finances.

The political system came under severe strain during the review period. Following the resignation of the prime minister (Taoiseach) in April 2008, triggered by inquiries into his personal finances, the transition to a new prime minister (Brian Cowan) was smooth, but the economic and financial crisis put increasing strain on the ruling coalition. The Progressive Democrats (PD), one of the smaller parties in the ruling coalition, was dissolved in 2009, after a very bad election performance in 2007 in which the PD delegation to parliament declined from eight members to only two. Popular support for the Green Party, the remaining junior party in the coalition, also declined and the government's overall rating in opinion polls fell to a record low. Three vacancies that have arisen in the lower parliamentary house (Dáil) are unlikely to be filled until the next general election, which does not have to be held until 2012.

One of the few positive achievements during this period was the successful campaign on the second referendum on the Lisbon Treaty. The first referendum was rejected with a 53% "no" vote in June 2008. The second referendum received a 67% "yes" vote in October 2009.

Strategic Outlook

The Irish strategic outlook is dominated by some very large and complex challenges. These include:

- rebuilding the banking system and making a success of the National Asset Management Agency (NAMA), or "bad bank";
- restoring order to public finances and ensuring the stability of the economy as a member of the euro zone;
- improving the functioning of public services in the face of major austerity measures;
- fostering renewed economic growth through improved international competitiveness; and
- reforming the political system to improve its management efficacy.

The country's financial crisis is far from resolved – the banks are seriously undercapitalized, there are fears of further waves of bad debts, and a major insurance company is to be placed in administration (a rescue mechanism for insolvent companies). The

NAMA, the “bad bank” that was established to take impaired assets from the banks at a discount in exchange for government bonds, has just started its work, and it is far from clear how successful its business model will prove to be.

After the need to rebuild the banking system and get “zombie banks” lending to the business sector again, the most important strategic challenge facing the country is to restore order to public finances. In the wake of the collapse of tax revenues and soaring social welfare spending in 2008 and 2009, the fiscal deficit has risen to over 12% of GDP. In keeping with the obligations under the Maastricht Treaty, Ireland has outlined a stability plan to reduce this to 3% of GDP by 2014.

The tax increases and cuts in public sector salaries introduced in the budgets of 2009 and 2010 have gone some way toward stabilizing public finances. Ireland has been viewed more favorably by global financial markets than Greece for taking decisive action to tackle its fiscal crisis. This is reflected in the improvement in the country’s credit rating on international financial markets since the first quarter of 2009. But the next three budgets will have to contain further tough medicine if the fiscal target is to be met. Achieving this will require great political skill.

Ireland had been losing competitiveness between 2005 and 2009 as prices and costs rose faster here than in the other members of the euro zone. There is strong pressure from public sector unions to reverse the salary cuts implemented in 2009. Managing the unrest caused by the austerity program will test the capacity of the present government and its successor to the hilt.

There is a growing consensus on the need to reform many of the basic political and administrative structures, but it is far from clear how a reform agenda can be set into motion. In the negotiations between the public service unions and government that took place in March 2010, after the most recent national understanding had been abandoned, new commitments were given by the unions to implement radical reforms in return for a commitment by government that public sector pay would not be cut again in future budgets. This agreement between government and unions is meeting with stiff opposition from rank-and-file union members.

Status Index

I. Status of democracy

Electoral process

Candidacy procedures
Score: 9

Candidacy procedures are fair and do not overtly discriminate against parties or groups. However, the manner in which political parties are funded makes it difficult to launch a new party and protects the political status quo.

To be eligible for election to the Dáil Éireann, the lower house of parliament, a person must be a citizen of Ireland, over 21 years of age and not otherwise disqualified from election to the Dáil. Certain categories of persons are disqualified. These include members of any local authority, members of the European Commission, judges, advocates general or registrars of the European Court of Justice, members of the Court of Auditors of the European Community, members of the national police force (the Gárda Siochána), full-time members of the defense forces, civil servants whose contract of employment does not explicitly state that they may be a member of the Dáil, persons of unsound mind, persons presently in prison serving a term greater than six months, persons in a state of undischarged bankruptcy, the president, members of the Seanad or upper house of parliament, and the comptroller and auditor general.

Media access
Score: 9

Irish elections attract widespread and detailed coverage in the press, on radio and on TV. There are strict rules regarding media coverage, especially on radio and TV, designed to ensure equity of treatment between the political parties. The state-owned broadcasting company (RTE) allows equal access to all parties that have more than a minimum number of representatives in the outgoing parliament. Smaller political parties and independent candidates receive less favorable treatment in terms of access to the media, but this is perhaps inevitable, as it would be impossible to provide all the small parties and independent (non-party) candidates equal coverage with the major parties in the national media. However, any imbalances that may exist at the national level tend to be offset at the local level through coverage by local radio stations and newspapers.

An important feature of Irish elections at all levels is the saturation use of posters to elicit support for candidates. Subject to normal public safety and anti-litter regulations, all parties and candidates are free to erect posters on public spaces.

Voting and registrations rights
Score: 8

There is no overall register of the population in Ireland, so the voters' register has to be compiled by local authorities, who are not always diligent in keeping their registers up to date.

While problems with the Electoral Register persist in certain areas, there is no evidence of systematic discrimination or disenfranchisement of any groups in society. Nonetheless, the repeatedly exposed inconsistencies in the Electoral Register display a lack of investment in the electoral process and even a lack of concern for its integrity. In June 2008, the government set up a working group to advise on the design of an Electoral Commission, which would have responsibility for drawing electoral district boundaries and maintaining the electoral register. As many as 16 or 17 separate pieces of legislation will need to be reviewed or repealed in order to give it the authority it requires.

Voting is not compulsory. However, choice of the date of election has been made to maximize participation, and polling stations remain open from 07:00 a.m. until 22:00 p.m.

Party financing
Score: 8

The Standards in Public Office Commission supervises the disclosure of interests, compliance with tax clearance requirements, the disclosure of donations and election expenditures, and the expenditure of state funds received by political parties. It has oversight authority and reports to the chairman of the Dáil Éireann on the following matters:

- the acceptance and disclosure of donations received by political parties, members of both houses and of the European Parliament, and candidates contesting Dáil, Seanad, European Parliament and presidential elections;
- the opening and maintenance of political donation accounts;
- the limitation, disclosure and reimbursement of election expenses;
- state financing of qualified political parties; and
- the registration of "third parties" (i.e., campaign/lobby groups or individuals which accept a donation for political purposes which exceeds €127 in value) and other persons.

The Standards Commission is required to facilitate the inspection and copying, by any person, of donation statements, election expenses statements and other documents furnished to it under the legislation.

The commission's latest published annual report is for 2008. This shows that in 2007, total funding of €12,974,613 was paid to qualified political parties under the Electoral Acts and the Party Leaders Allowance Act.

Each of the 14 political parties registered to contest a Dáil or European election was required to furnish a donation statement to the Standards Commission by March 31, 2007. Donations received during 2007 which exceeded an aggregate value of €5,078.95 were required to be disclosed. The maximum value of donations a political party can accept from a single person in a single calendar year is €6,348.69. Donations received a single donor in the course of a single calendar year must be aggregated for the purposes of observing the disclosure and maximum acceptance limits. The total value of donations disclosed by parties during 2007 was €266,484.98.

Citation:
Latest annual report of the Standards in Public Office Commission:
http://www.sipo.gov.ie/en/Reports/AnnualReports/File,10300,en.pdf

Access to information

Media freedom
Score: 10

Public and private media are wholly independent of government. The state broadcasting (radio and TV) company is supported by the fees from a mandatory license. It is obliged to give balanced coverage of political events and to guarantee access to a variety of political views. Access by political parties for electioneering purposes must also be balanced. The state broadcaster does not enjoy a monopoly in any area of broadcasting, but faces competition from private TV and radio stations.

Oversight of broadcasting and print media has recently been recast under new legislation. The Broadcasting Authority of Ireland (BAI) was established on October 1, 2009 following the enactment of the Broadcasting Act 2009. Its terms of reference require it to “ensure that the democratic values enshrined in the constitution, especially those relating to rightful liberty of expression, are upheld, and to provide for open and pluralistic broadcasting services.”

The BAI’s Compliance Committee can investigate and rule on complaints relating to issues of fairness, objectivity and impartiality. Under this heading, it can enforce the requirement that all news broadcast by a broadcaster is reported and presented in an objective and impartial manner, without any expression of the broadcaster’s own views. In the treatment of current affairs, including matters which are either of public controversy or the subject of current public debate, broadcasters must ensure that reports are fair to all interests concerned and that the broadcast material is presented in an objective and impartial manner, without any expression of the broadcaster’s own views. Any viewer or listener may refer a complaint to the BAI if they are unhappy about program content on an Irish

licensed broadcasting service, either radio or television.
The Press Council of Ireland and the Office of the Press Ombudsman were established on January 1, 2008. Citizens now have access to an independent press complaints mechanism that is described as “quick, fair and free.” Among its aims is “to defend the freedom of the press and the freedom of the public to be informed.”
Thus, the relationship between the press and the government is an arm’s length one. Systematic preferences or biases undoubtedly exist in press editorial coverage, but there is sufficient variety of editorial opinion and adequate complaints procedures to prevent any undermining of the democratic process.
Attempts by governing parties to curtail the freedom of the press appear to be virtually nonexistent, although the use of public relations firms and “spin doctors” to present news in the light most favorable to those in power is widespread.

Media pluralism
Score: 9

For a country of just 4 million people, the variety of print, radio and TV media in Ireland is striking. The range of newspapers in circulation is wide, and is augmented by the circulation of Irish editions of several UK tabloids, as well as the mainstream “broadsheet” UK newspapers. In addition to the range of “public service” state-owned radio and TV stations, a variety of privately owned stations also exist. Irish listeners and viewers also avail themselves of UK English-language stations, which are widely received in the country. Therefore, there are few grounds for worry as to the plurality of opinions to which Irish readers, listeners and viewers are exposed.
There is a plurality of ownership in the Irish media – the sector includes state radio and TV, private radio and TV, a variety of newspapers with varied private ownership, and many small-circulation magazines that purvey alternative political views and philosophies.
Of course there are suspicions about the influence and power of big businesses over the media, as well as criticisms of the views promoted by the state-owned broadcasting company.
One large multinational company is particularly dominant in the print media. But it has not restricted the range of political views expressed by its journalists in individual newspapers (or indeed within the pages of a single paper), although there has undoubtedly been bias in the treatment of individual issues and political notables.
Irish libel laws are restrictive and may impair the ability of investigative journalists to have their work published. This reduces the effective freedom of the press. Frequent calls have been made to bring the libel laws into line with those prevailing in the United Kingdom. However, the restrictions imposed by the existing laws do not imply any bias toward one end of the political spectrum or the other.

Access to gvmt. information
Score: 8

There were no significant changes in this area during the reference period.
Freedom of information (FOI) legislation was introduced in 1997. It provides for public access to data and information about decision-making in the public administration, subject to the exclusion of 12 areas (including defense, government meetings, areas of commercial sensitivity and so on). The act was amended in 2003 in a more restrictive direction. Charges to the public for obtaining information were raised. The amendment provoked more controversy than the original act. Reservations have been expressed about the scale of charges now in place and the wide range of material excluded from the scope of the act, conditions which restrict the public's access to information compared to the situation between 1997 and 2003.
Nonetheless, the FOI legislation has been used with considerable effect by individuals and more frequently by the press to gain access to information regarding the manner in which ministries reach decisions or the expenses incurred in public procurement, and to highlight instances of the waste of public funds.
Government departments, ministries and agencies now have information officers to channel information to the public. In some cases these officers act as purveyors of objective information; others act as "spin doctors" putting interpretations on events that suit politicians.
The Central Statistics Office (CSO) is responsible for the collection and dissemination of official statistics. An independent National Statistics Board oversees its performance. This office is located in the Department of the Taoiseach (the prime minister's office) and is not answerable to the ministers responsible for areas covered by the statistics. These ministers have no right to edit or censor statistics released by the office. Sensitive data (such as figures on inflation, unemployment, etc.) are made available to ministries shortly before their publication, but there is no right to alter these data or to interfere with the manner in which they are presented. The Irish CSO enjoys a good reputation internationally in terms of its independence from political interference and the technical competence of its staff.

Civil rights

Civil rights
Score: 9

In principle, all citizens have equal access to the law and the courts. Under the Criminal Justice (Legal Aid) Act 1962, an extensive system of free legal aid has evolved. This act provides that free legal aid may be granted, in certain circumstances, for the defense of persons of insufficient means in criminal proceedings. The grant of legal aid entitles the applicant to the services of a solicitor, and in certain circumstances up to two counsel, in the preparation and conduct of his/her defense or appeal. The courts, through the judiciary, are responsible for the granting of legal aid. Applicants must establish to the satisfaction of the court that his/her means are insufficient to enable him/her to pay for legal aid him/herself. This is purely a discretionary matter for each court and is not governed by any financial eligibility guidelines. The court must also be satisfied that by reason of the "gravity of the charge" or "exceptional circumstances," it is essential in the interests of justice that the applicant should have legal aid. However, where the charge is one of murder, or where an appeal is one from the Court of Criminal Appeal to the Supreme Court, free legal aid is granted merely on the ground of insufficient means.

In practice, of course, the best legal advice is very expensive and available mainly to the rich (including those who have become rich on the proceeds of organized crime). The high fees charged by the country's leading lawyers undoubtedly limit the effectiveness of equality of access to justice.

Political liberties
Score: 9

Freedom of speech, freedom of assembly, and the right to form unions and associations without religious, political or class discrimination are enshrined in the Irish Constitution. These rights have been protected and upheld by the Irish courts over the years, subject only to normal restrictions regarding sedition, blasphemy and breaches of the peace.

The most important issue in this area has been the historical restriction on the ability of the Irish Republican Army (IRA) in its various manifestations to recruit members or to be represented through normal parliamentary channels. The IRA is classified as a terrorist organization and holding membership in it is illegal. More controversially, restrictions have been placed on Sinn Féin (the political wing of the IRA). Under Section 31 of the Broadcasting Act (1960), the relevant minister has powers to "direct the [Broadcasting] Authority in writing to refrain from broadcasting any particular matter or matter of any particular class, and the authority shall comply with the direction." In 1971, these powers were used to prevent Sinn Féin and IRA spokespersons from broadcasting or being interviewed on the airwaves. This directive was repealed in 1994. No group is presently excluded from access to the airwaves.

Non-discrimination
Score: 9

There are strong antidiscrimination provisions on the Irish statute books. The 1998 Employment Equality Act, 1998 and the Equal Status Act, 2000 outlaw discrimination in employment, vocational training, advertising, collective agreements, the provision of goods and services, and other opportunities to which the public generally has access, on nine distinct grounds. These are gender; marital

status; family status; age; intellectual and physical disability; race; sexual orientation; religious belief; and membership in the Traveler community. The Equality Authority is an independent body set up under the Employment Equality Act,1998 to monitor discrimination. It is active in the areas listed above. Cases of discrimination have been successfully pursued in the courts and the threat of such actions is effective. The Office of the Director of Equality Investigations (ODEI) – the Equality Tribunal – was established as an independent statutory office under the Employment Equality Act, 1998 to offer an accessible and impartial forum to remedy unlawful discrimination. It investigates or mediates complaints arising under employment-equality and equal-status legislation. Complaints of discrimination, including harassment, may be made with reference to the nine grounds listed in the act. The areas covered include employment, the disposal of goods and property, the provision of services and accommodation, and certain aspects of education.
These agencies have been active in recent years and successful in prosecuting cases on behalf of parties who felt they had been discriminated against.

Citation:
“Reduction in Catholic Schools Provision” Irish Times 10 March 2010

Rule of law

Legal certainty
Score: 6

By and large, government and administrative units act predictably and in accordance with known rules. However, ministers have the discretion to use ministerial orders that might be regarded as arbitrary and unpredictable. These orders are liable to challenge and judicial review, which places an effective limit on the discretion that ministers may exercise. The Law Reform Commission is an independent statutory body established under the Law Reform Commission Act, 1975 that keeps this issue under review. A recent commission report cites the limits placed on administrative discretion, the judicial power to compel disclosure of administrative files and the right to a fair hearing, and concludes that while “(t)here can be little doubt about the courts’ power to give relief in appropriate cases, the means of access to that relief is capable of improvement.”
Politicians are prohibited by law from interfering with the course of justice. In February 2010, former Green Party leader Trevor Sargent resigned as minister of state in the Department of Agriculture after accepting that he had made “an error of judgment” in contacting the police (the gardaí) about a case involving a constituent.

A significant degree of discretion is vested in the hands of officials (elected and non-elected) in relation to infrastructure projects and town and rural planning. These issues became very significant and controversial during the economic boom of the late 1990s and early 21st century. In some cases, decisions regarding land use may be unduly influenced by negotiations and bargaining between vested interests rather than the outcome of the application of objective rules and regulations. However, these decisions can be appealed to an independent planning board. In the current severe economic contraction, very few significant infrastructural projects are being initiated, so these issues are of less concern. Nonetheless, the number of judicial investigations (tribunals) currently under way is evidence that in the past there was widespread misuse of discretionary power by ministers and governments.
By far the most conspicuous and longest-running tribunal is the "Tribunal of Inquiry into Certain Payments to Politicians and Related Matters" (commonly referred to as the Moriarty Tribunal). This is a public inquiry established in 1997, focused on the financial affairs of certain politicians. However, since 2007, the inquiry has focused on the circumstances surrounding the awarding of the second GSM mobile phone license in 1996 (the biggest contract ever awarded by the state to a private company). The tribunal is investigating whether this award was influenced by payments to politicians. The tortuous inquiry is still ongoing.
While the thoroughness of this investigation offers some support for a belief in the accountability of ministers to the judicial system, the scale of the suspected wrong-doing and the delays in obtaining a clear verdict in the case are disturbing evidence that, at least in the past, administrative procedures in some important areas were not performed in accordance with the law. Further evidence of the problems associated with the tribunal process emerged in March 2010, when the chairman of the Moriarty Tribunal admitted to significant errors in his draft report, ensuring further delay.

Citation:
The Law Reform Commission Report on Judicial Review Procedures is available at: http://www.lawreform.ie/_fileupload/consultation%20papers/cpJudicialReviewProcedure.pdf (12 August 2010)

Judicial review
Score: 9

The independence of the judiciary is jealously defended. Indeed, a somewhat dysfunctional example of the strictness with which this independence is guaranteed by the constitution arose in 2010, when the government attempted to impose a pay cut on the judiciary in line with all public service workers. Article 36 of the constitution enables the parliament (Oireachtas) to regulate "the remuneration, age of

retirement and pensions" of the judiciary. However, to preserve judicial independence from influence by government, Article 35.5 states that "the remuneration of a judge shall not be reduced during his continuance in office." This second provision was invoked to block any reduction in judicial pay, even though such a reduction would have been part of a national policy on public sector pay, and in no way represented a targeting or victimization of any individual judge or group of judges for their views or behavior. For the same reason, in the spring of 2009, the government did not apply a newly introduced public-sector pension levy to judges. Judges have been invited to submit to pay reductions voluntarily.
There has been some tendency recently to pass minimum-sentencing legislation for certain crimes. While this is viewed in some quarters as a possible encroachment on judicial independence, in reality this legislation appears to have had little impact.

Appointment of justices
Score: 9

It is the function of the government to decide who should be appointed to the Supreme Court. The government advises the president of Ireland of its nomination of a candidate, and the president formally makes the appointment. The Judicial Appointments Advisory Board (JAAB) acts in an advisory capacity. Advertisements are placed in the public press inviting suitably qualified persons to apply to the JAAB when a vacancy occurs on the Supreme Court. The Oireachtas (a term that encompasses both parliament and president) has the power to appoint a person who has not applied to, and has not been considered by, the JAAB. If it does so it must publish a notice in the official gazette (the Iris Oifigiúil) stating that it has made such an appointment outside the JAAB procedure.
Under Article 35.4.1 of the constitution, no judge of the Supreme Court or the High Court may be removed from office except for stated misbehavior or incapacity, and then only upon resolutions passed by the lower and upper parliamentary houses calling for his removal. Judges are now required to retire on reaching the age of 70.
Concerns about the political independence of the judiciary are more prevalent at lower levels than in the High or Supreme Courts. The lower courts are more likely to have to adjudicate issues where local political pressures are strong (especially in relation to planning laws and commercial matters, as well as cases involving constituents of local politicians). The remit of the Supreme Court is more removed from day-to-day political pressures, and there have been few allegations of political bias or party-political interference in its work. The court has also been relatively infrequently involved in major social issues where a clear liberal/conservative split would emerge, as seems to be frequently the case in the United States.

Corruption prevention
Score: 6

Statutory provisions relating to corruption in Ireland include the Prevention of Corruption (Amendment) Act, 2001 and the Ethics in Public Office Act, 1995. The latter contains disclosure requirements for significant decision makers in a wide range of public bodies, aimed at ensuring that decision makers are not inappropriately influenced by any outside interests. In 2003, a code of practice for office holders was drawn up. This establishes guidelines for the conduct of office holders, civil servants, etc. with respect to impartiality, avoiding conflicts of interest, accepting gifts, post-employment work, and other such issues. Former civil servants are precluded from taking private sector jobs in sensitive areas for a period after leaving office. This restriction does not apply to elected office-holders, but a similar ban is under consideration.

The Compellability Act, 1997) gives parliamentary committees the statutory power to compel the attendance and cooperation of witnesses and the furnishing of documents. It also confers High Court privilege on all persons directed to give evidence or present documents to such committees. This is virtually identical to the absolute privilege enjoyed by members of two houses of parliament. These two elements are essential to the act: the power to compel the giving of evidence and the power to grant privilege and immunity to those required to testify. The symmetry means that those compelled to answer questions must be given protection from any adverse legal consequences stemming from their complete responses. Virtually every citizen is compellable under the act, including elected public representatives and public office holders (except the president and members of the judiciary). A partial restriction also applies to civil servants, police officers and members of the army who may not question or express comments on government policies. Also relevant are the requirements for politicians to disclose gifts and other potential mechanisms of influence.

II. Policy-specific performance

A Economy

Economy

Economic policy
Score: 4

During 2008 and 2009, the Irish economy suffered its worst setback in more than 60 years. The impact of the world recession that began early in 2008 was particularly severe in Ireland, and blame for some of this disproportional impact has to be laid at the door of Irish economic policymakers.

The world financial crisis was bound to have a severe impact in Ireland, which is a small open economy, is deeply integrated into global trade and is heavily dependent on its International Financial Services Center for employment and tax revenue. However, the global recession revealed weaknesses in Irish economic policy that aggravated the impact of the inevitable downturn and plunged the country into a crisis from which it has yet to emerge.

The dimension of the current economic crisis is frightening:

- Irish GDP (in real terms) declined by 13% between the end of 2007 and the end of 2009.
- The construction industry shrunk by more than half, and is still contracting.
- The unemployment rate rose from 4.5% to over 13.5%.
- Net immigration to the country was reversed.
- The state of public finances deteriorated sharply. The fiscal deficit reached 12% of GDP in 2009.

• Finally, the banking system is in a “zombie” state, and is dependent on state guarantees to save it from insolvency. A “bad bank” (the National Asset Management Agency, NAMA) has been created to take over the banking system’s nonperforming assets.

NAMA was established in 2009, taking over the first tranche of impaired loans in April 2010. The size of the operation is staggering. The assets involved had a book value in the region of €90 billion, the equivalent of more than 40% of Irish GDP. They are to be purchased by NAMA at a discount estimated to be 47%. This is still above their “long-term economic value.” NAMA’s business plan is based on the projection or hope that the assets underlying the loans it is acquiring will appreciate over the next seven to 10 years, resulting in a long-term profit for taxpayers, who are liable for the securities being issued to the banks in exchange for the impaired assets. Over this period, NAMA will be the world’s largest property management company.

In addition to the taxpayer’s exposure to the risk that NAMA’s business plan falls through, another substantial burden is being placed on taxpayers associated with the need to inject public funds into the banks, as part of the recapitalization required to allow them to meet solvency requirements and begin to function as normal banks. The total amount that will be required is not yet known, but it will be substantial. There is much debate as to whether it might instead have been less costly in the long run for the government to have nationalized banks that were of systemic importance to the economy, rather than to have taken the route of recapitalization.

In assessing the quality of economic policy-making, the most salient event was the near-collapse of the Irish banking system in September 2008. The system was saved by a government guarantee scheme that exposes the Irish taxpayer to an unknown, but very large, liability in order to protect bank depositors. These events proved that the "principles-based" or "light touch" banking regulatory framework in place during the credit boom that contributed to the crash of 2008 was totally inadequate. Shortly before the storm broke, the Irish public was assured that Irish banks were extremely well capitalized. The regulator failed to uncover major irregularities in one of the larger banks. These issues are now the subject of police investigation, but though officials of one of the rogue banks now in public ownership have been held for questioning by the police, none of the protagonists in this affair yet face criminal charges.

Labor market

Labor market policy
Score: 4

The unemployment rate rose from a "full employment" level of 4.5% at the beginning of 2007 to a crisis level of 13.5% early in 2010. Labor market policies have not been successful in averting a steep rise in unemployment.

The flexibility of the Irish labor market has made it relatively easy for employers to reduce their labor force.

The main unemployment insurance schemes are preoccupied with coping with the increased volume of claims, and play little role in active job placement and training. It is recognized that in certain situations the unemployed have little incentive to accept any job offers that might become available, due to the fact that their social welfare entitlements are high relative to potential take-home pay associated with employment. This is a common complaint during times of economic crisis, when there are downward pressures on wages and the tax burden is increasing, and the unrecorded or "black" economy becomes more significant.

Ireland's national training and employment agency, FÁS, has been the subject of much critical scrutiny over the past two years. In November 2008, the agency's director general resigned amid public controversy concerning overspending on expenses and travel. In January 2010 the Comptroller and Auditor General published a report into FÁS internal oversight and governance covering the period from 2002 to 2008. The examination found that failure to fully implement elements of the agency's oversight plan exposed FÁS to the risk of losses, as well as to the risk of expending resources inefficiently. A risk-management system adopted by the FÁS board in 2005 did not function effectively. There were breaches of internal procurement and payment procedures, and key units failed to detect or react appropriately to this noncompliance. It was found that monitoring visits to external training providers were not as frequent as envisaged under FÁS's own procedures, program output was not recorded in terms of results such as persons achieving certification, and there was no evaluation of the extent to which the program's training objectives were achieved.

Enterprises

Enterprise policy
Score: 6

The current global downturn has been accompanied by a collapse in international foreign direct investment (FDI). Having reached an all-time high in 2007, worldwide flows fell by 14% in 2008 and by a further 30% in 2009. This collapse might be expected to have had particularly adverse implications for Ireland, given the dependence of its modern manufacturing sector on FDI.

However, the evidence suggests that the country has fared better than might have been expected on this front. This is borne out by a recent study of the performance of Ireland's inward FDI sectors during the current recession, which shows that foreign-owned firms played an important role in helping to stabilize the economy in the face of severe downturns in both the export and domestic markets. This was due to the fact that export demand for pharmaceutical products and medical devices in particular remained relatively buoyant. Employment in Irish-owned and state-assisted firms, on the other hand, fell more over the course of the downturn than did employment in the private sector as a whole. Sectors such as information and communications technology (ICT), pharmaceuticals and international financial services are experiencing substantial structural change, and their future prospects will depend on ongoing developments in the global FDI market, including the growing sophistication of China's manufacturing sector and changes in the international regulatory and corporate-tax environments, especially in the United States.

Thus Irish policymakers are struggling to compete in a complex environment to attract and retain leading-edge firms. The evidence from the recent recession suggests that they have been reasonably successful in this area.

Subsidies both to foreign-owned and domestic industries are justified on the grounds that they may stimulate research and development. Enterprise Ireland is a state development agency focused on transforming Irish industry, concentrating on indigenous Irish companies. Its objectives include helping these firms to invest in research and innovation. Educational expenditure, especially at the tertiary level, is directed toward encouraging cooperation between universities and industry. There has been an explosion of “business studies” courses at all levels and an emphasis on stimulating entrepreneurship. Start-up businesses are encouraged by a tax regime and compliance legislation that are, by European standards, not excessively burdensome.

Evidence indicating the success of the measures listed above in stimulating indigenous technological innovation remains patchy, as shown by the modest rate of new patents registered by Irish firms and researchers.

The trend in unit wage costs is cause for concern with regard to Ireland’s competitiveness. Ireland has been losing competitiveness on this front due to (1) a relatively high rate of wage inflation and (2) the appreciation of the euro relative to the U.S. dollar (which remains a more significant trading currency for Ireland than for any other euro zone country). Membership in the euro zone and its effects on the Irish economy are important aspects affecting the country’s overall competitiveness. The recent strength of the euro (especially relative to the U.S. dollar and UK pound sterling) has serious adverse implications for Ireland’s competitiveness. These have been partially offset by reductions in Irish wages and prices in 2008 and 2009, and more recently by the depreciation of the euro.

Citation:
The government’s document on the “smart economy” is available at;
http://www.taoiseach.ie/eng/Building_Ireland’s_Smart_Economy/Building_Ireland’s_Smart_Economy_.pdf
Frank Barry and Adele Bergin “Ireland FDI in the Global Recession and Beyond” TCD IIIS Paper 321 March 2010.

Taxes

Tax policy
Score: 6

There is no social consensus in Ireland as to what constitutes an equitable distribution of the burden of taxation across different social groups. This is a recurrent item for discussion between the “social partners.”

Irish tax policies have failed to generate sufficient revenue to provide the level of public goods aspired to by the Irish people and their elected representatives. Indeed, during the current crisis, the structure of Irish taxation has been seen to be inadequate to finance the current level of spending for services such as health in particular, but also education, environmental protection and physical infrastructure. This is due to the collapse of tax revenue since 2007 and the emergence of a budget deficit equal to 12% of GDP, despite emergency increases in income levies, cuts in public service pay and reductions in the provision of public services.

Ireland has long relied on a low corporate tax rate as an instrument to attract foreign direct investment. The philosophy of generating tax revenue from a low tax rate on a large number of firms, rather than a high tax rate on a smaller number of firms, has been vindicated over time and is broadly supported.

The equity of the tax system, especially as it operated during the years of the boom, is now widely questioned. The bursting of the property bubble has led to severe criticism of the plethora of tax breaks (many related to property development) that reduced the tax burden on the very wealthy, who could afford to avail themselves of these advantages. Data from the Revenue Commissioners released in 2009 showed that about one in five of those earning between €250,000 and €500,000 paid less than 5% of their income in taxes in 2007. However, the introduction of a minimum tax rate in 2007 resulted in an increase in the average income tax rate paid by the highest income groups. Local taxes on private houses were abolished in 1978, a measure now seen as increasing the bias of the tax system in favor of the wealthy, but no consensus has emerged as to what form a new tax on property should take.

A Commission on Taxation was established in February 2008. It published its report in 2009, recommending, among many other measures, a broadening of the base of the tax system, the reintroduction of a tax on private residences, the abolition of many special tax relief and allowance provisions, and strict rules concerning the minimum tax payable by high income earners. The 2010 budget removed many of the remaining tax breaks and incentives that served as loopholes favoring the wealthy. However, apart from the imposition of a minor tax on second homes, no progress has yet been made on the introduction of a broad-based tax on private residences.

Citation:
The Report of the Commission on Taxation is available here:
http://www.commissionontaxation.ie/

Budgets

Budget policy
Score: 3

In 2007 Ireland recorded a small surplus in its general government balance. By 2009 this had turned into a deficit equal to 12.5% of GDP. The deterioration in public finances in 2008 was very sudden, as tax receipts collapsed and current spending continued to increase. Gross national debt was only 25% of GDP at the end of 2007. By the end of 2009 it had risen to 65%, and is projected to reach 80% by the end of 2011.

The rise in the level of borrowing has led to a risk premium on Irish government bonds that reached almost three percentage points early in 2009, but (as of the time of writing) subsequently fell back to 1.5 percentage points. In accordance with the update of Ireland's stability program (published as a part of the country's 2010 budget, in accordance with the terms of the Maastricht Treaty), the government has committed itself to reducing the deficit to 2.9% of GDP by 2014. This would lead to a stabilization of the debt/GDP ratio in the region of 80% of GDP.

The credibility of this program is very much open to question. By the close of the review period, three months into 2010, the economy was showing few signs of renewed growth and the government's tax receipts continued to lag behind budget projections. To reduce the deficit by over four percentage points of GDP in 2011 would require another drastic round of cuts in expenditure and/or increases in taxes. Given the resistance that has built up to the measures taken in the budgets of 2009 and 2010, which at best stabilized public finances, it is difficult to envisage the government meeting the targets outlined in the 2010 budget program.
The government is thus faced with the prospect of failing to meet the target of stabilizing the public finances, while continuing to withdraw aggregate demand from the economy during the depths of a recession. In this context, the best that can be said of budgetary policy is that the goal is to restore stability to public finances, but the prospects for delivering this are poor.

B Social affairs

Health care

Health policy
Score: 6

No other area of public service provision arouses as much controversy in Ireland as health care. The media is filled with complaints about waste, inefficiency and poor service in public hospitals. On the other hand, policymakers and politicians with responsibility in this area point to progress being made, as evidenced by rationalization of care delivery, improved services and better outcomes.
The body responsible for the delivery of public health services in Ireland is the Health Services Executive (HSE), created in 2005 through the amalgamation of regional health boards that had previously run the system in a fragmented way. The HSE now has a budget of €17 billion, equal to 10% of GDP. During the period under

review, it continued the task of rationalizing and streamlining the delivery of public health services, and has claimed significant success in many areas, notably cancer and primary health care. The rationalization of the health services sector has inevitably involved centralization of specialized facilities in a smaller number of “centers of excellence” as compared to the historical network of small-scale units dispersed in a large number of places throughout the country. Given the country’s low population density, it is inevitable that specialization along these lines entails longer travel times for some patients. This reorganization has provoked widespread protests and demonstrations in favor of maintaining a full range of services in small local hospitals.

Any evaluation of the Irish public health services today should bear in mind both the low starting point in the 1990s, and the exceptional growth in the population since that time, in particular the recent baby boom which has placed substantial pressure on maternity and pediatric services. Revelations of overcrowding, inefficiencies, waste, poor services, and extremely long waiting lists for access to specialized services continued unabated over the reference period and receive prominent press coverage. The gradual improvements in the overall delivery of health care and outcomes have received less publicity.

The Irish health care system is a two-tier system, with about half the population relying exclusively on the public health system and the other half enjoying additional services mainly paid for through private insurance policies. Thus, the system cannot be scored highly on the inclusiveness of public health care provision. Private health insurance is a way of avoiding the waiting lists typical of public hospitals. This generates inequalities in access to health care. But an increasing proportion of the population has found private health insurance too expensive, and has switched to exclusive reliance on the public health system. This has increased the strain on the system.

During the reference period, several problems received widespread publicity, notably in regard to the failure to diagnose cancers in public care patients and the recent revelation that an extraordinary number of X-rays were not properly dealt with in one of the largest hospitals in the country. In March 2010, the Health Information and Quality Authority (HIQA), the national body responsible for standards and safety in the health services, issued a statement saying that it believed as many as 57,000 backlogged X-rays remained unread. This is only one, albeit one of the worst, example of the grounds for concern regarding absolute standards as well as value for money in the Irish public health services.

On the other hand, the substantial increase in resources devoted to

cancer screening under the National Cancer Control Program was judged to have resulted in significant progress in this area, according to a review published by HIQA in February 2010.
Undoubtedly severe problems of overcrowding persist in many public hospitals, despite the increase in resources made available. An unexpected source of this pressure has been the steady increase in population and the number of births, despite a resumption of emigration. The number of births registered in Ireland rose from 61,000 in 2005 to 75,000 in 2008, an increase of 28% for which no additional budgetary provision was made, as the birth rate was expected to fall. Despite these problems, the infant and maternal mortality rates have continued to decline and are today among the lowest in the world.

Citation:
http://www.photius.com/rankings/healthranks.html
http://www.who.int/whr/2000/media_center/press_release/en/index.html

Social inclusion

Social inclusion policy
Score: 8

Irish social policy places a high priority on poverty reduction. The income tax system is quite progressive and the tax system as a whole is broadly progressive. During the boom years, increases in social security expenditures – pensions, family income support, unemployment benefits and the like – were designed to lift those dependent on these income sources out of absolute poverty. This goal was facilitated by the rapid growth in national income and above all by the fall in unemployment.
In 2008, 14.4% of the population was at risk of relative poverty. This is a slight reduction from earlier years. More up-to-date figures are not yet available, and it is to be feared that the steep rise in unemployment will have increased the incidence of relative poverty. On the other hand, the nominal value of social welfare payments (including pensions) was maintained in 2009 and 2010 even as the price level fell. According to the widely used Consumer Price Index, the Irish price level fell by 8% between September 2008 and February 2010. Yet most social welfare payments (including pensions) are now 3% higher in nominal terms then they were at the end of 2008. This outcome was not a conscious policy, but rather the result of political resistance to a downward adjustment in social welfare payments even during a period of deflation.
Controversy arose from the July 2009 decision to close the Combat Poverty Agency and integrate its work with that of the Office for Social Inclusion, forming the Social Inclusion Division within the Department

of Social and Family Affairs. Various interpretations of this change have been made, but undoubtedly the agency's very critical commentary on government policy played a part in this decision.
The provision for spending on Social and Family Affairs in the 2010 budget was 66% higher than that in the 2007 budget, due to a combination of increases in benefit levels and increases in the numbers of individuals qualifying for payments. The current economic and fiscal crisis is placing a severe strain on the country's ability to maintain its relatively high rates of social welfare payments as unemployment rises (and, longer term, as the population ages). But the commitment to poverty reduction and social inclusion built up over the boom years has so far been maintained, albeit at substantial cost to the Exchequer.

Families

Family policy
Score: 7

The Irish income tax system incorporates a principle of "individualization," which means that at any given level of combined income, the tax burden is lower on households in which both spouses are employed outside the home than in those in which only one spouse works outside the home. To give a specific example, under the 2010 budget, a household with two children and an annual income of €60,000 pays €14,400 in taxes when all the income is from one earner, but only €9,000 if there are two income earners in the household. (A single person earning €60,000 faces a tax bill of €19,020.)
The tax code therefore generates incentives for spouses to take up employment outside the home. However, the progressive structure of the income tax system implies in many cases that a second partner entering paid employment faces a 43% marginal tax rate plus an additional 6% social insurance levy. Importantly, child care expenses are not deductible against taxable income. In reality, then, significantly less than half of the gross earnings of the second earner would be taken home in after-tax, after-expenses income.
Child benefits are payable for families with dependent children, standing currently at €150 a month for the first two children (with higher rates for subsequent children). In the 2010 budget, the "early child care supplement" previously payable for pre-school-age children was removed, but increased provision for early schooling was introduced.
Although children are not obliged to attend school until the age of six, 65% of four-year-olds and most five-year-olds are enrolled in the infant classes in primary schools in Ireland.
The current economic crisis has had a more severe impact on

employment opportunities for men than for women, as is to be expected in view of the collapse in employment in the construction sector and the relative stability of employment in services (including public services). Male employment has fallen by 15% from its peak in 2007, but female employment is down by only 4%. The labor force participation rate among women has held up in the recession – it is now close to 55% compared to only 50% in 2005. At the same time, the Irish birth rate (and fertility rate) has remained stable at a relatively high level, despite the worsening economic situation.

Pensions

Pension policy
Score: 6

The Irish system of pension provision rests on three pillars: a public old age pension (funded on a pay-as-you-go basis through social insurance contributions that at present equal), occupational pensions (funded by contributions from employers and employees), and personal, individual pension plans.

The adequacy of the first pillar, the state pension, has increased in recent years, and the goal of raising it to one-third of (pre-tax) average employment income has been endorsed by all the main political parties. The pension is not income-related. It is a flat amount, equal at present to €920 a month for a fully qualified individual. There are increases for qualified dependents. The pension has risen significantly in real terms over the past two years, partly due to the fact that it has not been adjusted downward to reflect the period’s falling prices.

According to the National Pensions Framework (NPF), between 2004 and 2008, consistent poverty among older people fell from 3.9% to 1.4% while the proportion of older people at risk of poverty has fallen from 27% to just over 11%.

At present, the normal qualification age for pensions is 66, but there is a transitional retirement pension beginning at age 65. The proportion of persons of working age relative to those over 65 years of age is projected to fall from the current 5:1 ratio to less than 2:1 by mid-century. This will increase the burden associated with financing the state pension. With this in mind, the NPF proposed abolishing the retirement pension and raising the qualifying age for the main pension to 67 in 2021 and 68 in 2028.

Ireland ranks with the United Kingdom and the Netherlands among Europe’s best in terms of the size of existing private pension funds relative to GDP. About 55% of the workforce has made some pension provision for their retirement outside the main state scheme. The government has sought to increase this proportion to 70%, but no progress has been made on this front in recent years. However, the second pillar of the national pension system, occupational plans, has come under very severe pressure following the stock market crash of 2007. Irish pension schemes were heavily invested in equities (and within this asset class, a disproportionate share was held in Irish equities). A majority of occupational schemes now face very large deficits, and are struggling to bring forward funding proposals to the National Pensions Board.

As a result of the occupational pension funding crisis, many defined-benefits (DB) programs are now being wound up or closed to new members, and continuing members are being moved to defined contribution (DC) schemes. This implies that members rather than employers will in the future bear the risk associated with fluctuations in asset values.

For those not already covered by occupational pension plans, and who have no voluntary private schemes, the NPF envisages making enrollment in a pension program semicompulsory in the future. (The basic idea is to impose a system of auto-enrollment, making it incumbent on employees to opt out rather than to opt in). This has some of the features of an increase in the rate of contribution to the Social Insurance fund.

As the main state pension program is run on a “pay-as-you-go” basis, it cannot be regarded as sustainable in view of (1) the increasing proportion of the population that will be of pensionable age, (2) the increased longevity of this population, and (3) the massive fiscal deficit that has emerged since 2007. The proposals in the recently launched NPF address the sustainability issue, but not convincingly. Moreover, the proposals contained in the NPF have yet to be implemented.

In the past, the pension system fared well in terms of poverty reduction and intergenerational equity, but these achievements are now threatened by the underlying issue of sustainability.

Citation:
The National Pensions Framework is available at:
http://www.pensionsgreenpaper.ie/downloads/NationalPensionsFramework.pdf

Integration

Integration policy
Score: 7

Over the last two decades Ireland has moved from being a sending country with high rates of net outmigration, to having the European Union’s highest rate of net immigration during the early years of the 21st century, and back to a position of net emigration since 2008. These changes reflect the movement of the economy from recession to boom and back to recession.

However, the large inflow of immigrants to the country during the boom years rapidly increased the foreign-born population resident in Ireland, a situation likely to be a lasting legacy of the period. While immigrants from a wide range of countries – European and non-European – are now resident, the most significant immigration flows in recent years have come from the new EU states, with Poland and the Baltic countries figuring very prominently. These new residents have also shown the highest outflow rate since 2008. This reflects their concentration (especially the males among them) in construction-related employment. The unemployment rate among those who have remained in Ireland is higher than among native-born workers. At the end of 2009, the unemployment rate among Irish nationals was 11.9%, compared with 19.5% among nationals of the recent EU accession states. The acquisition of nationality is not a burning issue for these immigrants who have the right to reside and work and own property in Ireland by virtue of their EU citizenship.

The increase in arrivals from non-English-speaking countries in the last 10 years has placed a strain on the educational system. Additional resources have been provided to help cope with this challenge, but these are not regarded as adequate. There are signs of increasing gaps between schools in relatively deprived areas of the main cities, which often have high concentrations of children holding non-Irish citizenship, and schools in the more affluent areas with lower such concentrations.

There is evidence that immigrants in general, and those whose native language is not English in particular, are employed in occupations below their skill levels, and that they suffer some penalty in terms of earnings relative to their Irish-born counterparts.

Nationals of non-EU countries constitute only about 3% of the adult population, and this share has been falling since the onset of the recession. However, it is among this group that the greatest problems of residency and employment rights, as well as broader integration problems arise.

Forced integration does not seem to be an issue, although there are obvious difficulties facing small minorities in a country that is still overwhelmingly Irish, while their children face additional difficulties in a school system that is still largely under Roman Catholic management.

Citation:
Study of immigrant earnings:
"The Immigrant Earnings Disadvantage across the Earnings and Skills Distributions: The Case of Immigrants from the EU's New Member States in Ireland"
Alan Barrett, Séamus McGuiness and Martin O'Brien, Economic and Social Research Institute, Working Paper No. 236, April 2008
http://www.esri.ie/UserFiles/publications/20080501123344/WP236.pdf

C Security

External security

External security policy
Score: 8

External security does not loom large in Irish policy-making or political debates. Irish military spending is small relative to GDP (less than 0.5%) and very small in absolute terms. Ireland has close relationships, if not formal military alliances, principally with the United Kingdom and the United States. This has allowed Ireland to enjoy a position of formal “neutrality” and minimum expenditure on defense.

In recent years, Ireland’s armed forces have been active under U.N. auspices. A recent example is the deployment of almost 500 Irish soldiers as part of the U.N.-authorized European Union Force Chad/CAR mission in 2008. In many instances, the payment received from international organizations has rendered this participation relatively profitable from a national point of view.

A new and serious external threat is the internationalization or globalization of Irish crime through involvement in the illicit drugs trade and in human trafficking.

The island of Ireland is well-placed to serve as an entrepôt for smuggling drugs from outside Europe to serve the European market. Cooperation between the Irish and European police services and coast guards has increased, and there have been major seizures of drugs in transit through Ireland in recent years, but it is difficult to gauge the efficacy of these surveillance operations relative to the scale of the problem.

Internal security

Internal security policy
Score: 7

With the retreat of the security threat represented by privately organized groups such as the Irish Republican Army in its many manifestations and its counterparts in the Loyalist community in Northern Ireland, concern about internal security issues faded in Ireland. However, in the course of 2009 and 2010, there has been some increase in the number of violent incidents in Northern Ireland, and anxiety has grown that there could be a renewal of threats from this source.

At present, the main actual threat to internal security is criminal activity, and particularly crime related to the drug trade and “gangland warfare.” But despite the widespread perception to the contrary, Irish crime rates are relatively low by international standards, and with the

exception of controlled drug offences have not risen very dramatically in recent years. For example, the number of homicides rose from 82 in 2003 to 137 in 2006, but fell back to 80 in 2009. The low serious-crime rate may not be due to the effectiveness of internal security policies, but is rather a fairly longstanding feature of Irish society.
The police force enjoys a good relationship with the majority of the population, although tensions exist in certain areas and between certain social groups and the police force.
The rise of "organized crime" and "gangland activities" related to the drugs trade is probably the biggest single threat to internal security today. This has been accompanied by an increase in the use of firearms by criminals. Despite this, the main police force remains unarmed. The low detection and conviction rates for this type of crime are disturbing. The difficulty of obtaining convictions is increased by witness intimidation, which has occurred in some high-profile trials.
Politicians have responded to the increase in gangland activity by approving a significant increase in the recruitment and training of police personnel, and by stricter criminal justice legislation with an emphasis on mandatory sentencing and some restrictions on the traditional "right to silence" of the accused. In 2009, the government introduced legislation which would allow gang members to be dealt with in the same way as members of the Irish Republican Army, that is, through the juryless Special Criminal Courts, in which gardaí representatives can offer expert evidence about gang membership.

D Resources

Environment

Environmental policy
Score: 6

By the start of the period under review, Ireland had in place a wide range of measures to protect and preserve the environment. These included the banning of smoky fuels from urban areas, a total ban on leaded petrol, a levy on plastic bags that had been a serious litter problem, and the introduction of environmental waste charges levied on households and businesses. The Environmental Protection Agency was established in 1992 as an independent public body dedicated to ensuring that Ireland's environment is protected, monitoring changes in environmental trends, and detecting early warning signs of neglect or deterioration.
Ireland has signed up to the Gothenburg protocol and the EU national emission ceiling directive, which focuses on improvements in public health, and reductions in acidification and eutrophication. In 2007, a national environment program was released setting out the nation's

plan for compliance with EU goals in these areas.
Ireland is a part of the EU Emissions Trading Scheme (EU ETS), which will run until 2012 so as to coincide with the first Kyoto commitment period. While recession is not an instrument of environment policy, the severity of the current economic retraction has led to a sharp fall in emissions, waste, congestion and other environment problems.
The Green Party is a junior coalition partner in the government that was formed after the 2007 election, and can claim significant successes in some areas of environmental policy. The 2009 budget introduced a new basis for the annual road tax on cars, graduated according to carbon emissions. The only new tax introduced in the 2010 budget was a carbon tax of €15 per ton. Ambitious targets have been set for further reductions in greenhouse gases and the development of renewable energy. Measures were announced in April 2010 aimed at ensuring that 10% of the Irish automobile fleet will be comprised by electric vehicles by 2020. These incentives include the elimination of vehicle registration tax on these cars, a €5,000 additional incentive to encourage drivers to switch to electric vehicles, and the creation of 3,500 battery-charging points nationwide. This scheme has been criticized for being too costly relative to the environmental or other benefits it is likely to bestow.
The strains on the Irish environment became very evident during the extreme weather conditions during the winter of 2009 – 2010. First, exceptional concentrations of rainfall in parts of the country led to severe and protracted flooding. Controversy has revolved around the responsibility for the problem’s scale. Among the factors blamed were excessive construction on natural flood plains, inadequate management of rivers and other waterways, poor management of hydroelectric programs, and a general lack of environmental protection skills and resources among local authorities.
The second extreme weather event was the cold spell from mid-December 2009 to the end of February 2010, which was the coldest period on record since the early 1960s. In addition to the serious impairment of transport due to the inability to cope with snow and ice, a serious water shortage developed in the Dublin area due to water main damage and households’ practice of leaving water taps running to avert freezing. This highlighted the waste that results from a failure to charge for domestic water consumption. While it is not reasonable to make judgments based only on the experience of historically very rare events, these crises created the impression that Irish environmental policy had failed to protect the environment in certain basic ways.

Research and innovation

Reasearch and innovation policy
Score: 7

Support for research, development and innovation figures prominently in Ireland's industrial policy rhetoric. The state industrial promotion agencies exploit the fact that state aid to industry is compatible with EU policy provided that it fosters innovation and R&D.

In the educational sphere, the Science Foundation Ireland (SFI) organization is charged with implementing the National Strategy for Science, Technology and Innovation 2006 – 2013. A sum of €8.2 billion has been allocated for scientific research under the National Development Plan (2007 – 2013). SFI will invest up to €1.5 billion in academic research over this period.

While policy is supportive of research and innovation in indigenous firms, the most striking success of Irish industrial policy has been in attracting foreign-owned firms in high-tech sectors to Ireland. Although the inflow of foreign direct investment to Ireland has fallen to a relatively low level during the current recession, there have been several recent announcements of significant investment in R&D activities by foreign-owned (especially U.S.) firms. The location of these activities in Ireland has created opportunities for innovative small Irish firms to develop technologies enabling them to supply inputs to the new foreign-owned firms.

On the other hand, there are widespread and loud complaints from the business sector about Ireland's information and communication technology (ICT) readiness. These complaints are supported by some of the data in the World Economic Forum's latest Global Information Technology Report (March 2010), which contains the Networked Readiness Index 2009 – 2010. Ireland ranked only 23rd (out of 133 countries) on this measure, and also scored poorly in terms of government prioritization of ICT (63rd out of 133 countries), government procurement of ICT (59th), importance of ICT to government vision (56th), and government success in ICT promotion (64th).

Citation:
The World Economic Forum report is at
http://www.weforum.org/pdf/gitr/2009/gitr09fullreport.pdf

Education

Education policy
Score: 5

During the years of the "Celtic Tiger" boom, Irish politicians often invoked the strong educational system and high levels of attainment as key contributing factors. As the boom turned into bust, unemployment levels soared and the inflow of foreign investment stalled, confidence in the merits of the educational system faltered.

There is now greater awareness of the problem represented by the significant proportion of each cohort that leaves or drops out of the educational system with few or no formal qualifications and low attainment on most academic indicators. This problem was exacerbated during the employment boom, when job opportunities were plentiful even for those with relatively low skills. Now many of those who grasped at early employment opportunities have lost their jobs, and have few qualifications to help them obtain new employment. Moreover, the efficacy of FÁS, the main training agency, is in doubt.

A lively debate developed early in 2010 about the quality of degrees and certificates awarded by Irish secondary and tertiary educational institutions. Significant "grade inflation" has been documented. Some leading industrialists, including the former CEO of Intel, a company that employs several thousand graduates in Ireland, have expressed disquiet about a possible decline in Irish academic standards, while admitting that this is a worldwide phenomenon. Two separate reports commissioned by the minister for education and published in March 2010 confirmed that there was a problem in this area.

The equitableness of public resource allocations for education is also widely questioned. As in most countries, the resources per pupil or student increase steadily the higher up the educational scale one goes, but access becomes narrower in social terms. There is also disquiet at the fact that the secondary educational system is two-tier. A minority of private, fee-based schools are much more socially exclusive, and achieve higher academic results, than the majority of non-fee schools. Yet both groups receive roughly the same levels of state support, with the result that public funds exacerbate inequalities in educational provision. Similarly, universities and colleges do not charge fees, regardless of the family circumstances of the students. This use of public money in such an untargeted manner is perceived as perpetuating social inequality in educational attainment.

Management Index

I. Executive Capacity

A Steering capability

Strategic capacity

Strategic planning
Score: 5

In the past, the government was guided on key economic and social issues by (1) five-year “national development plans” and (2) shorter-term “national understandings,” which evolved out of national wage agreements but which expanded to include statements of principle on a very wide range of social and economic issues. There has also been a proliferation of planning units in the ministries and personal advisory cabinets for ministers. Expenditure on this type of advice has ballooned in recent years.

However, since 2008, government decision-making has been dominated by short-term crisis management. Keeping the Irish banking system afloat amid the global financial crisis of September 2008 has been the dominant concern, followed closely by attempts to limit the growth of the fiscal deficit. This has left little room for longer-term strategic planning, although a report outlining ideas about a “smart economy” was published in 2009 (see also Research and Innovation Policy).

In the wake of the crisis, the government recruited advisers from academia to assist in the formation of an anti-crisis plan. These advisers have had significant influence on policy.

In response to the urgent need to reduce day-to-day spending by a significant percentage, the government commissioned an outsider from academia to chair the Special Group on Public Sector Numbers and Expenditure Programs (better known as An Bord Snip Nua, which in a mixture of Gaelic and English roughly means the “New Cuts Board,” referring to a predecessor board known by a similar name in the 1980s). In July 2009, this group delivered a set of proposals to reduce public spending by identifying over €5 billion in potential savings. These recommendations had some influence on the changes to current spending contained in the 2010 budget, and will continue to influence policy going forward.

In planning Ireland’s response to climate change, there has also been a reliance on planning units and external advisers. There is no empirical data detailing how frequently ministers or the head of government meet with strategic staff, but regular meetings do occur.

Scholary advice
Score: 6

Members of the Irish academic community, and especially the economists, feel that they have been neglected or not sufficiently consulted during the current crisis. Of course, they have been free to offer their advice through journalism and on blog sites (such as http://www.irisheconomy.ie/ and http://www.politics.ie/). The views expressed in these outlets do influence policymakers, although to what extent is difficult to gauge.
Academics were appointed over the past two years in the Department of the Taoiseach (the prime minister's office) and the Department of Finance. In 2009, an academic was appointed governor of the cCentral bBank, breaking with the long-established tradition that the retiring permanent secretary of the Department of Finance would succeed to the governorship. These advisers appear to be influential, and appear to meet regularly with their ministers, but no empirical evidence is available on the frequency of these meetings, or more importantly, on the impact of the advice proffered on policy-making.

Citation:
http://www.irisheconomy.ie/ and http://www.politics.ie/

Inter-ministerial coordination

GO expertise
Score: 7

The prime minister's office (PMO) is known in Ireland as the Department of the Taoiseach. It is relatively large (employing over 300 people). Its sections include Economic Policy, Social Policy, Social Partnership, Public Services Modernization, and European and International Affairs. These sections "shadow" or monitor the work of the line departments – Finance, Social Welfare, Health, Education and so on. Considerable energy is devoted to turf wars and bureaucratic infighting as well as to genuine evaluation and monitoring of proposed legislation. The effectiveness of the prime minister's office in improving the decision-making in line departments is difficult to assess.
The ability of the PMO to alter the views taken by the line ministries is crucially dependent on the analytical skills of its staff. In a public service that is short on analytical skills and training, the PMO is not preeminent, a fact that weakens its influence.

GO gatekeeping
Score: 9

The Department of the Taoiseach reviews draft memoranda designated for discussion by the cabinet. Its views are taken into account when these memoranda are revised. The Taoiseach's office does exercise tight control over the government agenda. In practice, the Taoiseach's office has agenda control.

Line ministries
Score: 9

It follows from the previous two sections (i.e., GO Expertise and GO Gatekeeping) that the PMO has to be involved in legislative and expenditure proposals. The process is a highly interactive one, with much feedback between the line ministries, the PMO, and the Office of the Attorney General. The Department of Finance has considerable input into all proposals with revenue or expenditure implications. Any significant policy items have to be discussed in advance with the Department of the Taoiseach.

Cabinet committees
Score: 5

Ireland does not have a well developed or highly institutionalized system of cabinet committees. To the extent that they are used, this takes place on an ad hoc basis.

However, Oireachtas (parliamentary) committees play an increasingly important role in parliamentary business. They can receive submissions and hear evidence from interested parties or groups, discuss and draft proposals for legislative change, print and publish minutes of evidence and related documents, and require attendance by ministers to discuss current policies and proposals for legislation.

Senior ministry officials
Score: 9

The material discussed at cabinet meetings is thoroughly prepared by ministry officials. The culture of communication between senior civil servants and ministers has not changed in any notable manner over the past two years.

Line ministry civil servants
Score: 9

Most policy proposals are coordinated by civil servants, leaving the cabinet to focus on strategic issues. There have been no notable changes in this area in the past two years.

Informal coordination procedures
Score: 8

The nature of Irish coalition governments makes it very likely that policy proposals are effectively coordinated by informal mechanism before they come to cabinet for decision. The impression conveyed by accounts of cabinet meetings is that the debates and discussions are not very fundamental or profound. The agenda is usually too heavy to allow long debates on fundamental issues, which tend to have been settled in various ways prior to the cabinet meeting. Whether this makes for an effective and democratic decision-making process is unclear, but the informal coordination mechanisms do work effectively.

RIA

RIA application
Score: 7

Regulatory impact analysis (RIA) is used by all government departments and offices. It applies to:

- proposals for primary legislation involving changes to the regulatory framework;
- significant statutory instruments;
- proposals for EU directives and significant EU regulations when they are
- published by the European Commission; and
- proposals for legislation by policy review groups.

Prior to the discussion of legislative proposals by cabinet committees, RIAs are prepared by departments for consideration by relevant senior officials.

An independent review of the operation of RIAs was completed in 2008 and published as “Regulatory Impact Analysis: An Operational Review by the Department of the Taoiseach (Prime Minister’s Office).” The review indicated that good progress had been made in relation to the implementation of regulatory impact analysis across departments. It made a range of recommendations in relation to how the RIA model could be amended and improved.

A new set of guidelines drawing on the experience of the RIA pilot process was published in June 2009. This document listed 45 RIAs that had been published since 2006. However, the range of topics covered is not wide, and many important topics are not included. The new guidelines pointed to the need for a more detailed consideration of methodological issues, particularly where qualitative data is involved, as well as the importance of including advice on public service implementation and administrative costs. It is claimed that all these issues have now been addressed in the process.

Despite this apparently high level of commitment to appraisals and assessments, it is far from clear that the process works to ensure meaningful analysis of major legislation. Analytical skills have not been built up within ministries over the years. There is excessive reliance on external consultants for project appraisal and impact analysis.

Citation:
The2008 Review of RIAs is available at:
http://www.betterregulation.ie/eng/Publications/Report_on_Review_of_the_Operation_of_Regulatory_Impact_Analysis.pdf
The Revised Guidelines for RIAs published in June 2009 are available at:
http://www.betterregulation.ie/eng/Revised_RIA_Guidelines.pdf

Needs analysis
Score: 6

Many of the recent examples of RIA fail to address major issues or areas in an analytical manner. Even when they follow the standard guidelines, assessments are not always sufficiently analytical to be given a high score under this heading.

Alternative options
Score: 6

Following standard guidelines, RIAs are required to analyze alternative options (including “do nothing”) and quantify the costs and benefits of the different alternatives. It is not always clear how profound the analysis underlying these exercises is.

Societal consultation

Negotiating public support
Score: 5

This is an area where there was a seismic change in 2009. The orthodox view – shared by trade unionists, employer organizations and politicians – was that the Irish model of “social partnership” played a major part in the transformation of the Irish economy from the crises of the 1980s into the “Celtic Tiger” of the 1990s. This model borrowed heavily from the Nordic and Austrian examples. It contrasted with the more confrontational model adopted in Britain by Margaret Thatcher over these years. There have been seven agreements or programs, running from 1987 to the most recent one, concluded in 2006 to cover a period lasting until 2016, called Towards 2016. (The significance of the name lies in the fact that 2016 will mark the centenary of the 1916 rising that eventually led to an independent Irish state in 1922.)

Central to all of these agreements was a national wage agreement that established an agreed rate of growth in private and public sector pay over the period. This was embedded in a socioeconomic policy framework that became increasingly inclusive over the course of successive agreements. The areas covered included housing, social welfare policy, employment and labor market policy, social inclusion and so on. Prior to each national agreement, a strategy document was developed by the National Economic Social Council (NESC). Critics complained that major areas of policy-making were being transferred away from the democratic parliamentary process into deals between “social partners” that lacked direct mandates from the electorate.

During 2009, the model was used to try to respond to the economic and fiscal crisis, but proved incapable of delivering the radical adjustments required. The pay agreement in the Towards 2016 program ran only for an initial 27-month phase. As its expiration approached in the second half of 2009, talks aimed at its renewal and extension were dominated by the problems created by the growing fiscal deficit and soaring unemployment. An increasingly bitter

dispute also raged over whether public-sector employees should receive awards that had been negotiated in much more favorable conditions. The debate focused on the disparity between rising pay rates and security of employment in the public sector relative to pay cuts and increased job insecurity in the private sector.
The pay talks effectively collapsed at the end of 2009, when the government imposed income cuts of between 5% and 8% for about 315,000 public servants in the 2010 budget. This followed the earlier imposition of a 5% levy on public-sector incomes, described as a levy to help fund the generous defined benefit pensions enjoyed by public-sector workers. Belated attempts by the Irish Congress of Trade Unions (ICTU) Public Service Committee to rescue the deal by offering efficiencies and flexibility in public-service work practices, combined with a complicated proposal for 12 days unpaid leave to be taken by all public servants during 2010, failed to secure either political or public support, and did not prevent the income reductions.
At the end of December 2009, the Irish Business and Employers Confederation (IBEC), the main employers' organization, having failed to agree a separate pay deal for the private sector in negotiations with the ICTU, formally withdrew from the terms of the transition agreement. Explaining its action, the group stated: "We are entering a period of enterprise-level bargaining in unionized employments." That is, centralized pay bargaining was being abandoned, and 23 years of social partnership was coming to an end.
It can still be said that the government consults with the economic and social actors on a wide range of issues, but the process has become very unstable, and its benefits are now much less evident than was the case in the past.

Policy communication

Coherent communication
Score: 8

Ireland's constitution has an explicit clause (Article 28.4.2) that requires the government to act in a collective fashion, and requires all ministers to be collectively responsible for government decisions. This doctrine of collective cabinet responsibility is normally adhered to and is a clear incentive to produce a closely coordinated communications strategy.
The communication of policy decisions certainly receives careful attention. The government is very conscious of the importance of public relations and considerable sums of money are spent on consultants who try to ensure the best possible spin is put on decisions. Contradictory statements do not appear to have been a problem in recent years.

B Policy implementation

Effective implementation

Government efficiency
Score: 3

The Irish government has failed to realize its major policy objectives. Following the general election of April 2007, a new government was formed with 89 supporters from the three coalition parties and independents, giving a majority of 13 out of 165 voting members of parliament. The new government adopted a program for 2007 – 2012, setting out a blueprint of the targets and objectives policymakers wished to achieve over the course of their term. This program placed particular emphasis on rolling out infrastructure nationwide, combating climate change, and delivering a fully modern, patient-centered health service. The document is 87 pages long and contains quite detailed targets under 30 separate headings, ranging from broad macroeconomic objectives to areas such as civic life, the arts and the Irish language.

Over the three years that have passed since this program was adopted, circumstances have made it increasingly difficult to deliver on the blueprint's main objectives. The optimistic economic assumptions that were assumed in the program became irrelevant almost overnight.

The program set the following broad macroeconomic targets or assumptions (it was not always clear which) for the five-year life of the government:

• maintenance of an average growth rate of 4.5%;
• creation of 250,000 net additional jobs; and
• keeping the government's budget broadly in balance.

The reality has been horribly different: The economy has shrunk by over 12% since the program was published, the level of employment has fallen by 262,000 (or 12.5%), and the budget deficit has reached 12% of GDP.

Citation:
http://www.taoiseach.ie/attached_files/Pdf%20files/CommunityEnglish.pdf
http://www.taoiseach.gov.ie/eng/Publications/Publications_2009/Renewed_Programme_for_Government,_October_2009.pdf

Ministerial compliance
Score: 7

The parties participating in the governing coalition have different agendas and priorities. The allocation of ministries between these parties has a significant influence on the coherence of policies in various areas. Under the Irish system, individual ministries (departments) are to a significant degree independent fiefdoms that can be used by individual ministers to pursue their self interests, chief among which is boosting their chances of reelection, as distinct from any comprehensive government objective. The system also requires even senior ministers to spend considerable energy and time in local constituency work, because few are sufficiently free of the risk of losing their seat at the next election.

An example of conflict between ministerial objectives and government policy is the current controversy between the minister for the environment and the Dublin City Council regarding the construction of an incinerator in the minister's electoral district. The proposed facility has received approval from the cabinet, the relevant planning authorities and the Environmental Protection Agency, but the minister continues to conduct a high-profile campaign against it. Failure to build the incinerator on the specified scale could result in Ireland failing to meet the EU's landfill directive, with the subsequent imposition of large fines.

Individual ministries are constrained by the relevant policies included in the government's program. The two ministries with overarching responsibility for coordinating this program are the Department of Finance and the Department of the Taoiseach. The taoiseach can use party mechanisms to control the ministers from his own party, and also exercises some control over ministers from the coalition parties. But he cannot choose civil servants in any ministry to help him implement governmental goals against ministerial self-interest. At the higher levels of the civil service, appointment is now in the hands of an independent commission. Ministers are also free to select their own advisors and consultants without interference from the taoiseach or cabinet, and these outside advisors exercise considerable influence. For the most part, however, individual ministers do implement government policy. If they do not, the taoiseach has full powers of dismissal.

Monitoring line ministries
Score: 7

The Department of the Taoiseach (the PMO) and the Ministry of Finance are tasked with monitoring line ministries. This seems to result in duplication of functions and expertise, with divisions in the PMO and the Ministry of Finance shadowing the line ministries. A crucial area here is the annual preparation of expenditure estimates, which involves individual ministries submitting preliminary estimates to Finance, followed by a battle for resources as Finance tries to reconcile the total with the global amount available for public spending. This is the stage in the budgetary process when monitoring of line ministries is most effective, and when spending has to be justified in terms of overall government priorities. The effectiveness of this monitoring is difficult to assess objectively. It is certainly far from perfect. It has not prevented massive cost overruns in many recent infrastructure projects, for example. It is also clear that forceful ministers are more successful than others in defending particular spending programs. Until 2007, the strong performance of the economy and the buoyancy of public finances hid structural weaknesses in this area. The Report of the Special Group on Public Service Numbers and Expenditure Programs, published in 2009, identified potential expenditure savings of €5.3 billion per year, amounting to 9.3% of relevant expenditure, with associated reductions of over 17,300 in public service employment numbers . Much of these potential savings arise from the elimination of duplication and overlap in ministerial spending. If this figure is realistic, it implies that coordination and control of line ministries have been seriously deficient in recent years.

Citation:
The Report of the Special Group on Public Services Numbers and Expenditure is available at:
http://www.onegov.ie/eng/Publications/Bord_Snip_Nua_Volume_II.pdf

Monitoring agencies
Score: 5

By far the largest executive agency in the Irish system is the Health Services Executive (HSE). One of the rationales for establishing the HSE was to remove the public health system from political control or interference. For example, the location of hospitals and clinics should be decided according to medical criteria, and should not be subject to ministerial manipulation. The HSE is meant to have autonomy from the Department of Health, which now retains a relatively small staff to monitor policy. Nonetheless, the minister for health and children negotiates and accepts the health-care funding estimates for the government each year, and reports to the government and the Public Accounts Committee about how this money being managed throughout the year. The department works closely with the HSE on all these issues, but ultimately it is the department and the minister which reports to the Department of Finance.
In other areas, the autonomy of executive agencies has yielded mixed results, and the monitoring of these agencies is probably not sufficiently close to ensure that government policy is being implemented efficiently.
The Office of the Comptroller and Auditor General (OCAG) is responsible for auditing and reporting on the accounts of public bodies, ensuring that funds are applied for the purposes intended, and evaluating the effectiveness of operations. The latest Annual Report (for 2008, published in September 2009) contains 42 chapters and deals with the management of selected public sector programs, schemes and projects. In addition, the office has issued special reports. The reports of the OCAG are discussed by the Dáil (lower

house) Public Accounts Committee.

Of particular relevance to the present item is a report by the OCAG on the state Training and Education Agency (FÁS) published in 2010. This highlighted serious shortcomings and inadequacies in the running of this agency, which is the second largest executive agency in the country.

The OCAG does not regularly monitor all executive agencies. It seems to select those where it knows or suspects that problems have arisen. Its mission statement says it "selects issues for examination which are important in the context of the management of public funds."

In summary, a system of monitoring executive agencies is in place, but recent high-profile cases seem to show that this system all too often discovers failings and shortcomings after they have occurred.

Task funding
Score: 6

In 2007 (the latest year for which data are available), subnational units of government raised only 45% of their current and capital revenue from their own resources. The remainder came as grants from the central government. The collapse of property construction and development activity has further weakened the finances of local authorities.

The weaknesses in this system were clearly evident during the extreme weather events of the winter of 2009, when – for example – the severe flooding in the major river catchment areas was blamed partly on the inadequate maintenance of these waterways, which is the responsibility of subnational government units. These organizations blame the inadequate provision of funding by the central government. Similarly, responsibility for the repair and maintenance of local roads is mainly the responsibility of county councils, but they are dependent on grants from the central government to pay for this activity, and the damage caused to these roads by the severe winter has not resulted in an adequate increase in the resources made available.

Constitutional discretion
Score: 5

Ireland is a unitary state, without regional self-government or a significant degree of autonomous local self-government. Article 28a of the constitution simply states: "The state recognizes the role of local government in providing a forum for the democratic representation of local communities, in exercising and performing at local level powers and functions conferred by law and in promoting by its initiatives the interests of such communities." There has been no significant development through legislation of autonomous local government over the life of the independent Irish state.

In keeping with its weak constitutional foundation, the role of subnational government is perceived as narrow and weak by the electorate. The main units of local government – the counties and county boroughs – are mostly small, and many have weak economic bases. (The smallest county has a population of less than 30,000 people.) Eight regional authorities have been formed, comprised of groupings of counties, and they coordinate some of the county/city and subcounty activities, and monitor the use of EU structural funds. However, these have had little impact on the functioning of local government or the perception of their role by the electorate. They have, however, led to some proliferation of quasi-autonomous non-governmental organizations (known locally as quangos).

Regions and counties play such a limited independent role in the provision of public goods that they are unable to attempt to attract business activity or population to any significant degree. They are reduced to lobbying national bodies, such as the Industrial Development Authority, to work on their behalf. The standard reaction to local difficulties is to seek additional support and subsidies from the central government.

National standards
Score: 7

In certain issue areas, the attainment of national (or, more usually now, EU) levels of public services is prescribed and monitored. This applies in particular to environmental matters such as the provision of safe drinking water, controlling air and water pollution, and so on.

In this area, the Environmental Protection Agency (EPA) has a central role. Within the EPA, the Office of Environmental Enforcement supervises the environmental protection activities of local authorities by auditing their performance, providing advice and guidance, and in some cases giving binding directions. It can assist the public in bringing prosecutions against local authorities found to be in breach of significant legislation. In other areas – the provision of social housing, maintenance of local roads, and other such issues – the attainment of national standards is largely constrained by the resources made available by the central government.

C Institutional learning

Adaptability

Domestic adaptability
Score: 9

The key influence in this area is Ireland’s membership in the European Union and, in the financial area, of the euro zone. In the 37 years since Ireland became a member of the European Economic Community, the country has adapted institutions at all levels of government to allow effective functioning in Europe.

In the financial and monetary area, Ireland has adapted its bank supervisory and regulatory structures to comply with membership in the European System of Central Banks. The budgetary process reflects Ireland's obligations under the Maastricht Treaty.

International coordination
Score: 8

Ireland prides itself on its enthusiastic participation in international reform initiatives, especially with regard to social progress, human rights and environmental protection. In the environmental area, Ireland signed the Kyoto Protocol, and a report published in 2009 projects that Ireland is likely to meet its commitments under this protocol (in part because of the recession's impact on economic activity).

In the area of overseas development assistance (ODA), Ireland has built on its historical tradition of missionary work, especially in Africa, to play an active role in international ODA policy initiatives. The Irish government is committed to meeting the United Nations ODA target of 0.7% of gross national income by 2012. It has set an interim target of 0.6% in 2010. The severe economic downturn and increased budgetary pressure has made this target more difficult to achieve. However, in the 2010 budget, a commitment was given to maintain ODA at 0.52% of GNP.

A former president of Ireland, Mary Robinson, who was the United Nations High Commissioner for Human Rights from 1997 to 2002, has done much to promote international reform initiatives and to encourage Ireland to play an active role in these initiatives.

Ireland was one of only three of the existing EU member states to open its labor market to immigrants from the ten new EU accession states in 2004. It has adapted its labor market and social welfare regulations to accommodate a very significant influx of population from these states over the past six years.

Relative to its population size, Ireland ranks eighth out of the 27 EU states in terms of asylum seeker applications from outside the EU, with Nigerians forming the largest single group. In 2009 the Irish authorities dealt with 4,790 applications for asylum, granting it to 1,465 people, or about one-third of the total.

Organizational reform capacity

Self-monitoring
Score: 5

There is no regular, systematic monitoring of the institutional arrangements of government. There were no relevant exercises during the period under review.

However, since the onset of the current crisis, the belief that government structures and the functioning of the parliament do not provide effective government has gained ground. There have been calls for a radical rethinking of some provisions in the constitution. Examples include a proposal to abolish the Seanad or upper house, to adopt some form of a list system in place of the present single transferable vote system (though this change is not likely to be

implemented, not least since it would require a referendum to change the constitution), a reduction in the size of the national parliament, and greater scope to draft outside experts into the cabinet.
The portfolios of ministries are redesigned quite often, most recently in March 2010, but there seems to be little management logic to the changes that are made. Instead, they are designed primarily to deal with political exigencies, such as the need to placate coalition partners, to maintain a geographical spread of important posts and so on.

Institutional reform
Score: 5

In recent years the government has not significantly enhanced its strategic capacity by restructuring its institutional arrangements. The recent (March 2010) reshuffle of ministries was criticized as a lost opportunity to draft talented and expert outsiders into government to help manage the current crisis. Instead, the focus was clearly on juggling existing ministries and ministers to dispel unrest among members of the coalition parties.

II. Executive accountability

D Citizens

Knowledge of government policy

Policy knowledge
Score: 8

Little systematic information is available that would allow us to assess how well- or ill-informed the Irish electorate is about policy issues. The level of debate on the burning issues of the day, especially the economic and financial crisis facing the country, is fairly high. Technical issues concerning bank solvency, sovereign debt risk, fiscal policy and so on are now discussed in newspapers and on the airwaves in greater detail and with more sophistication than would have been imaginable a decade ago. Access to information is easier now than in the past, especially through the Internet and specialized discussion sites and blogs. There is, however, a widespread feeling of impotency and cynicism, a belief that the individual voter has little or no influence on outcomes, and a sense that no one is or will be answerable for the serious mistakes that were made in economic management and financial regulation during the economic boom.

E Legislature

Legislative accountability

Obtaining documents
Score: 7

The powers of individual committees depend on their orders of reference, which usually include the power to send for persons, papers and records; to require attendance by ministers in order discuss current policies and proposals for legislation; and to require the attendance of principal office holders in bodies that are funded by the state. In general, the committee system has gained in stature in recent years, but is still regarded as lacking sufficient resources. It has not changed the fundamental control of government over the legislation process.

The Oireachtas (parliament) very seldom makes any substantive changes to bills that have been approved by the cabinet. However, it formally has the power to ask for government documents.

Summoning ministers
Score: 6

In theory, the Oireachtas has the power to summon ministers for hearings. However, individual committees do not enjoy that right directly. It is restricted to the Dáil Committee on Procedures and Privileges, which is chaired by the chief whip of the government. Thus, in practice, the government controls who can be compelled to attend hearings.

There are also limitations on the issues ministers can be asked. Neither ministers nor civil servants can be asked about cabinet-level decision-making, apart from procedures and administrative issues.

Citation:
Martin, Shane, 2010: The Committee System, in: Muiris MacCarthaigh and Maurice Manning (eds). The Irish Parliament. Dublin: Institute of Public Administration. Forthcoming.

Summoning experts
Score: 10

There are no restrictions on the rights of committees to summon experts.

Task area coincidence
Score: 8

The three main types of committees are standing committees, select committees, and joint committees (containing members drawn from both houses of parliament). There are now no fewer than 19 joint committees. Most select and joint committees mirror a ministerial department. However, there are exceptions. A single committee covers both the Department of Arts, Sport and Tourism and the Department of Community, Rural and Gaeltacht Affairs. There are some cross-cutting committees, such as Economic Regulatory Affairs, that do not directly mirror a single department.

Audit office
Score: 9

The Office of the Comptroller and Auditor General (OCAG) publishes annual reports and special reports that attract widespread coverage and attention. The office reports to the lower house of parliament in the form of audit certificates or reports which give an audit opinion on the accuracy of the financial statements or accounts, and through reports on the financial management of individual entities and other matters likely to be of concern to the parliament.

The OCAG attends meetings of the lower house's Public Accounts Committee (PAC) as a permanent witness. The results of the OCAG's independent examinations are used for PAC enquiries. The committee's effectiveness is enhanced by its having the OCAG's reports as a starting point, and in turn the OCAG's scrutiny gains significantly in impact and effectiveness because its reports are considered by and used as a basis for action by the PAC.

The PAC examines and reports to the lower house as a whole on its review of accounts audited by the OCAG. This process ensures that the parliament can rely on its own auditing processes and capacities.

Ombuds office
Score: 7

The Office of the Ombudsman investigates complaints about the administrative actions of government departments, the Health Service Executive and local authorities. Ireland largely follows the Scandinavian ombudsman model. This presents the ombudsman, who acts in the public interest as part of an overall system of checks and balances, as representing and protecting the people from any excess or unfairness on the part of government.

Controversy has recently arisen concerning a report from the ombudsman's office. This related to a relatively minor issue known as the "Lost at Sea" case, and dealt with a judgment on the administration of a program compensating fishermen whose boats are lost at sea. The ombudsman's report on the program was published in December 2009, after the recommendations it contained were rejected by a government department. This was only the second time in the 25-year history of the office that its recommendations had been rejected. Since that time, the ombudsman has been invited to appear before the relevant parliamentary committee to explain her views on the matter.

The fact that this sort of conflict has arisen so rarely, and attracted such publicity, is evidence that the office operates effectively. In addition to the main Office of the Ombudsman, there are separate ombudsmen for the police force, financial services, children, insurance, the army, the press, and for pensions. These offices are effective in listening to the concerns of citizens who must deal with government agencies.

F Intermediary organizations

Media

Media reporting
Score: 9

The Irish broadcast media sector is regulated by the Broadcasting Authority of Ireland (BAI), which was established in October 2009 following the enactment of the Broadcasting Act 2009. The BAI took over the work previously undertaken by the Broadcasting Commission of Ireland and the Broadcasting Complaints Commission.

The BAI is charged with: “ensuring that the number and categories of broadcasting services made available in the state best serve the needs of the people, bearing in mind their languages and traditions and their religious, ethical and cultural diversity;

ensuring that the democratic values enshrined in the constitution, especially those relating to rightful liberty of expression, are upheld; (and) providing for open and pluralistic broadcasting services.”

Radio Telefis Éireann (RTÉ) operates the largest TV and radio stations. RTÉ is a state-owned public service broadcaster, and a nonprofit organization. It is financed by revenue from the mandatory TV license, as well as by advertising. It claims to be “Ireland’s cross-media leader, providing comprehensive and cost-effective free-to-air television, radio and online services, which are of the highest quality and are impartial, in accordance with RTÉ’s statutory obligations.”

Since 1988, RTÉ has faced competition from privately owned radio and television stations. RTÉ devotes a significant proportion of TV and radio air time to news and commentary on current affairs and political issues. It also undertakes original investigative journalism. In addition, the privately owned TV and radio stations have to devote specified proportions of airtime to current affairs and public service programs.

The main stations produce daily high-quality information programs analyzing government decisions and provide forums for in-depth analysis of current affairs, as well as outlets for public views and grievances. These programs have been influential in eliciting reactions and responses from politicians.

Citation:
http://www.bai.ie/

Parties and interest associations

Party competence
Score: 7

The main political parties produce detailed electoral programs. The opposition parties are facilitated in this process by access to the civil service for factual information and for some assistance in analyzing the cost of proposed policies.

The main parties do not differ radically in their overall approach to the major social and economic policy areas. There is a strong centrist tendency, but differences do exist between support for higher levels of public expenditure financed through higher tax rates on the one hand, and emphasis on curtailing public spending and relying on lower tax rates to stimulate enterprise and investment on the other.

Extremist or crank positions, or strong positions on local issues, have tended to become the prerogative of independent, nonparty, single-issue candidates, although the need for all elected politicians, including government ministers, to remain deeply involved in local politics can undermine the coherence of national policies.

In the light of the abrupt and largely unforeseen change in the country's economic fortunes almost immediately after the 2007 general election, it is impossible to regard any of the parties' pre-election proposals as "plausible."

Apart from the impact of the economic crisis and associated volatility, which rendered most economic forecasts irrelevant, there is an inbuilt tendency for party policy proposals to underestimate costs and overestimate revenue buoyancy.

The main objectives proclaimed in the manifestos tend to agree on the goals of maintaining full employment, improving the provision of public and social services (especially health, education and policing), reducing the tax burden and making it more equitable, and so forth. There is often a lack of internal coherence between these goals and a tendency not to sufficiently recognize the financial constraints and the political difficulties of implementing programs.

A serious difficulty arises from the nature of preparing political programs in a small, open economy that is at the mercy of external forces. For example, during the 2007 electoral campaign, the two main opposition parties (Fine Gael and Labour) set out quite detailed cost estimates of their proposed policy measures. Unfortunately, like the government's own projections, these estimates were based on what proved to be wildly optimistic budgetary scenarios.

The nature of party political rivalry makes it almost inevitable that parties will compete in bidding for voters' support by making unrealistic promises in their manifestos. The Irish election campaigns are no worse in this regard than those of other countries. The quality of the debate that follows the launch of the manifestos, and the analytical skills of the media commentators in dissecting the policies proposed by the competing parties, is high. In this regard, the Irish system works reasonably well to minimize, but not eliminate, inconsistency and implausibility in policy proposals.

Association competence (business)
Score: 8

The main Irish interest associations are the trade unions and the employers' and farmers' associations. These have clear lobbying roles, and try to influence policy to the benefit of their members. They are also aware of the need to gain credibility in the public's mind, and of the skepticism with which many of their proposals are received by the media. On the other hand, these associations are now well staffed by economists and other experts who conduct detailed background research and prepare careful – if selective – arguments in support of the policies they advocate. Some use is made of scholarly research, although usually on a selective basis or through specially commissioned studies. All the main associations make detailed submissions prior to the annual budgets. Among these submissions are typically many advocating tax breaks for particular sectors of the economy, or in the case of the drinks, tobacco and car industries, for example, arguments against increased taxation.

Many of these associations have played a constructive role in clarifying technical issues and the repercussions of proposed legislative or budgetary measures. However, they have also exerted considerable and successful pressure on governments in favor of particular policies that have not been in the national interest. In this context, the pressure exerted by the construction industry (broadly defined) has been notable. It played a role in skewing fiscal incentives during the bubble years to favor the construction industry. This accentuated the effects of the availability of cheap and easy credit on this sector. This lobbying played little attention to the broader repercussions of the policies that were advocated.

Association compentence (others)
Score: 7

Noneconomic interest associations are more diverse than their economic counterparts. The range of competence and reasonableness they display in their policy proposals is uneven.

A large variety of special interest groups operate in Ireland. In the medical area, for example, there are a large number of groups advocating for the interests of those suffering from particular illnesses and disabilities. Naturally, they make demands for additional resources, for best-practice care and facilities, and so on, without taking into account the implications for the national finances of the totality of the measures being advocated.

Regional pressure groups (such as "Save the West") are a perennial feature of the Irish political scene, and have influenced policy in areas ranging from international transportation policy (such as mandatory Shannon airport stopovers by international flights) to the decentralization of government employment. Regional associations have also been prominent in trying to influence medical service delivery planning, generally opposing centralization of services in favor of keeping small and less specialized facilities open throughout the country. This type of pressure is particularly effective at election time, when outgoing ministers are called upon to show that they have implemented or will implement policies that favor their own electoral constituencies.

Many environmental lobby groups are active, but their role has been increasingly “mainstreamed” by the growth of the wider environmental debate, the establishment of an Environmental Protection Agency (with an annual budget of €28 million) and other state-funded environmental agencies, and the presence of the Green Party as a member of the coalition government.

This country report is part of the Sustainable Governance Indicators 2011 project.

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