Book Review: Public Sector Reform in Ireland: Countering Crisis by Muiris MacCarthaigh

In **Public Sector Reform in Ireland: Countering Crisis**, **Muiris MacCarthaigh** *focuses on the unprecedented public sector reform agenda of the Irish government introduced to counter the impact of the Global Financial Crisis (GFC). This book provides a valuable, 'thick' academic analysis of cutback management by studying the case of Ireland, one of the most badly affected states.* **Yao Han** *appreciated its contribution to research on state retrenchment and reform from the perspective of the reformers.*

***Public Sector Reform in Ireland: Countering Crisis**.* **Muiris MacCarthaigh. Palgrave. 2017.**

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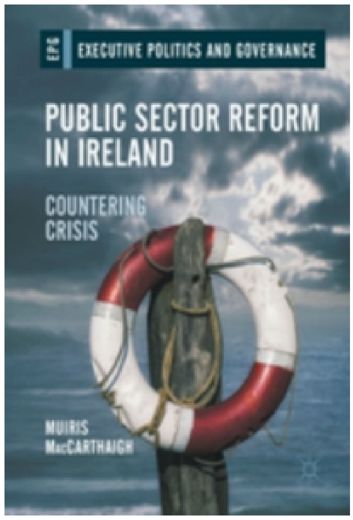

Beginning in late 2007, the Global Financial Crisis (GFC) exposed many states with fiscal imbalance and creeping public debt. In his new book, *Public Sector Reform in Ireland: Countering Crisis,* Muiris MacCarthaigh explores how the Irish government embraced the opportunity brought about by the crisis and retrenched the state.

The GFC pushed states to reform their public sectors. MacCarthaigh seized the rare chance to study state retrenchment in response to the GFC in 2011. His interest in the ambitious reform agenda met the desire of Robert Watt, the Secretary-General at the new Department of Public Expenditure and Reform (PER or DPER, pronounced 'deeper'), to record all of the experiences and lessons of reform, allowing MacCarthaigh to go behind the doors of the Irish government to document and analyse the process primarily between 2013-15, with some follow-up data gathered up until 2016. The arguments throughout the book are supported by detailed evidence based on interviews with officials. Hence, *Public Sector Reform in Ireland* invaluably contributes to the study of state retrenchment as a response to the GFC from an insider perspective.

MacCarthaigh notes that although Ireland had reformed under New Public Management (NPM) principles since the early 1990s, the measures and changes introduced had not really reflected the essence of NPM, which emphasises efficiency and market-based objectives. The financial crisis created an opportunity for the Irish public sector to truly engage in NPM concepts through deep state retrenchment. The DPER was created to undertake the Irish reform. It led this by strengthening the coordination between individual sectors, which could be explained in accordance to the Post-NPM model which advocates 'a strengthening of coordination through more centralized or collaborative capacity' (Lodge and Gill 2011, 143). In particular, the new Minister Brendan Howlin, Watt and senior officials were empowered and legitimised to initiate a wide-ranging, whole-government public reform agenda taking advantage of the window created by the crisis, which corresponds to John W. Kingdon's (1995) model of a policy window.

Image Credit: Government Buildings, Dublin ([Gian Luca Ponti CC BY SA 2.0])

A newly established department does not necessarily have the de facto power to make other departments obey its orders or fulfill its expectations to reduce spending. But DPER did it successfully. MacCarthaigh nonetheless shows the frictions during the process. For example, the people inherited from the old department were very defensive when DPER was introduced. Some large spending departments – which remain anonymous within the book – felt that the public expenditure control was very difficult and that DPER did not understand them well. One Secretary-General of a department mentioned that DPER did not know operations and did not listen to people who did.

The author also shows how successes occurred. The window of opportunity offered by the crisis played a key role. The common atmosphere created by the GFC and the tiresome work of fighting against the crisis meant that resistance was not high. The DPER also reorganised institutional structures to meet its objectives. One example is the annual 'away days' held by DPER, which provided a platform for those at middle-management levels and above to hear from the outside and communicate public responses and media coverage about the reform. This helped the new department obtain feedback and adjust its strategies accordingly, which minimised the cost of the reform. It also fostered a bottom-up approach and brought in more opinions from diversified sources across levels. A new culture was thus able to form when time and space were created for the once-isolated top civil servants and the rank-and-file members to communicate and debate.

MacCarthaigh documents and analyses the organisational reform and rationalisation to reduce the size and cost of the public sector. Decentralised and individual sectors can make more efficient decisions pertaining to their specific functions or contexts. However, the advantage of shared services is also recognised by the reformers. The detailed description by MacCarthaigh shows the evolution of organisational forms, especially the incubation and birth of new offices such as the National Shared Services Office and the Office of Government Procurement, as well as regenerated offices such as the Office of the Government Chief Information Officer, previously the Centre for Management Organisation and Development. The establishment of DPER and related offices can be understood as the formation of hierarchies and networks initiated by the reformers, with these new levels and links helping to promote and facilitate the reform.

MacCarthaigh points out that this book contributes much to the academic analysis of state retrenchment. In fact, it also contributes much to studies of government growth – not in terms of spending but in terms of bureaucratic size. To retrench the state, new departments and offices were established and officials and officers were renewed generally. During the reform, the number of staff in DPER grew from 300 at the end of 2011 to almost 900 by the end of 2014. It is also noted by MacCarthaigh that a number of interviewees expected DPER to reduce its staff like the other departments, but DPER did not. Hence, when MacCarthaigh documents the government shrinking, he is also revealing a process of resource and power reallocation.

The general result of the Irish public sector reform was critical to Ireland and has been deemed to have saved Ireland in time. However, MacCarthaigh argues that overall assessment of the reform is almost impossible as reform success varies across issues. For example, MacCarthaigh shows how the cuts to pay and pensions evolved: at the beginning, pay and pensions were cut for officers of lower pay; after reaching agreements based on negotiations, pay and pensions were cut for all levels of officers, with a lower reduction rate for lower-ranking staff and a higher reduction rate for higher-ranking staff. Though not emphasised by MacCarthaigh, this sets a good example for other countries to reduce public expenditure in a vertically equal way.

The Irish government also took advantage of the opportunity to reform the public sector regarding 'openness, transparency and accountability'. For example, the government made their data and performance information available through Irish public service bodies, though this did not receive sufficient media attention according to MacCarthaigh's analysis. These reforms might be useful for countries that have heavy burdens in supervising government or business activities.

As it takes time for specific strategies to show their success, the analysis leaves room for future research to evaluate the performance of these and to explore the politics behind the specific decisions where there were alternatives. For example, when disposing of state assets, four assets were finally decided upon to be sold: the company Bord Gáis Energy (BGE, the customer supply and distribution part of the state company Bord Gáis Éireann); some of the non-strategic assets belonging to the electricity company Electricity Supply Board (ESB); forestry rights belonging to the state forestry company Coillte; and the state's minority shareholding in the former national airline Aer Lingus. The process of how those four assets were decided can be further studied. Selling the assets to gain money in the short-term was a strategy reluctantly adopted by the reformers. Hence, the long-running impacts of this project are still to be evaluated.

In all, *Public Sector Reform in Ireland* documents and analyses the complexities of whole-of-government reform to counter the financial crisis using the single case study of Ireland. Cutbacks are always tough work. MacCarthaigh shows how the Irish government reduced its spending and reformed its public sectors. These successful experiences can be adopted by other countries after adaptation to their specific context. The findings can also be compared to cases in other countries to generate some common knowledge about cutback management studies.

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Note: This review gives the views of the author, and not the position of the LSE Review of Books blog, or of the London School of Economics.