

This publication contains highlights of NESC's 2006 Strategy Report. The interested reader is invited to consult the full text.

(See back for details)

Contents

**Adapting Earlier Thinking
on Economic Development**

Page 1

**The Core Logic
of NESC's Analysis**

Page 4

**Enterprise, Innovation,
Wage Bargaining
and Training**

Page 5

Migration

Page 6

Participation and Fairness

Page 7

**Housing, Health
and Education**

Page 11

**The National Development
Plan, Regional and
Rural Development,
Agriculture and Food**

Page 13

**Policy Making,
Implementation and
Partnership**

Page 14



Challenges for Policy and Partnership

NESC Strategy 2006: People, Productivity and Purpose

Adapting Earlier Thinking on National Economic Development

For several decades, Irish policy makers and many economic and social actors shared a particular view of the economic challenge Ireland faced. They saw economic development as the key to national social and cultural development. The task of economic development was, in turn, cast as the task of achieving export-oriented businesses. The proximate goal that embodied this was employment. Anything that promoted employment—especially in the traded sector—was also likely to deliver business strength, and lead to domestic prosperity and wider social progress. The

goal of regional development, for example, could be met by allocating a proportion of new job creation to lagging regions.

Now, the goals of increasing exports, growing employment, attaining a higher economic growth rate and national social and cultural development do not coincide so neatly.

For example, the goal of national prosperity and well-being, based on a dynamic economy, is no longer neatly reflected in the proximate goal of employment creation, in and of itself. This has implications in a range of economic and social policy areas. It is far from clear that aiding all employment creation in private business—for example, through granting work permits to employers to employ migrants in low-skilled work in cost-based

*‘We need
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export industries—adds to national economic and social development. If employment creation, of itself, does not adequately reflect our ultimate goals, *participation* is probably valued more highly than before. The rationale for active policies to strengthen indigenous enterprise and attract inward investment is changing, as the focus switches from job creation and boosting recorded national exports to building and finding firms that enhance Ireland’s position and capabilities in key high-value sectors.

In short, we need to find a new, shared understanding of the Irish economy. This will include escaping from the idea, sometimes heard, that Irish prosperity is virtually all created in the exporting, mostly foreign-owned, enterprises, with the rest of economic activity merely a recycling of that value. It will encompass the increasing roles of internationally traded services *and* of domestically-sold services and domestic demand. At the same time, however, the new understanding must not involve slipping back towards the closed-economy view that competitiveness does not matter. It

must be informed by an appreciation of how in-migration, in all its forms—returning Irish, attraction of EU citizens and arrival of non-EEA nationals—influences economic welfare.

The Relation Between Ireland’s Economic, Social and Environmental Goals

Economic and Social

Good economic performance and improved social protection are not intrinsically opposed, but neither do they inevitably occur together. They can be made to support each other where there is sufficient shared understanding and commitment. This depends critically on recognizing that social policy is not simply an exercise in redistributing a surplus, there to be creamed off *after* successful economic performance. The composition and manner of social spending are as significant as its level.

Through much of the past decade and a half, there was a real sense that the economic reality set limits to the social possibilities. Now, the medium and long term strength of the economy seems to depend critically not only on increased investment in physical infrastructure and scientific research, but also on a deepening of capabilities, even greater participation, internal as well as external connectivity, more social mobility and successful handling of diversity, including immigration.

NESC is convinced that the development of a dynamic, knowledge-based economy has inherent social implications that can serve social justice and a more egalitarian society, but also that the development of Ireland’s welfare state is integral to sustaining the dynamism and flexibility of its economy. In a globalised world, the strength of Ireland’s economy and the attractiveness of its society will rest on the same foundation—the human qualities of those who participate in them.

A deeper account of Irish social policy is outlined in the NESC report *The Developmental Welfare State* (May, 2005). Its analysis shows that the radical development of services is the single most important route to improving social protection in Ireland over the coming

What are NESC Strategy Reports?

Every three years NESC provides an overview of the economy and society. This started with *A Strategy for Development 1986–1990*, which led to the 1987 ‘*Programme for National Recovery*’. Since then, the Strategy reports have been the main input to the negotiation of Ireland’s three-year partnership programmes. In these reports, NESC develops a shared understanding of Ireland’s situation and to identify strategic priorities.

A key theme has been the need for a consistent combination of macro-economic, distributional and supply-side policies. Through the 1990s, this approach was used to build Ireland’s economy and create employment.

NESC’S Seventh ‘Strategy’ Report
NESC Strategy 2006: People, Productivity and Purpose highlights the close links between the economy and society and identifies policies to maintain a strong economy and build an attractive society.

must build on our current understanding of the critical role of the export base in a regional economy, but develop a sophisticated view of the sources and dynamics of regional competitive advantage. It must incorporate a clear view of the role of knowledge and skills in sustaining economic prosperity in a world with new global competitors, and appreciate the role of public policy in strengthening innovation. Finally, the new understanding



‘Good economic performance and improved social protection can be made to support each other.’

years. There is a triple logic to doing so: supporting people in employment, redressing the marginal position of socially disadvantaged groups and according autonomy and respect to people with disabilities and in institutional care. Movement towards a Developmental Welfare State poses very significant governance challenges. For example, Ireland should move, where possible, from targeted programmes to what NESC calls ‘tailored universalism’—responsive publicly-subsidised and/or publicly-provided services.

While significant learning from other European countries is possible, the hybrid character of the Irish system is now a potential strength. A most important and troubling fact is the continuing high level of benefit dependency among working-age adults and the long duration for which many remain on social welfare. For example, the numbers in receipt of the One-Parent Family Payment and Disability and Illness Payments increased during the 1990s by more than the fall in the numbers in receipt of Unemployment Benefit and Assistance. There is also a risk of deepening dualism in Ireland’s welfare state, which should be avoided.

Environment

NESC’s latest Strategy report seeks to factor the environment more fully into our understanding of Ireland’s experience and challenges. Two of the core ways in which Ireland now earns its living—advanced manufacturing and services—are not areas of poor environmental governance and need not be environmentally damaging. Many of the areas in which Irish environmental policy is less effective are ‘upstream’ or ‘downstream’ from these core business activities: energy generation, food production, transport, municipal services, settlement and urban development.

In some of these areas, the methods or goals of environmental policy are highly contested. Unresolved conflicts make themselves felt in national strategies that describe problems well but do not mobilize actors, in delayed decisions, protracted adversarial disputes and in some instances, in non-compliance with rules and regimes that have been put in place.

NESC believes that it is critical that we achieve more effective conflict resolution and decision making in a number of areas of environmental policy and proposes to address this in its future work.

KEY OBSERVATIONS

NEW UNDERSTANDING IMPLIES MODIFIED GOALS

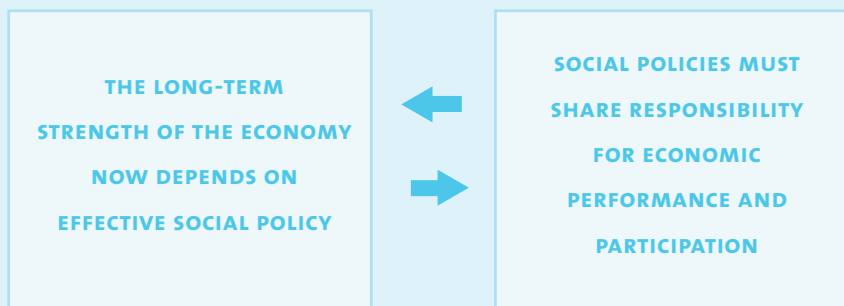
A modified picture of Ireland’s situation demands that we state our goals in new ways. It suggests that our goals should be modified:

- ▶ To focus more on *GNP per head* than the growth of *total GNP*;
- ▶ To focus more on the overall *employment rate* and the *employability* of individuals than the absolute level of job creation;
- ▶ To encompass not only export growth but also *competitive advantage in a networked world economy*;
- ▶ To build on successful *adoption and operation* of advanced technologies to achieve much wider innovation in products, processes and organisation;
- ▶ To aim less for *targeted* programmes for disadvantaged groups and more for the *responsiveness and flexibility* of publicly-funded services, securing adequate income and improving participation;
- ▶ To build on successful control of *a small number of large scale polluters* and an improving waste management infrastructure, to achieve *widespread adoption of environmental quality* through more effective conflict resolution and governance.

NESC Strategy 2006: People, Productivity and Purpose identifies strategies to achieve these goals in a range of policy areas.

The core logic of the NESc analysis is presented graphically below.

The Core Logic of NESc's Analysis



CONSEQUENTLY

Ireland must succeed in 3 over-arching policy areas

- ◆ ENTERPRISE, INNOVATION, TRAINING AND WAGE BARGAINING
- ◆ MIGRATION
- ◆ PARTICIPATION AND FAIRNESS

AND

be effective in a range of policies

- ◆ HOUSING, HEALTH AND EDUCATION
- ◆ INFRASTRUCTURE, REGIONAL AND RURAL DEVELOPMENT
- ◆ ENVIRONMENT AND REGULATION

all of which poses major challenges to

POLICY MAKING, IMPLEMENTATION AND PARTNERSHIP

'In a globalised world, the strength of Ireland's economy and the attractiveness of its society will rest on the same foundation—the human qualities of those who participate in them'

‘In a modern public service, ongoing change must be the default position.’

Enterprise, Innovation, Wage Bargaining and Training

Deepen and Widen Ireland’s Approach to Innovation

A most important development of the past decade was the increased investment in basic research. Further complementary developments are now needed in order to deepen and widen Ireland’s approach to innovation. Policy on research and innovation needs an enhanced strategic direction. This would be facilitated by the establishment of a National Council for Tertiary Education and Innovation, along the lines recommended by the OECD. Linkages between the research institutions and enterprises should be significantly strengthened to increase the impact of basic research on the Irish economy. Investment in basic research should be accompanied by increased investment in applied research.

The wider education system must be resourced so that it can continue making a major contribution to Ireland’s economic success. An inclusive knowledge-society or learning-society ‘foresight’ exercise needs to be undertaken to create a wider buy-in to the learning-society project and to explore the social and institutional implications of a learning society. Institutional arrangements for undertaking ‘fourth-level’ (i.e., advanced post-graduate) education need to be put in place, though it is important that such expansion does not compromise the high quality of Ireland’s undergraduate education. Finally, a critical aspect of deepening the approach to innovation is an increased emphasis on workplace innovation.

Wage Bargaining

Over the past decade, NESC has analysed Ireland’s partnership approach to wage bargaining and considered the alternatives available. It concludes that Ireland can continue to benefit from co-ordinated wage bargaining, in which there is an element of co-operation and a focus on long-term interests.

NESC has long been critical of the traditional system of pay determination in the Irish public service, particularly the combination of special claims and relativities. The new approach

initiated under *Sustaining Progress* is an improvement. It has created a set of conditions in which wider issues of service quality and continuous improvement can, potentially, be addressed. It is now necessary to build public confidence in the new system by demonstrating that it provides a robust means to enhance productivity and the quality of services to customers/citizens.

NESC outlines four guiding principles for setting public service pay.

1. The competitive sector of the economy should lead, and public service pay should follow.
2. In a modern public service, ongoing change must be the default position.
3. The normal rate of pay advance in the public service should be the general round pay increases negotiated at national level—and these should be conditional on verifiable standards of performance (as is the case under *Sustaining Progress*).
4. It is appropriate that there are periodic reviews of pay developments in the public and private sectors, which can be achieved through a benchmarking process.

Training

An effective national training system is now an urgent economic and social requirement. This would be one which (a) supports the upgrading of skills needed by the private, public and voluntary sectors; (b) enhances the employability of individuals; and (c) contains a significant degree of external benchmarking to ensure that it meets the highest standards and is forward looking. There should be a particular focus on those with low levels of qualifications and those most at risk of redundancy. For the wider population, long-term funding instruments need to be settled promptly and an integrated guidance service put in place, based on existing providers. The Government should produce a statement on the overall strategy for the Irish training system.

‘Ireland must now identify its long-term approach to migration and define a comprehensive policy approach.’

Regulation for Competitive Advantage, Competition and Other Policy Goals

Progress has been made on reform of regulation following the White Paper, *Regulating Better*, but much remains to be done. Stronger competition is possible in several areas of the Irish economy and could reduce prices. But regulation and competition policy should be undertaken with reference to the overall goals of national economic and social policy, including social cohesion, sustainable urban development and environmental quality.

Investment in Public Enterprise

Investment in the commercial state companies will be necessary in the years ahead and NESC clarifies some issues concerning it. While EU rules prohibit state aid, they do not preclude investment in a profitable public enterprise, comparable to an investment made by a private investor. The EU’s Stability and Growth Pact (SGP) limits member states’ public finance deficits. But equity investment in commercial state companies is not counted in calculating the deficit, since it does not change the net assets and liabilities. Hence the SGP does not pose a constraint on investment in commercial state enterprises. Decisions on investment in public enterprises should be based on whether they would provide a commercial return to the state and what is the best ownership structure for the development of the enterprise.

Migration

While NESC is undertaking a major study of migration policy, its 2006 Strategy report contains an initial analysis of this critical issue.

To date, Ireland’s economy and society have been significant beneficiaries of in-migration. In-migration has raised the economic growth rate, contained cost pressures, lowered the old age dependency rate, fuelled population growth, increased the size of the domestic market and added to the diversity and pluralism of Irish society.

KEY OBSERVATIONS

International experience suggests that the maintenance and enhancement of standards within the economy and society is a more effective way of preventing a negative dynamic than seeking to prevent the arrival of migrants themselves.

But Ireland must now identify its long-term approach to migration and define a comprehensive policy approach.

In clarifying goals and a long-term migration policy, it is necessary to take account of the sheer scale of what has occurred in the recent past. After EU enlargement in mid-2004, there was a 4 per cent increase in the size of Ireland’s labour force. CSO population projections suggest that the population could reach 5 million in 2030, and that foreign-born persons could comprise about 18 per cent of the Irish population, higher than the present rate in many high-immigration countries.

Analysis of other countries suggests that immigration has a positive effect on overall economic output (GNP), but an ambiguous one on GNP per head. International experience is revealing in several other respects too. It reveals a complex relationship between the

‘The integration of migrants into the host society is a key determinant of whether immigration will be a success or failure.’

level and composition of immigration to a country and the degree of inequality. It shows that the distinction between temporary and long-term migration is hard to maintain and that family reunification often becomes the largest component of new inflows. It reveals that the integration of migrants into the host society is a key determinant of whether immigration will be a success or a failure. Host society attitudes towards non-nationals of different ethnic and cultural backgrounds can change under the influence of economic recession or events that create new feelings of vulnerability. It suggests that civil society and civil society organisations play a key role in ensuring successful integration.

International experience also shows that it is critical to avoid a situation in which strong migration at the lower end of the labour market pushes the market wage below the reservation wage of lower-skilled indigenous workers. It is important to distinguish between the risk that *individual* migrants will be treated in a way that violates existing standards, and the possibility of a dynamic *process* that undermines standards across the Irish economy and society. The risk of violations is very real. If it became widespread and persistent, it would create a dynamic process that undermines standards generally. International experience suggests that the maintenance and enhancement of standards within the economy and society is a more effective way of preventing such a negative dynamic than seeking to prevent the arrival of migrants themselves. It does this, in part, by reducing the *demand* for labour at unacceptably low levels of wages and conditions; and reduced demand will tend to reduce supply.

In reaching a shared understanding on migration, a key issue will be the likely role of high or low migration in shaping the long-term development of Ireland, as measured by a balanced scorecard, encompassing GNP per head, employment rates, the vitality of enterprise, the quality of infrastructure and the quality of life.

Participation and Fairness

Greater progress in reducing poverty, promoting equality and ensuring a decent standard of living for every member of Irish society is integral both to making Irish society more attractive and to supporting Ireland’s economic development model. In its earlier report, *The Developmental Welfare State*, NESC outlined three overarching objectives for social policy and Ireland’s welfare state:

1. to revise systems that reflect low expectations and achieve low outcomes for a minority;
2. to support the employed population more adequately in changed times; and
3. to institutionalise wholly new standards of participation and care for society’s most dependent and vulnerable members.

Progress in attaining each of these objectives requires the following policy developments.

KEY OBSERVATIONS

THE LIFE-CYCLE APPROACH

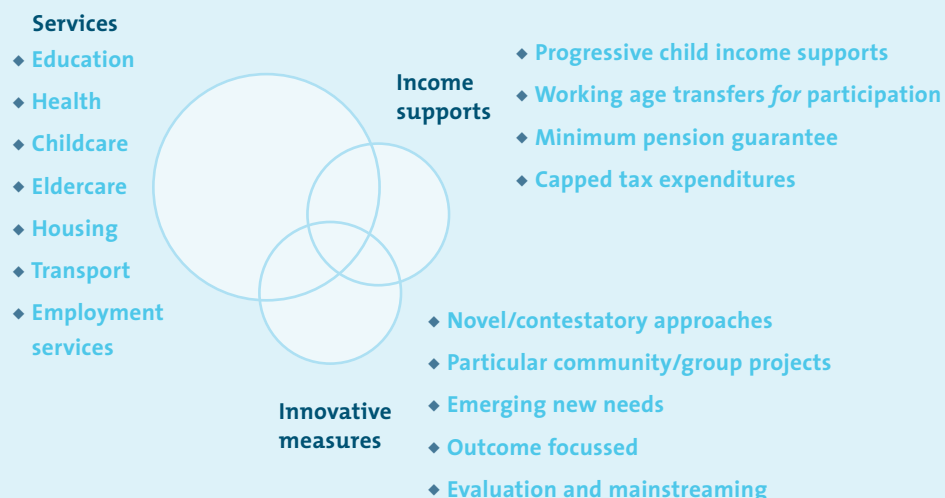
NESC argues that it is now necessary to take a life-cycle approach in building the Developmental Welfare State—identifying the needs of children, young adults, people of working age, pensioners and people reliant on care.

For each group, we need to ensure an effective combination of income supports, services and social innovations.

(See figure on page 12)

‘Increased rates of payment alone are unable to empower recipients to surmount the real obstacles that prevent them from becoming more self-reliant.’

The Developmental Welfare State



Modernising Payment of Social Welfare

NESC emphasises that the existing commitments to increase social welfare rates should continue to be policy. Thereafter, the lowest social welfare payments should be maintained as a proportion of Gross Average Industrial Earnings. But, in addition, major reform of income supports is necessary to achieve a Developmental Welfare State.

People of Working Age

There are significant weaknesses in the income supports provided to people of working age. High benefit withdrawal rates create significant disincentive effects in certain instances. The value of earnings disregards and income eligibility thresholds have been eroded, allowing the emergence of new benefit traps. The contingency basis of payments can encourage a person to cling to the status that guarantees a secure income (e.g., being a lone parent, having a disability). The low level of the payments leaves many recipients vulnerable to debt and low self-esteem.

There are, effectively, no expectations of, or aspirations for, recipients of social assistance, other than that they continue to meet the qualifying conditions. Increased rates of payment alone are unable to empower recipients to surmount the real obstacles that prevent them from becoming more self-reliant—such

as inability to find or afford childcare, poor skills, functional illiteracy or work places that are not wheel-chair friendly.

NESC proposes, as a long-term goal, that the current contingency-based social assistance payments to people of working age should be merged into a ‘participation income’. At present, people on the Live Register receive systematic attention from service providers. Over the coming years, persons with disabilities, lone parents, people in receipt of invalidity and sickness benefits, on Farm Assist and in early retirement should also be offered opportunities to reassess their options and access services from which they could benefit. In particular, lone parents should experience progressively stronger encouragement and be offered more intensive services and supports to enable more labour market participation as their children get older. Policy should aim to reduce the average duration of receipt of the one parent family payment and of disability payment.

Child Income Support

A large proportion of Ireland’s children are being reared in households with very low incomes, despite very big increases in Child Benefit (CB). This has troubled successive governments and the social partners, and prompted on-going search for policy measures that might address the issue.

‘The challenge of transforming Ireland’s welfare state is now as important as the transformation of its economy.’

At the request of government and the social partners, NESC has explored alternative ways of tackling child poverty. Its analysis shows that the current instruments—Child Dependent Allowances (CDAs), Child Benefit, and Family Income Supplement (FIS)—have major drawbacks as anti-poverty measures. Consequently, the NESC is agreed that the continuation of existing policies is not desirable in the medium term.

The NESC analysis explores the idea of merging CDAs and FIS into a new payment to low income families raising children (distinct from Child Benefit which would not be affected). Such an instrument would reflect a new approach to targeting and raises significant technical and policy challenges in the Irish context, and would take time to develop. The objectives, however, are clear: (i) to give priority in allocating additional resources for child income support to children in low-income households, and (ii) to treat such families equitably (whether their parents are in work or on social welfare, in self-employment or employees).

Pensioners

NESC believes that there is a compelling case for increasing the relative incomes of Ireland’s pensioners and strongly endorses making further progress towards a pension rate of 34 per cent of GAIE in the medium term. In determining the long-term shape of Ireland’s overall pension system, a key question is whether to continue with the voluntary, but tax-supported, approach to earnings replacement or to adopt an alternative approach, such as a state earnings-related pension or the adoption of a mandatory savings approach.

The Challenge to Government and Governance

Building a Developmental Welfare State poses some urgent institutional challenges. Effective social policy depends on complementary action by a wide range of interdependent bodies (government departments, statutory agencies, voluntary bodies, private providers and socially disadvantaged groups themselves). While the challenge of transforming Ireland’s welfare state is now as important as the transformation of its economy, the network of

actors in the social sphere have not received anything like the same attention or sophisticated development as have the network of public entities and private actors that conduct the analysis and execution of Ireland’s economic development strategy. For example, there is no body tracking the personnel requirements of Ireland’s welfare state in the medium term, corresponding to the Expert Group on Future Skill Needs for the economy. NESC believes that the institutional arrangements for setting and implementing social policy now require development, in order to build truly effective networks.

KEY OBSERVATIONS

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Infrastructures of Care

Deep structural changes are reducing the viability of Ireland’s traditional caring arrangements. Consequently, the development of more formal care and of supports for informal caring must be accelerated. The traditional reliance on informal caring was never as low-cost as it appeared; women paid a particularly high price. Both society and the economy have changed, removing the option of relying on informal care as in the past.

Persons with Disabilities

All relevant actors should cooperate in fully implementing the National Disability Strategy and ensuring its success. Institutional arrangements to deliver the strategy are not fully established. It is necessary to clarify the division of labour for setting and monitoring standards and coordinating the network of organisations that must deliver the Disability Strategy.

‘A stronger champion is needed in the public system for driving the development of childcare.’

Eldercare

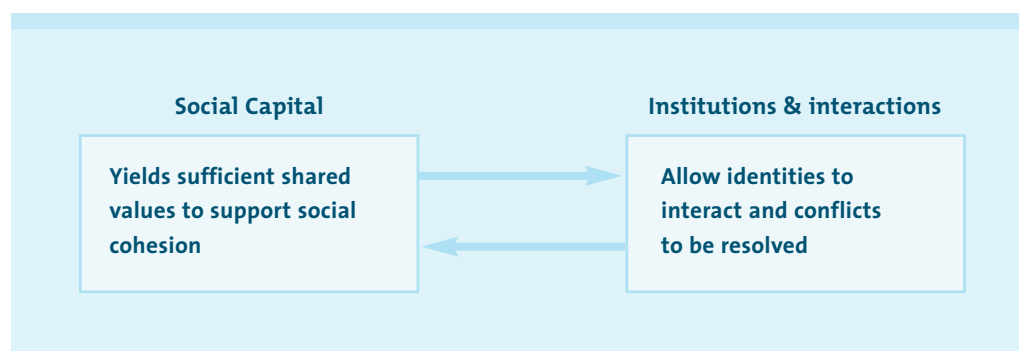
There should be wide participation in developing a new strategy for older people and a coherent framework for implementing it. Clearer leadership in this area would make it easier for the many NGOs representing older people to contribute to policy formation and implementation, for authoritative audits of resource allocation, service provision, service standards and outcomes affecting older people to be carried out. It should be made clear what level of public support people can rely on in their old age.

Early Childhood Education and Care

Ireland is attempting in less than a decade to create an infrastructure for early childhood education and care that took several decades in other countries. An extreme dispersal of resources should be avoided and the attainment of clear landmarks should be set over the coming years. Major new steps should be framed as instalments in a phased, though revisable, strategy for ensuring the infrastructure that Ireland needs in this area. A stronger champion is needed in the public system for driving the development of childcare, and further institutional innovation could play an important role in achieving greater interdepartmental and interagency working on behalf of children.

Enabling Voluntary and Community Activity

Healthy community and voluntary organisations are important for overall economic and social development. The variety of voluntary and community organizations suggests that there can be no single template for relationships with government and statutory agencies. In the case of voluntary and community organisations involved in welfare, in the widest sense, the relationships are unclear and unsatisfactory, with little structured engagement on funding decisions and limited procedures and standards of accountability. The Council believes that it is now necessary to move towards a more formal definition of the relationships. It seems necessary that some attention is given to foundations, processes and outcomes. In doing this, there is a need for a three-way process between agency-level, sectoral-level and national-level arrangements. The forthcoming Task Force on Active Citizenship might sponsor the work necessary to support this learning.



The Council believes that social capital depends on the density and quality of interactions between social groups and the institutions (both formal and informal) that assist people to resolve conflicts of interest. It is in these interactions and institutional arrangements that people develop the skills and capabilities that are an element of social capital.

Housing, Health and Education

Housing

In *Housing in Ireland: Performance and Policy* (2004), NESC identified three substantive policy challenges:

1. the achievement of high-quality, sustainable, development in both urban and rural areas;
2. the provision of an effective range of supports to households that fall below the affordability threshold; and
3. assistance to the market in continuing to provide a high level of supply.

That study challenged the view that there is an inherent conflict between the quantity and quality of housing. Quantity and quality can both be achieved if we construct higher density neighbourhoods that are ‘centred, diverse and walkable’, with sufficient population to support social and commercial services. While recognising the policy commitment to sustainable settlement, there remains a fear that the new principles—sustainable urban densities, consolidated urban areas, compact urban satellites and rapid communications—may not be adequately reflected in actual developments.

NESC believes a high level of ambition is now appropriate in the provision of social housing. It has recommended bringing the total stock of local authority, voluntary and co-operative housing to approximately 200,000 units by 2012. Supports for ‘intermediate households’ should continue and consideration be given to policy instruments that could support affordable rental accommodation.

The NESC analysis emphasises the variability and uncertainty of land supply, and the major implications of that for the housing market, the house building industry and public policy. Consequently, Ireland requires a long-term land use strategy for the zoning and servicing of land, sufficient active land management to ensure delivery of housing, with a particular focus on land for social and affordable housing, and betterment-sharing measures designed in

a way which does not damage supply. To this end, local authorities should be encouraged to purchase land in advance of zoning.

Health

Despite improvements in life expectancy and major increases in expenditure, the health status of the Irish population falls below that of other advanced countries and there are numerous ways in which our policies and services need to be improved. The creation of the Health Services Executive (HSE) is the largest single reform of public services yet undertaken in this country. It is vital that HSE has enough autonomy from sectional lobbying to implement long-term strategies to deliver the improvements in services that, ultimately, are the only adequate response to regional, sectional and other concerns.

The Council strongly endorses the view that primary, community and continuing care services at the local level are the most appropriate setting for delivering 90–95 per cent of all health and personal social services needs. This requires an increase in the number of general practitioners, improved access to diagnostic facilities and the services of paramedical staff. The affordability of primary care services also needs to be addressed. Given the internationally observed trend in medical costs and the underlying distribution of income, NESC believes that policy should aim, in the medium term, to ensure that medical cards cover an appropriate proportion of the population.

The shortages of doctors and consultants are symptomatic of wider weaknesses in manpower planning. The increased emphasis on primary care, the objective of enabling more older people and persons with disabilities to remain at home, the implementation of the National Disability Strategy and other developments, are increasing the demand for a wide range of paramedical, social care and administrative skills. Consequently, there is an overwhelming case for developing and implementing a comprehensive workforce policy for the health services.

Equity must be a central focus of health service reforms. There are unacceptable inequities in the treatment available to public and private patients and to residents in different loca-

‘There are unacceptable inequities in the treatment available to public and private patients and to residents in different locations.’

‘Too little progress is being made in addressing the needs of infants in the pre-primary school years and of young people from largely working class backgrounds who do not complete secondary school.’

tions. Ireland should avoid a scenario in which publicly-subsidised private providers deliver high quality services exclusive to the better-off in society, while wholly funded public providers deliver lower quality services used only by the least well-off. This requires fundamental reform of medical contracts and hospital budgeting in order to create incentives for public funds to follow patients more closely and for services to respond to need, regardless of the patient’s income.

KEY OBSERVATIONS

Ireland should avoid a scenario in which publicly-subsidised private providers deliver high quality services exclusive to the better-off in society, while wholly funded public providers deliver lower quality services used only by the least well-off.

Education

Ireland’s commitment to public education has been a critical factor in both economic and social progress. Yet, significant problems remain. Too little progress is being made in addressing the needs of infants in the pre-primary school years, of young people from largely working class backgrounds who do not

complete secondary school, and of adults whose schooling ended around the age of 14 and have not returned to education since.

To address problems of educational disadvantage, it is necessary to set standards for pupils to reach, monitor their performance, evaluate their achievements against appropriate benchmarks, assist schools in setting plans for continuous improvement, reward high-performing schools, help under-performing schools to improve and, where necessary, support parents in fostering the cognitive capacities of their children. The provision of ‘second-chance education’ to adults whose formal education did not extend beyond primary school is also a major challenge to Ireland’s education system.

Higher educational institutions continue to have a core role in Ireland’s development. While supporting the strong increase in public spending on research in biotechnology, IT and related areas, NESC draws attention to the wider contribution which higher education makes to economic, social and cultural development. It is important that the overall higher education system is resourced to continue making this contribution. This includes other fields of scientific inquiry, the social sciences, management and business studies and the humanities. Quality teaching and quality research are mutually supportive. Consequently, it is vital that the enhancement of postgraduate education does not imply a reduction in the quality of Ireland’s degree programmes.

The Developmental Welfare State: The Life Cycle Approach

Who?	What?	How?	
	Integration of services, income support and activist measures	Governance and leadership	Standards and rights
0-17			
18-29			
30-64			
65+			
People challenged in their personal autonomy			

The National Development Plan, Regional and Rural Development, Agriculture and Food

NESC sees two over-arching challenges in these areas in the decade ahead. The first is to ensure that the National Spatial Strategy (NSS) is reflected in public investment decisions and policy, including in a new National Development Plan (NDP). The second is to strengthen commitment to the NSS by deepening understanding of the economic potential of the 'gateways' and their hinterlands.

The National Development Plan

Consequently, the new NDP must identify and fund key investment that will support the gateways to become engines of economic and social development. New institutional structures may be necessary to ensure that integrated plans for each gateway can be made and implemented. These approaches require specification of meaningful regional indicators and targets that can be achieved within agreed time frames.

NESC also makes a number of procedural recommendations.

1. Project management needs to be enhanced.
2. The planning process needs to be more supportive of national development priorities. NESC supports the Government's proposal to establish a Strategic Infrastructure Division within Bord Pleanála.
3. The system of land acquisition needs to be reformed to reduce delays arising from the cumbersome system of compulsory purchase.
4. Sufficient management and professional resources should be allocated to the NDP.

Regional and Rural Development, Agriculture and Food

There are very significant pressures on rural areas, including declining agricultural employment and a restructuring of manufacturing. In the context of renewed consideration of regional issues, there is a need for an in-depth, realistic yet imaginative, discussion of the possible future role of agriculture and other land uses, industry, tourism and other services in sustaining economic prosperity, social cohesion and quality of life in rural areas.

The agricultural and food sector is facing very considerable adjustment pressures, arising from the changes in the EU support system and a new round World Trade Organisation (WTO) negotiations. From an Irish and indeed a European perspective, it is important that the 'European Model of Agriculture' is not undermined in the WTO negotiations. The European Union has a key role in ensuring that the process of globalisation is accompanied by sufficient international governance to ensure stability and respect for social and environmental goals. In this context, the Irish agricultural and food industries need a renewed focus on competitiveness and responsiveness to consumer demand.

KEY OBSERVATIONS

The EU has a key role in ensuring that globalisation is accompanied by sufficient international governance to ensure stability and respect for social and environmental goals.

'The new NDP must identify and fund key investment that will support the gateways to become engines of economic and social development.'

‘The chance of effective outcomes to negotiation can be greatly enhanced when negotiations take place in the “shadow of hierarchy”.’

Policy Making, Implementation and Partnership

There is a perception that Irish public governance confronts a problem of action or ‘implementation’. Consequently the NESC report contains an analysis of the challenges confronting policy making, implementation and partnership.

It suggests that the problem of ‘implementation’ reflects four somewhat distinct issues: lack of *decision*, weak *execution* by departments and agencies, lack of *knowledge* about how policy is impacting, and *resistance or unresolved conflict* which can paralyse implementation.

These problems are reflected in the experiences of citizens, the social partners and government. For example:

- ◆ over-arching national strategies have not mobilised actors;
- ◆ the balance between legislation and agreed national strategies has not been right;
- ◆ joined-up government has been achieved in some areas, but only with a huge one-off effort;
- ◆ experimental initiatives have faltered for lack of policy adaptation;
- ◆ there is a cycle of consultation with stakeholders, followed by re-assertion of central authority;
- ◆ partnership has sometimes been invoked as a veto on change;
- ◆ information is insufficient to allow policy move from general prescriptions to nuanced implementation.

NESC argues that in thinking about how these problems can be understood and solved, it is important to assess the relative strengths and weaknesses of negotiated approaches, such as partnership, and more hierarchical government policy making and implementation.

The effectiveness of negotiated agreements, such as social partnership, depends on whether negotiation is dominated by distributive

bargaining, problem-solving, or a positive combination of both. The chance of effective outcomes to negotiation can be greatly enhanced when negotiations take place in the ‘shadow of hierarchy’, that is, the shadow of well-directed government authority.

While hierarchical government coordination of policy can, in principle, work well, government faces severe information problems that prevent this in many instances. Hence policy making tends to revert to unilateral action by different departments or some form of negotiation.

Since negotiated policy is likely to continue in many spheres, the quality of policy depends critically on the nature and outcomes of various negotiations. Will they produce deadlock? Will the outcome be the lowest common denominator agreeable to insiders, with limited care for the public good? Or will negotiation involve an open-minded search for better solutions with a sharing of gains and costs? The answer depends, to a very large degree, on government’s use of its legitimate authority to shape the engagement of interest groups in ways that support problem-solving negotiation and agreement on policy solutions that serve the public good.

KEY OBSERVATIONS

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‘Partnership is only worthwhile and legitimate if it helps in the solution of economic and social problems.’

This clarification of the conditions that support effective problem-solving explains many of the problems and experiences listed above and points to solutions. Effective negotiated agreements require that government use its authority to structure engagement and confront stakeholders with the need to go beyond partial and adversarial approaches and to take responsibility for jointly identifying and implementing agreed policy initiatives.

Considerable progress towards joined-up government has been achieved in aspects of the NDP, the conduct of social partnership, the formulation of the National Disability Strategy and a number of other areas. It may be a good time to reflect on this progress in order to clarify the role of the centre and, if necessary, enhance its capacity to undertake the demanding task of coordination.

The core challenge to public sector providers is to replace a vicious circle—characterized by slow change, unsatisfactory service standards, declining public support and inadequate new investment—with a virtuous circle, in which high standards, continuous improvement, and openness to scrutiny underpin strong public support and high investment.

The challenge for social partnership—indeed, its duty—is to be truly supportive of the achievement of such a system. Partnership is only worthwhile and legitimate if it helps in the solution of economic and social problems. Indeed, if partnership is not part of the solution, it will very quickly become part the problem.

KEY OBSERVATIONS

The challenge to public sector providers is to replace a vicious circle—characterized by slow change, unsatisfactory service standards, declining public support and inadequate new investment—with a virtuous circle, in which high standards, continuous improvement, and openness to scrutiny underpin strong public support and high investment.

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