

Organising for Growth: Irish State Administration 1958-2008*

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Abstract: This paper analyses some key features of Irish public administration as it has developed since the foundation of the state, paying particular attention to the period from the late 1950s onward. During these decades, notwithstanding successive waves of concern expressed over the need for public sector reform, the evidence suggests an underlying lack of coherence in the evolution of the public administration system that resulted in a poor capacity for effective policy coordination. Yet the drive toward economic modernisation also resulted in the creation of new state competence to support industrial development both directly and indirectly. These changes can be tracked organisationally, drawing on the database of the IRCHSS-funded Mapping the Irish State project.

I INTRODUCTION

The role of the Irish state has been reinvented, reimagined and reorganised considerably over the last half century. In his authoritative work *Preventing the Future* Garvin writes that “... the Republic of Ireland has been

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transformed in the past fifty years – a social and cultural transformation masked by an apparent constitutional and party-political conservatism” (Garvin, 2004, p. 243). Central to this transformation has been the ability of the state to engage in new policy arenas while exiting from others, to take on new functions in order to achieve public goals, and to adopt new organisational forms. In this paper we consider how these developments have affected and in turn been shaped by the system of public administration.

Public administration is integral to the political, economic and social life of the state. Yet its analysis in Ireland remains underdeveloped, particularly with regard to its contribution to economic development, compared with other countries. Bureaucratic change and reform in Ireland is frequently portrayed as glacial in nature, and the history of Irish public administration is conceptualised as one of long periods of inertia punctuated by occasional bouts of reform. These reforms have tended to follow practice elsewhere (particularly Britain) and achieve varying degrees of success in discrete parts of the public service.

Drawing on a new dataset which maps the development of Irish public administration since independence, we reconsider the presumption of institutional stasis. Between 1958 and 2008, shifts in policy direction can be traced through changes in state organisation. Changes in the size and structure of the state itself help us understand the configuration of policy more clearly. If producing sustained economic growth is one of the major developmental challenges of states undertaking modernisation, and industrial policy one of the principal instruments available to it, then economic development can be tracked through an examination of the state institutions through which these were given effect. This also requires that we track changes in the mode of action of the state, for example, in the relative significance of direct management, regulation, and privatisation, each of which implies a particular organisational and institutional channel through which to give it effect.

Underpinning these changes are developments in the way governments have sought to implement policy in response to changing societal and economic demands. Shifts in the mode of the state’s response to new policy needs must be understood with reference to the ideas available to policymakers from international discourse as well as from the embedded domestic political-administrative culture. The perennial challenge is to combine effective policy implementation with efficient deployment of resources. The conception of how best to do this has significantly reshaped the contours of the state in a number of countries in recent decades. Ireland has not been immune from these periodic re-evaluations; but we suggest that less has changed in this area in Ireland than elsewhere.

In Section II of this paper, we consider the relationship between administrative structures and the capacity of the state. Section III profiles the size, shape and development of the Irish public administration; while Section IV explores in detail the development of the institutions shaping industrial development.

II STATE CAPACITY AND ADMINISTRATIVE STRUCTURES

State capacity is rarely a fixed matter. Even within one country, it varies over time and across policy domains. As Peter Evans has argued, "States are not generic. They vary dramatically in their internal structures and relations to society. Different kinds of state structures create different capacities for state action" (Evans, 1995, p. 11). For Painter and Pierre, state capacity is dependent on both *policy* capacity and *administrative* capacity, which are in turn influenced by the role of political actors; that is, they are all interdependent (Painter and Pierre, 2005). The nature and form through which policy capacity is expressed will also change over time. For example, liberalisation of competition rules and privatisation of state companies are typically accompanied by new or increased regulation of those sectors by quasi-autonomous regulatory agencies. Equally, the devolution and decentralisation of policy capacity from central government can be counter-weighted by the introduction of new financial accountability regimes which provide both *ex ante* and *ex post* means of control.

Peter Hall points to three sets of variables determining state capacity: the structure of the state, state-society relations and the structure of society (Hall, 1986). Analysis of state-society relations has given rise to an extensive literature on network governance. Yet political actors continue to exercise a central agenda-setting function, and ultimately control institutional change and reform within the administrative structure. For this reason, organisational theorists propose that the content of public policy and decision making cannot be understood without due attention to the manner in which politico-administrative systems are organised (Christensen *et al.*, 2007, p. 1). This is the rationale for undertaking analysis of the administrative system and its role in shaping the policy capacity of the state over time.

For political scientists, the relationship between institutional arrangements and policy processes and outcomes has been the subject of considerable attention (Lijphart, 1999; Swank, 2002). Organisations may be viewed as instruments for achieving certain goals believed by society to be important. By extension, examining the institutional configuration of the state will shed light on the policy priorities and prevailing political ideologies of the

time. An institutional perspective will also focus on the state's policy capacity in terms of numbers employed, budgets, accountability arrangements and organisational continuity. As Barrington argued, "... administrative development (is) an integral part of national development" (Barrington 1980, p. 216).

In this paper, we draw a distinction between incremental organisational change and purposive reform. Incremental change refers to the gradual process by which institutions evolve over time in response to various incentives and pressures. Reform, on the other hand, refers to the intentional process of institutional redesign, often involving dramatic rather than incremental modification to existing arrangements. Organisational restructuring provides a useful (if not always complete) indicator of reform intent. Administrative reform is assumed to be the result of deliberate goal-directed choices between alternative organisational forms (Brunnson and Olsen, 1997). The central reason for attempting administrative reform is to improve its effectiveness, and hence to increase the state's, capacity. Depending on their scope and successful implementation, reform programmes, can generate critical junctures in the trajectory of administrative development. Such programmes can be wide-ranging in character, or focused on particular institutions, functional areas or policy sectors.

We also distinguish in this paper between administrative reform at the *primary* and *secondary* level. The primary level refers to the distribution of broad functions to Ministerial departments, while the secondary level refers to allocation of more specific functions (or tasks) between units within departments or between departments and agencies under the remit of the department.

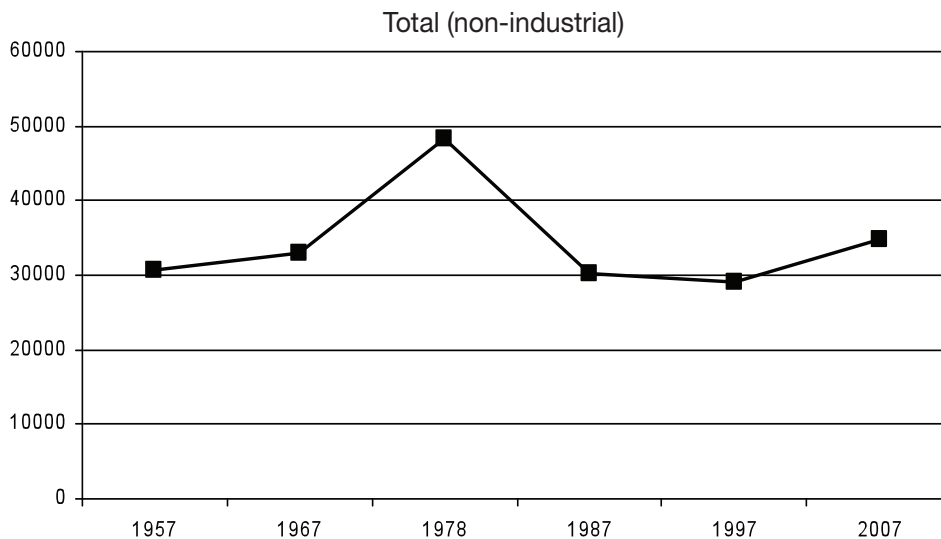
III THE RESTRUCTURING OF THE IRISH ADMINISTRATIVE STATE

The Irish civil service adopted an organisational practice and structure similar to that of the British Whitehall system. In spite of attempts to break from tradition, the core features of Whitehall – an apolitical and generalist administration, with permanent tenure for staff elected on merit through open competition – came to characterise the new post-colonial civil service. Career progression has thus been based on hierarchical advancement within the civil service. In addition, and to a greater extent than within the British system, the segmentation of departmental portfolios meant that until more recently most public servants remained within their departmental field, and relied on "on the job" experience in order to develop expertise and technical skills.

Numbers in Employment

By 1958, the core civil service (i.e. excluding the post office) had expanded in size from approximately 8,000¹ at the time of independence in 1922 to just over 30,000 (Barrington, 1982, p. 98). As Figure 1 shows, a sharp increase in recruitment during the 1970s led to a peak in numbers of almost 50,000 by 1978, before embargos and natural wastage in the 1980s reduced the number to a relatively static 30-35,000 between 1987 and 2007.

Figure 1: *Total Non-Industrial Civil Service Employment, 1957-2007*



Source: *IPA Yearbooks*, various years, from Department of Finance data.

The core Irish civil service has remained relatively small by international standards, a feature noted in the recent OECD report on the Irish public service (OECD, 2008, p. 22). The OECD also surmised that the cap on civil service numbers was partially responsible for the increased use of agencies which allowed for enhanced human resource capacity that would otherwise not be possible. Yet within the civil service itself, in spite of advances in training and resources, an acceleration in the use of external consultancies and commissioned research from private sector agencies points to limitations in policy competency and specialisation. While Chubb identifies the use of such advisers in Ireland to the late 1960s, they tended to be either civil servants transferred from other duties or outsiders appointed to temporary

¹ We are grateful to Martin Maguire for this figure.

civil service posts (1992, p. 159). By the 1990s such advisers had become more of a permanent feature of government and tended to be principally drawn from outside the civil service.

Departmental Structures

Central government operates as a collective of departmental ministries, with Ministers embodying the legal personality of their departments, and assuming parliamentary accountability for the departments' actions. The 1937 Constitution expanded the 1922 constitutional limit on the number of Ministers in Cabinet from 12 to 15, including the Taoiseach, and this has not changed since (Murphy and Twomey, 1998). A number of non-Ministerial civil service offices, effectively departments in all but name, also co-exist alongside the departments, including the Revenue Commissioners, Attorney-General and the Office of Public Works.

Prior to the late 1950s, the key organisational and functional characteristics of the Irish public administration (and wider political state structures) remained remarkably stable. Indeed, the organisation of government departments at the primary level (i.e. the broad allocation of functions between portfolios) was more notable for its continuity than its change. Apart from the brief existence of two new departments (Supplies and Coordination of defensive measures) during the World War II period and the creation of the Department of the Gaeltacht in 1956, there were only two major reorganisations of policy domain during this period. The first concerned the recurring transfer of responsibility (particularly for lands) between the Departments of Agriculture and Fisheries during 1928 and 1934 (and again in 1957). The second (and more significant) reorganisation was the creation of new Departments of Health and Social Welfare in 1946-7, reflecting in part a wave of public health reforms then in train across western societies (Immergut, 1992).

We take 1959 as the starting point for our more detailed discussion, shortly after the formation of a new Fianna Fáil administration, following upon the introduction of the First Programme for Economic Expansion, and just as the new thinking about economic policy, already under way during the preceding Inter-Party Government, was gathering pace. From this time on, we discern a gradual deepening in the organisational complexity of the system of public administration, as well as its functional capacity. At a primary level, a gradual increase in the incidence of departmental portfolio mergers and re-ordering of responsibilities can be identified in three time periods. Table 1 below shows a comparison across decades for three time periods: 1959-69, 1969-89 and 1989-2007, with those departments experiencing mergers and

Table 1: *Change in the Structure of Government Departments*

<i>1959</i>	<i>1969</i>
Taoiseach	Taoiseach
Finance	Finance
Justice	Justice
Local Government	Local Government
Education	Education
Agriculture	Agriculture and Fisheries (1965)
Industry and Commerce	Industry and Commerce
Lands	Lands
Posts and Telegraphs	Posts and Telegraphs
Defence	Defence
External Affairs	External Affairs
Health	Health
Social Welfare	Social Welfare
Gaeltacht	Gaeltacht
Transport and Power	Transport and Power
	Labour (1966)
<i>1969</i>	<i>1989</i>
Taoiseach	Taoiseach
Finance	Finance
Justice	Justice
Local Government	Environment (1977)
Education	Education
Agriculture and Fisheries	Agriculture and Food (1987)
Industry and Commerce	– <i>Agriculture (1977-1987)</i>
Lands	Industry and Commerce (1986)
Posts and Telegraphs	– <i>Industry, Commerce and Energy (1977-1980)</i>
Defence	– <i>Industry, Commerce and Tourism (1980-1981)</i>
External Affairs	– <i>Trade Commerce and Tourism (1981-1983)</i>
Health	– <i>Industry, Trade, Commerce and Tourism (1983-1986)</i>
Social Welfare	Tourism and Transport (1987)
Gaeltacht	– <i>Tourism and Transport (1977-1980)</i>
Transport and Power	– <i>Transport (1980-1983)</i>
Labour	– <i>Communications (1983-1987)</i>
	– <i>Public Service (1973-1987)</i>
	Social Welfare
	Defence
	Foreign Affairs (1971)

Table 1: *Change in the Structure of Government Departments (contd.)*

<i>1969 contd.</i>	<i>1989 contd.</i>
	Health
	Gaeltacht
	Labour
	Marine (1987)
	– <i>Fisheries (1977-1978)</i>
	– <i>Fisheries and Forestry (1978-1986)</i>
	– <i>Tourism, Fisheries and Forestry (1986-1987)</i>
	Energy (1983)
	– <i>Economic Planning and Development (1977-1980)</i>
	– <i>Energy (1980-1981)</i>
	– <i>Industry and Energy (1981-1983)</i>
<i>1989</i>	<i>2008</i>
Taoiseach	Taoiseach
Finance	Finance
Justice	Justice, Equality and Law Reform (1997)
Environment	– <i>Equality and Law Reform (1993-1997)</i>
Education	Environment, Heritage and Local Government (2003)
Agriculture and Food	– <i>Environment and Local Government (1997-2003)</i>
Industry and Commerce	Education and Science (1997)
Tourism and Transport	Agriculture, Fisheries and Food (2007)
Social Welfare	– <i>Agriculture, Food and Forestry (1993-1997)</i>
Defence	– <i>Agriculture and Food (1997-1999)</i>
Foreign Affairs	– <i>Agriculture, Food and Rural Development (1999-2002)</i>
Health	– <i>Agriculture and Food (2002-2007)</i>
Gaeltacht	Enterprise, Trade and Employment (1997)
Labour	– <i>Enterprise and Employment (1993-1997)</i>
Marine	Social and Family Affairs (2002)
Energy	– <i>Social, Community and Family Affairs (1997-2002)</i>
	Defence
	Foreign Affairs
	Health and Children (1997)
	Arts, Sport and Tourism (2002)

Table 1: *Change in the Structure of Government Departments (contd.)*

<i>1989 contd.</i>	<i>2008 contd.</i>
	<ul style="list-style-type: none"> - <i>Tourism and Trade (1993-1997)</i> - <i>Tourism, Sport and Recreation (1997-2002)</i>
	Community, Rural and Gaeltacht Affairs (2002)
	<ul style="list-style-type: none"> - <i>Arts, Culture and the Gaeltacht (1993-1997)</i> - <i>Arts, Heritage, Gaeltacht and the Islands (1997-2002)</i>
	Communications, Energy and Natural Resources (2007)
	<ul style="list-style-type: none"> - <i>Marine and Natural Resources (1997-2002)</i> - <i>Communications, Marine and Natural Resources (2002-2007)</i>
	Transport (2002)
	<ul style="list-style-type: none"> - <i>Tourism, Transport and Communications (1991-1993)</i> - <i>Transport, Energy and Communications (1993-1997)</i> - <i>Public Enterprise (1997-2002)</i>

Source: Hardiman, Niamh, Muirís MacCarthaigh and Colin Scott, 2010. *Mapping the Irish State database*. UCD: The Geary Institute, <http://geary.ucd.ie/mapping/> database

de-mergers in bold and the functional responsibilities transferred to them in italics. The years framing these time-periods are either years in which a new government was formed or a general reallocation of departmental responsibilities occurred.

Uí Mhaoldúin identifies a new pattern of change in departmental organisation starting in 1973 that appears to be driven in large part by changes in electoral competition and coalition formation between political parties (Uí Mhaoldúin, 2007). The Fine Gael-Labour coalition government that took power that year was the first non-Fianna Fáil administration since 1957. This event also coincided with Ireland's accession to the EEC. But while Ireland's membership of the EEC has required extensive administrative adaptation, consistent with the complex politics of Europeanisation elsewhere (Laffan, 2001; 2006), organisational change on the scale observed cannot be argued to have been a functional necessity.

The division of responsibilities by Ministerial portfolio between coalescing parties has resulted in extensive portfolio mergers and de-mergers when

compared with the earlier period of single-party dominance. More persuasively, perhaps, the allocation of responsibilities between portfolios may be taken as a primary roadmap for identifying the relative priorities given to various policy areas over time. For example, during the 1970s the Department of Finance devolved some of its core functions to two newly created entities, the Department of Public Service and the Department of Economic Planning and Development. A change of government four years later, and the delegitimation of the public service management and economic development models carried by the new departments respectively, in the context of burgeoning public debt and deepening fiscal crisis, brought this experiment to an abrupt end.

Between 1989 and 2009, every major party held power at some time, and every government was formed by a coalition (see *Irish Political Studies*, various issues). During this period a great deal of organisational change took place. Among the most significant we note some distinct policy reorientation of department functions: for example, the Department of Justice became Justice, Equality and Law Reform; while many others reflect shifts in emphasis the great majority of which have relatively little broader significance. We do wish to draw particular attention later, though, to changes in the area of industrial policy and enterprise support, centring on what is now the Department of Enterprise, Trade and Employment.

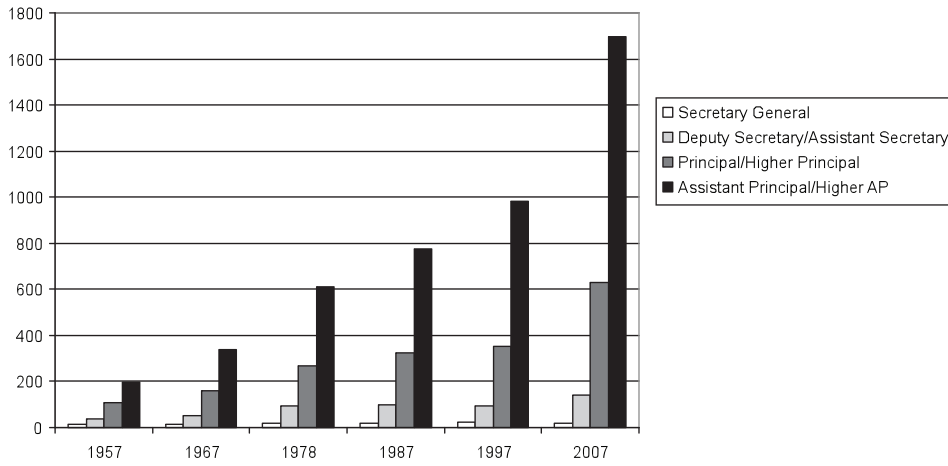
Civil Service Management

Between 1958 and 2008, we find a burgeoning number of civil service managers, that is, those employed at the senior levels of the service, or what used to be known as the “administrative” class within the service. Higher civil servants increased from about 1 per cent of total numbers in 1958 to over 7 per cent in 2007. This upward trend was also identified by Barrington for the period 1957-82, when he revealed a quadrupling of the administrative class. While noting this growth in “the *thinking* part of government” he also proposed that “...this has not been accompanied by increased thoughtfulness in the evolution of new policies and effective plans for its emerging dilemmas” (Barrington, 1982, p. 99). As Figures 2 and 3 below identify, this trend intensified if anything in the period from 1994, since the round of reforms introduced under the Strategic Management Initiative.

State Agencies

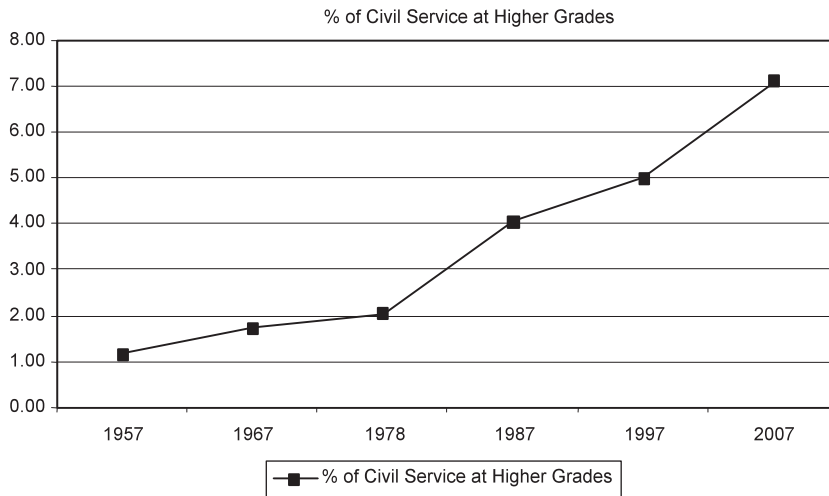
Related to the swelling in managerial numbers, and in parallel with the increasing tendency to reorganise the core civil service at the primary level, we also find acceleration in the pace of reorganisation at the secondary level. Specifically, we see an expansion in the use made of both departmental and

Figure 2: Profile of the Civil Service Grade Structure, 1957-2007



Source: Hardiman, Niamh, Muiris MacCarthaigh and Colin Scott, 2010. *Mapping the Irish State database*. UCD: The Geary Institute, <http://geary.ucd.ie/mapping/> database

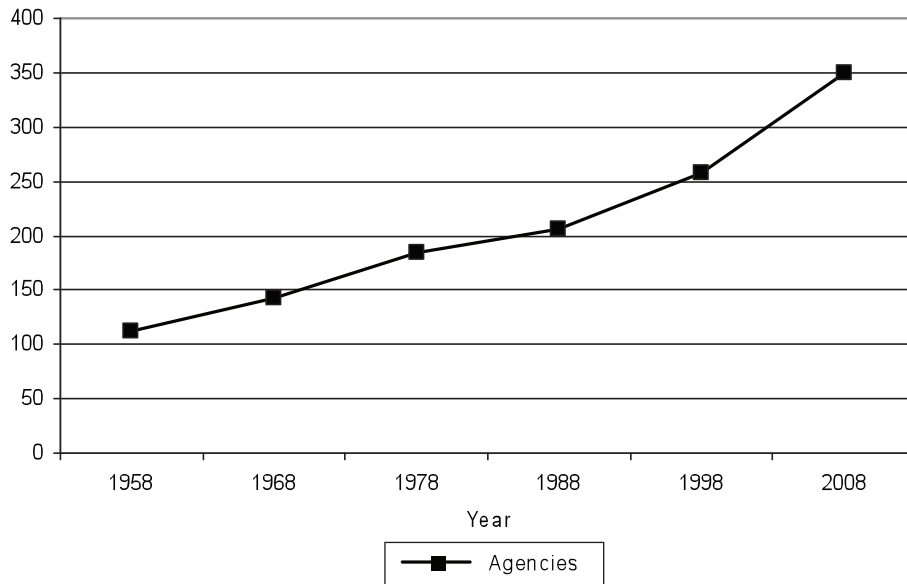
Figure 3: Proportion of the Civil Service at Higher Grade Levels



Source: Hardiman, Niamh, Muiris MacCarthaigh and Colin Scott, 2010. *Mapping the Irish State database*. UCD: The Geary Institute, <http://geary.ucd.ie/mapping/> database

non-departmental bodies with various forms of autonomy and legal form – what are conventionally referred to as agencies. State agencies were no innovation of the post-independence state, of course, and Whitehall administrative tradition has scope for a range of types of agency, commission, board, and other forms of non-departmental structure. Despite attempts to slim down the fragmented administrative system of the pre-independence state into the new departmental structure during the 1922-3 period, it was not long before new public bodies with varying forms of public authority began to be created. Between 1924 and 1958, the number more than doubled from 50 to 112. Unlike other states, where “waves” of agencification and deagencification occur with some regularity, the process in Ireland is perhaps best conceptualised as one of gradual acceleration. As Figure 4 below shows, this culminated in over 350 agencies performing public functions at the national level by 2008.

Figure 4: *State Agencies 1958-2008*



Source: Hardiman, Niamh, Muiris MacCarthaigh and Colin Scott, 2010. *Mapping the Irish State database*. UCD: The Geary Institute, <http://geary.ucd.ie/mapping/> database

Some of the agencies established prior to 1958 were to play a central role in economic development at a national and regional level. For example, Barrington noted how the 1952 Underdeveloped Areas Act, produced to trigger

industrial development in the west of Ireland was to be delivered by two agencies based in Dublin – the Industrial Development Authority and the new Foras Tionscail (1973, p. 3). The most pronounced acceleration in the use of agencies occurred in the 1990-2007 period, as Figure 4 shows. McGauran *et al.*, estimated that over 60 per cent of national non-commercial agencies were established post-1990 (McGauran *et al.*, 2005, p. 51). Indeed, during the same period, the number of agencies at regional and local level grew even more rapidly – by 80 per cent (MacCarthaigh, 2007, p. 24).

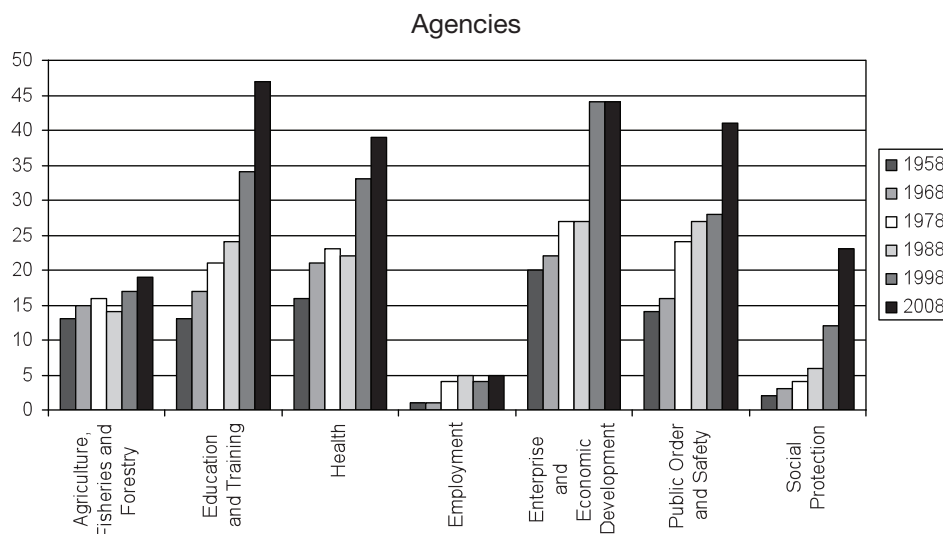
There is no evidence that the increased use of agencies between 1958 and 2008 was planned. Rather, agencies were established to perform a variety of functions in different policy domains, and comparatively few were ever formally abolished. An OECD report on the Irish public service published in 2008 identified a number of reasons for this rapid appreciation in the number of agencies used, including EU demands for independent regulation, the need for managerial flexibility, stakeholder involvement and the embodiment of new policy priorities (OECD, 2008, pp. 298-299). On this final point, the report notes that:

...the creation of agencies has been used to make increases in employment numbers and budget resources more acceptable to policy makers and the general public by placing them outside of the core Civil Service and, in doing so, circumventing the effective limit on Civil Service numbers.

...there is no existing dialogue on the management pressures created by the agency system, including whether additional resources are needed in the Civil Service for the oversight of agencies. Agencies have thus been seen as an easy way out of increasing bureaucracy, when building capacity actually requires a more complex approach. (OECD, 2008, p. 298.)

This suggests that the increase in numbers employed at senior management grades as identified in Figures 2 and 3 is not directly attributed to the management of existing and new agencies. The problem of agency management is not unique to Ireland, and is in large part related to the diversity in policy domains within which agencies operate.

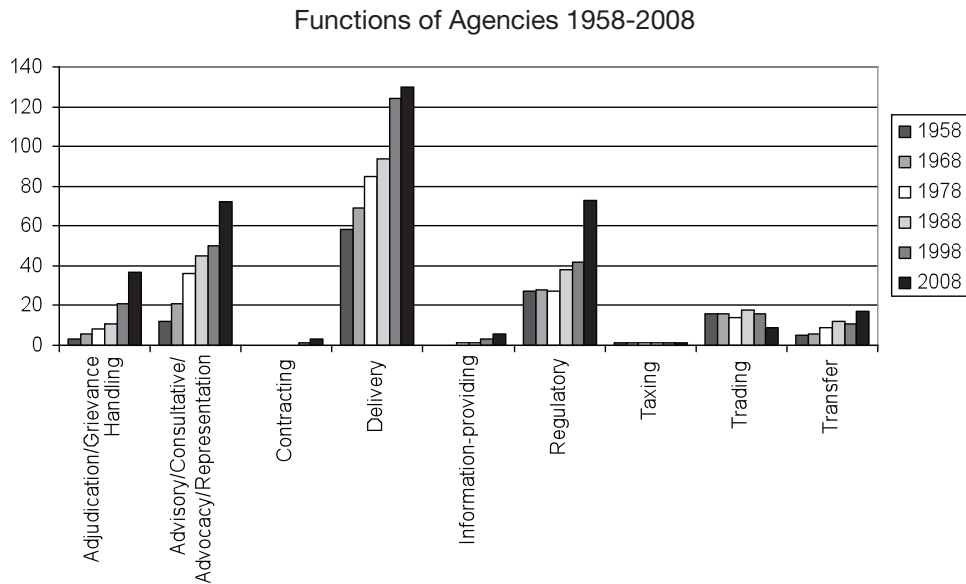
In general, and recognising that many agencies worked in more than one policy domain, the clustered bar chart below identifies increases in the number of agencies in the key policy areas of Agriculture; Education and Training; Health; Employment; Enterprise and Economic Development; Public Order and Safety; and Social Protection over the last two decades. With the exception of Agriculture and Employment, there is considerable growth in all sectors. Education and Training, Public Order and Safety, and Social Protection show the greatest increases over the period in question.

Figure 5: *Numbers of Agencies by Policy Domain*

Source: Hardiman, Niamh, Muiris MacCarthaigh and Colin Scott, 2010. *Mapping the Irish State database*. UCD: The Geary Institute, <http://geary.ucd.ie/mapping/> database

While the agencies performed work in a wide variety of policy domains, we may usefully distinguish between these domains on the one hand and their functions i.e. the manner in which they play a role, on the other. As agencies are frequently created to perform a new function by a Ministry, an analysis over time of the functions discharged by agencies is instructive in identifying the changing nature of state capacity by revealing new modes of activity.

As well as growth in the raw number of agencies in existence, the functions with which they engage also changes since 1958. As Figure 6 shows, delivery agencies grew fastest, reflecting the rise in the range and complexity of state provision and services. In both 1958 and 2008, approximately half of the state agencies were committed to service delivery. There is also marked growth in three other areas of state function. The first, perhaps unsurprisingly, is in regulatory activities, moving beyond the mainly health-related issues arising in 1958 to a wider variety of economic and social issues. The second is in the area of advisory/consultative/advocacy/representation functions, where we see a big increase in the long-term existence of bodies representing civil society interests at the core of the state itself. The third is in adjudication/grievance handling, where we see state involvement extending beyond labour disputes into new areas such as equality claims, insurance issues, redress for injuries of various sorts (Hardiman and Scott, 2009).

Figure 6: *Agencies by Function*

Source: Hardiman, Niamh, Muiris MacCarthaigh and Colin Scott, 2010. *Mapping the Irish State database*. UCD: The Geary Institute, <http://geary.ucd.ie/mapping/> database

Efficiency and Effectiveness – The Perennial Challenge

The structural changes outlined here document shifts in the institutional capacity and consequent policy capability of the Irish state. But what they do not tell us about is whether these bodies work effectively and efficiently. Nor do they tell us what the implications are of a twin trend of rising core civil service employment alongside rising employment in an increasing number of agencies. For many countries, the creation of new agencies since the 1980s saw a parallel decline in core civil service employment, as policy functions were devolved down and out. This gave rise to new questions about accountability and democratic oversight, and issues about whether the indicators of efficiency were in fact the correct measurement tools. But the intention was, in general, to reorganise and reform state functioning. Our data suggest that the Irish experience has been, rather, to maintain core civil service numbers while also increasing employment in state agencies. Indeed, the OECD review of the Irish public service noted how agencies have been used as a means of circumventing employment caps in the civil service, but the competencies necessary for managing agencies have not been developed.

The rationale for the patterns of departmental reorganisation and agency creation that we have noted is not always clear. It is far from clear that any coherent overall thinking lies behind organisational innovation. In fact the Irish administrative structure is quite fluid – it is characterised by the absence of uniformity. While new agency creation generally requires statutory authorisation, there are many examples of bodies that function as state agencies but are not necessarily owned or controlled by the state (Hardiman and Scott, 2009). One of the unresolved issues in the structure of civil service departments is the unsystematic nature of the organisation of authority. Common-law systems can more easily function without clear legal authority and accountability frameworks for different organisational forms than can countries in the more statute-bound administrative law tradition (Laegreid *et al.*, 2008).

For example, major branches of service delivery such as the Prison Service or the National Archives or the *Gárda Síochána* are not formally organisationally distinct from the departments that oversee them. The development of formal structures to ensure independent oversight and access to a complaints procedure for the police service is a comparatively recent development in Ireland.

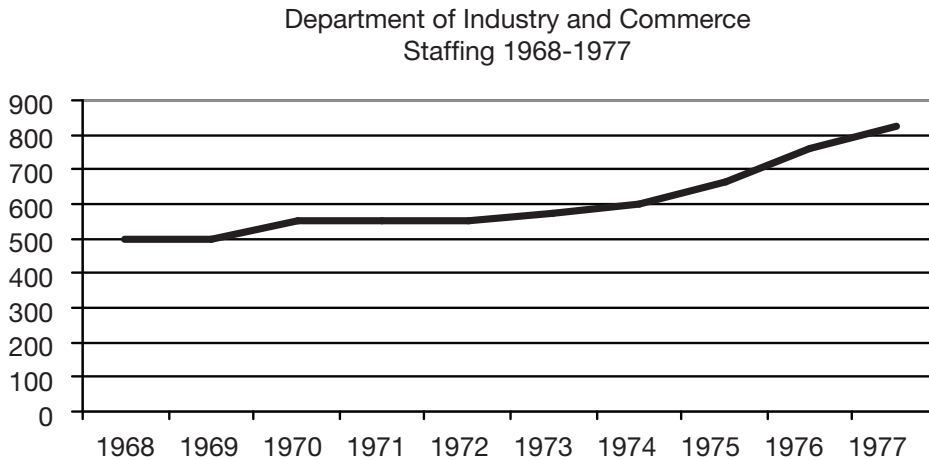
While the development of the Irish public administration reflects a multitude of competing ideological goals and value allocations, a number of key state functions provide a focus for change and reform as governments have sought to advance national development. In the following section, therefore, we wish to examine the significance of reform for the developmental capacity of the Irish state by focusing on the organisation of the state's administrative supports for economic and industrial development.

IV ORGANISING INDUSTRIAL POLICY CAPABILITIES

The full implications of the policy shifts that took place between the mid-1950s and mid-1960s were far from clear at the time. In retrospect, we can discern strong policy continuity in the core elements of policy that provided the basis of FDI-led growth, based on low corporation tax and a variety of policy incentives to export (Bradley, 1990; Fitz Gerald, 2000; O'Hagan and Newman, 2008). But the early stages of Ireland's trade liberalisation strategy were based on the expectation that agricultural production would be the main growth sector. The strong industrialisation surges attendant upon EEC membership during the 1970s, and the completion of the Single European Market in the early 1990s, could not of course have been anticipated (Barry and Crafts, 1999; Barry and Weir, 2007). However, as Figure 7 details, a 65 per

cent increase in staffing in the pre- and post-accession period indicates a growing administrative capacity.

Figure 7: *Department of Industry and Commerce 1968-1977*



Source: *IPA Yearbook and Diary*.

Irish public administration also had a variety of “developmental” capabilities dating back to the early post-independence phase. The fiscally orthodox governments of the first decade were willing to establish production facilities directly owned by the state to provide vital infrastructure. The protectionist policies implemented by successive Fianna Fáil governments from 1932 on greatly expanded the activist management of investment, production, competition, and distribution. The nature of the linkages between foreign and domestic firms has often been contested, with periodic re-evaluations of domestic “capacity for innovation” (Mjoset 1992; NESC, 1992; Ó Riain, 2008). The underlying policy stance was not fundamentally altered, notwithstanding some organisational change, and is now credited with having facilitated the investment and growth boom of the 1990s for domestic as well as foreign industry (Barry *et al.*, 1999).

Despite this, a constant theme in the discussion of Irish public administration has been its conservative culture and apparent imperviousness to change. For example, writing in the mid-1980s, Kenny criticises the bureaucracy’s “systemic resistance to change” and lamented the “strategic incompetence”, of the state (Kenny, 1984, pp. 54-55). He also argued that “... despite the frequent reorganisation or retitling, of government departments, the mandates and objectives of the various parts of the public service show

confusion and overlap” (Kenny, 1984, p. 59). Garvin also draws attention to the culture of conservatism and self-preservation that inhibited innovation within all parts of Irish society and in particular within the public service (Garvin, 2004).

Evans has identified four modes of state engagement with the economic resources of a society. The terms he gives to different state roles are demiurge or direct production; midwifery or direct aids to production through tariffs or subsidies; husbandry or indirect supports for private enterprise through providing signalling mechanisms or aid for supporting inputs such as R&D; and custodian or provision of a regulatory framework (Evans, 1995). Evans’s primary interest was in the growth strategies adopted by newly industrialising developing countries. But over time, it is clear that some elements of all these policy stances were used by the Irish state during the 20th century. As Seán Ó Riain has persuasively demonstrated, the Irish state developed a sophisticated capability to target and secure FDI in industrial sectors identified as strategic priorities, as part of a policy combination reliant on exploiting the opportunities of enlarged trading opportunities (Ó Riain, 2004a). The Industrial Development Authority became the flagship state agency with an impressive range of skills and resources, and great influence with other state agencies and departments, building up what he has termed a “flexible developmental” orientation (Ó Riain, 2004a; b).

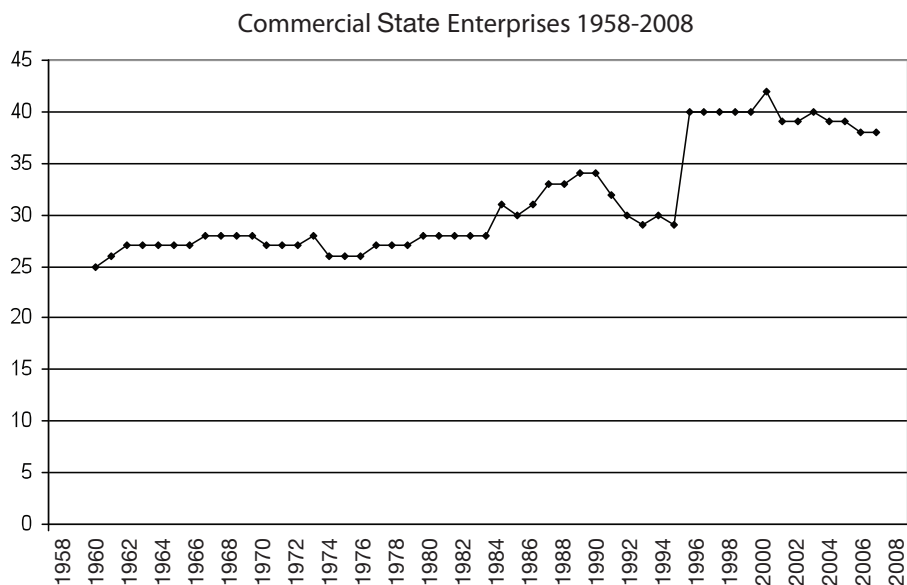
Direct State Economic Role: State Commercial Bodies

Ireland had a strong state role in direct economic provision from the earliest days of the state. It engaged early in areas such as electricity generation, peat harvesting and production, sugar and other food processing. Credit was provided through state-owned banks. In common with other western countries, utilities such as private transport were taken into state ownership and state provision was expanded as a vital infrastructural resource. Periods of economic uncertainty (such as WWII) also saw the state establish private companies to ensure continuity of supply through imports (Daly, 1992; Ó Gráda, 1997).

During the 1980s, many western countries went through a reversal of this process, in response to the intensifying view that state enterprise was inherently inefficient and that market allocation produced better outcomes – though with a good deal of cross-national variation in actual outcomes (Müller and Wright, 1994). Ireland closed down some state enterprises – often manifestly inefficient enterprises, and under pressure of fiscal retrenchment – and undertook some privatisation. But if large subsidiary companies are included, the evidence shows that there has been a steady increase over the last half-century in the number of state-owned enterprises in Ireland, as

Figure 8 below shows.² Indeed, while other European states were undertaking widespread privatisation programmes in the 1980s, Barrington was able to report in 1985 that sales of state enterprises had not so far arisen in Ireland (Barrington, 1985, p. 287). It was not until the 1990s and early 2000s that Irish governments agreed to the sale of a number of large state enterprises, as part of market liberalisation processes partially inspired by the EU.

Figure 8: *Commercial State Enterprises 1958-2008*



Source: MacCarthaigh, 2009.

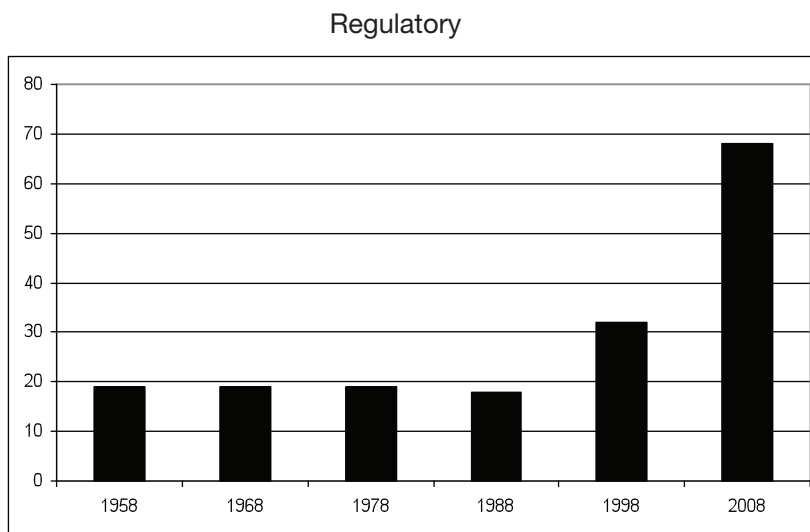
Indirect State Economic Role

Most Irish state enterprises remain in public ownership. But consistent with EU policy, the opening up of new competitive markets, especially in infrastructural areas, gave rise to a new wave of regulatory bodies. In addition, new regulatory functions were introduced in areas where licensing had proved controversial or where policy was otherwise contentious. Since the late 1990s, several new regulatory agencies have been established, funded by levies from regulated companies. Some, such as the Director of Telecommunications Regulation in 1997 (later the Commission for Communica-

² The spike in 1996 occurs as a result of the new commercial role adopted by a number of harbour and port authorities by virtue of the Harbours Act of that year.

tions Regulation), the Commission for Energy Regulation (since 1999), and the Commission for Aviation Regulation (since 2001) have been established on foot of EU directives. Others, such as the Commission for Taxi Regulation and the Road Safety Authority of Ireland, have been created by government in response to domestic political demands. As independent regulation emerged as the preferred mode of indirect state action, the Department of Public Enterprise (which had responsibility for electricity, gas, aviation and telecommunications) published guidelines in 2000 for the process of establishing sectoral regulators (Department of Public Enterprise, 2000). Figure 9 below demonstrates the rapid increase in regulatory agencies over the last two decades when compared with the 1958-1988 period.

Figure 9: *Regulatory Agencies 1958-2008*



Source: Hardiman, Niamh, Muiris MacCarthaigh and Colin Scott. 2010. *Mapping the Irish State database*. UCD: The Geary Institute, <http://geary.ucd.ie/mapping/> database

However, perhaps the most striking area in which we can identify organisational change in Irish economic and industrial development policy is in the structure of the Industrial Development Authority over time. Notwithstanding periodic reorganisation,³ the IDA became the flagship

³ The Industrial Development Act 1986; the Industrial Development (Amendment) Act 1991; the Industrial Development (Amendment) Act 1991; the Industrial Development Act 1993 (establishing Forfás), the Industrial Development Act 1995 and the Industrial Development (Enterprise Ireland) Act, 1998.

organisation for Irish industrial development policy.⁴ Founded in 1949 within the Department of Industry and Commerce (latterly known as the Department of Enterprise, Trade and Employment) and with a small staff including 11 middle to senior ranking civil servants, by 1970 it had achieved considerable autonomy from the Department (though it remained technically subordinate to it) and also had a number of non-civil service personnel working within it. Indeed, within a number of years of the launch of Economic Development, its staffing complement had almost trebled from 20 in 1958 to 58 by 1964. A major factor in achieving this independence was the merger of the industrial development grant-allocating body An Foras Tionscail (created in 1952) with the IDA to form an autonomous state agency incorporated under the Industrial Development Act 1969.⁵ Existing firmly outside of civil service structures, the new entity, which continued to be called the Industrial Development Authority, assumed control over all aspects of industrial development which were rationalised and the staffing complement expanded considerably to 237 staff by 1971.

The IDA quickly accumulated impressive resources of expertise and strategic capabilities. Indeed, it came to function as the principal consultative and interest representation channel of communication between the multinational industry sector and government on areas such as education and training needs, the industrial regulatory regime, and other issues (Hardiman, 2009).

However, problems of co-ordination in industrial policy across departments and agencies continued to be identified. Recognising that "... the allocation of the functions of Government between Ministers [is] a process...not always founded on organisational logic", a report produced for the Industrial Policy Review Group in 1991 noted how six government departments were directly involved in industrial development. It identified, however, that the Industrial Policy Division of Industry and Commerce had a primary role in industrial policy. While this department thus had some responsibility for coordination of policy, it noted the coordinating role the Department of Finance played by virtue of its budgetary estimates and macroeconomic functions (Gaffey/ESRI, 1991, p. 16). The report criticised the passive coordinating role played by Industry and Commerce and queried the allocation of industrial policy responsibilities between departments (specifically the allocation of energy and mineral resources to a separate Department of

⁴ As a result of political priorities, functions similar but more limited than those of the IDA were performed in the Shannon Region by Shannon Free Airport Development Company (SFADCo) and in Irish-speaking areas by Udarás na Gaeltachta.

⁵ This development followed the recommendation of a consultancy report commissioned by the IDA itself (Industrial Development Authority 1967).

Energy which it recommended should be returned to Industry and Commerce). It also identified overlap in responsibility between the various agencies and the inability of the Department of Industry and Commerce to react to their initiatives (Gaffey/ESRI, 1991, pp. 26-29). A further criticism was levelled at the appropriate management skills available at the senior level of the department.

The ensuing 1992 Culliton Report on industrial policy for the 1990s recommended a basic division of responsibilities between attracting foreign direct investment on the one hand, and supporting Irish enterprise on the other. It favoured a stronger role for the Department of Industry and Commerce in developing overall industrial policy. The resulting administrative reorganisations took place at both the primary (departmental) and secondary (agency) levels. In 1993, the Department of Industry and Commerce was renamed Enterprise and Employment, also assuming functions from the Department of Labour. With the passing of the new Industrial Development Act, three new agencies were created – IDA Ireland for foreign industry, Forbairt for domestic indigenous industry and Forfás as a policy advisory and coordination body (MacSharry and White, 2000, pp. 227-8; O’Sullivan, 2000).

A further reorganisation occurred with the Industrial Development Act 1998. This set up a new agency, Enterprise Ireland, with a remit to support Irish industry. Enterprise Ireland assumed the functions of Forbairt and An Bord Tráchtála (Trade Board) which were dissolved, as well as some functions of FÁS, the state’s training and employment agency which had been created in 1988 during a period of high unemployment.⁶ IDA Ireland continued to focus on inward investment by foreign industries.

As Table 2 below demonstrates, the number of personnel working in the key agencies associated with industrial development grew substantially over time.

The nature and scale of this extensive restructuring has not been without controversy. If the main aims of reorganisation are to refocus attention on increasing domestic innovation capacity, it is far from clear that this has been achieved. Structural reorganisation has to be imbued with purposive intent if it is to be an effective policy instrument. The continuities in industrial policy, premised above all on attracting inward investment, have tended to prevail, particularly in the light of the strong fiscal incentives to support this stance. Domestic manufacturing and services activity performed very well during the 1990s and into the millennium, as the opportunities for forward and backward linkages began to become bedded in and as the scale of new economic activity

⁶ FÁS actually emerged from the merger of two existing agencies: AnCO – the National Manpower Service and the Youth Employment Agency (YEA).

Table 2: *Personnel Numbers for Key Industry and Commerce Related Agencies 1958-2007*

	1958	1964	1971	1978	1983	1988	1993	1997	2003	2007
Industrial Development Authority (created 1949 part of Department of Industry and Commerce)	20	58								
An Foras Tionscal (created 1952 as statutory agency within Department of Industry and commerce)	6	25								
Industrial Development Authority (new statutory agency created in 1970 following merger of Industrial Development Authority with An Foras Tionscal)			237	623	728	565	545			
IDA Ireland								281	292	275
Institute for Industrial Research and Standards (IIRS) (created 1946; dissolved 1988)			360	600	650					
Eolas (created 1987 out of merger between IIRS and National Board for Science and Technology, dissolved 1994)						543	716			
Forbairt (created in 1993, dissolved 1998)								805		
Forfás (created in 1993)								114	117	116
Coras Trachtála (created in 1959 until 1991)			183			250				
Irish Trade Board/An Bord Trachtála (formed out of merger between Irish Goods Council and Coras Trachtála in 1991, dissolved 1998)								249		
										1998 2003 2007
Enterprise Ireland (created out of merger of Forbairt and Irish Trade Board in 1998)								826	986	879

Sources: *Thom's Directory 1958-64, IPA Yearbook and Diary, Dáil Debates.*

generated new spin-off opportunities. However, perhaps the most obviously incentivised domestic activity during the 1990s and 2000s was construction; it is all too clear at the end of the property bubble how over-extended reliance on this sector had become.

V CONCLUSION

The period from 1958 to the present has been one of tumultuous social, political and economic change in Ireland. There is a clear trend toward more frequent and more extensive merging and de-merging of departmental policy responsibilities after each change of government. Our analysis of the public administration system and various reform programmes identifies considerable continuity in reform objectives but uncertainty concerning their means of achievement. Furthermore, not all changes have been driven by reform objectives – the rapid increase in the use of the agency form was not planned and occurred during a period of substantial reform designed to provide greater coherence and efficiency within the bureaucracy rather than increased organisational fragmentation. Also, while the majority of more recently established agencies have been predominantly in the “softer” areas of government activity, there is also evidence that the state’s role is evolving into new fields and forms of activity such as adjudication and the construction of new consultative capabilities on a wide variety of issues.

Over this period we have traced extensive administrative change in response to economic and social change. We have profiled organisational change reflecting shifts in the nature and extent of state involvement in industrial development. An examination of the departments and related agencies in these fields demonstrate the responsiveness of the administrative system to these national imperatives. Yet problems of co-ordination and management are persistently identified.

Administrative reform has remained largely outside of ideological or partisan politics in Ireland. Ad hoc institutional evolution came about in response to internationally propagated views on public sector reform as well as to shifts in the terms of domestic political debate. The narratives of reform have been marked by their consistency over time – increased capacity and efficiency are regularly invoked. But in the absence of informed critical debate, there is relatively little interest in analysing actual performance, or indeed in pressing for effective structures of accountability (MacCarthaigh and Scott, 2009). Institutional change, we find, is not the same as institutional reform.

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