

**GOVERNANCE AND PUBLIC POLICY
REPUBLIC OF IRELAND**

Diploma stage examination

7 June 2007

MARKING SCHEME



Question 1

- (a) (i) Marketisation refers to the introduction, via reforms, of private sector principles into the public sector into the Civil Service. Such reforms have resulted in a massive shrinkage of the civil service and the transfer of many activities formerly carried out by civil servants to agencies. 2
- The basic aims of marketisation are to strengthen the efficiency and effectiveness of the civil service. 1
- Effectiveness refers to identifying and creating desired outcomes. 1
- Efficiency refers to cost efficiency – here the aim is to reduce the unit cost of output of the civil service, delivering desired outcomes with the minimum use of resources. 1
- (ii) The five models that seek to explain alternative views of the relationship between civil servants and their Ministers in the decision-making process are the:
- Traditional Public Administration/Liberal Democratic Model
Liberal Bureaucratic/New Administration Model
“Whitehall Village” Model
Power-Bloc Model
Bureaucratic Over-Supply Model
- (1) Traditional Public Administration/Liberal Democratic Model Ministers are responsible for policy formulation and to Parliament for the conduct of their Departments. Civil servants are answerable to Ministers and provide neutral advice to them and implement ministerial policy. 2
- (2) Liberal Bureaucratic/New Administration Model
This model does not exclude the possibility that a Minister may dominate and impose his/her will on a Department. However, it suggests a variety of factors (eeg numbers, permanence, expertise of and control of information by civil servants that tilt the balance of power in favour of civil servants. It portrays a fundamentally adversarial relationship between civil servants and ministers where civil servants often obstruct and/or sabotage ministerial decisions. 2
- (3) “Whitehall Village” Model
The civil-servant/government minister relationship is more complex in this model. Relationships are both cooperative and adversarial and operate across Departments as well as within them. Civil servants, through their common culture and networks of contacts, prepare the ground for ministerial decisions. 2
- (4) Power-Bloc Model
This model seeks to portray civil servants as an “establishment” veto group, reflecting that the composition/structure of the civil service has traditionally been dominated by individuals from privileged economic backgrounds. Civil servants deploy their administrative expertise and exploit their permanency in order to facilitate reactionary policy and thwart radical policy. 2

- (5) Bureaucratic Over-Supply Model
This model is linked to the right-wing critique of Big Government, prevalent since 1970. It proposes that self-interested civil servants seek to maximise their own interests (eeg status, pay, other employment conditions) and to exploit sources of power in their relationships with Ministers. This has led to the creation of an excessively large, bureaucratic civil service. 2
- (iii) The public administration model has become the most generally accepted explanation. Civil servants prefer to have a strong ministerial leadership so that they know what is expected of them. 1 ½
- The Whitehall Village model not held to relate to the whole of government, though it may have some relevance to the relatively small community involved at the very top level of decision making. 1
- There is still some support for the Over-Supply theory, even though the most powerful ministries (eeg the Treasury) are not the largest. 1
- The civil service has not prevented major changes in radical legislation since 1997 and thus the power-bloc model is not a good explainer. 1
- The gap in knowledge and expertise between ministers and civil servants has gradually become less significant and some ministers have stayed for extended periods with the Departments. These factors reduce the relevance of the liberal bureaucratic model as an explainer. 1 ½
- (21)
- (b) Weber felt that permanent officials, especially civil servants, hold the reins of power in the modern bureaucratic state. 1
- His argument for making this claim was that permanent officials have the training, the ability and the experience that enables them to control or manipulate their nominal political masters. 1
- Officials are full-time professionals; politicians are part-time amateurs. 1
- There are many arguments (both theoretical and those based on insider evidence) that support and contradict Weber's view and, overall the evidence is inconclusive. 1
- But perhaps the most significant evidence is provided by developments under Thatcher and Major. 1
- Their governments reformed the civil service structure and mode of operation in fundamental ways and won big battles against determined opposition from almost all sections of the civil service. 1
- This constitutes clear evidence that the British civil service can be brought under government control if the government is determined to push its reform through. 1
- Insider evidence on balance suggests that strong and determined ministers can get their own way, even against civil service opposition if this is forthcoming. 1

Indeed, civil servants have been criticized as being too compliant and giving-in to ill-thought out and hastily implemented government plans. 1

It is also argued that the civil service has abandoned its traditional political neutrality to become a political tool of government. 1

(10)

(c) Report of the working group on the accountability of Secretaries-General and Accounting Officers

Secretaries General have a dual role as senior civil servants and as financial watchdogs in their respective departments. 1

The respective roles and responsibilities of Secretaries-General and Accounting Officers should be set down in writing, and that an audit committee be established in each Department. 1

Secretaries-General should not deceive or knowingly mislead ministers. 1

They have a responsibility to ensure that the systems and procedures are in place to enable it to perform its functions within the resources available and to enable the Minister to answer for the performance of those functions to the Dáil. 2

The distinctive relationship of trust and confidence between the Minister and the Secretary General is crucial to the effective administration of Departments of State. 1

(6)

(d) Ministerial responsibility refers to the convention that ministers are responsible for everything that goes on in their Departments. The minister can be forced to resign if they or their department perform badly. 1

However, Ministers are members of the majority party in parliament – the other parties are rarely powerful enough to force a resignation. The decision is more generally taken by the prime minister and/or minister. 1

In practice the minister may not resign for a number of reasons:

The convention has no legal force. 1

Many Departments are very large and the minister cannot be reasonably expected to know exactly what is going on in each part. 1

It is not easy to define what is meant by a department or a minister “performing badly”. 1

The minister’s colleagues may want to demonstrate strength by closing ranks; on the other hand they may decide to find a scapegoat. 1

The existence of agencies which are independent of ministers may make it difficult to apportion blame. 1

(7)

(e) The appointment of special advisers, who ensure political objectives are achieved, has been argued to increase politicisation. 1½

Civil servants are increasingly required to defend political programmes to the media. 1½

It is claimed that some civil servants have been promoted and others blocked on political or ideological rather than professional grounds. The danger is that civil servants may be reluctant to give what they believe is sound advice if they believe this advice might put their career at risk. 1

It has been suggested that after years of Fianna Fáil-led government (eeg 1997-07), civil servants come to accept the government's view of things without question. 1

In conclusion, while there is some evidence of politicization of the civil service, much of the evidence has been circumstantial and inconclusive. Secrecy and confidentiality make it very hard to draw firm conclusions. 1

(6)

(50)

For all parts of Question 1, candidates can validly answer the questions and explain their understanding of issues in ways that vary from those shown in the marking scheme. Such alternative answers, where appropriate and well made, will be awarded credit.

Question 2

- (a) Social partnership is a form of corporate bargaining between interest groups in Ireland. Since 1987, the Irish government has engaged in social partnership agreements every three years, but signed a new 10-year agreement in 2006. The main partners involved in the process are employers, trade unions and farmers. More recently, the community and voluntary pillar has become involved with the process. The partners agree on such issues as pay rates, working hours, tax concessions, and measures to tackle social disadvantage, and many argue that it has been central to Ireland's recent economic success.

1 mark for each point well made up to a maximum of (5)

(b) Social Partnership and parliamentary government

As social partnership agreements have expanded in scope, and the number of non-elected actors widens, it has meant that more and more decisions are taken in the agreements, away from the national parliament.

Also, as the approval of neither House of Parliament is necessary for the agreements, it gives the government a particularly strong hand in negotiations.

However, it is argued that this does undermine the concept of parliamentary democracy as government acts to represent the tax-payer and that political demand can trump the social partnership agreements as necessary once there is sufficient public demand and support for this to happen.

2 marks for each point well made and an extra 1 mark for all three points up to a maximum of (7)

(c) Distinguishing between interest groups

There are many different types of interest group in Ireland. They may be:

Institutional ie formal organisations within a government structure;

Protective ie trade unions which exist formally to protect the material interest of their members;

Promotional ie existing to promote awareness of issues such as ecology.

An interest group may also be *geographic* and attempt to protect the interests of people living in a particular area.

Irish interest groups are also often distinguished between those that are *sectional* and those that are *cause-based*.

Sectional groups are concerned with broad issues and would include the Irish Farmers Association, Irish Medical Organisation and the Law Society of Ireland. Examples of *cause-based* groups would include Conradh na Gaeilge, Society for the Protection on the Unborn Child, Amnesty International, or the Society of St Vincent de Paul.

2 marks for each type of interest group identified up to a maximum of (8)

(20)

For all parts of Question 2, it is possible for candidates to validly answer the questions and explain their understanding of issues in ways that vary from those

shown in the marking scheme. Such alternative answers, where appropriate and well made, will be awarded credit.

Question 3

(a) European Commission

Similar to the Irish civil service.

Is an initiator of EU policy.

Develops ideas that transcend national interests (the conscience of the EU).

Has the task of implementing EU policy.

Members of the Commission are appointed by national governments, one from most countries but two from the larger ones.

½ mark for each point well made up to a maximum of 2

The Council of Ministers

The main decision making institution.

Each meeting focuses on a specific area of policy.

Ministers are supported by civil servants from both their own countries and the Commission.

Much of policy initiated by these civil servants is merely rubber stamped by the Council.

Presidency of the Council is held by each country in turn for a 6-month period.

½ mark for each point well made up to a maximum of 2

European Parliament

Powers limited, but greater than when elections first held to the Parliament in 1979.

Powers include:

Control over EU budget

Power to reject legislation

Right to reject accession of new states

Power in relations with non-EU states

Members elected by proportional representation

MPs grouped around a left-right spectrum.

½ mark for each point well made up to a maximum of 2

European Court of Justice

Aims to interpret EU treaties, enforce laws, review actions of other EU institutions, and act as a court of appeal.

EU law takes precedence over national laws.

½ mark for each point well made up to a maximum of 2

(8)

- (b)** In the EU, the only institution that is directly accountable to the electorate (through direct elections) is the European Parliament.

Although Parliament's powers are slowly increasing, it still has little control over other EU policy makers (the Commission) or decision makers (the Council).

The key decision making institution, the Council, suffers from a democratic deficit. Although it comprises elected ministers from member countries, such members are indirectly rather than directly elected to the Council.

The Council's voting system (unanimity, qualified majority and simple majority) means that the Council members from individual countries may often be unable to translate the interests of their home countries into EU decisions.

The important role of Commissioners can be thought of as a democratic deficit since the Commission is not answerable to the Parliament.

*Up to 1 mark for each point well made up to an overall of (4)
Candidates can validly answer this question and explain their understanding of issues in ways that vary from those shown in the marking scheme. Such alternative answers, where appropriate and well made, will attract credit.*

- (c)** The European Communities Act 1972 gave EU law general and binding authority in Ireland. EU law precludes the Irish parliament from legislating on matters within EU competence where the EU has formulated rules to "occupy the field"

Council decisions and EU Parliament decisions are binding, even if the Irish parliament disagrees

The European Court of Justice acts as a court of appeal and can overrule the Oireachtas.

If Ireland refuses to pass amending legislation where its law is inconsistent with that of the EU, then test cases show that the European Court of Justice may not be able to hold national law as being void.

Overall, EU membership has impaired Irish parliamentary sovereignty. The latter can only be restored by withdrawal from the EU which, in practice, is unlikely to happen.

*Up to 1 mark for each point well made up to an overall maximum of (3)
Candidates can validly answer this question and explain their understanding of issues in ways that vary from those shown in the marking scheme. Such alternative answers, where appropriate and well made, will attract credit.*

(15)

Question 4

(a) Variable Economic Growth

Countries ideally like to grow at a steady, controlled, sustainable pace. In practice, rates in most industrialized countries vary considerably and may include periods of recession (negative growth).

Unemployment

Governments aim to minimise unemployment rates. Individuals and the country as a whole benefit from low unemployment through output and consumer spending levels, and through lower official social security payments.

Inflation

The aim is for low inflation (but not deflation) which makes accurate economic forecasts easier and which underpins international competitiveness.

Balance of Payments

The aim is to balance the balance of payments on current account (ie recorded inflows and outflows of funds relating to Ireland's international transactions in physical goods, services and transfer payments).

Up to 1 ½ marks for each problem clearly described, up to an overall maximum of (6)

- (b)** Supply side policies focus on encouraging efficient and effective output. Supply-side incentives include reduced government regulation, reduced trade union power, lower social welfare payments, lower taxation and incentives to encourage investment. (2)
- (c)**
- (i)** Since the 1980s, the maintenance of low inflation has been a major economic policy objective in Ireland, as part of a wider array of supply-side policies. 1
 - (ii)** Government's give priority to keeping inflation low so as underpin economic stability generally and, more especially, to ensure that Irish companies can remain internationally competitive. 2
 - (iii)** The government seeks to influence inflation by reference to the EU growth and stability pact and its recommendations on inflation. ½

Ireland must adhere to the rates established by the European Bank. ½

If Ireland, does not adhere to these rates, the EU can impose significant penalties on Ireland until it achieves realignment with these rates. 1
 - (iv)** If companies are internationally competitive, then the three other traditional problems will be indirectly achieved. 1

Internationally competitive Irish companies should (other things remaining constant) result in higher Irish exports, lower imports, higher output, and lower unemployment. 1

If candidates identify the incorrect policy priority in c(i), but then give answers to c(ii), (iii) and (iv) that are consistent with their choice in c(i) then they should be given credit up to a maximum of 1 mark for each of c(ii), (iii) and (iv), up to an overall maximum of (7)

(15)

For all parts of Question 4, it is possible for candidates to validly answer the questions and explain their understanding of issues in ways that vary from those shown in the marking scheme. Such alternative answers, where appropriate and well made, will be awarded credit.

Question 5

(a) Regulation of private-sector bodies by state institutions

Examples include the Food Safety Authority of Ireland, the Competition Authority and the Irish Financial Services Regulatory Authority.

The aim is to protect the public interest but this can sometimes conflict with broad government policy to minimize the number and influence of regulatory bodies.

Regulation of recently privatized industries

The aim here is to create some semblance of “competitive conditions” for institutions that were formerly state monopolies.

Examples include Comreg and the Taxi Regulator that were created to control prices, monitor conditions and handle customer complaints in, respectively, the telecommunications and taxi industries.

Regulation of public sector

This has grown substantially and includes oversight bodies in central and local government.

In addition, the allocation of greater autonomy to local managers has been balanced by growth in the number of regulatory bodies that measure performance.

Up to 1 mark for each point well made, subject to a maximum of 2 marks per type of situation and an overall maximum of (4)

(b) The creation of a new form of public management, based on notions of privatization (and to a lesser extent marketisation) of public sector industries necessitated a new area of state regulation.

This was needed in order to prevent, for example, major state monopoly utility industries behaving like monopolies (and thus against the public interest) in the private sector.

Although attempts have been made to introduce competition in these markets (eg by breaking up the rail network into smaller companies), the monopoly situation remains problematic in many areas and true competition is an objective yet to be achieved. Indeed, the government's decision to cut the number of train operating franchises will reduce competition in that industry at regional level.

Nevertheless, the regulatory agencies (eeg Comreg, Commission for Energy Regulation) have played a key role in the pricing of services to customers, often through pricing formulae driven by the reported financial performance of privatized organisations.

The government has also attempted to impose regulation through self-regulation such as the Irish Accounting and Auditing Supervisory Authority. But a problem here has been that the success of this relies on the efficacy of the surveillance, audit and inspection regimes which may be less than perfect – in many cases, the failure of self regulation led to its replacement by imposed regulation.

Up to mark for each argument well made, subject to an overall maximum of (5)

(c) Arguments against regulation

Fears that the regulator will be “captured” by the regulated.

Regulators suffer from a democratic deficit – the relevant ministers appoint their staff and there is little openness about how they go about their work.

The idea of privatization was to remove organisations from the public sector and political influence, but the notion that regulatory bodies are apolitical is perhaps unrealistic.

Moral Hazard – this is the fear that regulation makes it more likely that industry participants will act immorally or that they may not take reasonable care. For example, if investors believe they are protected by regulation, they may not be very careful when selecting where to place their investment funds.

Compliance costs – the costs of complying with regulation and the costs of regulation itself inevitably raise the cost and price to consumers of the regulated activity.

Increased entry and exit costs – these may act to discourage the flow of providers into or out of the market, thus reducing competition.

Up to 1 mark for each argument clearly presented, up to an overall maximum of (6)

(15)