



Reflections on the Boom: A Time for Reform

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Pat has chaired, and been a member of, various boards and advisory committees to government. Previously, she has worked as a Senior Research Officer at Teagasc, a lecturer at University College Cork, and a national and international consultant. She has written and published widely on development issues.

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Looking back at mistakes, 'madness' and mismatch

At the ICLRD annual conference *The Changing Business, Community and Spatial Planning Landscape: Doing More with Less* in January 2011, the dominant themes were recession and recovery. Debates centred on the impact of the recession in both jurisdictions, but in particular how to understand and respond to the collapse of the economy in the Republic of Ireland and its aftermath, what we have learned, and what should happen next. Given the unprecedented circumstances in which the South is mired, there was a strong sense of urgency, of needing to make sense of the past so as to discern the bedrock for reform and to use the opportunity to tackle new and long-standing challenges.

This paper is based on my contribution to the closing session of the conference in which I reflected on some of the issues raised from a social and cultural perspective, and their implications for policy. The presentations and conference summary are available from the ICLRD website¹.

The discussions on planning, housing and infrastructure during Day 1 of the conference pointed to the mistakes, 'madness' and mismatches that precipitated the crisis in the South. Mistakes were rooted in failures in banking and regulation, in policy and planning, and with the functioning of democracy at all levels, including lack of national and local leadership. There seemed to be a kind of madness in the reckless investment in property; in the headlong rush to build more and more; in local authorities and ordinary citizens' appearing to lose a sense of value of place and environment; and in a culture that seemed to value profit over citizen well-being, and exclusivity over inclusion. The resulting mismatch between housing demand and supply was a central issue, as also was the perception of a mismatch between the needs of modern Irish society and the state's capacity to respond – the view that many of our institutions and public bodies are no longer 'fit for purpose'. These perceptions were sharpened by the evident differences in institutional strengths and weaknesses across the island of Ireland, between North and South.

What happened on 'the ground'

While the discussions on planning and housing identified failure at all levels of the system, and suggested strategies for recovery, there is a clear need for a more complete and nuanced analysis of what happened in the dramatic fall from 'boom to bust' from a social and cultural perspective. Those of us who were engaged with regional development policy and practice during the boom years had an opportunity to observe global and national processes as they worked themselves out 'on the ground'. In the more disadvantaged regions, notably the Border Midlands and West (the BMW Region), it is important to recognise that the boom brought an unparalleled reversal of years of decline. Job growth and associated population increase diversified community life and brought a recovery of hope for the future that was palpable. The growth of the construction industry and locally traded services not only allowed young people to find work close to home but provided earlier migrants with an unprecedented opportunity to return. It also meant that cherished

¹ See www.iclrd.org

and culturally important ways of life such as family farming could be sustained when combined with off-farm work. More fundamentally, parents could look to a future in which their children would not be forced to emigrate. As a result, a strong sense of optimism prevailed.

In light of this, it is not so surprising that in counties where population loss persisted since the mid-nineteenth century, and where there was limited capacity to generate local revenue for decades, local authorities were unable to resist the temptation to facilitate and/or encourage construction investments, even if they sometimes harboured private doubts about their viability. Indeed as the property bubble expanded, cultural values of risk avoidance and prudent borrowing generally began to be frowned upon in a situation where housing provision was disconnected from need, and investment in residential property was deemed a route to quick profit for ordinary citizens.

The policy-praxis disconnect

It is important to recognise that much of the property development and associated speculation in the regions was driven by government policy which was ill-matched to regional development needs, and facilitated speculation and reckless planning decisions. For example, Kitchin et al² have documented the results of the Upper Shannon Rural Renewal Scheme (1999-2008) which provided for tax breaks on residential and commercial property investment to 'help stimulate the development of the Upper Shannon Region'. The resultant explosion in housing growth cannot have been unanticipated by those directly involved. This over-reliance on property investment, as a vehicle for the development of lagging regions, can be seen as a failure to devise and implement more appropriate regional policy which could in turn have promoted the development of regions' indigenous resources, local entrepreneurship and inward investment.

The lack of any context or forum where citizens could engage with issues that affect them during and after the boom was a recurring issue at the ICLRD annual conference. The deeply parochial and political culture of local government, alongside a strongly centralised system of administration, tends not to facilitate such engagement. As a result, issues such as the balance between public and private interests and stakeholder involvement in the provision of services (e.g. education, healthcare, welfare and security) are not part of public debate locally in any meaningful way. While 'partnership' is regarded as fundamental to locally-based development, its articulation between the state, market and voluntary sector is not part of any proactive discourse or strategy to address local needs. Moreover, the seriousness of the economic crisis has deflected attention from energy and environmental issues that urgently need to be addressed and have major local dimensions.

A time for reform

The widespread deep anger and frustration with the rapid reversal of recovery from decades of decline, due to the perception of reckless behaviour by bankers and politicians – and inertia in the administrative system – is easy to understand. The imperative for reform,

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² See www.nuim.ie/nirsa/research/documents/WP59-A-Haunted-Landscape.pdf. The failures in the planning system and their contribution to the property bubble and the fiscal crisis have been analysed in detail in this report, published in 2010.

for a clear connection between public spending and positive outcomes, is now as keenly sought by citizens as by the Irish Exchequer's external funders.

This appetite for change and greater accountability provides an exceptional opportunity for reform of the structure and function of local and regional government. This will require *leadership at national level* that can combine dealing with the outcomes of budgetary shortfalls and staff cutbacks with a longer term strategic vision for regional and local government funding and structures. To achieve this, a *medium-term strategy for structural reform* based on clear policy objectives is needed. This must be *underpinned by appropriate evidence* so as to justify priorities and make a convincing case for actions to achieve strategic and operational goals.

In relation to cross-border cooperation, it was clear from the presentations that both Governments recognise and support the practical value of a framework for cooperation between their respective spatial strategies. Projects already underway, including those undertaken by ICLRD, have demonstrated the value of joined-up thinking in spatial and evidence-based planning. Such initiatives are important in supporting cross-border cooperation, optimal use of EU funded programmes, environmental initiatives and infrastructure investments in urban corridors and gateways.

It is acknowledged that any reform will require political courage and a willingness to take risks, along with an effective means of coordinating national and local goals – but there will never be a better opportunity. Actions must be based on sound principles for democratic accountability, citizen participation, spatial planning, regional and local development and an honest appraisal of how best to deliver a 'bottom up' approach. Reforms should also *maximise the use of information technology* for service delivery and citizen engagement; traditional communication and governance models may have limited relevance. There is a need to *support staff to retrain and re-skill* and to build multidisciplinary teams to accommodate the wider roles that reform will require.

The absence of a tradition of impact assessment in public expenditure was clear at the ICLRD conference³. Planners pointed to the lack of either quantitative or qualitative assessments of the impact of planning decisions. The Upper Shannon Rural Renewal Scheme was, for example, introduced without any baseline audit to use as a starting point for effective monitoring and evaluation, and the scheme was extended without a review or evaluation of the pilot phase. To provide an adequate database for policy, we need to plug the gaps in our capacity to provide relevant and accessible information for policy, and thus to monitor and measure the impact of public expenditure.

...And a time for joined-up thinking

The information gap is due primarily to the underuse of administrative data which, in turn, is related to the lack of integration between statistical and administrative data sources. The bottlenecks here are both cultural and practical. There is little tradition of data mining to measure impact or to set policy goals; and the absence of key tools for data integration, like a standard system of geo-coding (such as postal codes) and standard unique

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³ Impact assessment is a continuous process to help the policy-maker fully think through and understand the consequences of possible and actual interventions. The Centre for Cross Border Studies is currently developing a pilot Impact Assessment Toolkit for practical, mutually beneficial cross-border cooperation in Ireland. For further information see www.crossborder.ie

identifiers, makes compilation and analysis of such data difficult. The North-South differences across the island of Ireland are quite striking, with the North generally having a much better developed information base on which to assess need, develop service indicators, and monitor expenditure. This was particularly evident in the presentations on housing during the course of the conference.

As regards housing, the mismatch between demand and supply, the problems of 'ghost estates', and the irony of increased affordability now paralleled by greater lender stringency, were discussed as major problems. The housing lists continue to grow and there is a real frustration with the fact that housing need may no longer be perceived as a priority issue by the Irish government. The National Asset Management Agency (NAMA) has not taken up a 'public good' or leadership role in regard to social housing. Indeed, the lack of openness in this Agency's activities is of some concern. The lessons from the U.S. experience suggest that NAMA could engage the voluntary housing sector as a resource to progress affordable housing issues, and act as a facilitator between government agencies, local authorities and asset holders. Accounts of the U.S. experience of dealing with the subprime crisis also conveyed the familiar 'can do' attitude as opposed to the Irish tendency to talk and commission reports while problems escalate⁴.

Despite the enormity of the problems and scarcity of resources, the sixth annual ICLRD conference was marked by a sense of opportunity and a refreshing openness to reform. In this context, sharing services and cross-border approaches to common problems seems not only prudent but essential.

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⁴ On the 9th June 2011, the Department of Environment, Community and Local Government published 'Resolving Unfinished Housing Developments: Response to the Advisory Group on Unfinished Housing Developments'. One of the objectives of this report is to establish a 'National Co-ordination Team on Unfinished Housing Developments', under the chair of the Minister; its role being to drive the implementation process, with a particular focus on resolving sites. There are two other associated documents that have yet to be published - the manual on how to tackle, in practical terms, the issues related to unfinished estates (which will be an updated version of the draft manual published in Dec 2010) and the code of practice.