M.Sc. in Economic Policy Studies
with Streams in Policy Analysis & Evaluation and Competition & Regulation
offered by
University of Dublin (Trinity College Dublin)
"Facing the challenges of economic policy-making"

DISSERTATION ABSTRACTS
2001 - 2003
Abstract

Brian Timothy Carroll

Workplace Partnership in the Department of Finance: A Case Study

M.Sc. in Economic Policy Studies
2003

This dissertation examines the operation of workplace partnership in the Department of Finance. A case study approach was taken, using interviews and existing internal documents.

An overview is presented of the literature on high performance work organisations, related human resource practices, EU employment policy, new public management, the emergence of civil service reform in Ireland, and the economic context which led to the development of macro-level Irish social partnership agreements. The origins of workplace partnership are traced to the interaction of these diverse sources and currents of change.

The case study reveals that while the workplace partnership arrangement is generally viewed as worthwhile, it has a number of shortcomings, including too much managerial control over agenda-setting, it being too formal and also too disconnected from the wider staff. In particular, it is argued that workplace partnership inevitably, and self-defeatingly, becomes linked to pay.
Abstract

Pat Coman

An Analysis of the Policy of Encouraging Early Retirement from Farming in Ireland
(with particular reference to the Early Retirement (ERS2) 2000)

M.Sc. in Economic Policy Studies
2003

A dissertation submitted in fulfilment of the Masters Degree in Economic Policy Studies. This analysis examines the trends in agricultural structures in Ireland and the European Union. It reports on policy measures that are used to encourage improvement in farmer age structure and stimulate enlargement of farm holdings thereby improve viability. Analysis of responses elicited through a stratified random sample survey is coupled with analysis of national statistics and previous research, and results in a greater understanding of the influences on the policy maker and produces recommendations for future policy.

The ERS2 meets its objectives especially in relation to the transferor’s income and their replacement by qualifying farmers. The scheme does default through its uneven geographical take up, it has proved a symbiotic ally of land leasing and is more prevalent in Counties where there is a competitive land lease market in operation.

The application process and the payment levels of the scheme require review, with a reduction in the scheme complexity, more use of available databases especially Land Registry, and an increase in the rates of payment to compensate for the significantly reduced real value of the scheme payments.
Abstract

An Analysis of Competition in The Irish Newspaper Market

Ian Devlin

M.Sc. in Economic Policy Studies
2003

The thesis examines competition in the Irish newspaper market on both the content and audience sides of the market. It excludes an examination of the effect on the newspaper market of trends in advertising generally on the basis that such trends do not have a significant impact on the performance of the market due to the limited degree of substitutability between newspaper audiences and other audiences.

The theoretical literature is drawn on to define the relevant markets and analyse barriers to entry and competitive effects in the market. The thesis draws on theoretical literature on the two-sided effects in newspaper and magazine markets to discursively analyse these effects in the Irish market. Performance in the market is assessed on the basis of comparisons with price, quantity and cost data for the UK newspaper market.

The institutional literature is reviewed to provide a context for the thesis and an overview of the market. The theoretical literature is reviewed to provide a basis for the adopted methodology. The availability, sourcing and manipulation of the data are described before the relevant markets are defined according to the social class of readers and the editorial origin of content on the content side of the market and by the audience reach and social class of readers on the audience side of the market. Barriers to entry are analysed on both sides of the market, including the analysis of predatory pricing as exclusionary behaviour. Recent international developments in the marketing of newspapers are also examined in the context of barriers to entry. Countervailing buyer power and the possibility of price coordination are also assessed. The performance of the market is then analysed.

The assembled price and circulation data set is more complete than any previously provided. An innovative market definition is provided for the Irish market. The more rigorous analysis of the two-sided nature of the market than has been provided heretofore allows for a better understanding of competitive effects in the markets. An estimate of the cost to consumers of the lack of competition in parts of the market is provided.

The Irish consumer is generally well provided for by the Irish newspaper market. While the performance of the market is difficult to assess, inefficiencies appear to be confined to the products offered by the Irish Independent and Sunday Independent on the content side of the market.
Abstract

Derek Anthony Dignam

The Oireachtas committee system: a framework for evaluation

M.Sc. in Economic Policy Studies
2003

The purpose of this research has been to examine the operation of the committee system in the Oireachtas with a view to establishing a framework for the evaluation of the effectiveness of that system. Performance assessment of committees in legislature, various evaluation frameworks, agency theory and report effectiveness are issues that have been addressed in the research. A survey of a sample of Members of the Oireachtas was undertaken to establish their views on the current system and on possible future developments and innovations and the results have been presented. A framework based largely on the logical framework approach has been proposed as an appropriate framework for evaluating the effectiveness of the Oireachtas committee system. Some of the implications for stakeholders of the proposed framework have been addressed.
Abstract

Thomas J Fleming

Improving Public Expenditure Planning: the future for National Development Plans

M.Sc. in Economic Policy Studies 2003

Ireland has enjoyed unprecedented levels of economic growth and development since the introduction of EU supported National Development Plans in 1989. To date three plans have been implemented covering the periods 1989 –1993; 1994 – 1999, and the latest covering 2000 – 2006. All measures under the first two plans were funded in part from EU sources. Significantly, under the present plan, Structural Funds account for something of the order of 7% of the resources necessary to implement it while Exchequer funding accounts for some three-quarters of the indicative expenditure envisage over the planning period. Over the same period considerable changes have taken place in the operation of the public sector under the Government’s Strategic Management Initiative. Many of these reforms mirror the planning and implementation concepts at the core of the processes used for the administration of European Structural Funds. Because Ireland’s share of Structural Funds after 2006 will be greatly diminished as a result of the increase in the State’s wealth relative to the Community options other than preparing another National Development Plan will be considered for the drawdown of any Structural Funds entitlements.

The dissertation looks at the experience gained from the NDP/CSF process in influencing the reform of public administration and in particular public expenditure management. The experience gained provides a rationale for greater use of multi-annual public expenditure planning post 2006. Traditional public expenditure management is undergoing reform with a move to multi-annual planning frameworks and a shift in focus from input measurement to output and impact and performance measurement. The processes in developing, implementing and evaluating the three National Development Plans has contributed to this evolution and has been useful in supporting better public expenditure management as sought under the Strategic Management Initiative.

The financial planning, implementation, performance measurement and monitoring processes underpinning the National Development Plans are compared with the traditional approach to public expenditure management. These processes represent one model of how the shortcomings in the traditional approach can be addressed. The dissertation also examines a number of different approached to economic and
development planning used in Ireland since the introduction of the *First Programme for Economic Expansion*. It concludes that a strong rationale exists for multi-annual economic and expenditure planning frameworks.
Abstract

Ronan Gallagher

The Design and Governance of a Performance Related Pay Scheme for the Irish Civil Service

M.Sc. in Economic Policy Studies
2003

This dissertation considers, in a practical way, the design and governance of a performance related pay (PRP) scheme for the Irish civil service. It argues that PRP is the next big step the Irish civil service needs to take as part of its reform and modernisation programme and that the PSBB report could prove a watershed in public sector pay determination insofar as it may well have set the foundations for the introduction of PRP. The convergence of these two processes is central to the current and future shape of the Irish civil service and both of these processes have laid the platform for the introduction of PRP. The SMI has put in place the management structures to accommodate the management of individual performance, while the latest national partnership has endorsed the Benchmarking process as the means to future public sector pay determination, and it will almost certainly consider PRP next time around.

Looking at experiences elsewhere, in particular in the United Kingdom, Australia, Singapore and Denmark, PRP has been viewed in these countries as an important means of improving individual productivity. It has also been viewed as a means of better justifying public sector pay, making it more transparent and open to scrutiny in light of ever growing comparisons with private sector pay systems and providing the tax payer with better value for money for public pay. There is little doubt that Ireland can learn from these countries’ experience, if not in terms of copying their systems certainly in terms of identifying the type of issues that are central to any effort to introduce a viable PRP system.

In drawing a comparison with these countries it becomes clear that the Irish civil service has embarked on a similar programme of modernisation, but unlike those other countries, the pre-reform grade and remuneration system remains largely intact: There is neither a PRP scheme for the vast majority of civil servants nor indeed any link between performance and remuneration. Where PRP has been introduced in Ireland, it has been as a “add-on” to the incremental scale rather than as a replacement, which somewhat lessens
its motivation impact. This is not sustainable, and so the question arises as to what is required to bring the Irish civil service pay system into line with the broader organisational changes occurring under the SMI.

What emerges is that there is no one standout choice of what such a system should look like. However, the importance of knowing exactly what is being sought and the desired response sought from employees to PRP is crucial to a successful outcome.
Abstract

Eileen Kehoe

Title: Performance Measurement for Strategic Policy Making

M.Sc. in Economic Policy Studies
2003

The work develops a performance measurement framework for a strategic policy making process, that of National Social Partnership. It considers this process from the point of view that the process represents the view of customer as citizen view in the case of providing public services.
Abstract

Martin Moloney

Banking Sector Competition

M.Sc. in Economic Policy Studies

2003

Irish economic policy increasingly requires the promotion of services sector efficiency through the promotion of competition. This thesis considers the practicality of using the methods of industrial economics to develop policy in relation to banking. It does so by reviewing the report of the U.K. Competition Commissions on the provision of banking services to Small and Medium Size Companies (March 2002) and a related earlier report by Dan Cruickshank.

The thesis selects three themes from the Competition Commissions Report for critical review:

- Market definition;
- Profit analysis; and
- Price competition.

Market Definition

The thesis argues that the approach to market definition adopted by the Competition Commission is flawed. The consequence of this approach is that the Competition Commission has increased the risk inherent in any policies based on the analysis because of its limited empirical basis and has precluded or avoided two credible remedies, namely divestment in critical local markets and restructuring the clearing system.

Profit Analysis

The thesis observes that the Competition Commission proved unable to produce useful return-on-asset analysis of profitability. The Commission therefore relied on an analysis of return on equity, which does not prove to be sufficiently robust for the purposes of determining policy. In particular, the Competition Commission was unable to exclude the possibility that recent levels of profitability in banking represent a once-off adjustment, rather than reflecting the profitability banks can generally expect to achieve across each business cycle.

Price Competition

The thesis argues that the Competition Commission does not acquire the necessary empirical evidence in relation to price competition. Consequently, it is not convincing
that policy initiatives will change the way price competition occurs and it fails to show that the effects on societal welfare of its proposed changes will be positive.

**Conclusion**

The thesis concludes that the analysis of profit is not an appropriate basis for the analysis of competition in banking. The conclusion advocates an approach which concentrates on the process of competition in the banking sector with the policy goal of funnelling innovation.

Attached to the thesis are five appendices expanding on points utilised within the body of the thesis, namely  i) The Hypothetical Monopolist Test,  ii) The Role of Clearing Systems in Determining the Utility of Bank Product Clustering, iii) The Branch Banking Submarket, iv) Irish Policy Studies of Irish Banking and v) the difference between the Cruickshank and Competition Commission analyses of price competition.
Abstract

John Patrick Moore

European Union Maritime Transport Policy and its effects on Competition and Regulation on Ireland’s Commercial Ports

M.Sc. in Economic Policy Studies
2003

The European Commission has shifted the focus of its transport policy strategy away from promoting road transport in favour of the less congested and more environmentally friendly ‘motorways of the sea’. This dissertation attempts to identify the effects of EU maritime transport policy on competition and regulation issues concerning seaports in Ireland.

State aid for national ports is a major contributor to distortion in competition between ports and barriers to entry in the port services market obstruct competition within ports. In order to address inefficiencies in the maritime sector the Commission has introduced a package of three measures for Community ports handling international trade.

The dissertation firstly examines the important role ports play in international trade and analyses the competition and regulatory issues that arise in relation to competition between ports as well as competition in the market for port services. An assessment of structural, regulatory and competition policy issues relating to specific port services and shipping modes in Dublin Port follows. Finally, consideration is given to experience of similar issues among ports in the UK, Continental Europe and Australia.

The main conclusions are that competition between ports while fragmented at present is increasing as private sector involvement in ports grows. Competition within ports is distorted by the dual role of port authorities as participants in the market for port services while acting as regulators of that market. For this reason, an effective independent regulatory body has a role among other measures to monitor and control the market players during the transition to fair and open competition.

Diversity of structure, governance and regulation among ports means that there may not be a ‘one size fits all’ type of solution to the distortions that exist in the market. Nevertheless, the proposed Directive will aid competition by clarifying rules regarding subsidies and reporting and leave it up to Member States, under the principle of subsidiarity to determine the governance structure best suited to their national ports.
Data for the study were gathered from questionnaire returns by Member State ports and from studies and reports issued by government departments, EU institutions and consultants.
Abstract

David O’Connell

An Analysis of Irish Natural Gas Market Regulation

M.Sc. in Economic Policy Studies

2003

This thesis analyses the Irish natural gas market. The author is an employee of Bord Gáis Éireann, but no professional bias should be evident in the work, as the aim is to present a fair and balanced view of the natural gas industry as it currently operates, along with presenting a series of recommendations towards improving the quality of regulation and liberalisation in the industry.

While the thesis focuses very much on Ireland, it is framed in comparative aspect, and evaluation and discussion of natural gas regulation in other jurisdictions allows for a more informed analysis of markets and market reform in Ireland. The comparative analysis also places in sharp relief the specific characteristics of the Irish natural gas market which impinge on the type and degree of regulation which can be exercised in Ireland, compared to other countries.

As well as examining the establishment and exercise of natural gas regulation in Ireland, the thesis gives consideration to the economic aspects of regulation, in particular, theories of access pricing to natural gas transportation pipelines, which are characterised by natural monopoly elements. A key finding in this chapter is that risk plays a major role in determining the type of regulation which should be practised, especially in terms of regulating access to pipelines.

The thesis also critically examines the practice of regulation and identifies a number of problems which can arise were regulation is not skilfully implemented. The thesis suggests that although regulation is a useful and necessary expedient in markets characterised by natural monopoly, bad regulation can be detrimental to the development of a market in a number of different ways.

The thesis then enumerates a range of suggestions for the improvement of regulation and also of natural gas market liberalisation. While some of these recommendations are specific to the natural gas industry in Ireland, others have broader application and have emerged from the OECD’s Report on Regulatory Reform in Ireland and the subsequent publication by the Government of the Better Regulation consultation document.

As well as making recommendations, the thesis seeks to evaluate the current level of natural gas market opening in Ireland. To this end, it makes use of a typology originally developed by OXERA economic consultants for analysis of the Dutch and British natural
gas markets. The model has never applied to Ireland, and the research shows both the level of market opening in Ireland, and also the limitations of the model when applied to a country such as Ireland, whose characteristics differ sharply from the UK or the Netherlands.
Summary

Ronan O’ Reilly

The Impact of the Open Method of Coordination on National Employment Strategies:
A Case Study of The FÁS Preventative Strategy

M.Sc. in Economic Policy Studies
2003

This dissertation examines the Open Method of Coordination (OMC) a relatively new European decision making structure designed to align employment and social policy in the European Union, using peer pressure as its main tool, to find out what influence this process had, if any, on development of national policies and programmes.

Ireland has recently agreed its seventh Employment Action Plan (EAP) based on this new form of governance. The focus of this dissertation is to determine the extent of which participation in this process has influenced the development employment policy in Ireland. The dissertation looks at the development of the a particular active labour market programme, namely, the “FÁS Preventative Strategy” which was designed to engage unemployed people with the public employment services (FÁS) following a 6 month period of unemployment. The purpose of this programme is to prevent those unemployed from becoming long-term unemployed. FÁS is Ireland’s nation training and employment agency.

The structure of the dissertation is quite simple. The literature review provides the basis for discussion and the methodology for the response to the issues that were raised. The case study follows the methodology used in the literature on this area.

The second chapter reviews the literature on this new form of governance. The literature review covers a broad range of issues in order to provide an insight into the reasoning behind the development of OMC and its intended impact on national policies. In this regard, the review provides a brief history of the development of employment policy in the EU and a description of the European Employment Strategy process. The Review then focuses on the literature that assesses the impact of the OMC with particular reference to the development of active labour market policy in the EU. Finally, the subject of “lesson drawing”, a term used throughout the literature on the OMC, is examined so as to define the necessary characteristics for the transfer of a policy or programme to take place. This forms the basis from which the impact of the OMC can be assessed to see if these features have affected change or if there are any other possible reasons for policy transfer that may have been relevant to the development of the FÁS Preventative Strategy.
The methodology for the dissertation is dealt with in the third chapter which shows that the research itself was carried out using literature on the OMC and policy transfer, official documentation and through interviews with the some of the key stakeholders involved in the development of the FÁS Preventative Strategy and the earlier National Employment Action Plans. It also explains how the research methods were arrived at and how the research for the case study was carried out.

The fourth chapter is a case study which adds to previous research in this area by analysing the development of an individual programme which has been attributed to this process. It shows the environment surrounding the development of Ireland’s active labour market policy, known as the FÁS Preventative Strategy and compares it to that of our European counterparts. In addition, it looks into what developments were taking place in evaluation and programme development and the role that they had in informing the policy making process. Finally, the chapter examines the components of policy transfer as identified in the literature review and compares these characteristics to what actually happened.

The fifth chapter concludes that there is a need to maintain flexibility in the OMC process to facilitate real “lesson drawing” to take place and allow for meaningful input from the social partners. It also examines the value of benchmarking which is supposed to create a form of peer pressure between member states so that those states that are underperforming in a certain area will try to emulate the success of their counterparts. The prescriptive nature of the OMC process is comes under question given the diverse nature of the various labour markets across the EU. The Chapter concludes with recommendations that should facilitate “lesson drawing” to take place and allow for real input from the social partners.
Abstract

Declan Purcell

Competition and Regulation in the retail Pharmacy Market

M.Sc. in Economic Policy Studies
2003

This study examines the extent of regulation in the retail pharmacy market in Ireland, how Ireland stands in terms of international regulatory comparison, and whether, and to what extent, there is scope for more competition in this market (and what actions might be necessary to achieve this), without prejudicing the public interest objective of safeguarding and promoting consumer health. The study concludes that, although the Irish market is unnecessarily over-regulated many other countries feature even heavier degrees of regulation. Special attention is paid to comparative approaches to barriers to entry, to controls on medicine sale and supply and, especially, to the rationale and effect of price controls relating to prescribed medicines. The study concludes that, while over-regulation has produced a highly-sheltered sector with high returns, there is, nevertheless, considerable scope for more competition if a number of reforms are implemented.
Abstract

Clare Louise Thorp

Public Good Research for the Irish Food Industry
A Mid-Term Evaluation of the Food Institutional Research Measure

M.Sc. in Economic Policy Studies
2003

This thesis evaluates the Food Institutional Research Measure (FIRM), funded through the Irish National Development Plan (NDP) 2000 – 2006, in terms of its success in meeting one of its objectives – that of providing a base of expertise and generic technologies to support the Irish Food Industry. At the present time, the FIRM is the only nationally funded, co-ordinated food research programme within Ireland. A review of the role of R&D in growing an economy, and existing levels of national and international commercial and public R&D places the FIRM in context, while the methodology chosen to evaluate the FIRM was selected following the review of a number of different programme evaluation techniques currently in use in Ireland and abroad. The results of this evaluation were compared with those cited in two other reports that evaluated the FIRM as part of the mid-term review (MTR) of the NDP.

The latter reports partially contradict those of the survey results generated for this thesis. The reason for the contradictory findings is largely a result of the evaluation techniques employed. The FIRM MTR concentrated primarily on whether or not payment targets had been met. By contrast, the evaluation carried out within this thesis concentrated on the outcomes of the research. They show that the measure has achieved considerable success in meeting its objectives, both in growing research critical mass and development expertise, and in the development of generic technologies, new products, and processes of benefit to the Irish Food Industry. The level of collaboration between the research organisation and the food industry has been considerable and much has been a direct result of the FIRM as opposed to a reflection of pre-existing collaborations. This is seen as integral to promoting in-company R&D, and to underpinning the competitiveness of Irish Food Industry within the EU and internationally. This level of success has been achieved within three years, or half way through the FIRM’s total lifespan.

The findings of this thesis demonstrates the importance of selecting appropriate evaluation techniques for evaluating the success of government programmes and determining the allocation of public funds. It reiterates the findings of many others researchers, that publicly funded research is synergistic to industrial R&D, not competitive. It highlights how publicly funded R&D may contribute to industry growth
and competitiveness, but also demonstrates that while Ireland’s investment in R&D, both public and private, has been growing at a rapid rate over the last decade, it is still playing ‘catch-up’ relative to many other EU members states.
Abstract

David A. Walsh

Public Private Partnerships, State Aid and Efficiency
– a Problematic Partnership …?

M.Sc. in Economic Policy Studies
2003

The purpose of this dissertation is to assess the economic, financial and competitive justifications for Public Private Partnership (PPP) arrangements and to consider whether the PPP option is being selected on the basis of the efficiencies that it can bring to the provision of public infrastructure and service or merely as a device to circumvent government accounting and budgeting practices, devolve the responsibility for delivery from State agencies or evade politically sensitive decisions. The dissertation defines the rationale and scope under which PPP contracts are developed at EU, national and local level, and considers whether the decisions are consistent on economic and competition grounds. This research also examines the economic rationale for competition and State aid objectives and explores whether the current definitions and terms underpinning the identification of unfair State Aid are compatible with the desire to encourage private companies to contribute to the strengthening of regional economies and the provision of public services of general economic interest. The conclusion of the research suggests that Public Private Partnerships are a useful procurement option available to public procurers, although not the panacea to all public service provision and funding problems. Where PPPs are adequately justified on efficiency grounds, they can introduce numerous improvements such as the optimal allocation of risks, life-cycle costing, integration of asset provision with service delivery, and flexibility to enable innovative solutions and performance-related payments. There is also scope for incorporating many of these practices into traditional public procurement projects. Regarding the impact of competition rules on PPP contract, Commission guidance and the few case precedents have defined a broad template for the conditions and scope of PPP contracts to ensure that they do not contravene competition regulations, or where they do that there are robust justifications for doing so.