

# Economic Crisis and Public Sector Reform: Lessons from Ireland

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UNDP Seminar on Public Sector Reform in Economic Crisis  
Tallinn, 4-5 February 2010



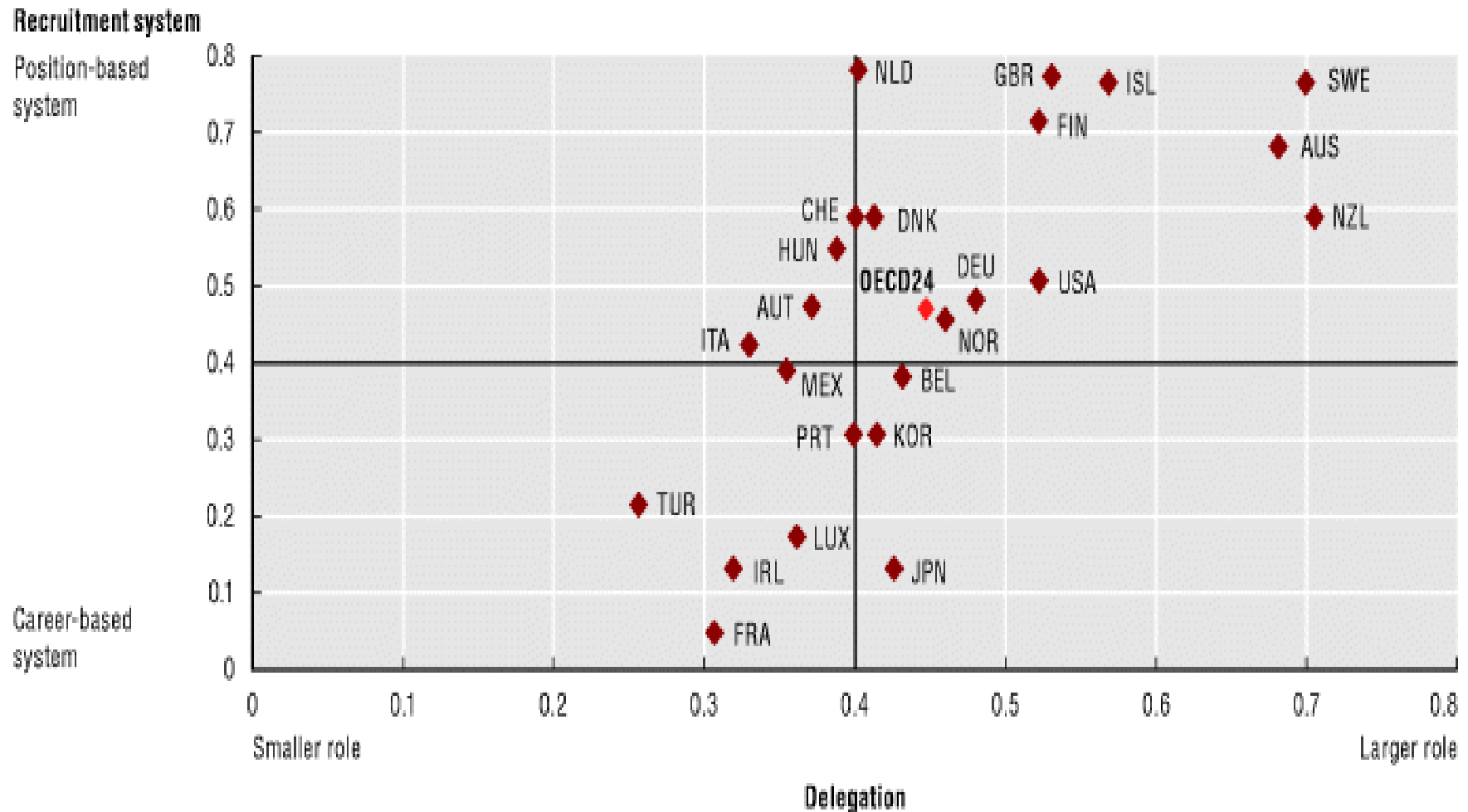
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## Phases of public sector reform

New Public Management 1980s	Post-New Public Management 2000s
Delegation	Accountability
Decentralization	Coordination
Financial autonomy	Budgetary controls

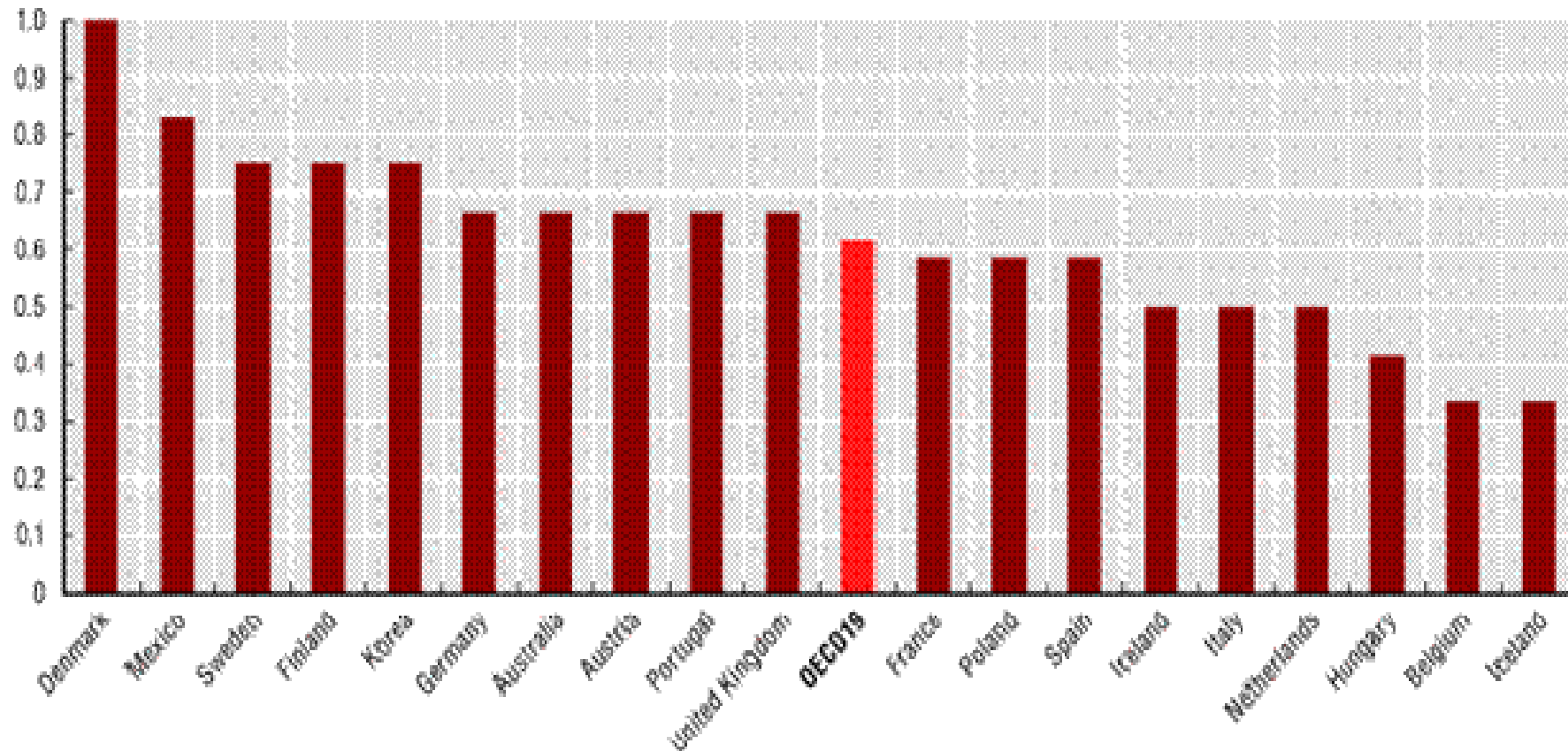


# Differential implementation: delegation



Source: OECD Government At A Glance 2009. Central Government Recruitment Systems. <http://www.oecdilibrary.org/oecd/sites/9789264075061-en/06/02/g14-02.html>

# Differential implementation: Performance assessment in HR decisions



Source: OECD Government At A Glance, 2009. Staff performance management

<http://www.oecdilibrary.org/oecd/sites/9789264075061-en/06/03/g15-01.html>

# Differential budget control: Public finances 1970-2000, % GDP

	Revenues	Expenditures	Deficit/ surplus	Debt
Belgium	47.3	53.0	-2.55	100.14
Italy	38.5	46.7	-8.10	82.40
Ireland	35.7	44.4	-5.26	74.39
Netherlands	48.1	47.9	-2.76	62.50
Greece	30.3	37.3	-6.26	61.74
UK	39.0	41.6	-2.40	53.94
<b>EU 15</b>	<b>42.7</b>	<b>45.7</b>	<b>-2.53</b>	<b>51.67</b>
Portugal	32.3	36.6	-4.33	50.83
Sweden	56.5	58.0	-0.75	49.98
Denmark	52.6	52.9	-0.50	46.85
Austria	45.7	48.3	-2.17	45.24
Germany	44.5	46.6	-2.05	39.37
France	45.8	48.0	-1.98	37.16
Spain	32.7	35.4	-2.90	35.95
Finland	46.1	44.7	1.90	23.84
Luxembourg	45.5	44.6	2.43	9.04



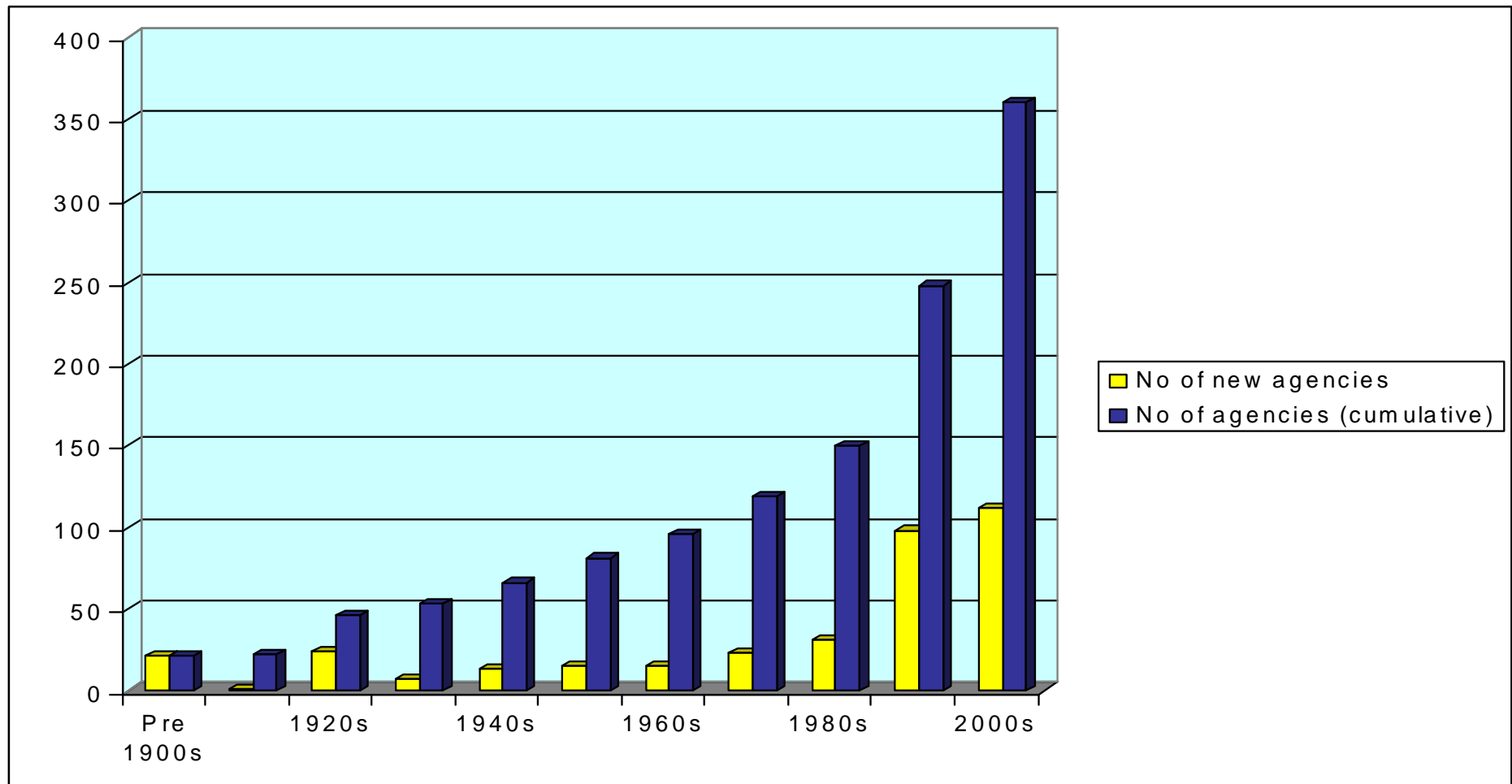
Source: Carlos Mulas-Granados, 'Political and Economic Determinants of Budgetary Consolidation in Europe', *European Political Economy Review*, 1, 1, 2003, p.20

# Changing the public service bargain

- Restructuring
  - From Departments to agencies
- Career profiles
  - Competitive promotions
  - Performance evaluation

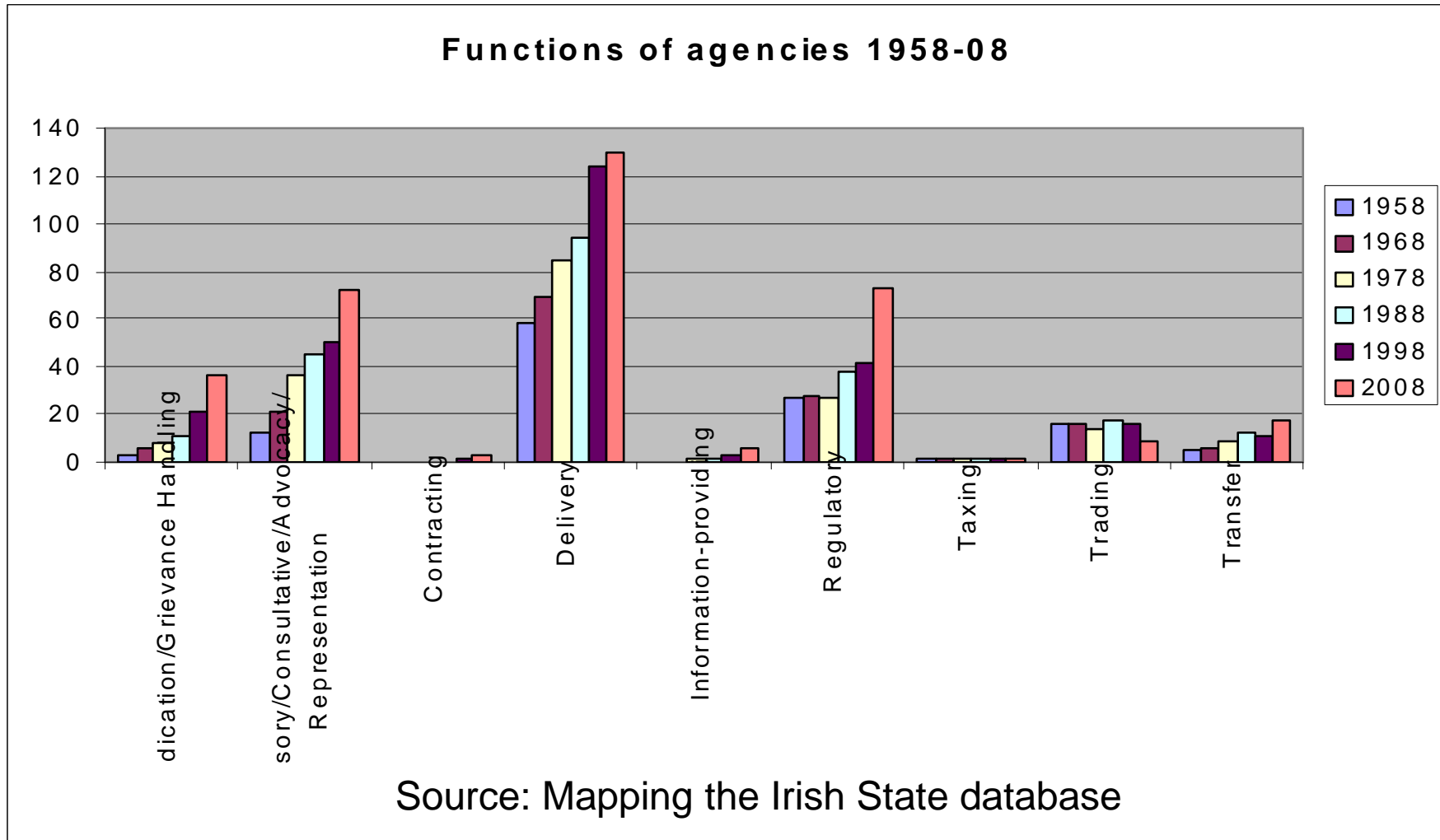


# Ireland: agencification without decentralization 1

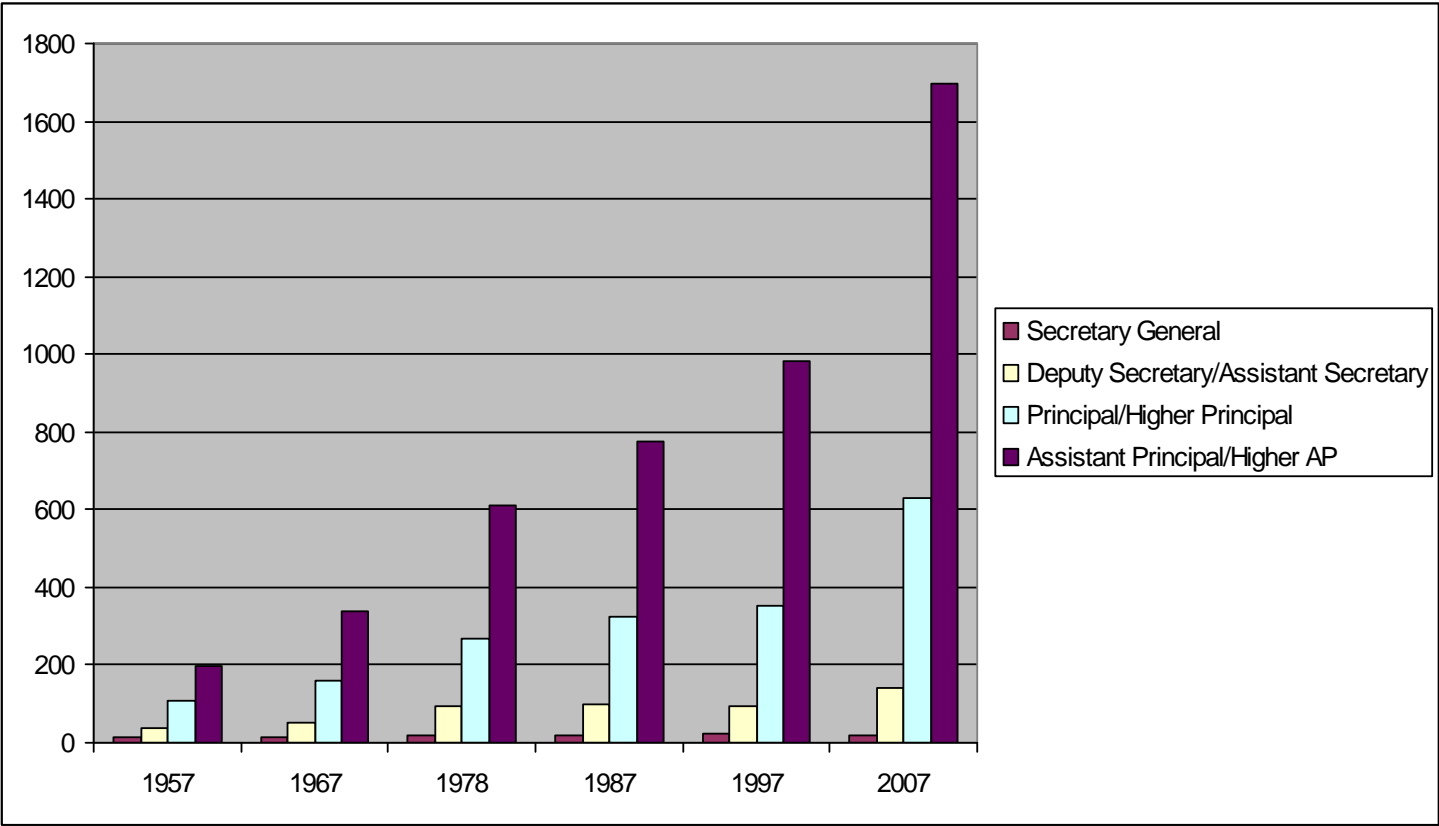


Source: Mapping the Irish State database

# Ireland: agencification without decentralization 2



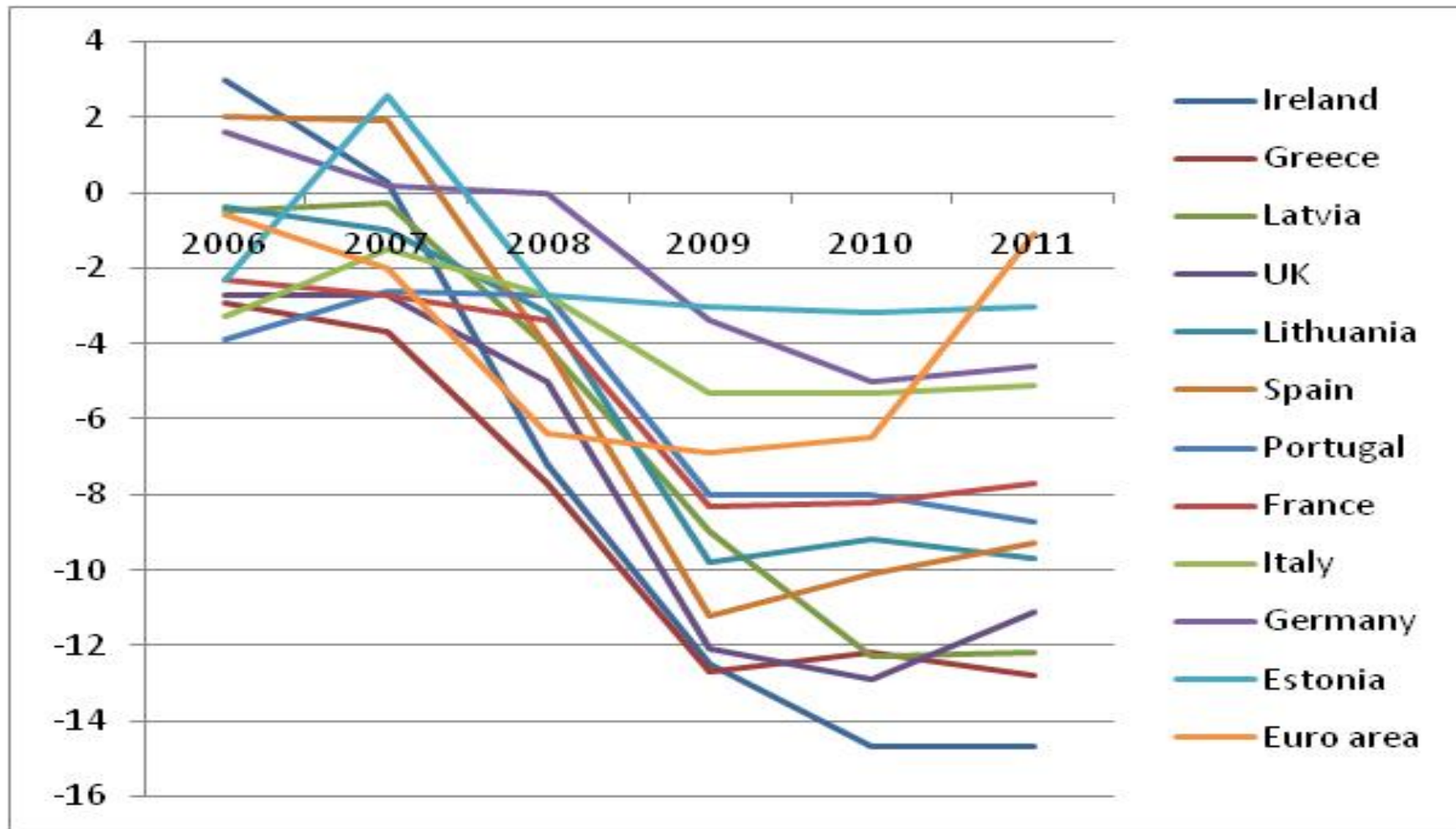
# Ireland's civil service grade structure



Source: IPA Yearbook, various years



# Economic crisis: budget deficits



Source: General Government Balance % GDP, EU Economic Forecast, Autumn 2009

# EU competitiveness

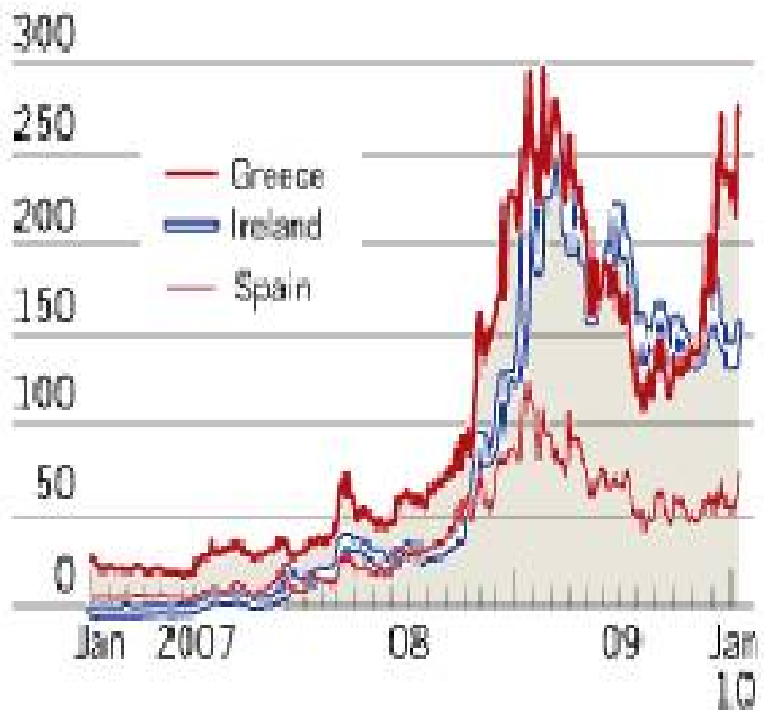
## Unit labour costs

Indices rebased



## Eurozone bond spreads

10-year spreads over bunds (basis points)



Source: Martin Wolf, 'The Greek tragedy deserves a global audience',  
*Financial Times*, 19.1.2010

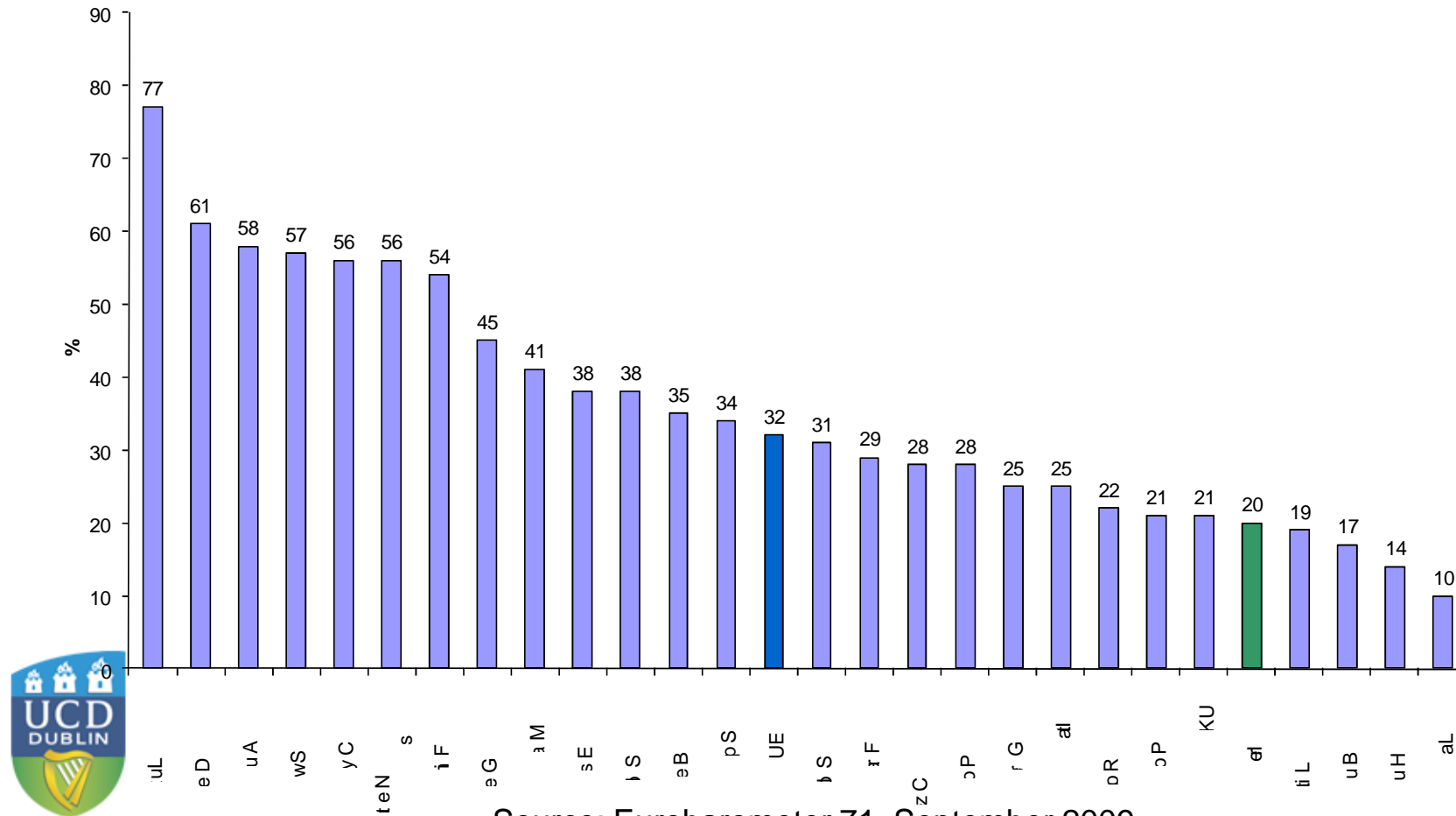
## Public sector pay and conditions

- Proposed changes November 2009  
**social partnership**
  - Flexible working hours
  - Unpaid leave in 2010
  - Staff redeployment
  - No pay cuts
- Actual changes December 2009  
**budget decisions**
  - 5% to 8% direct cuts on pay to €165K
  - 8% to 15% on higher paid (though softened in implementation)



# Public sector reform: Legitimation challenges

Public Trust in National Governments in Europe, September 2009



Source: Eurobarometer 71, September 2009



# Public sector reform in Ireland

## Requires:

- Decisive government action
- Effective public service leadership
- Negotiated implementation
- Financial inducements

## Current conditions:

- Missing until economic crisis hit
- Not strongly in evidence
- No institutions; union anger
- No scope



# Mapping the Irish State

Funded by the Irish Research Council for  
Humanities and Social Sciences

<http://geary.ucd.ie/mapping/>

