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Dr. Peter Herrmann, The Jasnaja Poljana, Aghabullogue, Clonmoyle, Co. Cork  
17, Rue de Londres, (c/o ESAN), 1050 Bruxelles, Belgique  
Ph. +353.(0)87.2303335, Secretariat: +353.(0)86.3454589, e-mail: herrmann@esosoc.eu,  
skype: peteresosoc URL: <http://www.esosc.org>

for



**College of Arts, Celtic Studies and Social Sciences**

**Applied Social Studies**

<http://william-thompson.ucc.ie>;  
Ph. +353.(0)21.490.3398; FAX: +353.(0)21.4903443

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*Peter Herrmann: Tíogar Ceilteach – An  
Enlargement Country of the 1970s as Showcase?*

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*Peter Herrmann*

**Tíogar Ceilteach – An Enlargement Country of the 1970s as Showcase?**

*Not everything that counts can be counted, and not everything that can be counted counts.  
(Sign hanging in Einstein's office at Princeton)<sup>1</sup>*

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|   |           |
|---|-----------|
| <b>Tables.....</b>  | <b>4</b>  |
| <b>Figures .....</b>  | <b>5</b>  |
| <b><i>Tíogar Ceilteach – An Enlargement Country of the 1970s as Showcase?</i> .....</b> | <b>1</b>  |
| <b>Acknowledgements and technical remark .....</b>                                      | <b>1</b>  |
| <b>Introduction .....</b>   | <b>1</b>  |
| <b>The Irish Development – A Brief Historical Overview .....</b>                        | <b>7</b>  |
| Contours of the Irish Socio-Economic and Political System.....                          | 7         |
| <b>Ireland and the EU – One Step Forward ... ..</b>                                     | <b>21</b> |
| From an Open Economy to an Opening Economy .....  | 38        |
| Excursus: The Special Irish Pathway .....   | 59        |
| The Social Question .....   | 66        |
| <b>The Roaring End of the Century .....</b>   | <b>67</b> |
| Excursus: The Shift in Income and Consumption – the Kaldor-Hicks-function .....         | 67        |
| <b>The Roaring End of the Century – Continued .....</b>                                 | <b>70</b> |
| <b>The Irish Administrative and Welfare System .....</b>                                | <b>75</b> |
| Regime change .....   | 75        |
| Small Business .....  | 75        |
| Polities, politics, and Policies .....  | 76        |
| <b>Transferability of the Irish Saga .....</b>  | <b>78</b> |
| <b>Conclusion.....</b>  | <b>79</b> |
| <b>Postscript.....</b>  | <b>82</b> |

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<sup>11</sup> From <http://rescomp.stanford.edu/~cheshire/EinsteinQuotes.html> - accessed 07/05/07; 11:48

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|                      |    |
|----------------------|----|
| Editorial Note ..... | 84 |
|----------------------|----|

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*Tables*

|  |    |
|--|----|
| Table 1: Irish Tenure Restructuring 1946-2006 (%of Private Households in Permanent Accommodation) .....            | 11 |
| Table 2: Average annual rates of growth of exports, foreign investment and GNP, 1960-94 (constant prices) .....    | 12 |
| Table 3: Changing Shares of GDP expenditures, 1985-96.....   | 13 |
| Table 4: Religious Affiliation in the Republic of Ireland.....   | 14 |
| Table 5: Household Seize .....   | 16 |
| Table 6: Employment by sector, 1946-93 (percentage of total) .....   | 17 |
| Table 7: Decomposition of Aggregate Employment Change, 1989-97 .....   | 18 |
| Table 8: Public sector employment, 1970-93 (in thousands) .....  | 18 |
| Table 9: Sectoral distribution of employment in Europe and Ireland, c. 1930-90 (%) .....                           | 19 |
| Table 10: Sectoral contributions to gross value added* .....   | 19 |
| Table 11: External Trade, by Country/Region .....  | 26 |
| Table 12: Direct Investment Flows 2004-2005 .....  | 40 |
| Table 13: External Trade – Total Imports and Exports .....   | 41 |
| Table 14: Current account Balance as % of GDP.....   | 41 |
| Table 15: Imports by SITC section and division .....   | 42 |
| Table 16: Comparison of Irish- and Foreign-Owned Manufacturing Firms .....   | 43 |
| Table 17: Total Manufacturing NACE 15-37; 1995.....  | 44 |
| Table 18: Ireland: Real non-capital public expenditure on education, 1996–2005 .....                               | 45 |
| Table 19: EU: Public Expenditure on Education, 2001-2003 .....   | 45 |
| Table 20: Profits received and repatriated by TNC subsidiaries in the south of Ireland, 1983-90 (I£ million) ..... | 49 |
| Table 21: Structure of Merchandise Exports, 1979-95.....   | 50 |
| Table 22: EU: Expenditure on Social Protection, Education and Health, 2003.....                                    | 53 |
| Table 23: EU: Social Protection Expenditure by Type, 2004 .....  | 54 |
| Table 24: Non-Capital Public Expenditure on Health Care .....  | 56 |
| Table 25: Corporate Tax Rate (International Comparison).....   | 61 |
| Table 26: Rates of Income Tax.....   | 61 |

|  |    |
|--|----|
| Table 27: Percentage of Population Classified by Educational Attainment .....          | 63 |
| Table 28: Employment in Increasing Returns Sectors .....                               | 68 |
| Table 29: Profit rates for Irish firms and TNCs (profits as % of sales), 1983-90 ..... | 68 |
| Table 30: Poverty Risk .....   | 71 |
| Table 31: Distribution of Income Groups 2003.....                                      | 72 |
| Table 32: Household Distribution – Gini Coefficient - 2004.....                        | 73 |

*Figures*

|  |    |
|--|----|
| Figure 1: Analytical Framework: Indicators According to a Modified Regulationist Approach .....                | 5  |
| Figure 2: Centre-Periphery Relationships .....   | 6  |
| Figure 3: God and the State .....  | 8  |
| Figure 4: Keynesian Welfare National State .....   | 10 |
| Figure 5: The Irish Cain - the Irish $\pi$ ? .....   | 12 |
| Figure 6: Inglehart-Welzel Cultural Map of the World.....  | 15 |
| Figure 7: The “Celtic Cross” .....   | 17 |
| Figure 8: Ireland’s Competitive Position.....  | 31 |
| Figure 9: Boards as Intermediary Bodies .....  | 36 |
| Figure 10: UK Share of Irish Trade, 1924-98 .....  | 38 |
| Figure 11: Volume of Anglo-Irish Trade .....   | 39 |
| Figure 12: Balance of Payments of Current Account (% of GDP).....  | 43 |
| Figure 13: US FDI inflows (in constant dollar terms) into EU 15, and Irish and UK shares of these inflows..... | 44 |
| Figure 14: Origins of Profit .....   | 46 |
| Figure 15: Indigenous and Foreign Manufacturing Employment in Ireland, 1973-1997.....                          | 47 |
| Figure 16: Relationship between the Export Surplus and Repatriated Profits, 1990-96 .....                      | 49 |
| Figure 17: The Beast.....  | 51 |
| Figure 18: Components of Population Changes, 1926-2006.....  | 52 |
| Figure 19: Health Care Spending .....  | 55 |
| Figure 20: Broadband Expansion. Subscribers per 100 Inhabitants, 2001-2005 .....                               | 57 |
| Figure 21: Net Receipts .....  | 60 |
| Figure 22: Gross Expenditure on R&D (GERD) as a Percentage of GDP/GNP – Ireland and Selected Countries .....   | 64 |

|  |    |
|--|----|
| Figure 23: Science and Engineering Flow of New Graduates as a<br>Percentage of Total Graduates – Ireland and Selected Countries<br>..... | 65 |
| Figure 24: Ireland for Sale.....   | 67 |
| Figure 25: Relative Unit Labour Costs in Common Currency<br>(1985=100) .....   | 70 |
| Figure 26: Comparison GDP and GNP .....  | 82 |

*Peter Herrmann*

## Tíogar Ceilteach – An Enlargement Country of the 1970s as Showcase?

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The text does not aim on providing a detailed economic analysis though the baseline of the document is driven by an economic perspective. However, the more important aspect is to provide a general outlook, developing a framework in which a more detailed analysis can meaningfully be undertaken.

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### *Introduction*

Ireland seems to be of special interest especially in the so-called new member states as Romania and Hungary and nations of which the membership is a matter of consideration for the more or less near future – as Turkey, Moldova, Ukraine and others. Of course, the state of affairs in those countries is at a very different stage. With Turkey, for instance, the negotiations reached already an advanced stage whereas the two other countries mentioned as examples did not even apply for membership. Huge differences can also be found in relation to the meaning of push and of pull factors. This paper is not interested in the complexity of the relationship between the “old EU” and the “new EU” and the accession process. In any case it should be clear, however, that two issues have to be considered as being important background factors, necessary for a proper assessment of the situation and development.

- First – and relevant in terms of methodology and theory – the analysis of social scientists as *Immanuel Wallerstein* and *Fernand Braudel* provides a framework which is of crucial importance. Actually, probably the recent developments of enlargement are an example par excellence for the usefulness of their analysis of shaping a centre-periphery relationship, which, despite its development and change, is valid. With the constellation as it developed since the end of the

1990s, the striking feature is – in a nutshell – that we have at least for some of the European countries<sup>2</sup> a multi-centred structure, i.e. that for several countries different centres seem to be relevant (*see Figure 2*). The European Union is an important centre, though it is in itself extremely dispersed and characterised by an internal centre-periphery structure.<sup>3</sup>

- the United States of Northern America are a centre which is of relevance not only for countries outside of the EU, but even within the institutionalised Europe they play an important role not simply due to the world's constable-role of the country but as well going beyond that as idol in political and ideological terms and as important factor shaping the relevant economic constellation – later in this paper this will be developed further.
- Despite the upheaval in the east and the break-up of the former USSR and the socialist system, Russia still plays an important role – perhaps this is even more true as we find nowadays more explicit claims to power as we did before, or at least they are now qualitatively on equal foot with those of the USA. This is to some extent due to the economic dominance in the region (especially in terms of delivering raw materials, particularly energy), but as well in terms of the “political leadership” (*see in this context of as well some conceptual considerations by Ronald Findaly [Findaly, Ronald: International Trade and Factor Mobility with an Endogenous Land Frontier – Some General Equilibrium Implications of Christopher Columbus; in: Ethier, W.J./Helpman, E./Neary, J.P. {eds.}: Theory, Policy and Dynamics in International Trade – Essays in Honour of Ronald W. Jones; Cambridge: Cambridge University Press, 1993]*).

*Figure 2 on page 6* roughly grasps the relationships. It has to be mentioned that it is from here that we can draw different lines in regard of a formation shaped by the *patterns of relating* – for further analysis reference is by and large made to the regulationist approach.

Actually, though only recently developed as full approach it goes far back and it can be said that the modern version is the explication of early state-theoretical notions and reflections on law, as for instance brought forward by *Charles de Secondat, Baron de Montesquieu* who wrote that laws

Should be adapted in such a manner to the people for whom they are framed that it will be a mere accident if those of one nation should suit another. They should be in relation to the nature and principle of each system of government; whether they actually form it, as may be said of constitutional rules, or merely support it, as in the case of civil law. They should be related to the climate of each country, to the quality of its soil, to its situation and extent, to the principal occupation of the natives, whether husbandmen, huntsmen, or shepherds; they should be related to the degree of liberty which the constitution will bear; to the religion of the inhabitants, to their inclinations, riches, numbers, commerce, manners and customs. They ought also be related to each other, as well as to their origin, the intent of the legislator, and the order of things on which they are established; in all of which different lights they ought to be

---

<sup>2</sup> Here the term European countries is taken deliberately in a very broad and vague sense.

<sup>3</sup> Depending on the perspective, different patterns of agglomeration are suggested for a geo-economic representation of wealth distribution – probably the best known are the thesis of a “blue banana”, the “golden banana” and the “French banana” (*see Taylor, Peter J./Hoyle, Michael: The Spatial Order of European Cities under Conditions of Contemporary Globalisation; in Tijdschrift voor Economische en Sociale Geografie; Ed.: Royal Dutch Geographical Society KNAG; Oxford: Blackwell, 2000: vol.91, 2: 176-189; here 179 f.*

considered ...

(Montesquieu, *Charles de Secondat, Baron de: The Spirit of Laws 1.3.*; quoted in: (Kelly, John Maurice: *A Short History of Western Legal Theory*; Oxford: Clarendon Press 1992 [2006]: 273)

It is this what he sees as the constitutive moments of the Spirit of law.

*Bob Jessop* defines this paradigm as aiming

to develop concepts and models that correspond to the historically specific features of capitalism (regarding both its differentia specifica relative to pre- or non-capitalist modes of organisation and the distinctive stages of capitalist development itself) and to enable its adherents to explain why capital accumulation, although it is inherently improbable in the light of these features, can nonetheless continue for relatively extended periods without witnessing major crises.

(*Jessop, Bob: Capitalism, the Regulation Approach, and Critical Realism*; published by the Department of Sociology, Lancaster University; Lancaster LA1 4YN at <http://www.lancs.ac.uk/fjs/sociology/papers/jessop-capitalism-regulation-realism.pdf> - accessed 02/05/07; 6:43: 2)

Using this approach, allows an assessment of any given system along a complex set of quantitative and qualitative indicators in its status. Further, it allows to analyse from here its development.

In the following a somewhat reduced approach will be used by looking at the relationships that determine to a large extent the economic structure (accumulation regime), the political structure (mode of regulation), the welfare system (life regime) and what can be seen as administrative sphere in the widest sense (mode of life).<sup>4</sup> However, going hand in hand with this reduction, we find at the same time a certain further differentiation as the explicit reference to *life regime* and *mode of life*. These are as such not present in the original regulationist approach where the respective moments are seen as being included in the other two aspects.

The perspective which is proposed here is summarised in *Figure 1*.

---

<sup>4</sup> Administration includes civil and public administration as well as informal networks, community relationships, social work and altera, i.e. what is frequently labelled “governance”.

| Overview of Indicators                         |   |  |  |   |
|--|---|--|--|---|
| Classification                                 | Accumulation Regime   | Mode of Regulation   | Life Regime  | Mode of Regulation  |
| Centrally Affected Dimension of Social Quality | Precarity <sup>5</sup> and Socio-Economic Security  | Divergence and Cohesion  | Exclusion and Inclusion  | (Dis)-Empowerment   |
| Structural Dimension                           | Economic Structure  | Political and Institutional Structure  | Welfare System   | Administration and Governance   |
| Aggregate Level                                | Macro-Structure and Micro-Level   | Meso-Level   | Micro-Level  | Meso-level and Micro-Level  |
| Indicators                                     | <ul style="list-style-type: none"> <li>➤ GDP</li> <li>➤ NDP</li> <li>➤ Sectorial structure</li> <li>➤ Enterprise Structure (seize)</li> <li>➤ Employment Rate (general, gendered, sectorial and age-related)</li> <li>➤ Unemployment Rate (general, gendered, sectorial and age-related)</li> <li>➤ International Relations (IR) – balance of trade</li> <li>➤ IR – Diversity of Sectors</li> </ul> | <ul style="list-style-type: none"> <li>➤ Role of the Church</li> <li>➤ Role and Structure of Trade Unions</li> <li>➤ Wage Bargaining</li> <li>➤ Individual/Social Wages</li> <li>➤ Form of Enterprise I: Internal Organisation</li> <li>➤ Form of Enterprise II: Forms of Competition</li> <li>➤ Form of Enterprise III: Ties amongst Enterprises</li> <li>➤ Predominant Legal Pattern</li> <li>➤ Forms of State Intervention</li> </ul> | <ul style="list-style-type: none"> <li>➤ Relative Poverty Rate</li> <li>➤ Child Poverty Rate</li> <li>➤ Poverty Rate Before and After Social Transfers</li> <li>➤ Emigration/Immigration</li> <li>➤ Existence and Standard of Public Infrastructure</li> <li>➤ Quality and Accessibility of Social Services</li> <li>➤ Health Care System</li> </ul> | <ul style="list-style-type: none"> <li>➤ Role of NGOs and civic engagement</li> <li>➤ Education System</li> <li>➤ Investment in Third-Level-Education – Subjects</li> <li>➤ Basis for Provision of Public Services</li> </ul> |

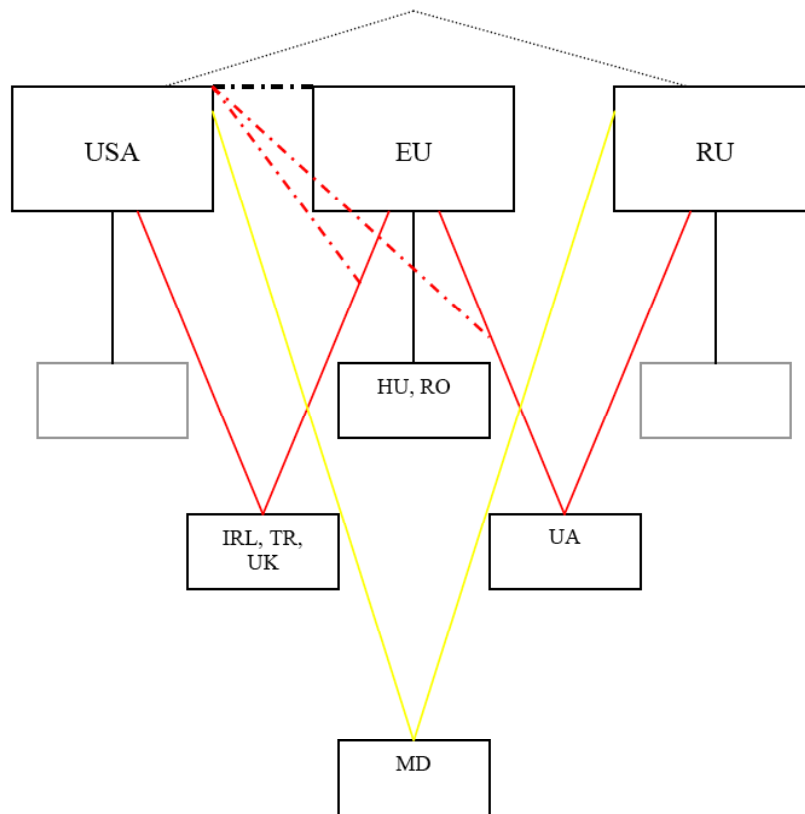
<sup>5</sup> Whereas poverty, exclusion etc. are prevailing patterns, the new situation of precarity means that even the centre of integration is in tendency dissolving. In other words, **precarity is a process of dissolution of society into self-sustaining individuals, being as such exposed to the “individualist socialised capital”** (the latter means that we have capitals with a super power [for instance with larger budgets than nation states] but largely controlled by individuals and/or acting as capital in [quasi-]monopolist positions). **In consequence, precarity is a “life pattern” that gains validity as well for people at the centre of society**, justifying in many respects to speak of a refeudalisation of society.  
*(Form a working paper by the author, titled Precarity – Approaching New Patterns of Societal (Dis-)Integration, and written as first draft; proposal for an analytical and political framework for SPIRU – A Network on Precarity (see for this network in general <http://www.supi-project.eu/index.php>).*

---

|  |  |  |  |  |
|--|--|--|--|--|
|  | <ul style="list-style-type: none"><li>➤ IR – Diversity of Countries</li><li>➤ IR – Diversity of Regions</li><li>➤ IR – Balance of Accounts</li></ul> |  |  |  |
|--|--|--|--|--|

**Figure 1: Analytical Framework: Indicators According to a Modified Regulationist Approach**

In the following, a historical overview will be provided, looking at the economic development and policies in the strict sense, but going fundamentally beyond a contemporary analysis. The one important aspect is that the analysis considers the “ethics of capitalism” behind the development; the second important moment is that the current situation can only be understood if it is looked at in a longer historical perspective – this will qualify as well the exceptional character of the recent development and the meaning of what is supposed to be the Celtic tiger success. Although it would be important to look in detail at all the indicators mentioned in *Figure 1*, the current document will only highlight some aspects, giving a broad picture that could be easily extended and underpinned by employing more indicators. After the analysis, in a last section the transferability of the model will be questioned in some concluding remarks.



**Figure 2: Centre-Periphery Relationships**

*The Irish Development – A Brief Historical Overview*

Contours of the Irish Socio-Economic and Political System

In a long term perspective, the history of Ireland (*see on this for example Foster, R.F.: Modern Ireland. 1600-1972; London: Allen Lane/The Penguin Press; 1988* Lee, Joseph J.: *Ireland: 1912-1985. Politics and Society; Cambridge: Cambridge University Press, 1988*) is not of primary concern for this elaboration. However, it has to be noted as crucially important factor that the island had been over centuries not only in a peripheral position. Moreover, it had been characterised by a (semi-)colonial status. It is important to mention that this went hand in hand with the geographical position as island. This made on the one hand the capture rather easy; however, at the same time the liberation was particularly difficult.

It is against this background as well that some particular features emerged as being of central importance in shaping both the economic structure and the political culture of the country, namely

- the dominance of Catholicism as state religion, although the independence of state and church had been a constitutional principle, laid down from the beginning in Irish constitution, which determines that

freedom of conscience and the free profession and practice of religion are, subject to public order and morality, guaranteed to every citizen, and no law may be made either directly or indirectly to endow any religion, or prohibit or restrict the free exercise thereof or give any preference, or impose any disability on account of religious belief or religious status, or affect prejudicially the right of any child to attend a school receiving public money without attending the religious instruction at the school, or make any discrimination as respects State aid between schools under the management of different religious denominations, or divert from any religious denomination or any educational institution any of its property except for the purpose of roads, railways, lighting, water or drainage works or other works of public utility, and on payment of compensation.

(*Constitution of the Irish Free State (Saorstát Eireann) Act, 1922; Article 8; <http://www.irishstatutebook.ie/1922/en/act/pub/0001/index.html> - accessed 02/06/07; 6:11*)



**Figure 3: God and the State<sup>6</sup>**

Perhaps it is more precise to speak of Catholicism as state ideology, as Catholicism as ideology is shaping entirely the country's principles in respect of the institutional settings and as well in terms of the political values. *Gerard W. Hogan* speaks of a

remarkable consensus on religious and social questions. Regardless of the party in power, there was no serious resistance to a movement to enshrine Catholic principles as part of the law of the land.

(*Hogan, Gerard W.: Law and Religion: Church-State Relations in Ireland from Independence to the Present Day; The American Journal of Comparative Law; 35/1 [Winter, 1987]: 47-96; here: 55*)

It is important, however, that Catholicism experienced a specific interpretation – the dominance of the Roman episcopacy being unquestioned in central matters, we find a specific upholding of pagan traditions, perhaps most manifestly demonstrated in the merging of the Christian cross with the pagan reverence to the sun as shown in Figure 7 (*see page 17*).

- The colonial status led to a kind of double-bind situation with regard to the role of state and government. On the one hand, putting national identity over class identity, the state had been rejected as representation of the foreign power, which it had been throughout history. On the other hand, any attempt to repulse the colonial power was depending on a somewhat centralised force. This need was even more pronounced with the Declaration of Independence from 1919 by Dáil, set up after election, and in 1922 by the acceptance of the Treaty, setting up the “Irish Free State” in 26 counties. This resulted in a kind of schizophrenic situation: on the one hand a highly centralised system, on the other hand – and going hand in hand with it – a kind of anarchic attitude, a “self-obligation” to disobedience, sometimes even seen as “national character of the Irish”.

A rather centralist bureaucratic structure could thus go hand in hand with a

---

<sup>6</sup> From: [http://en.wikipedia.org/wiki/Legal\\_systems\\_of\\_the\\_world](http://en.wikipedia.org/wiki/Legal_systems_of_the_world); accessed 04/06/07, 9:38

lack of self-administration of the lower levels. Clientelism is an important condition and result with respect of the functioning of this system.

The peripheral and island status and lack of raw material were as well reason for the long lasting role of agriculture as basis of the economy. This, in connection with the mere lack of seize and going hand in hand with the economic dependence from England, can be seen as important elements for the lack of developing a sustainable, diverse national economy.

- It is in this context that the long lasting dominance of small businesses has to be seen – an important factor which made the shift in the economic structure in preparation of the boom phase much easier (*see page 58 below*).
- It is against this background that the welfare system can be understood. The role of the church in the parishes, the scattered genuine economy within the nation state and the anarchic system of administration are to be considered as background for a social policy by donation, following charity principles rather than a rights-based approach. It is a up to recently an incremental system of social policy, to a large degree depending
  - (a) on self-help and
  - (b) on the church as main provider of professional services, in particular health-care.
- This goes hand in hand with the privatist orientations – them being condition for and backing of maintaining the “incoherent coherence”. By incoherent coherence we understand a system of which the temporary equilibrium is not maintained despite the contradictions but on the contrary due to their canny utilisation.

Within such system, privatist orientations could on the one hand serve as seedbed for the ongoing subsistence economy of the lasting agricultural economy; on the other hand it had been a disciplinary means for taming the rural population – individualising communitarian sentiments and as well for disciplinising the emerging proletariat.

- Finally, mentioning an “emerging proletariat” has to be qualified. One can say that Ireland had never really been an industrial society. Though of course some industrial production can be found during the history it is justified that the nation made the step directly from the agrarian society to the service dominated pattern of generating economic wealth.

The objective meaning of these policies can be made clear by recognising that it had been to some extent this peculiar mix of communitarism and privatism that made possible that the county remained a low tax country, thus allowing for its one-sided orientation on attracting foreign capital. Public spending remained very low in terms of what *Bob Jessop* calls the Keynesian Welfare National State (*see extensively Jessop, Bob, 2002: The Future of the Capitalist State; Cambridge: Polity Press, 2002*) and of which the characterisation is given in *Figure 4 (taken from Jessop, Bob, 2000: From the KWNS to the SWPR; in: Gail Lewis/Sharon Gewirtz/John Clarke (eds.): Rethinking Social Policy; London et al.: Sage publications; 2000: 171-184; here: 173)*.

|   |           |   |  |
|---|-----------|---|--|
| 1 | Keynesian | = | Full employment<br>Closed economy<br>Demand management<br>Infrastructure |
| 2 | Welfare   | = | Generalized norms of mass consumption<br>Welfare rights                  |
| 3 | National  | = | Relative primacy of national scale                                       |
| 4 | State     | = | Market and state form mixed economy<br>State corrects 'market failures'  |

**Figure 4: Keynesian Welfare National State**

The closed economy had never been really in existence due to the (semi-)colonial and island status; the demand management was to a large extent qualified by the relative opening of the economy and the infrastructure was privatised. Consequently, mass consumption and the complementing norms and welfare patterns had been limited – anarchic on the one hand, externally dominated on the other hand.

- Especially public infrastructure as public transport, waste disposal, water and energy supply etc.) and social and health services were only marginally developed and the education system, though being proclaimed as a national school system, was under control of the Catholic church. However, it is worthwhile to mention one exception: the housing question. Already since the early years after gaining independence, and then more explicitly since the mid/late 1940s it had been the ambition of the Irish government to increase the home ownership in the country. *John A. Costello*, in the late 1940s Taoiseach (prime minister in Ireland) stated

The best way we can insure (sic) that each person is a good citizen is to give everyone a stake in the country and the way in which we can do that is to give him his own home. No matter what it costs, that is good business nationally and socially  
(*cited in Daly, Mary: The Buffer State; Dublin: IPA; 1997: 348*)

Policy in this area included generous schemes for people who could not afford housing on the private market. In consequence, Ireland had been for a long time the country with the highest rate of home-ownership, actually making it difficult to find accommodation for rent simply due to the lack of accommodation availability for this purpose (*on the housing policy: O'Connell, Cathal: The State and Housing in Ireland: Ideology, Policy and Practice; New York: Novascience, 2007 [in print]*). In other words – and coming back to the issue of privatisation: The government was ready spending huge amounts of public monies for maintaining privacy.

|                        | 1946 | 1961 | 1971 | 1981 | 1991 | 2002 | 2006 |
|------------------------|------|------|------|------|------|------|------|
| <b>Local Authority</b> | 16.5 | 18.4 | 15.5 | 12.5 | 9.7  | 6.9  | 7.2  |
| <b>Private Rented</b>  | 26.1 | 17.2 | 13.3 | 10.1 | 8.0  | 11.1 | 9.9  |
| <b>Owner Occupied</b>  | 52.6 | 59.8 | 68.8 | 74.4 | 79.3 | 77.4 | 74.7 |

|                  |     |     |     |     |     |     |     |
|------------------|-----|-----|-----|-----|-----|-----|-----|
| <b>Other</b>     | 4.8 | 4.6 | 2.4 | 3.0 | 3.0 | 4.6 | 4.7 |
| <b>Voluntary</b> | n/a | n/a | n/a | n/a | n/a | n/a | 3.5 |

**Table 1: Irish Tenure Restructuring 1946-2006 (% of Private Households in Permanent Accommodation)<sup>7</sup>**

All this shapes a mix of differences and close parallels, of independence and dependence with regard to the English system. Whereas Ireland is on the one hand a constitutional system, the legal system is shaped by a tensional relationship of common law,<sup>8</sup> canon law and civil law,<sup>9</sup> thus qualifying the meaning of the Roman law tradition; whereas Ireland is on the one hand an “authoritarian” country like England, it is on the other hand a rather arbitrary system of anti-centralism, anti-governmentalism and parish-near church rule (not cannon law), England on the other hand being based on the ongoing role of the monarchy within a parliamentary democracy in which the monarch is at the same time the head of the – protestant – church.<sup>10</sup> However, it has to be mentioned that the actual integrative role of the monarch has, compared with countries as Belgium and The Netherlands, rather limited meaning.<sup>11</sup>

<sup>7</sup> Source: *Census of Population. Housing Volume, various years*

<sup>8</sup> In Ireland in the specific interpretation of the Brehon law.

<sup>9</sup> See for latter the cases *Ryan v. Attorney General (Reported at [1965] IR 294 see [http://www.ucc.ie/law/irlii/cases/913p\\_62.htm](http://www.ucc.ie/law/irlii/cases/913p_62.htm) - accessed 15/05/07; 6:55)* and the White Paper *The Law of Nullity in Ireland*. Office of the Attorney General. *The Law of Nullity in Ireland*. Dublin: Stationery Office, 1976

<sup>10</sup> Namely the Church of England

<sup>11</sup> Different to for example The Netherlands and Belgium where the Royalty plays a major role in terms of a unifying power, in the first country in terms of keeping the countries identity together during the period of the “pillarisation“, in the second with regard to the fragmentary federalist structure.



Figure 5: The Irish Cain - the Irish קַיִן ?<sup>12</sup>

In concrete terms of the economy, the Irish Republic had been a country with a very low rate of economic performance in the standard measures, predominantly and until relatively late into the previous century characterised by agriculture. An interventionist approach from the side of the government appeared only at a late stage. And even then it had been caught in the trap of not having a sufficient independent economic basis, being chiefly depending on trade with the United Kingdom and the political declaration of striving for independence.<sup>13</sup>

The following tables clearly show this pattern, allowing us some key figures of economic development in Ireland.

| Year    | Policy targets |              |                 | Developmental goals |                | Employment |       |
|---------|----------------|--------------|-----------------|---------------------|----------------|------------|-------|
|         | Total exports  | Ind. Exports | TNC investments | GNP per capita      | GDP per capita | Total      | Mfg.  |
| 1960-73 | 8.03           | 10.46        | 25.57           | 3.51                | 3.63           | 0.01       | 2.24  |
| 1973-86 | 8.01           | 10.37        | 11.14           | 0.65                | 2.01           | 0.10       | -0.43 |
| 1986-94 | 9.69           | 10.10        | 1.03            | 3.96                | 4.42           | 1.12       | 1.29  |
| 1960-94 | 8.41           | 10.34        | 14.28           | 2.63                | 3.19           | 0.48       | 1.06  |

Table 2: Average annual rates of growth of exports, foreign investment and GNP, 1960-94 (constant prices)

<sup>12</sup> From: <http://cain.ulst.ac.uk/bgnd/logo.htm>; accessed 02/05/07, 11.59 – the question asked here gets meaning from the name of the website from which the picture is taken: there cain stands for Conflict Archive on the Internet, a website that is according to its subtitle dedicated to *Conflict and Politics in Northern Ireland (1968 to the Present)*, the קַיִן being the Cain from the *Genesis 4.1-24*.

<sup>13</sup> It is another question how serious this will to independence was actually implemented.

| Year | (a) Private consumption | (b) State consumption | (c) Total consumption | (d) Investment | (e) Export surplus |
|------|-------------------------|-----------------------|-----------------------|----------------|--------------------|
| 1985 | 59.6                    | 18.6                  | 78.2                  | 20.0           | 1.9                |
| 1986 | 59.9                    | 18.8                  | 78.7                  | 18.7           | 2.6                |
| 1987 | 59.3                    | 17.7                  | 77.0                  | 16.5           | 6.5                |
| 1988 | 58.9                    | 16.3                  | 75.2                  | 15.8           | 9.0                |
| 1989 | 56.9                    | 15.2                  | 72.1                  | 18.5           | 9.4                |
| 1990 | 58.8                    | 15.0                  | 73.8                  | 21.5           | 4.7                |
| 1991 | 59.6                    | 15.9                  | 75.5                  | 19.6           | 4.9                |
| 1992 | 59.9                    | 16.2                  | 76.1                  | 16.3           | 7.6                |
| 1993 | 58.1                    | 16.2                  | 74.3                  | 15.0           | 10.7               |
| 1994 | 58.5                    | 16.0                  | 74.5                  | 15.6           | 9.8                |
| 1995 | 56.1                    | 15.4                  | 71.5                  | 16.9           | 11.6               |
| 1996 | 55.4                    | 14.8                  | 70.2                  | 18.8           | 11.0               |

**Table 3: Changing Shares of GDP expenditures, 1985-96**

Directing the view more towards the mode of regulation, the life regime and the mode of life, we can see the major influence of the (Catholic) Church. Although there is since the beginning of the 1960s an increase of individuals who are not affiliated to any religion or for whom information is not available and as well a decline in the relative importance of Catholicism, the percentage of individuals with a Roman-Catholic affiliation remained extremely high (*see Table 4*).

| Year | Total     | Religion       |                                      |              |           |        |                         | No religion | Not stated |
|------|-----------|----------------|--------------------------------------|--------------|-----------|--------|-------------------------|-------------|------------|
|      |           | Roman Catholic | Church of Ireland (incl. Protestant) | Presbyterian | Methodist | Jewish | Other stated religions* |             |            |
| 1881 | 3,870,020 | 3,465,332      | 317,576                              | 56,498       | 17,660    | 394    | 12,560                  |             |            |
| 1891 | 3,468,694 | 3,099,003      | 286,804                              | 51,469       | 18,513    | 1,506  | 11,399                  |             |            |
| 1901 | 3,221,823 | 2,878,271      | 264,264                              | 46,714       | 17,872    | 3,006  | 11,696                  |             |            |
| 1911 | 3,139,688 | 2,812,509      | 249,535                              | 45,486       | 16,440    | 3,805  | 11,913                  |             |            |
| 1926 | 2,971,992 | 2,751,269      | 164,215                              | 32,429       | 10,663    | 3,686  | 9,730                   |             |            |
| 1936 | 2,968,420 | 2,773,920      | 145,030                              | 28,067       | 9,649     | 3,749  | 8,005                   |             |            |
| 1946 | 2,955,107 | 2,786,033      | 124,829                              | 23,870       | 8,355     | 3,907  | 8,113                   |             |            |
| 1961 | 2,818,341 | 2,673,473      | 104,016                              | 18,953       | 6,676     | 3,255  | 5,236                   | 1,107       | 5,625      |
| 1971 | 2,978,248 | 2,795,666      | 97,739                               | 16,052       | 5,646     | 2,633  | 6,248                   | 7,616       | 46,648     |
| 1981 | 3,443,405 | 3,204,476      | 95,366                               | 14,255       | 5,790     | 2,127  | 10,843                  | 39,572      | 70,976     |
| 1991 | 3,525,719 | 3,228,327      | 89,187                               | 13,199       | 5,037     | 1,581  | 38,743                  | 66,270      | 83,375     |
| 2002 | 3,917,203 | 3,462,606      | 115,611                              | 20,582       | 10,033    | 1,790  | 89,223                  | 138,264     | 79,094     |

\* The "other stated religions" category includes the categories "no religion" and "not stated" for censuses from 1881 to 1946 inclusive.

**Table 4: Religious Affiliation in the Republic of Ireland<sup>14</sup>**

In a press release from the statistical office the development with regard to the catholic church is summarised as follows:

The number of persons recorded as Roman Catholics increased by 234,300 (7.3 %), from 3,228,300 in 1991 to 3,462,600 in 2002. However, taking account of the 11.1 per cent increase in the population overall since 1991 the share of Roman Catholics in the population actually fell from 91.6 per cent to 88.4 per cent in the relevant period.

(Central Statistics Office Ireland: 2002 Census of Population - Volume 12 – Religion; Press Release; Dublin: CSO, 08/04/04; [http://www.cso.ie/newsevents/pr\\_prelcen\\_02vol12.htm](http://www.cso.ie/newsevents/pr_prelcen_02vol12.htm) - accessed 12/05/07; 5.54)

Looking at the results of the *World Value Survey* from 1990, the traditional religious beliefs rank in Ireland extremely high (see Vilar, Carles: *Real International Statistics on Religion. General Data*: <http://www.religionstatistics.net/gendaten.htm> - accessed 12/05/07; 6:07). With interest in the mode of regulation and the mode of life as important variables in explaining the economic potentials and their maintenance, it is particularly meaningful to compare these figures with those of countries that recently joined the EU or are in one or the other way at the doorsteps. Taking examples as Bulgaria, Hungary, Moldova, Romania, Russia and Ukraine as comparison, Ireland is – from this sample only comparable with Romania – the one with both the highest degree of homogeneity in terms of the dominant religious groups and the highest scores in traditional beliefs.

<sup>14</sup> From: Central Statistics Office Ireland: *Census of Population 2002 Volume 12 Religion*. Dublin: Stationery Office, 2004: 9 (table 1); accessed on [http://www.cso.ie/news events/pr\\_prelcen\\_02vol12.htm](http://www.cso.ie/news events/pr_prelcen_02vol12.htm) - accessed 12/05/07; 5:54



accepting the interpretation of the principle of subsidiarity in very reductionist way of relying on the family as primary, solely responsible instance of “socialisation” – this matched the nationalist part of Irishness as it prevailed for a long time and which aimed on building an autarkic system – the autarkic family, matching and making possible the autarkic and autocratic state. In other words, we can interpret this extreme privatist orientation as seedbed for what should be at a later stage the Celtic tiger economy. It did have the same function as the protestant ethics in the German law and order state: growth as matter of retreat of the individual into the private sphere and the reliance on a – though differently grounded – authoritarian character.

| Year | 000 households           |                             |                             |  | persons<br>average<br>household size |
|------|--------------------------|-----------------------------|-----------------------------|--|--------------------------------------|
|      | Total<br>house-<br>holds | 1 person<br>house-<br>holds | 2 person<br>house-<br>holds | 3 or more<br>person<br>house-<br>holds |                                      |
| 1997 | 1,191.9                  | 269.7                       | 288.5                       | 633.7                                  | 3.07                                 |
| 1998 | 1,224.6                  | 264.9                       | 297.1                       | 662.7                                  | 3.02                                 |
| 1999 | 1,253.9                  | 276.8                       | 304.1                       | 672.9                                  | 2.98                                 |
| 2000 | 1,283.6                  | 292.8                       | 311.4                       | 679.4                                  | 2.95                                 |
| 2001 | 1,302.5                  | 283.4                       | 331.5                       | 687.6                                  | 2.95                                 |
| 2002 | 1,344.4                  | 296.9                       | 347.0                       | 700.5                                  | 2.91                                 |
| 2003 | 1,383.8                  | 305.2                       | 370.6                       | 708.0                                  | 2.88                                 |
| 2004 | 1,405.9                  | 297.8                       | 385.6                       | 722.5                                  | 2.88                                 |
| 2005 | 1,453.9                  | 315.9                       | 399.5                       | 738.5                                  | 2.84                                 |
| 2006 | 1,488.4                  | 324.9                       | 412.0                       | 751.5                                  | 2.85                                 |

**Table 5: Household Seize<sup>17</sup>**

This, in turn, allowed to some extent the hiding away of poverty: families functioned as compensation of a by and large non-existent social policy system and social policy had been an area of which not much care had been taken.

– One could say, problems that had not been sufficiently dealt with by the community of Irish peasants and small-holders and their subsistence economy as socio-economic net, nurtured by the sun, had been left to the institutionalised Church as integrative and oppressive power, distributing status according to the rules of the cross.<sup>18</sup>

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*rocky road. The Irish Economy since the 1920s; Manchester/New York: Manchester University Press, 1997: 192-223*

<sup>17</sup> Form: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 55*

Source: CSO QHNS [LFS (April 1997) and QNHS (March-May, 1998-2006)].

<sup>18</sup> This formulation – and as well the formulation characterising the mode or regulation as communitarian – refers to some extent to the *Ferdinand Toennies'* characterisation of the general developmental process as one from *Gemeinschaft* to *Gesellschaft*.



**Figure 7: The “Celtic Cross”<sup>19</sup>**

It is against this background that we have to assess the shift towards a modern, postindustrial society<sup>20</sup> as it can be seen by looking at the sectoral development as shown in the following tables.

| <i>Year</i>   | <i>Agriculture</i> | <i>Industry</i> | <i>Services</i> |
|---------------|--------------------|-----------------|-----------------|
| <b>North:</b> |                    |                 |                 |
| 1926          | 26                 | 37              | 37              |
| 1961          | 14                 | 41              | 45              |
| 1993          | 11                 | 33              | 57              |
| <b>South:</b> |                    |                 |                 |
| 1936          | 48                 | 15              | 37              |
| 1951          | 40                 | 19              | 40              |
| 1966          | 31                 | 35              | 34              |
| 1971          | 26                 | 29              | 45              |
| 1981          | 17                 | 32              | 51              |
| 1992          | 13                 | 28              | 59              |

**Table 6: Employment by sector, 1946-93 (percentage of total)<sup>21</sup>**

<sup>19</sup> From: <http://www.nbhtravel.com/Europe2000/highgate,%20celtic%20cross.jpg> - accessed 05/05/07; 5:57

<sup>20</sup> Though the concepts of modernity and postindustrialism are highly problematic.

|                           |      |
|---------------------------|------|
| Industry, of which:       | 32   |
| Building and construction | (10) |
| Manufacturing, of which:  | (22) |
| Foreign-owned             | (8)  |
| Indigenous                | (14) |
| Market services           | 67   |
| Non-market services       | 13   |
| Agriculture               | -12  |

**Table 7: Decomposition of Aggregate Employment Change, 1989-97<sup>22</sup>**

| Category          | 1970  | 1977  | 1983  | 1989  | 1993  |
|-------------------|-------|-------|-------|-------|-------|
| Civil service     | 41.8  | 56.0  | 37.7  | 28.6  | 30.6  |
| An Garda Síochána | 6.5   | 8.5   | 10.8  | 10.5  | 11.2  |
| Defence forces    | 9.8   | 16.6  | 16.5  | 14.4  | 14.0  |
| Local authorities | 49.9  | 30.8  | 33.0  | 29.4  | 30.4  |
| Health services   | 14.6  | 48.5  | 64.5  | 57.3  | 61.8  |
| Education         | 30.9  | 48.5  | 53.2  | 55.4  | 64.1  |
| Semi-state bodies | 65.0  | 56.9  | 94.1  | 73.7  | 64.3  |
| Total             | 218.5 | 258.4 | 313.2 | 269.3 | 276.5 |

**Table 8: Public sector employment, 1970-93 (in thousands)<sup>23</sup>**

The following *Table 9* gives another perspective on this development in a more long-term perspective. As dramatic as the development seems to be, the view actually suggests a qualification, clarifying that the recent development is actually a peak of a much longer development, more distinct than in other countries.

<sup>21</sup> From: Ó Gráda, Cormac: *A rocky road. The Irish Economy since the 1920s*; Manchester/New York: Manchester University Press, 1997: 170

Source: 1936 Census: J.L. Wiles and R.D. Finnegan, *Aspirations and Realities: A Documentary History of Economic Development Policy in Ireland Since 1922* (Westport, Conn., 1993); Statistical Abstract 1933, 52.

<sup>22</sup> Barry, Frank: *Foreign Direct Investment, Cost Competitiveness and the Transformation of the Irish Economy*; in: *Development Southern Africa*; 17: 3, 289-305: here: 298

<sup>23</sup> From: Ó Gráda, Cormac: *A rocky road. The Irish Economy since the 1920s*; Manchester/New York: Manchester University Press, 1997: 171

Source: Administration Yearbook, various years; CSO, 'Public sector employment' (November 1994).

|         | Agriculture |      |      | Industry |      |      | Services |      |      |
|---------|-------------|------|------|----------|------|------|----------|------|------|
|         | 1930        | 1960 | 1990 | 1930     | 1960 | 1990 | 1930     | 1960 | 1990 |
| France  | 36          | 22   | 6    | 31       | 38   | 31   | 33       | 40   | 63   |
| Spain   | 52(*)       | 39   | 12   | 23(*)    | 30   | 34   | 25(*)    | 31   | 54   |
| UK      | 6           | 5    | 2    | 46       | 48   | 31   | 48       | 56   | 66   |
| EC      | -           | 21   | 7    | -        | 48   | 31   | -        | 56   | 66   |
| Ireland | 48          | 37   | 15   | 15       | 24   | 29   | 37       | 39   | 55   |
| NI      | 26          | 14   | 11   | 37       | 41   | 33   | 37       | 45   | 57   |

**Table 9: Sectoral distribution of employment in Europe and Ireland, c. 1930-90 (%)<sup>24</sup>**

Furthermore, it is important to access the development as well in terms of the actual sectoral contributions in terms of the value production as shown in *Table 10*.

|            | Agriculture % of value added |      | Industry % of value added |      |               |                   | Services % of value added |      |
|------------|------------------------------|------|---------------------------|------|---------------|-------------------|---------------------------|------|
|            |                              |      | Total                     |      | Manufacturing |                   |                           |      |
|            | 2004                         | 1994 | 2004                      | 1994 | 2004          | 1994              | 2004                      | 1994 |
| Czech Rep  | 3.3                          | 4.9  | 37.9                      | 38.8 | 25.9          | 23.2 <sup>+</sup> | 58.8                      | 56.1 |
| France     | 2.5                          | 3.3  | 21.3                      | 24.7 | 13.8          | “                 | 76.3                      | 73.1 |
| Germany    | 1.1                          | 1.2  | 29.1                      | 32.9 | 22.7          | 23.1              | 69.8                      | 65.9 |
| Greece     | 5.7                          | 10.3 | 21.3                      | 22.9 | 11.1          | 13.1 <sup>+</sup> | 73.1                      | 66.3 |
| Hungary    | 3.9                          | 6.4  | 30.9                      | 30.0 | 22.5          | “                 | 65.2                      | 63.7 |
| Ireland    | 2.5                          | 7.9  | 37.5                      | 36.2 | 27.0          | 30.1 <sup>+</sup> | 60.0                      | 55.9 |
| Italy      | 2.5                          | 3.3  | 27.3                      | 30.1 | 19.0          | 21.7              | 70.2                      | 66.6 |
| Luxembourg | 0.6                          | 1.0  | 16.7                      | 22.3 | 9.4           | 13.7 <sup>+</sup> | 82.7                      | 76.7 |

**Table 10: Sectoral contributions to gross value added\*<sup>25</sup>**

However, causes and consequences are not visible by reviewing selected figures of some key features of the economy. The entire constellation has to be understood as expression of a complex and contradicting mode or regulation. Due to the economic structure and its structural limitations and due to the entanglement of the history as that of a (neo-)colonialised island nation we find the interlocking of three different ideas of the state and its foundation. These find their expression in the simultaneity of

<sup>24</sup> From: Ó Gráda, Cormac: *A rocky road. The Irish Economy since the 1920s; Manchester/New York: Manchester University Press, 1997: 168*

(\*) = 1940

Source: OECD Historical Statistics, 1960-1990, 22, 40-1; Eurostat, LFS: results 1989, 112-13; Mitchell, European Historical Statistics. The Northern Ireland (NI) data refer to 1926, 1961 and 1993. For 1930, manufacturing is defined as industry, mining and construction.

<sup>25</sup> From: *OECD: OECD in Figures 2006-2007; Paris: OECD, 2006: 16*

\* According to the 1993 System of National Accounts and the International Standard Industrial Classification (ISIC), Revision 3 (1990). Value added is estimated at basic prices and includes FISIM.

- natural law as outflow of the validity of pagan traditions and Catholicism – being the Irish placeholder for the missed enlightenment;
- common law – on the one hand as genuine Celtic tradition (*the breitheamh law*), on the other hand as matter of the strong English tradition (*comparing, for instance, the continental forms of the poor law [systems of Elberfeld and Strassbourg] with the Victorian poor law make this clear*);
- positive law as expression of the attempt to join the “ordinary capitalism” and the requirements of protestant ethics.

It may well be justified to see the regulatory system during this period of the economy of the Tíogar Ceilteach as being in a transformational stage, developing from a pre-modern to a modern one. A statement by *John Maurice Kelly* gives a snapshot of this process, though placed in an entirely different historical context. He writes:

The old system of judicature still functioned as before, its procedures actually rationalized. But a silent, hardly visible transformation, even transubstantiation, had in fact taken place; because every part of the constitution now contained a new, tacit term, namely acquiescence in the will of an individual.

(*Kelly, John Maurice: A Short History of Western Legal Theory; Oxford: Clarendon Press 1992 [2006]: 44*)

Sure, many references to some kind of common law and community regulations remained in place – for instance visible in the constitution’s reference to the family in *articles 41* and perhaps even more *article 42*, the latter dealing with education. And not less true is that already in the early development of the Free State private property of the individual had been not only accepted but seen as the centre of the economic and regulatory system – the validity of the *breitheamh law* had been already limited as well. Characteristic for the new phase, however, was the explicit acknowledgement of individualism as generally guiding principle of the state. One could even say that it had been at this historical stage that the state actually developed in the modern sense. Quoting *John Maurice Kelly* again, marking such a shift for the ancient Roman understanding of the state, we see a similar pattern for the new Ireland – a first step being made with the development to the Free State, and a second, more decisive step made with gaining the economic independence, entering the global economy as now independent global player.<sup>26</sup> After presenting a statement from *Cicero’s De Republica* he writes:

Note here not merely an echo of the Aristotelian notion of human beings as creatures tending naturally to civic society (the *politikon zoon*), but the certainly deliberate legal references. When to this passage another phrase from *De republica* is added – ‘a single bond of law, and an agreement and partnership in coming together, which is what makes a people’ (‘unum vinculum iuris [ac] consensus ac societas coetus, quod est populus’)<sup>27</sup> – Cicero can probably be seen as alluding to the roman ‘consensual’ contract of partnership (*societas*), of which a sharing of the partners’ goods (*communio*) was an aspect.

(*Kelly, John Maurice: A Short History of Western Legal Theory; Oxford: Clarendon Press 1992 [2006]: 65 f.*)

The statement with regard to property is still reflected in a system of patchy public services and mercy-based solidarity; the high degree of integrity and smoothness of

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<sup>26</sup> Here it does not play a role that the claimed independence is factually the establishment of a high dependence within an extremely unequal world system.

<sup>27</sup> *Cicero: De Republica, 3.31.43*

the “communal system of regulation” is based in the division of power: concentration of legislative or state power on the central level on the one hand and moral power and control of values in the parishes by a doctrinal totalitarianism on the other hand.<sup>28</sup> And not least it is based in the fact that the internal political conflicts are to a large extent externalised. The two dominant political parties, *Fianna Fáil* and *Fine Gael* are not primarily distinct in their socio-economic orientations, i.e. in terms of their program for the development of the state. Rather, the main dividing line is the old, and at least in some way obsolete one of the civil war of the early 20<sup>th</sup> century – in some way obsolete as the actual social dimension of the colonised class society is not reflected.

In other words, the tension of the validity of different legal patterns are characterising the state and government by shaping a very specific mode of regulation. Looking at the typical understanding of law in different ancient constituencies, we find on the one hand a root in Greek traditions, which is here suggested as strongly pertaining in common law. The individualist component here is the start from and reference to the individual case,<sup>29</sup> following the maxim Cicero’s: *summum ius summa iniuria*, i.e. the astuteness that nothing is as unjust as treating different cases by the same/identical law. On the other hand we find the Roman tradition of positive law, the individualist component being here an “individualising” one, taking the individual out of his/her social context and assessing situational relationships, independent of the context and independent of their development. In other words, we find a by and large constructivist approach which applies formal rules and possibly morals, rather than looking at processes and their relational (structural and functional) conditioning. It is proposed here that definite and strong elements of the concrete mixture in Ireland, actualising itself in the mode of regulation and life regime are

- clientelism and familiarism
- patchy public services and mercy-based solidarity
- parish-bound community integration and segregated individualism.

#### *Ireland and the EU – One Step Forward ...*

Ireland joined, together with Denmark and the United Kingdom, in 1973 the EEC, bringing the number of member states from six to then nine. At the time there had been much debate about the changes of the EEC due to the fact of the enlargement process – Ireland had been seen as the “poor house” of the region, and the next steps of enlargement (1981, 1986) were to bring Greece, Portugal and Spain, other countries with a considerable lower economic status according to the standard measures, into the EEC.

As mentioned earlier, the Irish economy was a kind of subsistence economy, dominated by agriculture, smallholders and small businesses, and dependence on imports of major goods. It had been shown that this resulted in a low performance in

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<sup>28</sup> It is another issue, not to be discussed here, how actually the two levels are nevertheless interwoven due to the dominant position of the catholic church with its intermediating position.

<sup>29</sup> Such “cases” actually being by definition “embedded”, recognising the social space and conditions (though such statement does not say anything on the quality and scope of such acknowledgement).

the standard figures of economic developments. According to *William James Loudon Ryan and Martin O'Donoghue*, studies undertaken by the *Committee on Industrial Organization (C.I.O.)*, a government-appointed body of the early 1960s came to

the main conclusions ... that much of Irish industry, as it was then constituted, would be uncompetitive in free trade conditions. The principal causes (which varied widely in their relative importance from one industry to another) were small-scale production, lack of specialization, out-of-date equipment, a variety of deficiencies in management, inadequate training facilities for operatives and supervisors, inadequacies in design, packaging and presentation and poor marketing arrangements.

(Ryan, *William James Loudon/O'Donoghue, Martin: The Republic of Ireland; in: the Journal of Industrial Economics; 13, Supplement: Papers on Regional Development; 1965: 88-101; here: 96*)

But it has to be understood that these “economic shortcomings” and failure on the market went hand in hand with a pattern of the deliberate political decision regarding the socio-economic structure towards a peculiar mix of public and private – the public being left to the church and parish, the private being emphasised in terms of the political system and as well as part of the Irish mentality, rating privacy as probably one of the highest values. Both, Catholicism and high estimation of privacy merged not least into large families that could provide some backing in case of social problems, functioning as

- a kind of service provider,
- a means of social integration,
- a means of social control and
- to some extent as a peculiar kind of bridge between individual and society, probably stronger than in other cultures as the family was here dominant rather than being simply a smaller replicate of society.

It is interesting that – as typical this pattern was for Ireland – it can probably be seen as going beyond a purely national pattern. Looking for instance at the situation in Turkey, it is suggested that we are dealing with a ground pattern of late emerging modern states. *Helga Rittersberger-Tiliç* and *Sibel Kalaycioglu* present for Turkey – founded as republic only in 1923

After the 1950s Turkish society underwent a massive period of rural-urban migration parallel to economic transformations in agriculture with highly complex consequences. This complex process might be simplified as movement of labour set free by the introduction of new technologies and mechanization into towns or cities looking for new means of survival. In the towns, however, the infrastructure was not adequately developed and it could not meet the demands of the inflowing migrants. ... However, in the Turkish case the nation state model had only a limited vision of provision of socio-economic welfare, besides the fact that the demand was too great to be easily answered in a short period of time. Thus, we see that individual strategies and family/kin networks of economic solidarity have taken over the initiative at this moment.

(*Rittersberger-Tiliç, Helga and Kalaycioglu, Sibel: The Nation State and the Individual: Alternative Strategies of Consent 'From Below'; in: Asian and African Studies; Bratislava: Institute of Oriental and African Studies/Slovak Academy of Sciences, 7/1998; number 1: 69-79, here: 71 f.*)

Taking just the two countries, Ireland and Turkey as examples we can assume that at a certain historical stage a shift takes place: processes of inner migration take place that mean a far-reaching change of the accumulation regime and the mode of

regulation. But at the same time, the old patterns – deep-seated as they are – prevail and develop as a particular “mix”.

Coming back to Ireland, although this mode of regulation was not questioned, it had been the accumulation regime that had been already in the middle/end of 1950s under severe pressure. Hand in hand with other measures a first attempt to join the institutionalised Europe characterised a shift in policy concern in the sense of opening the economy. Regarding the reason for failing in joining the then EEC the assessment is somewhat speculative. One reason, though not directly linking into the argument of the changes on the economic agenda, was linked to membership of the NATO. *Michaél Ó Moráin*, then Minister of Lands, answering concerns issued during the negotiations, stated in February 1962

It had been made quite clear by the Taoiseach on different occasions that a policy of neutrality here in the present world division between communism and freedom was never laid down by us or indeed ever envisaged by our people. Neutrality in this context is not a policy to which we would even wish to appear committed. ... Our whole history and cultural tradition and outlook has been bound up with that of Europe for past ages. We have, I believe, a full part to play in this day and age in the integration and development of a united States of Europe, and towards this end it may be necessary for us to share any political decisions for a common good.

*(Keogh, Dermot: The Diplomacy of “Dignified Calm”: An Analysis Of Ireland's Application for Membership of the EEC, 1961 – 1963; <http://www.ucc.ie/chronicon/keogh.htm> – 03/07/07; 5:38)*

The quote is given (a) to show some of the concerns on the agenda and (b) to show that Ireland had not been just opening on the economic agenda, but it had been already “open” in terms of an anticommunist, thus as well capitalist market-policy driven policy. – In any case, there seems to be definite and unquestionable evidence that the rejection was primarily directed towards the United Kingdom.

On 14 January 1963, French President General Charles de Gaulle gave a press conference at which he made it clear that he did not agree with the entry of Britain into the EEC. This did not bode well for Ireland’s entry. Ireland mounted a diplomatic ‘charm offensive’, with the Taoiseach and his officials visiting European capitals to muster support for EEC entry. However, it was not successful on this occasion.

*(Chambers, Bernadette: Guide to Sources on Ireland and European Unity; <http://www.nationalarchives.ie/topics/EU/eu.htm>; accessed 02/06/07, 12:05)*

Such interpretation is supported from a somewhat different side, namely by *Jeson Ingraham*, writing

Historically, Ireland has been overly dependent on Britain economically, and the Irish government realised that entry into the EEC could significantly reduce that dependence. Despite this realisation, in 1963 Ireland withdrew its application to join the EEC mainly because Britain had decided to withdraw its own application (O’Conner, February 9, 1998). This event highlighted both Ireland’s dependence on Britain and the reality that this economic dependence would only be reduced after both countries had joined the EEC.

*(Ingraham, Jeson: The European Union and Relationships Within Ireland; 1968; <http://cain.uist.ac.uk/issues/europe/euireland.htm> - accessed 02/06/07; 11:49)*

Nevertheless, one should not overlook the fact that Ireland was as well for itself not a really welcome new member – even evidence from later, the reference to the European poor house, may be taken as interpretor in this direction. However, in any case we see as matter of a “mind-set” already then a shift in policy. Whereas the overall structure of the mode of regulation continued in traditional channels there

was a gradual shift, a search for a new Irish model. It should never be forgotten that in this sense – and only seemingly contradicting *William James Louden Ryan* and *Martin O'Donoghue* (see page 22 f.) –

Free trade appears to have helped boost Irish growth  
(Ó Gráda, Cormac/O'Rourke, Kevin: *Irish Economic Growth, 1945-88*; in: *Crafts, Nicholas, Crafts/Toniolo, Gianni [eds.]: Economic Growth in Europe since 1945*; Cambridge/New York: Cambridge University Press, 1996: 388-426; here: 412)

In this light, the actual boost may be seen from a national and long-term perspective as being more relevant already at the end of the fifties/early sixties where the foundations for later changes had been laid.

So, even when finally entering the EEC in 1973, there was an ongoing development, having its roots already in general terms at the end of the fifties. Concluding from the rejection of the first application, *Dermot Keogh* writes:

While we had found it hard to abandon the safe shores ... they negotiated Irish entry into the EEC.  
(Keogh, Dermot: *The Diplomacy of "Dignified Calm": An Analysis Of Ireland's Application for Membership of the EEC, 1961 – 1963*; <http://www.ucc.ie/chronicon/keogh.htm> – 03/07/07; 5:38)

Without any doubt, some of the old patterns, characterising and even dominating the previous periods are still very much coining the country today. The key elements which may be seen as relevant in their persistence or as heritage, can be summarised in the following five points:

- 1) A centralist state, hugely depending on the integrative role of the church as its “communitarian pendant”,
- 2) of which the economy is dominated by agriculture and small businesses
- 3) and the living standard is by and large characterised by poverty of all.
- 4) This “democratic distribution of poverty” is balanced by a charitable welfare system at the margins family integration and support as foundation – the translation of privatism into welfare policies.
- 5) Furthermore, migration can be seen as complement or “last security net”.

However, when talking about migration it should be kept in mind that – going beyond temporary phases of extremes – migration is not necessarily a means of properly “regulating labour markets and social cohesion”. In an imperative study on the Future of the European Social Model, the Austrian scholar *Arno Tausch* highlights seven points, marking the problematique of migration in the regulative role, namely looking at the premium for promoting mobility, writing:

- 1) Though the effect of fostering mobility of a possible premium for migration, however, it has to be noted that existing, Europe-wide studies show that in particular the socially disadvantaged are not easily ready for accepting mobility requirements as they fear to lose the last remaining social networks
- 2) It cannot be excluded that the introduction of such premium for mobility an unintended effect is that groups that show already a higher readiness for mobility are especially supported (“windfall profit”)
- 3) Mobility is first and foremost a matter of the Lisbon process; the most societies are the Scandinavian countries and those of the north-west of Europe
- 4) As very high social standards are unfortunately limiting mobility the debate on this topic will foreseeable have negative effects on the ideological dispute between neo-liberal and social-keynesianist paradigms
- 5) The author, taking the empirical studies and a conservative assessment of the situation in

Austria as point of departure, concludes that the portability of claims and the eligibility and as well the entitlement to purchase, continued ownership and continued use of community living and social housing and the promotion of building accommodation for living is equally important with regard to decision against or in favour of mobility as the financial aspects of relocation

6) In any case, FI, FR, SK, IT and CZ have supported efforts to take up work in other regions; AT, CY, EE, FI, LT, SK and SI have intensified or improved measures in support of labour market oriented training and/or in favour of promoting job mobility. Sure, it has to be considered that first evidence raises reasons for a sceptical interpretation of the effects of such premium.

(Tausch, Arno: *Die Zukunft des Europaeischen Sozialmodells. Eine Vorlesung ueber Europa – 50*; Trier: Zentrum für europaeische Studien; 2007: 45 f. [translation P.H.]

### *Integrationist Corporatism*<sup>30</sup>

It had been only in the late 1970s that a change of governance took serious forms, in particular linked to a strategic shift in the governance structure, i.e. a more or less fundamental change of the mode of regulation. Due to some stabilisation already on the national level, a certain degree of economic liberation of the economy from the one-sided dependency on the relationship to (not to say: dependency from) the United Kingdom and outspoken or implicit requirements coming from the EEC/EU for instance in form of the Maastricht criteria. Talking of liberation, this should not be confused with liberalisation as the program was in particular in the beginning by no means primarily one of a one-sided liberal deregulation strategy. However, as said all this has to be seen as part of a development which took place over a long period.

The statement that Ireland had been in principle throughout her history an open economy, such statement needs now to be qualified. First, due to the (semi-)colonial status it had never been possible to fully put this structure into action. We can see this by looking at the one-sidedness of the international interweavement of the country's import/export structure which had been dominated by the link to the United Kingdom (*see Table 3*). This had been to some extent accepted – if not ideologically, so at least in terms of a pragmatic approach. In this regard, EEC-membership definitely meant a step, allowing – though with delay – diversification of foreign trade partners and the diversification of production as can be seen in following *Table 11* and later *Table 21*.

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<sup>30</sup> The following refers to a large extent to the Ó Gráda, Cormac/O'Rourke, Kevin: *Irish Economic Growth, 1945-88*; in: Crafts, Nicholas, Crafts/Toniolo, Gianni [eds.]: *Economic Growth in Europe since 1945*; Cambridge/New York: Cambridge University Press, 1996: 388-426; here: 398-404; see as well 27 ff.

|                          | 1973         | 1978         | 1983         | 1988          | 1993          | 1998          | 2003          |
|--------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>Imports</b>           |              |              |              |               |               |               |               |
| <b>GB</b>                | 678          | 2,125        | 3,842        | 4,965         | 6,257         | 12,394        | 13,643        |
| <b>NI</b>                | 54           | 205          | 397          | 499           | 530           | 1,073         | 1,037         |
| <b>Other EU</b>          | 301          | 981          | 2,054        | 3,111         | 3,840         | 8,111         | 11,823        |
| <b>USA</b>               | 99           | 397          | 1,375        | 2,061         | 3,213         | 6,363         | 7,390         |
| <b>Rest of the World</b> | 311          | 1,007        | 1,685        | 2,333         | 5,060         | 11,775        | 13,632        |
| <b>Total</b>             | <b>1,444</b> | <b>4,715</b> | <b>9,354</b> | <b>12,970</b> | <b>18,900</b> | <b>39,715</b> | <b>47,525</b> |
| <b>Exports</b>           |              |              |              |               |               |               |               |
| <b>GB</b>                | 499          | 1,462        | 2,620        | 4,562         | 6,259         | 11,417        | 13,462        |
| <b>NI</b>                | 104          | 315          | 633          | 961           | 890           | 1,504         | 1,610         |
| <b>Other EU</b>          | 235          | 1,137        | 2,829        | 6,038         | 9,918         | 26,121        | 35,470        |
| <b>USA</b>               | 109          | 232          | 717          | 1,206         | 2,273         | 7,743         | 16,924        |
| <b>Rest of the World</b> | 156          | 616          | 2,017        | 2,857         | 5,839         | 10,537        | 14,710        |
| <b>Total</b>             | <b>1,104</b> | <b>3,762</b> | <b>8,817</b> | <b>15,624</b> | <b>25,179</b> | <b>57,322</b> | <b>82,176</b> |

**Table 11: External Trade, by Country/Region<sup>31</sup>**

As *Jeson Ingraham* radiation states – with reference to a lecture given on February 9<sup>th</sup>, 1998 by *E. O’Conner*,

... Ireland had drastically reduced its reliance on trade with Britain. In a period of fifty years, the percentage of Irish exports to Britain declined from 98 per cent in 1922, to 58 per cent in 1973. The most rapid reduction occurred between 1958 and 1973, when it dropped from 80 per cent to 58 per cent (O’Conner, February 9, 1998). These were not the only events which helped show that Ireland was shedding its "inferior" status in relation to Britain. In 1979, Ireland joined the European Monetary System (EMS) even though Britain did not. In this decision, the Irish government expressed confidence that the EMS would be strong enough for the Irish Pound to end its subservient fiscal relation to the British pound (Sharp, February 23, 1998).

(*Ingraham, Jeson: The European Union and Relationships within Ireland; 1968; <http://cain.ulst.ac.uk/issues/europe/euireland.htm> - accessed 02/06/07; 11:49*)

It would be wrong to speak of a regulated economy or system during the preceding era. However, in November 1958 the government put forward a document under the title *Programme for Economic Expansion (Dublin: Stationary Office, 1959)*. Briefly after the launch of the programme an advisory research institute had been established, bearing the name *Economic and Social Research Institute*.

<sup>31</sup> From: *Central Statistics Office: Statistical Yearbook of Ireland 2004: Cork: CSO, 2004: XII in €m*

What actually developed can be seen as a privatist model of intervention. In order to strengthen the “play of the free market” a relatively broad spectrum of planning instances developed – however,

- with various bodies involved
- with their relative independence and the subsequent diversity of approaches and finally
- with the fundamental acceptance of the privatist, individualist concept of a (national and ancestral) subsistence economy

all of it remaining in the framework of an unregulated regulation.

Politically we face a though not an entirely rapid and abrupt, but at least radical shift. Before, Ireland had been coined by the mentioned autarkic mode of regulation. *Cormac Ó Gráda and Kevin O’Rourke* write

That the Irish economy, so closely linked to the UKs, grew sluggishly during the 1920s should come as no surprise. Emigration, long blamed on British maladministration, continued at a high rate, and living standards barely rose. The onset of the Great Depression in 1929-30 dented the appeal of Cumann na nGaedhal’s liberal orthodoxies. They failed to maintain popular support, and were replaced by Éamon de Valera’s Fianna Fáil party in 1932. Now ideology and contingency would combine to transform a virtually free-trading economy into one bent on state supports and import substitution.

(*Ó Gráda, Cormac/O’Rourke, Kevin: Irish Economic Growth, 1945-88; in: Crafts, Nicholas, Crafts/Toniolo, Gianni [eds.]: Economic Growth in Europe since 1945; Cambridge/New York: Cambridge University Press, 1996: 388-426; here: 399*)

The obvious dependency of any “welfare development” of the country – and especially in its capitalist understanding was without any doubt depending on a shift into the direction of developing an open economy. As *William James Loudon Ryan* and *Martin O’Donoghue* write

The origins of the first programme for economic expansion were as follows. First, general dissatisfaction with the pace of economic expansion in the nineteen-fifties. Secondly, the need for new policies: e.g. tariff protection was becoming less effective in promoting industrial expansion because most of the industries which had any reasonable prospect of being viable in Irish conditions had already been established and were catering for the home market; further growth depended on the development of industrial exports.

(*Ryan, William James Loudon/O’Donoghue, Martin.: The Republic of Ireland; in: the Journal of Industrial Economics; 13, Supplement: Papers on Regional Development; 1965: 88-101; here: 90*)

Together with further reasons, the authors point as well on a generational shift, probably allowing for developing a “nationalist open economy”.

In the words of *Thomas Kenneth Whitaker*

The new departure of 1958 involved the abandonment of a protectionism that had served its purpose and was now out-modelled. ... Not only was the development of grassland and its products put before protected home production of wheat – grass before grain in agricultural policy – but on the industrial side, export-oriented expansion, even if under foreign ownership, was preferred to total dependence on heavily protected and often inefficient concentration on a limited home market.

(*Whitaker, Thomas Kenneth: Economic Development 1958-1985; in: Kennedy, Kieran A. [ed.]: Ireland in Transition. Economic and Social Change since 1960; Cork: Mercier, 1986: 10-18; here: 12*)

Part of this was the evocation of investment by publicly generating space for private initiatives (see in this context *Ryan, William James Loudon/O’Donoghue, Martin: The Republic of Ireland; in: the Journal of Industrial Economics; 13, Supplement:*

*Papers on Regional Development; 1965: 88-101*). – It has been as well during these years that many organisations and institutions had been developed as the Area Development Management and others (*see page 29*).

As a counterpart to the dismantling of tariffs in the 1960s, a generous set of industrial incentives was put in place. These comprised lavish fixed asset grants, accelerated depreciation allowances and zero export profits tax (subsequently replaced by a 10 per cent manufacturing profits tax). ...

It is significant that this incentive does not involve the state either in direct participation in industry or in explicitly picking winning sectors or firms. It is true, however, that while the incentives apply equally to Irish-owned and MNC firms, they are generally of far greater value to the latter, owing to the scope offered for locating highly profitable affiliates in Ireland to avail of themselves of the low tax rate.

(Walsh, Brendan: *Stabilization and Adjustment in a Small Open Economy: Ireland, 1979-1995*; in: *Oxford Review of Economic Policy*, 12/3: 74-86; here: 84)

This moderate steering in the economic sphere and even re-distribution went hand in hand with a shift as well in terms of politico-economic steering. The initial patchwork patterns of “unregulated regulations”, characterising the initiatives of the 1<sup>st</sup> Programme for Economic Expansion, had been followed by an emerging systematic approach which can be characterised as “political integration of disintegration”: the most pronounced system in this regard is the corporatist structure, beginning in 1988. Since then, the following agreements can be named:

- 1988: Programme for National Recovery (PNR)
- 1991: Programme for Economic and Social Progress (PESP)
- 1994: Programme for Competitiveness and Work (PCW)
- 1997: Partnership 2000 (P2000)
- 2000: Programme for Prosperity and Fairness (PPF)
- 2003: Sustaining Progress (SP)
- 2006: Towards 2016, Ten-Year Framework Social Partnership Agreement 2006-2015

(*see for general information <http://www.taoiseach.gov.ie/index.asp?locID=179&docID=-1>; accessed 02/06/07, 6:30*).

Specifically characterising – and distinguishing the Irish system from those that can be found in other countries – is that since 2000 organisations from the voluntary and community sector are included as a fourth pillar, although important and relevant issues are excluded from the agenda. In general the negotiations are focusing on the economic growth strategy without a real focus in terms of the social situation.<sup>32</sup> And moreover, the role of this fourth pillar is further limited as the representatives do not take part in all negotiations. However, as much as the role of the fourth pillar had been and still is limited, the overall strategy is more integrated than it had been the case in other countries in comparable regards. At least the underlying interpretation

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<sup>32</sup> On the concept of a such “refocusing” see Herrmann, Peter: *Social Quality and the European Social Model. Opening individual well-being for a social perspective*; in: *Alternatives. Turkish Journal of International Relations* 4/4; Published and Edited by Bulent Aras; Istanbul: Faith University. Department of International Relations, Winter 2005: 16-32; <http://www.alternativesjournal.net/>; <http://www.alternativesjournal.net/volume4/number4/herrmann.pdf>

is that of being negotiations of a National Development Plan in the understanding of an all-encompassing concept.

As much as the approach had been one of planning on a national level, such an orientation conflicted in structural terms

- with the traditional pattern of a politically highly centralised system and
- an economic system that had been
  - [if at all] sustainable only in terms of a subsistence economy of small holders and small businesses and
  - else highly dependent on external trade.

In actual fact, this resulted in developing a multi-featured system.

The corporatist structure can be seen as a disciplinarian system. Although this can possibly be held true in general terms, in the Irish case this is specifically marked by how it had been embedded into the overall accumulation system and the mode of regulation.

- As trade unions are in Ireland not organised according to an unitary principle nor acting solely on the level of sectors but as well – and even predominantly – on the level of the individual enterprise the system of negotiations provide actually a forum where trade unions could aim on the unity they otherwise lacked.
- The low developmental level or even status of crisis that stood at the beginning was an instrument as well for keeping claims low as even small steps of improvement were considered to be large – and actually had been so in relative terms.
- As well, the gathering of the various groups around one table, being forced to search for commonality, was particularly a means to ensure discipline and low expectations as the entire strategy was based on two not clearly distinguished or separated “pillars”: the negotiation of national economic development strategies and the development of individual parameters (not least income development). The problem with this is that, rather than developing an integrated strategy of micro- and macro-economic policies both areas had been played off against each other.<sup>33</sup>
- There was a lack of a genuine policy orientation on the side of the government as far as economic policies in a factually open economy is concerned – one could even say: politicians acting on the new forum of the world market had to learn even the fundamentals of walking. Although there had been already early attempts to act on a global market, policies had been very much guided by the authoritarian-paternalist pattern which characterised already the national mode of regulation (*see page 15*). A valuable example of this is the system of enterprise support in which various public bodies played different roles over the years – to be mentioned are *Area Development Management (ADM)*, *Enterprise Ireland*, *FORFÁS* and *Industrial Development Authority (IDA)*. But as well the division between the payment of social benefits (social welfare offices) and in a way as well the Training and Employment Authority (*Foras Áiseanna Saothair – FÁS*) plays a role here.

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<sup>33</sup> We find similar patterns today in highly developed countries as Germany (“Tarifflicht”) or France (“delocalisation”).

- It is important in this context that infrastructure was not thought of as being a fundamentally public task. As consequence this lead to huge regional and local disparities. The largely underdeveloped social infrastructure had been already mentioned; but as well other public services and infrastructures have to be mentioned. Infrastructure development had been in many cases nothing else than a service explicitly directed towards industrial development – again reference can be made especially to *ADM* and *IDM*. So, when frequently reference is made to Ireland’s excelling development of telecommunication services it has to be noted that these services had been very “targeted”, being available for developing industry, serving certain limited regions and being highly priced for citizens.<sup>34</sup> This can be seen as well in the low spread of broadband connection per household as shown in *Figure 20*.

All this included major regional disparities with a concentration on Dublin and then some scattered areas in the West of Ireland (*see for some more details on regional disparities e.g. Central Statistics Office: County Incomes and Regional GDP, 2004 - <http://www.cso.ie/releasespublications/documents/economy/current/regincome.pdf> - accessed 24/06/07*).

- Finally, due to the initial economic status, the political orientation of an – in tendency liberal – government but as well due to the small-holder, familiarist household structures, the government maintained a low-tax policy. The crucial issue here is that this allowed offering an element of compensatory policy (though the moment of compensation existed only on the surface level, and had been a factor undermining long term progress for the Irish citizens) and allowed the government to steel itself away from accepting responsibility for systematic development of infrastructure.

A general confirmation of this can be seen in the results of a SWOT-analysis undertaken by Forfás and the National Competitiveness Council of which here a summary is reproduced, taken from the report on The Competitiveness Challenge 2005.

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<sup>34</sup> Despite of being relative delayed, anyway.

|   |   |
|---|---|
| <p><b>Strength</b></p> <ul style="list-style-type: none"> <li>➤ Business friendly operating environment</li> <li>➤ Adaptable labour force</li> <li>➤ Membership of EMU and the EU and the only English speaking member of Eurozone</li> <li>➤ Corporate tax regime</li> <li>➤ Existing base of high performing business (esp. in ICT, financial services, food, medical devices, and pharmachem)</li> <li>➤ An international reputation for flexibility and responsiveness</li> </ul> | <p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>➤ High non-pay costs, particularly for energy, waste disposal, housing and logistics</li> <li>➤ Weak productivity in locally trading, mainly service sectors</li> <li>➤ Congested transport infrastructure and under-developed ICT infrastructure</li> <li>➤ Limited management experiences in innovation and in international sales and marketing</li> <li>➤ Small domestic market</li> <li>➤ Young national scientific research system</li> </ul>   |
| <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>➤ Acceleration of global services trade</li> <li>➤ Increasing mobility of research and other knowledge activities</li> <li>➤ Further dis-aggregation of the manufacturing and services value chain (allowing separation of skilled from unskilled activities reflecting network economies and shared support services and labour pool)</li> <li>➤ Increasing mobile global talent pool</li> </ul>                  | <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>➤ Vulnerability to global demand swings and exchange rate volatility</li> <li>➤ Slow growth in EU export markets</li> <li>➤ High dependency on energy imports</li> <li>➤ ‘Carbon constraints’ to further growth</li> <li>➤ Competition from lower tax countries</li> <li>➤ Increased regulatory compliance burden</li> <li>➤ Intensifying competition for trade and FDI from Eastern Europe and Asia in manufacturing and services at all levels of the value chain, including research</li> <li>➤ Growing EU restrictions on state aids</li> <li>➤ Business and government complacency</li> </ul> |

**Figure 8: Ireland’s Competitive Position<sup>35</sup>**

It had been already mentioned that this development has to be seen against the background of a highly centralised system. The other way round, regional and local policies are not well developed. This allowed a “pseudo-communitarian” maintenance of subsidiarity and continuation of clientelist elements of governance. In terms of the legal and administrative patterns we can see from another angle the tenuous relationship of common law, canon law and civil law, thus qualifying the meaning of the Roman law tradition (*mentioned on page 11*).

In this context it is interesting that the centralist governance patterns, though not shifting towards decentralisation, went hand in hand with an interesting – and looking at the given extent, unique – concept of distributing power. Complementing and maintaining the power of the centralist regime, power was devolved along “professional” lines and/or according substantive definitions. Concrete, subsequently several boards and councils had been set up (*for some see the list in Figure 9*), being defined by the general remit that can be seen as acting as “government-controlled independent agency, employed with policy assessment and conceptualisation”. Another set of institutions is more on the side of actually implementing policies, sometimes very close to what is in other countries known as public enterprises.

<sup>35</sup> From: *Forfás/National Competitiveness Council: The Competitiveness Challenge 2005. Annual Policy Statement of the National Competitiveness Council; Dublin: Forfás, without date (2006): 11*



| NAME                          | BRIEF DESCRIPTION   | NUMBER OF (A) REGIONAL BOARDS AND (B) LOCAL REPRESENTATIONS  | NUMBER OF EMPLOYEES (A) STATUTORY POSITIONS AND (B) ORDINARY EMPLOYEES  |
|-------------------------------|---|--|---|
| Health Board                  | The main function of the Health Board is to provide or arrange for the provision of health, community care and personal social services to the people in its areas. | (A) 11 <ul style="list-style-type: none"> <li>• 7 Regional Health Boards</li> <li>• 1 Regional Health Authority</li> <li>• 3 Area Health Boards</li> </ul> (B) 210 <ul style="list-style-type: none"> <li>• Community Care offices: 37</li> <li>• Acute/General Hospitals: 80</li> <li>• Special Hospitals (incl. Mental Health and Elderly Care): 93</li> </ul> | 92,996 <ul style="list-style-type: none"> <li>• Management/Administration: 14,714 (Payroll etc. 1,324; Human Resource management incl. Training 736; Service Management Support 1,619; Legislative and Information Requirements 736; Direct Patient Service 9,417)</li> <li>• Medical/Dental: 3,285</li> <li>• Nursing: 31,429</li> <li>• Health and Social Care Professionals: 9,228</li> <li>• General Support and other Patient and Client Care: 31,340</li> </ul> |
| Electrical Supply Board       | ESB is Ireland's leading energy company and is responsible for the management and operations of the electricity distribution network.                               | (A) 0<br>(B) 51  | 8,727 <ul style="list-style-type: none"> <li>• Electricity business: 6,882</li> <li>• Retail, contracts and other activities: 1,845</li> </ul>  |
| Bord Gáis Éireann – Board Gas | They are responsible for the transmission, distribution and supply of natural gas.  | (A) 0<br>(B) 1 ho*, 7 offices, 1 showroom  | 723 <ul style="list-style-type: none"> <li>• Business development Customer Products: 152</li> <li>• Business Development Assets: 18</li> <li>• Transmission Business Unit: 75</li> </ul>  |

|   |  |   |  |
|---|--|---|--|
|   |  |   | <ul style="list-style-type: none"> <li>• Distribution Business Unit: 296</li> <li>• Shared/Support Service: 182</li> </ul>   |
| Comhairle                                     | <p>Comhairle is the national agency responsible for supporting the provision of information, advice and advocacy on social services to ensure this access.</p> <p>Comhairle replaced the Rehabilitation Board and the National Social Service Board.</p> | <p>(A) 0</p> <p>(B) 54 offices incl. 1 central office, 50 Citizen Information Centres</p> | <p>83</p> <ul style="list-style-type: none"> <li>• 55 full-time, 28 part-time</li> <li>• 1,200+ volunteers</li> <li>• 150+ CE &amp; JC</li> </ul>                  |
| Tourist Board Fáilte                          | <p>Their mandate is to develop and promote tourism in the Republic of Ireland.</p>   | <p>(A) 0</p> <p>(B) 1 ho, 7 regional offices, 22 international offices</p>                | <p>237</p>   |
| FÁS   | <p>Their aim is to increase the employability, skills and mobility of job seekers and employees to meet labour market needs, thereby promoting compositeness and social inclusion.</p>   | <p>(A) 0</p> <p>(B) 57 employment offices, 20 training centres</p>                        | <p>2,358</p> <p>Incl. 13 staff seconded from the Department of Enterprise, Trade and Employment</p>  |
| Central Bank of Ireland                       | <p>The Central Bank is a member of the European System of Central Banks and acts also as agent for and banker to the Government.</p>   | <p>(A) 0</p> <p>(B) 1</p>   | <p>818</p> <ul style="list-style-type: none"> <li>• Clerical, administration and professionals: 577</li> <li>• Industrial, craft and service staff: 241</li> </ul> |
| An Bord Bia – Irish Food Board                | <p>The role of the Board is to act as a link between Irish Food and Drink suppliers and potential customers.</p>   | <p>(A) 0</p> <p>(B) 1 ho, 8 international</p>   | <p>79</p>  |
| Bord Iascaigh Mhara – Irish Sea Fishing Board | <p>The State agency's primary responsibility is to develop the sea fish and aquaculture industries in Ireland.</p>   | <p>(A) 0</p> <p>(B) 1 ho, 4 regional offices, 4 training</p>                              | <p>99</p> <ul style="list-style-type: none"> <li>• Market development: 15</li> <li>• Marine services: 23</li> </ul>  |

Tíogar Ceilteach – An Enlargement Country of the 1970s as Showcase?

|   |   | facilities                                  | <ul style="list-style-type: none"> <li>• Fleet investment: 16</li> <li>• Aquaculture: 16</li> <li>• Administration: 23</li> <li>• Info and planning: 6</li> </ul>  |
|---|---|---|--|
| An Bord Pleanála – Irish Planning Appeals Board                 | This Board is responsible for the determination of appeals and certain other matters.   | (A) 0<br>(B) 1                              | 123.5 <ul style="list-style-type: none"> <li>• Professionals: 36.5</li> <li>• Administrative: 87</li> </ul>  |
| An Chomhairle Ealaíon – The Arts Council                        | The Arts Council acts as the development agency for the arts in Ireland.  | (A) 0<br>(B) 1 ho, 24 regional arts centres | 60 <ul style="list-style-type: none"> <li>• Establishment: 37 incl. 3 half-time and 4 job share posts</li> <li>• Non-establishment: 17 incl. 3 part-time</li> <li>• 5 student placements</li> <li>• 1 Aosdana (part-time)</li> </ul>           |
| Bord na gCon – Irish Greyhound Board                            | This Board is responsible for the control and development of the greyhound industry in Ireland.   | (A) 0<br>(B) 1 office, 12 tracks            | 601 <ul style="list-style-type: none"> <li>• Senior Management: 5</li> <li>• Middle Management: 29</li> <li>• Executive Officers/Clerical: 36</li> <li>• Field Staff: 35</li> <li>• Other: 11</li> <li>• Part-time Staff Track: 485</li> </ul> |
| The Pensions Board  | They regulate occupational pension schemes and Personal Retirement Savings Accounts in Ireland.   | (A) 0<br>(B) 1                              | 171  |
| Medical Council   | This Board regulates the Medical Profession in Ireland.   | (A) 0<br>(B) 1                              | 29   |
| Údarás Na Gaeltachta – Gaeltacht Regional Development Authority | It's a regional development agency with the responsibility for the economic, social and cultural development of the Gaeltacht regions, ensuring the continuation of the Irish language of the | (A) 0<br>(B) 1 ho, 4 regional offices       | 107  |

Peter Herrmann

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|                                  |  |                |           |
|----------------------------------|--|----------------|-----------|
|                                  | community in these regions.  |                |           |
| The Higher Education Authority   | The Higher Education Authority is the planning and development body for higher education in Ireland. | (A) 0<br>(B) 2 | 49        |
| Approx. total of these 17 Boards |  |                | 107,260.5 |

**Figure 9: Boards as Intermediary Bodies<sup>36</sup>**

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<sup>36</sup> Own compilation from 2003

Looking at these boards, three brief remarks may be of interest with regard to their political meaning – though being concerned with one body that is not mentioned in the figure, today known as *Combat Poverty Agency*, the remarks can be taken as valid in a more general perspective.

First, the establishment of the boards was undertaken in a way that secured at least a basic control of the government over their work. In other words, as intermediary bodies they had been meant to be independent in terms of their remit being the provision of expertise knowledge and advice, bringing together different “stakeholders”. At the same time, the *Combat Poverty Agency* can be seen as typical example. A first attempt of establishing such a body was rejected, i.e. a predecessor operating since 1974 under the name *National Committee on Pilot Schemes to Combat Poverty* was dissolved, and in a new form re-established. This new form simply meant a closer scrutiny by the department.

Second, nevertheless these boards have a certain degree of independence, acting as intermediary bodies. The characteristic – and from other countries distinguishing – characteristic is that there is on the one hand the mediation with respect to different actors. Being in other countries primarily concerned with some kind of federal structure (mediation between different aggregate levels), it is in Ireland the mediation between different actors as business sector, voluntary sector etc. On the other hand we find the mediation with respect to professional interests. This is reflected in the fact that we can speak here really from stakeholders that are represented on the different boards. And more importantly it is reflected in the fact that these boards are actually representative organs in certain “professional areas” as diverse as disability, regional planning, fishery, tourism and altera.

Third, the originally very political character, constituting an “Irish Sowjet-Republic” in a very special understanding of “channelling clientelist structures” is more and more replaced by new public management strategies. On the one hand this seems to be advantageous as it provides – in tendency – clear criteria and a framework for accountability. However, the downside with it is that (a) professional and subject-related criteria are increasingly replaced by administrative criteria and (b) that despite the claims the patterns of the previous system are maintained: clientelism, political control etc. are still playing a dominant role in the entire system of a small insular state.

Coming back to the overall picture it is surely questionable to interpret this as a Keynesian approach – such questioning is contradicting the interpretation of for example *Richard Breen and others*, who see for the end of the 1960s

Keynesian policies as the new ‘truth’

(*Breen, Richard et altera: Understanding Contemporary Ireland: State, Class and Development in the Republic of Ireland; Dublin: Gill and Macmillan, 1990: 72*).<sup>37</sup>

Nevertheless, we definitely find a shift towards a “planning and intervening approach” which we can grasp theoretically as governance of the economy by means of an “unregulated regulation”. This is a highly interventionist policy, regulating the economy and even more so the different actors, however, going hand

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<sup>37</sup> If not for any other reasons, the interpretation as Keynesian is questionable due to the fact that any Keynesian strategy is bound to the ordinary economic cycles of a developed capitalist economy which at the time did not shape the Irish economy, which was closer to patterns of a developing economy as well today the talk of the developmental welfare state (see *National Economic and Social Council [NESCF]: The Developmental Welfare State; Dublin: NESF, 2005*).

in hand with the explicit and implicit aim of seeing them as individual actors on a principally free market. Moreover, even the intervening, “enabling” bodies are actually not fundamentally different to government-controlled private organisations. Trapped in this contradiction and tension, the policy is aiming on active steering, however, due to the contradictions, the structure is largely remaining within the centralist, personalist and clientelist framework.

#### From an Open Economy to an Opening Economy

Though *Frank Barry* speaks of “a regional economy” (*Barry, Frank: Irish Growth in Historical and Theoretical Perspective; in: Barry, Frank [ed.]: Understanding Ireland’s Economic Growth; Houndsmills et altera: Macmillan, 1999: 25-44; here 25*) and refers to a “protectionist strategy in the 1950s” (*ibid: 34*), he points in the long-term perspective as well on the country’s standing as open economy in earlier years. And of course, the openness is nearly necessary not least (a) due to the lack of the country’s own resources and (b) due to the forced dependency from Great Britain. The latter was maintained until the 1970s and even into the 1980s not just as dominance, but even as dependency, leaving the indigenous structure more or less reduced on a kind of subsistence economy. Though the character and the interdependencies changed during the later years in a substantial way, much of the groundwork was maintained even when the country developed into the “enterprise Ireland”. Rather than developing a sustainable and coherent strategy the country remained a production facility first for Great Britain, later for other countries as well – *Figure 10* and *Figure 11* give evidence.

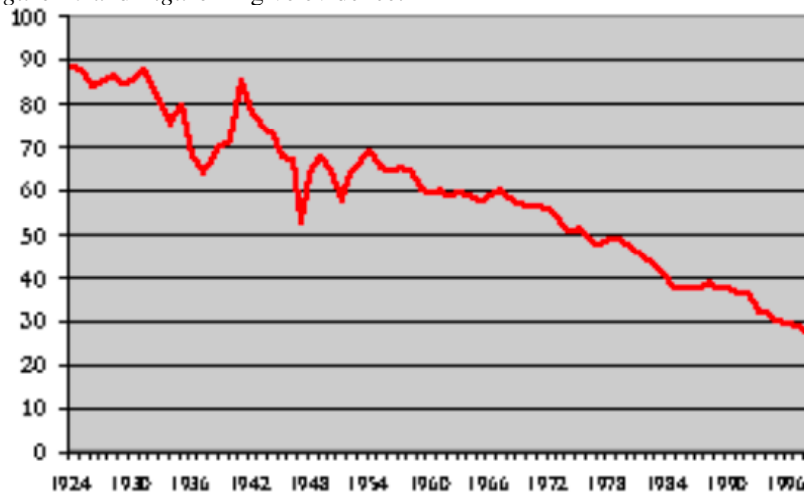


Figure 10: UK Share of Irish Trade, 1924-98<sup>38</sup>

<sup>38</sup> From: *Walsh, Brendan: Two Islands - Two Monies: The Effect of Breaking the Sterling Link on Anglo-Irish Trade; [http://www.ucd.ie/economic/rsai/staff/bwalsh/two\\_islands.html](http://www.ucd.ie/economic/rsai/staff/bwalsh/two_islands.html) - accessed 05/13/07; 07:52*

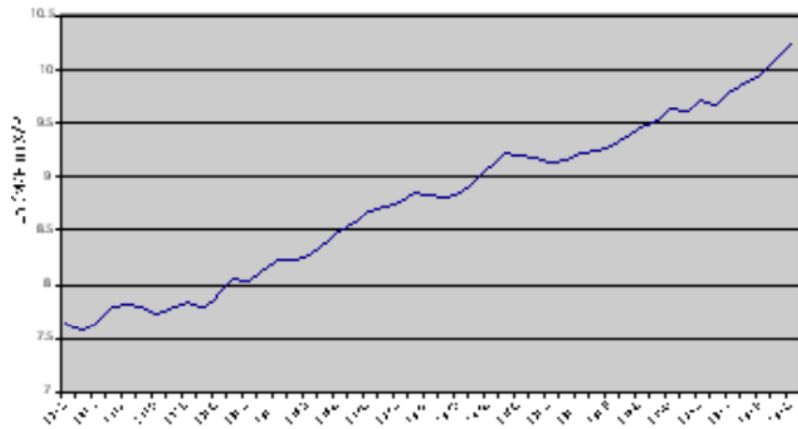


Figure 11: Volume of Anglo-Irish Trade<sup>39</sup>

Then, integration into the institutionalised Europe was only part of a wider picture. As said, Ireland has to be described as open economy, in the words of *Cormac Ó Gráda* and *Kevin O'Rourke*

It is one of the most open economies in the world, with a very high trade-to-GDP ratio, policies designed to attract direct foreign investment, and strong links with international labour markets.

(*Ó Gráda, Cormac/O'Rourke, Kevin: Irish Economic Growth, 1945-88; in: Crafts, Nicholas, Crafts/Toniolo, Gianni [eds.]: Economic Growth in Europe since 1945; Cambridge/New York: Cambridge University Press, 1996: 388-426; here: 390*)

It is of crucial importance to recognise that this openness cannot at all be reduced on the orientation towards Europe. Especially for the economically decisive years at different points in history, the role of the United States of Northern America was much more important.

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<sup>39</sup> *ibid.*

| Country            | Inward      |              | Outward     |             |
|--------------------|-------------|--------------|-------------|-------------|
|                    | 2004        | 2005         | 2004        | 2005        |
| Luxembourg         | 230.1       | 306.0        | -243.2      | -327.2      |
| Estonia            | 8.3         | 21.2         | -2.3        | -4.5        |
| Bulgaria           | 10.6        | 9.8          | 0.8         | -1.2        |
| Czech Republic     | 4.6         | 8.8          | -0.9        | -0.7        |
| United Kingdom     | 3.6         | 8.8          | -4.6        | -4.1        |
| Netherlands        | 0.3         | 6.6          | -4.4        | -22.7       |
| Romania            | 8.5         | 6.6          | -0.1        | 0.0         |
| Hungary            | 4.4         | 6.3          | -1.1        | -1.6        |
| Latvia             | 4.6         | 4.6          | -0.8        | -0.8        |
| Slovakia           | 2.7         | 4.4          | 0.4         | -0.3        |
| Lithuania          | 3.4         | 4.0          | -1.2        | -1.3        |
| Sweden             | 3.3         | 3.6          | -6.0        | -6.6        |
| Slovenia           | 2.5         | 1.6          | -1.7        | -1.8        |
| Germany            | -0.6        | 1.2          | -0.1        | -1.6        |
| <b>Eurozone 12</b> | <b>1.2</b>  | <b>1.1</b>   | <b>-2.0</b> | <b>-3.7</b> |
| <b>Ireland</b>     | <b>-5.8</b> | <b>-15.5</b> | <b>-9.9</b> | <b>-6.8</b> |
| Turkey             | 1.0         | 2.8          | -0.3        | -0.3        |

**Table 12: Direct Investment Flows 2004-2005<sup>40</sup>**

If we look at the foreign direct investment<sup>41</sup> we detect that both, the countries of origin of FDI and sectors follow a specific pattern: (1) Ireland received the major share of investment coming from Northern America into the EU (*see Figure 14*). (2) The effected sectors are not those which played traditionally an important role in the Irish industry – rather it had been what *Frank Barry* calls “Increasing Returns Sectors” (*see Barry, Frank: FDI and Industrial Structure in Ireland, Spain, Portugal and the UK: Some Preliminary Results. Paper presented to Annual Conference on the European Economy, ISEG Lisbon; December 1999 - <http://www.ucd.ie/economic/staff/barry/papers/portugal99a.PDF> - accessed 02/06/07; 6:36; see on the distribution of FDIs Figure 13*).

The corporatist strategy, as briefly presented before went hand in hand with a one-sided strategic orientation on attracting investment from abroad – reinforcing another time the step from an in principal open economy to a factually opening economy – shows part of the medium-term development by presenting the trade balance. The geopolitical situation was amongst others one of the factors that had been transformed into an asset. Sitting at the edge of the European continent allowed

<sup>40</sup> From: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 23*

<sup>41</sup> The definition of FDI used by the OECD reads as follows: “*Foreign direct investment reflects the objective of obtaining a lasting interest by a resident entity in one economy (“direct investor”) in an entity resident in an economy other than that of the investor (“direct investment enterprise”). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.*” (OECD: *OECD Benchmark Definition of Foreign Direct Investment; Paris: OECD, 1996<sup>3</sup>; 7*)

promoting the location as gateway to Europe. The success is well demonstrated by the development of the figures of the account balance in general but as well by the specific distribution of growth sectors.

|      | Imports | Exports | Trade Balance |
|------|---------|---------|---------------|
| 1973 | 1,444   | 1,104   | -340          |
| 1978 | 4,715   | 3,763   | -952          |
| 1983 | 9,354   | 8,817   | -537          |
| 1988 | 12,970  | 15,624  | 2,654         |
| 1993 | 18,900  | 25,179  | 6,279         |
| 1998 | 39,715  | 57,322  | 17,607        |
| 2003 | 47,525  | 82,176  | 34,651        |

**Table 13: External Trade – Total Imports and Exports<sup>42</sup>**

The following comparative perspective gives an overview of Ireland's position internationally.

| Country        | 2003       | 2004        | 2005        |
|----------------|------------|-------------|-------------|
| Luxembourg     | 7.5        | 11.8        | 11.8        |
| <b>EU 25</b>   | <b>0.0</b> | <b>-0.1</b> | <b>-0.6</b> |
| Poland         | -2.1       | -4.2        | -1.7        |
| Slovenia       | -0.8       | -2.7        | -2.0        |
| Czech Republic | -6.2       | -6.1        | -2.1        |
| United Kingdom | -1.3       | -1.7        | -2.4        |
| <b>Ireland</b> | <b>0.0</b> | <b>-0.6</b> | <b>-2.6</b> |
| Hungary        | -8.0       | -8.4        | -6.8        |
| Lithuania      | -6.8       | -7.7        | -7.2        |
| Spain          | -3.5       | -5.3        | -7.4        |
| Slovakia       | -0.9       | -3.4        | -8.5        |
| Romania        | -5.5       | -8.4        | -8.7        |
| Estonia        | -11.6      | -12.5       | -10.5       |
| Bulgaria       | -8.5       | -5.8        | -11.8       |
| Latvia         | -8.2       | -13.0       | -12.7       |
| Turkey         | -3.3       | -5.2        | -6.4        |

**Table 14: Current account Balance as % of GDP<sup>43</sup>**

Roughly speaking we find different growth engines over time,

- the first being the export of goods,
- the second being the production for consumption
- followed by a third phase of export of services and building industry.

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<sup>42</sup> From: *Central Statistics Office: Statistical Yearbook of Ireland 2004: Cork: CSO, 2004: XI*  
€m

<sup>43</sup> From: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 23*  
Source: Eurostat/CSO Balance of Payments

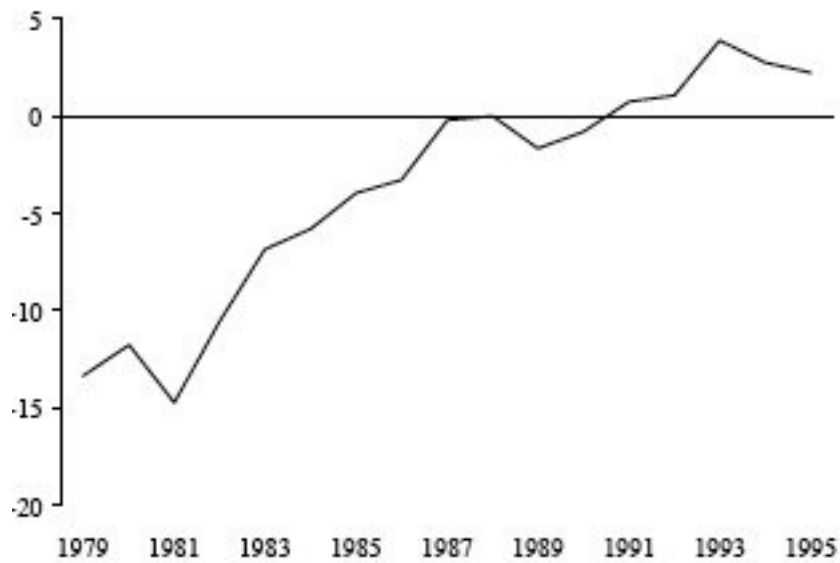
|                | 1999     | 2000     | 2001     | 2002     | 2003     | 2004     | 2005     |
|----------------|----------|----------|----------|----------|----------|----------|----------|
| <b>E 0</b>     | 5,483.6  | 5,948.4  | 5,801.1  | 5,779.7  | 5,779.4  | 6,063.0  | 6,326.1  |
| <b>I 0</b>     | 2,555.9  | 2,825.7  | 3,116.2  | 3,156.5  | 3,159.8  | 3,273.1  | 3,543.6  |
| <b>E 1</b>     | 803.7    | 958.2    | 984.7    | 1,003.0  | 1,107.5  | 1,036.7  | 1,111.6  |
| <b>I 1</b>     | 500.2    | 522.1    | 679.4    | 728.5    | 705.7    | 696.1    | 756.6    |
| <b>E 2</b>     | 797.5    | 942.3    | 953.2    | 862.7    | 865.5    | 991.4    | 1,072.5  |
| <b>I 2</b>     | 671.1    | 819.7    | 798.8    | 800.4    | 790.1    | 843.9    | 939.7    |
| <b>E 3</b>     | 177.0    | 285.5    | 296.9    | 361.9    | 201.2    | 399.8    | 617.4    |
| <b>I 3</b>     | 1,294.1  | 2,299.7  | 2,218.7  | 1,932.2  | 1,968.9  | 2,813.5  | 3,871.0  |
| <b>E 4</b>     | 28.9     | 27.3     | 23.6     | 25.7     | 31.3     | 25.3     | 18.5     |
| <b>I 4</b>     | 138.2    | 121.9    | 122.8    | 115.8    | 120.7    | 116.8    | 152.8    |
| <b>E 5</b>     | 21,168.7 | 27,360.5 | 32,281.4 | 39,060.6 | 35,785.5 | 37,491.8 | 40,323.1 |
| <b>I 5</b>     | 4,931.9  | 6,105.2  | 6,340.5  | 6,922.3  | 6,897.5  | 7,139.6  | 7,280.0  |
| <b>E 6</b>     | 1,812.8  | 1,973.1  | 1,954.7  | 1,925.9  | 1,792.1  | 1,817.4  | 1,756.6  |
| <b>I 6</b>     | 3,806.9  | 4,350.6  | 4,390.7  | 4,338.3  | 4,245.0  | 4,619.8  | 4,866.0  |
| <b>E 7</b>     | 26,193.2 | 34,011.7 | 37,606.7 | 33,170.8 | 23,521.3 | 22,935.0 | 23,447.8 |
| <b>I 7</b>     | 22,820.6 | 29,739.5 | 30,224.1 | 28,317.3 | 20,732.0 | 21,963.6 | 24,786.5 |
| <b>E 8</b>     | 7,638.5  | 8,863.9  | 8,969.2  | 8,284.9  | 9,456.9  | 9,910.0  | 10,352.5 |
| <b>I 8</b>     | 4,891.2  | 5,893.0  | 6,299.7  | 6,115.9  | 6,302.5  | 6,331.6  | 6,923.0  |
| <b>E 9</b>     | 2,123.9  | 2,576.2  | 2,799.2  | 2,579.3  | 2,697.2  | 2,874.4  | 2,674.5  |
| <b>I 9</b>     | 846.4    | 1,088.3  | 1,232.2  | 1,369.1  | 1,265.8  | 1,307.9  | 1,255.5  |
| <b>E total</b> | 66,956.2 | 83,888.9 | 92,689.9 | 93,675.2 | 82,076.1 | 84,409.5 | 88,411.2 |
| <b>I total</b> | 44,327.1 | 55,908.8 | 57,384.2 | 55,628.1 | 47,864.6 | 51,105.4 | 56,478.4 |

**Table 15: Imports by SITC section and division<sup>44</sup>**

(See in this context as well Table 28)

<sup>44</sup> From: *Central Statistics Office: Statistical Yearbook of Ireland 2006; Dublin: Government Publications Sales Office, 2006: 304-307*

€ m; 0 – food and live animals; 1 – beverages and tobacco; 2 – Crude materials, inedible, except fuels; 3 – Mineral fuels, lubricants and related materials; 4 - Animal and vegetable oils, fats and waxes; 5 – Chemicals and related products nes; 6 - manufactured goods classified chiefly by material; 7 – Machinery and transport equipment; 8 – Miscellaneous manufactured articles; 9 – Commodities and transactions not classified elsewhere



**Figure 12: Balance of Payments of Current Account (% of GDP)<sup>45</sup>**

|  | 1985       | 1993       |
|--|------------|------------|
| Exports as percentage of gross output:                                       |            |            |
| Irish-owned firms  | 26.6       | 35.2       |
| Foreign-owned firms  | 83.2       | 87.7       |
| Percentage of all manufacturing exports originating from foreign-owned firms | 75.8       | 75.6       |
| Net output per employee:   |            |            |
| Irish-owned firms  | IR£ 25,365 | IR£ 36,510 |
| Foreign-owned firms  | IR£ 52,334 | IR£ 96,133 |

**Table 16: Comparison of Irish- and Foreign-Owned Manufacturing Firms<sup>46</sup>**

<sup>45</sup> From: Walsh, Brendan: *Stabilization and Adjustment in a Small Open Economy: Ireland, 1979-1995*; in: *Oxford Review of Economic Policy*, 12/3: 74-86; here: 75  
source: Central Statistics Office, *National Income and Expenditure*.

<sup>46</sup> From: Walsh, Brendan: *Stabilization and Adjustment in a Small Open Economy: Ireland, 1979-1995*; in: *Oxford Review of Economic Policy*, 12/3: 74-86; here: 76  
Note: 'Net output' equals gross output less materials used.  
Source: Central Statistics Office, *Census of Industrial Production*.

| Nationality of ownership | No. of plants | Total persons engaged | Gross output (£m) | Materials purchased, per cent imported | Percent of gross output exported |
|--------------------------|---------------|-----------------------|-------------------|--|----------------------------------|
| Irish                    | 3 879         | 116 714               | 11 686            | 22.5                                   | 35.9                             |
| Other EU, of which:      | 346           | 36 043                | 4 242             | 62.9                                   | 69                               |
| UK                       | 117           | 11 765                | 1 726             | 46.2                                   | 50.9                             |
| Germany                  | 99            | 11 483                | 890               | 81.8                                   | 94.6                             |
| Non-EU, of which:        | 379           | 67 821                | 17 654            | 68.3                                   | 93.7                             |
| US                       | 289           | 54 624                | 14 620            | 64.7                                   | 94.9                             |
| Total foreign            | 725           | 103 864               | 21 896            | 67.1                                   | 89                               |
| Total                    | 4 604         | 220 578               | 33 583            | 46.6                                   | 70.5                             |

Table 17: Total Manufacturing NACE 15-37; 1995<sup>47</sup>

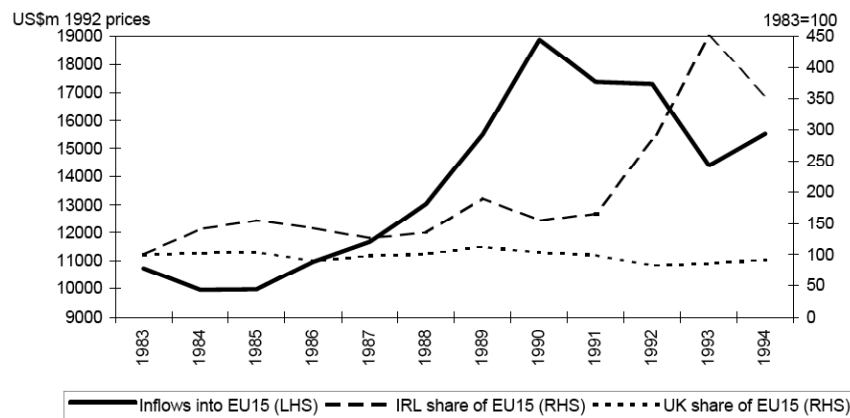


Figure 13: US FDI inflows (in constant dollar terms) into EU 15, and Irish and UK shares of these inflows<sup>48</sup>

Hand in hand with this inflow of capital goes a very particular import/export structure. Although the Irish qualification system had been praised for many times and the boost of 3<sup>rd</sup> level education (*see Table 18 and Table 19*) is highly esteemed, this is not reflected in the structure of the industrial development.

<sup>47</sup> From: *Census of Industrial Production, 1995, Table 3.3.*

<sup>48</sup> from: Barry, Frank: *Foreign Direct Investment, Cost Competitiveness and the Transformation of the Irish Economy*; in: *Development Southern Africa*, 17: 3, September 2000; 289-305; here: 301; with reference to US Department of Commerce, *Survey of Current Business*, various issues

| Year | € per student at 2003 prices |        |       | €m at 2004 prices                   |
|------|------------------------------|--------|-------|-------------------------------------|
|      | Level                        |        |       | Real non-capital public expenditure |
|      | First                        | Second | Third |                                     |
| 1996 | 2,777                        | 4,264  | 8,591 | 3,831                               |
| 1997 | 2,898                        | 4,478  | 9,579 | 4,108                               |
| 1998 | 3,057                        | 4,567  | 8,431 | 4,094                               |
| 1999 | 3,165                        | 4,644  | 8,638 | 4,189                               |
| 2000 | 3,417                        | 4,893  | 8,420 | 4,376                               |
| 2001 | 3,538                        | 5,357  | 8,753 | 4,618                               |
| 2002 | 3,896                        | 5,734  | 8,813 | 4,943                               |
| 2003 | 4,362                        | 6,308  | 8,876 | 5,399                               |
| 2004 | 4,612                        | 6,261  | 8,464 | 5,471                               |
| 2004 | 4,635                        | 6,422  | 8,655 | 5,563                               |

**Table 18: Ireland: Real non-capital public expenditure on education, 1996–2005<sup>49</sup>**

| Country            | 2003 | Per pupil/student in €PPC |
|--------------------|------|---------------------------|
| Denmark            | 8.3  | 7,382                     |
| Sweden             | 7.5  | 6,892                     |
| Cyprus             | 7.3  | 6,712                     |
| Hungary            | 5.9  | 3,902                     |
| Estonia            | 5.4  | 2,371                     |
| Lithuania          | 5.2  | ..                        |
| Ireland (% of GNI) | 5.2  | 5,337                     |
| EU27               | 5.2  | 5,325                     |
| Italy              | 4.7  | 6,510                     |
| Czech Republic     | 4.5  | 3,323                     |
| Ireland (% of GDP) | 4.4  | 5,337                     |
| Luxemburg          | 3.8  | 11,817                    |
| Turkey             | 3.7  | 1,068                     |

**Table 19: EU: Public Expenditure on Education, 2001-2003<sup>50</sup>**

According to *Andrew Stockman* from *Forfás* we find with the import of capital as well an import of (technological) design. Furthermore, the export has the character of a marketisation outside of the country, thus losing the control as well at the side of the end-of-production line (see *Figure 14*) – in other words, Ireland is again reduced on being a production facility in the global economy.

<sup>49</sup> From: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 47*

<sup>50</sup> From: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 48*

For all levels of education combined. EU 27 figures for 2003 are Eurostat estimates.



**Figure 14: Origins of Profit<sup>51</sup>**

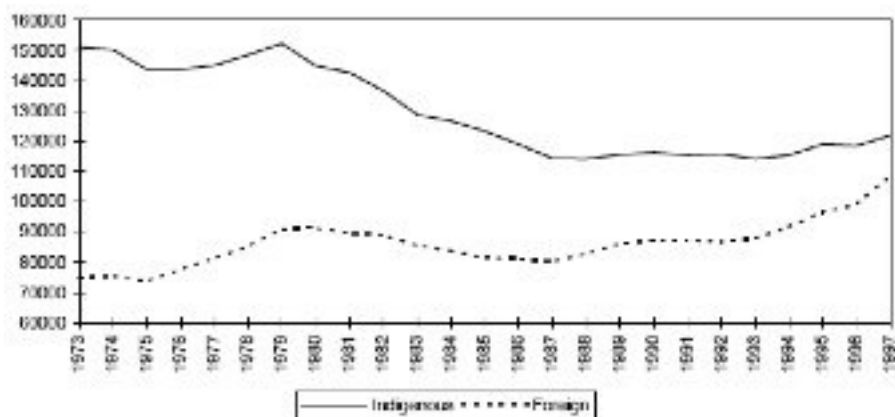
This is the price of the extremely high dependency of the Irish economy which had been mentioned frequently throughout the text and which can be summarised by the following points:

- dependence of capital inflow
- dependence on foreign knowledge and
- dependence on foreign markets and mechanisms of marketisation.

It is in this context not least the dependence of employment from foreign development that has to be critically highlighted with regard to a lack of sustainability.

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<sup>51</sup> From: Stockman, Andrew: *Ireland – Future R&D Investment in a Small Open Economy. Opportunities and Threats. Third KEI Workshop. Helsinki; Dublin: Forfás, March 2006: 10* ([http://kei.publicstatistics.net/KEI\\_Workshop\\_Helsinki\\_Stockman.pdf](http://kei.publicstatistics.net/KEI_Workshop_Helsinki_Stockman.pdf); accessed 02/06/07; 8:29)



**Figure 15: Indigenous and Foreign Manufacturing Employment in Ireland, 1973-1997<sup>52</sup>**

Such more differentiated observation is necessary against the background of the misunderstandings with regard to general patterns of globalisation. Without discussing this in detail, at least the following quote sheds some light on an important fact:

According to Eurostat, the share of the NMS in the total FDI inflow to Europe, and their share in FDI flow within the EU25, remain rather marginal. Of the €77.2 bn inward FDI to EU 25 in 2003, €74.9 bn went to EU15 and just €2.3 bn to EU10. And while FDI from the EU15 to EU10 amounted to €6.9 bn in 2003, between the EU15 it was €183.7 bn. Contrary to popular perceptions, investment flows among the 'high-wage' western European countries are far more important than those from high to the low-wage eastern European countries.

(Galgóczy, Béla/Keune, Maarten, Watt, Andrew: *Relocation: Challenges for European Trade Unions*; [DP2005.01] ETUI-REHS [http://www.etuc.org/IMG/pdf/Relocation\\_EN-2.pdf](http://www.etuc.org/IMG/pdf/Relocation_EN-2.pdf); 03/07/07 - 9:29: 10)

It is of special importance, then, to look at the changes taking place over the last decade or so not only in terms of the enormous quantitative economic growth but as well at the wider perspective of

- the qualitative dimension of the growth
- its meaning in terms of actual wealth and wealth distribution
- the structure and quality of change and the consequences of the qualitative shifts.

Only few remarks will be made on the different aspects, namely referring to the data provided.

First, in terms of the qualitative aspects for growth, it is remarkable that the growth is very one-sided, (a) oriented towards a very limited range of sectors, (b) being largely dependent on foreign investment of large capitals and consequently destroying the potential to develop a sustainable society, based on the national potential of small-business (*see as well pp 58 f.*). Looking at the employment growth

<sup>52</sup> From: `Barry, Frank: *FDI and Industrial Structure in Ireland, Spain, Portugal and the UK: Some Preliminary Results*. Paper presented to Annual Conference on the European Economy, ISEG Lisbon; December 1999: 2 - <http://www.ucd.ie/economic/staff/barry/papers/portugal99a.PDF> - accessed 02/06/07; 6:36

in different sectors and the characteristics of indigenous and foreign industry, we find a striking distribution of a rather technically-economically developed and wealthy segment of foreign-owned capital and a less developed and/or dependent, less wealthy indigenous segment.

*Frank Barry, John Bradley and Eoin O'Malley summarise*

Three further differences between foreign and indigenous plants appear ... . Foreign plants tend to be larger (measured in terms of gross output, or in numbers employed, per plant); they are more productive (measured in terms of net output per person engaged);<sup>(53)</sup> and they are much more profitable (measured in terms of profits per person engaged, where profit is proxied by deducting the wage bill and material inputs from gross output, that is the net remainder of net output). Thus, in terms of these proxy measures US plants are very much larger than Irish plants, are five times as productive, and eight times as profitable.<sup>53</sup>

*(Barry, Frank/Bradley, John/O'Malley, Eoin: Indigenous and Foreign Industry: Characteristics and Performances; in: Barry, Frank [ed.], op.cit.: 45-74; here: 51)*

Important is in this context that approximately 1991/1992 Ireland managed – in economic terms not least by the low rate of corporation profits tax – to attract an increasing and major share of the overall US-investment. *Figure 13* above provides an overview of the dramatic increase of Ireland's share.

In this context it is interesting that – as shown in *Table 11* – the majority of investment in Ireland comes indeed from the United States and Germany, another time underlining the character of the on-sidedness of the dependency of the Irish economy. This is rather different in countries like Spain and Portugal, countries in which the domestic markets play a more pronounced role (*see Barry, Frank: FDI and Industrial Structure in Ireland, Spain, Portugal and the UK: Some Preliminary Results. Paper presented to Annual Conference on the European Economy, ISEG Lisbon; December 1999* - <http://www.ucd.ie/economic/staff/barry/papers/portugal99a.PDF>; accessed 02/06.07; 6:36). This is important as well when it comes to questions asking for “exporting” any tiger model.

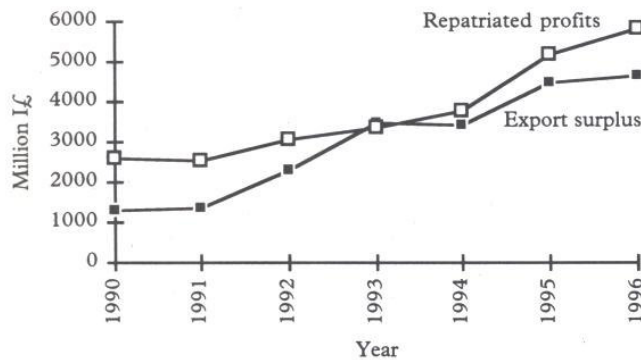
It is from here that the specific patterns of consumption, which had been presented elsewhere in this text (*see page 67 ff.*) develop. Recognising the fact that profits generated within the country had been to a large extent “repatriated” (*see Table 20*), we can even say that much of the wealth had been exported: in form of the said repatriation and as well in form of consumption by the better-off segments of the population (holidays abroad, second home buyers ...). The anecdotal mention of the shift of status symbols from the house/home towards holidays and vehicle is in this perspective much more meaningful as it seems to be at first glance – and in a way it points on a paradox: Being on the one hand production facility for foreign countries, Ireland depends to a large extent on the production in other countries: cars, household appliances etc. are imported. In addition, the “export of wealth” actually reduces the possibility of developing a sustainable economic and social structure.

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<sup>53</sup> (*Footnote from Barry et altera:*) These comparisons are, of course, heavily distorted by transfer pricing.

| Year    | (1) Profits in US-owned leading sectors* | (2) TNC profits | (3) Repatriated profits | (4) (1)/(2) | (5) (3)/(2) |
|---------|--|-----------------|-------------------------|-------------|-------------|
| 1983    | 678                                      | 936             | 659                     | .724        | .704        |
| 1984    | 1,070                                    | 1,372           | 940                     | .780        | .685        |
| 1985    | 1,097                                    | 1,405           | 1,321                   | .781        | .940        |
| 1986    | 947                                      | 1,291           | 1,358                   | .734        | 1.052       |
| 1987    | 1,108                                    | 1,712           | 1,442                   | .647        | .842        |
| 1988    | 1,331                                    | 1,958           | 2,093                   | .680        | 1.069       |
| 1989    | 1,281                                    | 2,114           | 2,564                   | .606        | 1.213       |
| 1990    | 1,609                                    | 2,297           | 2,507                   | .700        | 1.091       |
| 1983-90 | 9,121                                    | 13,085          | 12,884                  | .697        | .985        |

Table 20: Profits received and repatriated by TNC subsidiaries in the south of Ireland, 1983-90 (£ million)<sup>54</sup>



Source: CSO.

Figure 16: Relationship between the Export Surplus and Repatriated Profits, 1990-96<sup>55</sup>

One remark is important with regard to the building industry. As stated in an analysis by the author, together with *Rainer Robra*, the building industry is an early indicator and catalyst of the overall economic development (see Herrmann,, Peter/Robra, *Rainer: Die Bauwirtschaft; in: Umbruch im Produktionsbereich? Branchenanalysen: Chemische Industrie, Maschinenbau, Automobilindustrie, Elektrotechnische Industrie, Textil- und Bekleidungsindustrie und Bauindustrie in der BRD; Goldberg, Jörg (Editing Staff); Institute for Marxist Studies and Research (Editor); Frankfurt/M.: Institut für Marxistische Studien und Forschungen, 1985: 361 ff.*). However, the pattern in Ireland shows a shift as the building sector is not geared to the “standard market” of mass consumption; instead, the production is largely determined by a speculative market. This means at the same time that the

<sup>54</sup> From: *O’Hearn, Denis: Inside the Celtic Tiger. The Irish Economy and the Asian Model; London et altera: Pluto, 1998: 45*

source: “calculation from unpublished IDA-data”

\* US metals/engineering and chemicals sectors. These sectors are dominated by computers and pharmaceuticals, respectively.

<sup>55</sup> From: *O’Hearn, Denis: Inside the Celtic Tiger. The Irish Economy and the Asian Model; London et altera: Pluto, 1998: 128*

development is subsequent to processes in other segments of the economy rather than indicator and catalyst (*see as well below p. 73 f.*).

|                   | SITC (Rev. 3) | Description                         | 1979<br>(%) | 1995<br>(%) |
|-------------------|---------------|-------------------------------------|-------------|-------------|
| 'Non-Traditional' | 75            | Office and ADP machines             | 5.3         | 21.3        |
|                   | 51            | Organic chemicals                   | 6.0         | 9.2         |
|                   | 77            | Electrical machinery, etc.          | 1.0         | 7.4         |
|                   | 09            | Miscellaneous foods                 | 3.3         | 6.4         |
|                   | 54            | Medical and pharmaceutical foods    | 2.6         | 4.8         |
| 'Traditional'     | 00-08         | Food (excl. other) and live animals | 31.5        | 11.2        |
|                   | 65            | Textile yarns, etc.                 | 5.7         | 1.3         |
|                   | 84            | Articles of apparel, clothing       | 2.8         | 1.2         |
|                   |               | All other articles                  | 41.8        | 37.2        |
|                   |               | Total                               | 100         | 100         |

**Table 21: Structure of Merchandise Exports, 1979-95<sup>56</sup>**

Thus one can say, joining the institutionalised Europe was a step from words to action, of bringing the strategy which had been envisaged with the launch of the program at the end of the 1950 to reality. *Thomas Kenneth Whitaker*, one of the driving forces behind the early program, characterised the change later as

a recognition of the following four points;

1. Protected manufacture for a home market of dwindling population and low purchasing power gave no hope of increased employment.
2. In an increasingly competitive world, in which real wages would be rising, continued high protection could not guarantee even the maintenance of existing employment in Ireland at *acceptable* real wages.
3. If employment were to be created for the fresh thousands seeking work every year – indeed even if existing jobs were to be safe-guarded – industry must quickly become more efficient so that its products could be sold on an increasing scale in export markets.
4. The most effective and advantageous way of achieving the rapid and general increase required in industrial efficiency was to accept a commitment to reduce tariffs in return for external market gains and internal aids and incentives towards modernisation.  
(*Whitaker, Thomas Kenneth: Economic Development 1958-1985; in: Kennedy, Kieran A. [ed.]: Ireland in Transition. Economic and Social Change since 1960; Cork: Mercier, 1986: 10-18; here: 11 f.*)

The development and assessment at the end of the 1950s, the foundation of the Economic and Social Research Institute (ESRI) as advisory body to the government and the shift towards some interventionist approaches are as well interesting in a

<sup>56</sup> From: *Walsh, Brendan: Stabilization and Adjustment in a Small Open Economy: Ireland, 1979-95; in: Oxford Review of Economic Policy: 12: 3; 74-86; here: 76; with reference to Central Statistics Office, External Trade Statistics*

comparative perspective: at that time Germany was still caught in success of the duplicitous social market strategy and came only at the end of the 1960s to similar approaches as Ireland already at the end of the 1950s. Without discussing this in depth, this moment is worthwhile to be mentioned as it shows well the interdependence and mutually complementing role of accumulation regime and mode of regulation: Seemingly the same policy which lead Germany later to continued, though slowed-down success was by no means suitable to bring Ireland the so much needed sea-change – progress could be seen, but it was slow.



**Figure 17: The Beast<sup>57</sup>**

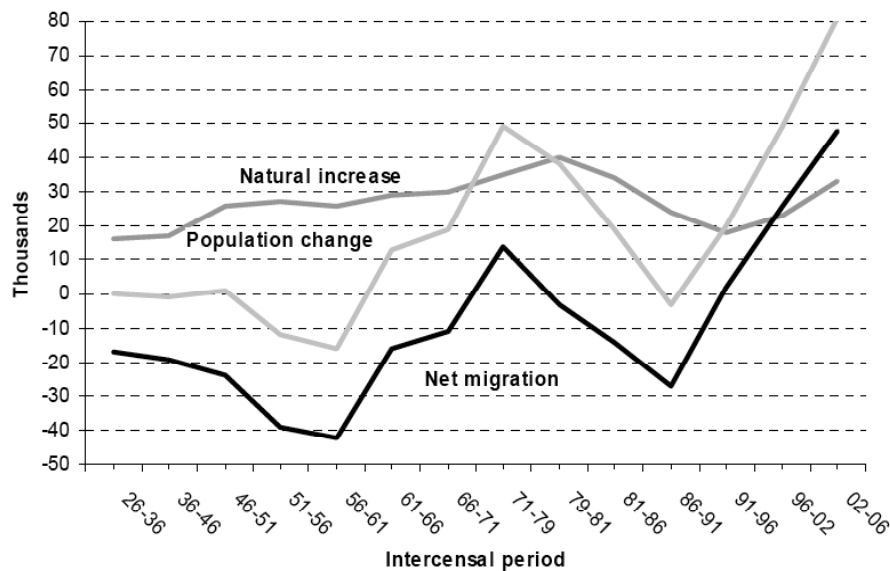
Five special features have to be mentioned. First, this had been a process that needed energy as the economic structure needed to be developed and thus time. Although we saw already in the late 1950s/early 1960s some germinating attempts to actually open the economy, it had been only now that they could be successfully transposed into action. One important element in this regard is the establishment of policies to overcome poverty (*see below, page 66*) as far as they had been concerned with developing the workforce and a kind of “protestant ethics” as foundation for a growth-oriented policy.

It is especially here that we can see the truth of speaking of the development from an open to an opening economy. Being already a small open economy, this did not mean too much as the reality had been, due to various factors, contradicting this principal pattern even after the inside-looking phase of the young Free State. It had been a process of opening that took place over a lengthy period of time, bringing the principal openness to the fore and developing it in practice. This required a shift of the accumulation regime and at the very same time a shift of the mode of regulation – with all conditions in and implications for daily life (life regime, mode of life – as outlined in the remarks on methodology above [*page 3*]). Only a mutually reinforcing development could perform this way – and it is this what makes it understandable that entering the EU led initially to the probably by many unexpected event of a slow-down of the economic development: unemployment was still on the raise, the GDP and NDP figures had been only in the early/middle of the 1980s coming to a marked turn; and it should take at least another 5 years before migration streams would first change direction (*see Figure 18*) – CSO, the national statistical office, dates this change for the period between 1986 and 1991 (*s. CSO:*

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<sup>57</sup> From: [http://www.drawger.com/bigfoot/?start\\_date=1141189200&end\\_date=1143867600&archives=true](http://www.drawger.com/bigfoot/?start_date=1141189200&end_date=1143867600&archives=true) - accessed 13/05/07; 7:04

*CENSUS 2006: Principal Demographic Results; Dublin: Stationary Office, 2007: 23*). First it had been just the return of emigrants; later – and still today – the immigration of non-Irish nationals, bridging the labour market shortages which proved to become a severe problem for the economy.<sup>58</sup>



**Figure 18: Components of Population Changes, 1926-2006<sup>59</sup>**

Second, the retarded conditions of a previously predominantly agrarian economy can be seen as well as advantage in the given situation as the change was very much a new start – it is comparable with the advantage of Germany after the second World War when the entirely destroyed material basis meant that the “new beginning“ equalled a quantum leap in technological and infrastructural advantage, being in the continental post-WWII-nation one important factor for the boom until the middle/late 1960s. Comparable in Ireland, we see the development of new industries, highly flexible conditions for the emerging structure and in addition a politically friendly environment. Being in *statu nascendi* was seen by many politicians and Schumpeterian entrepreneurs as opportunity to overcome the dependency from the “archenemy”. In this regard it had been a paradox that the two

<sup>58</sup> The relationship of push and pull factors is actually quite complex and it is not possible to reduce this on a simple push out of the poor country, being pulled into the rich country. Other than economic reasons play apparently a role as there is a concentration on certain streams that cannot be explained by crude economic data of that kind (it is interesting that there is a concentration of people immigrating into Ireland from only few countries (epically Poland) whereas people from other countries with a lower economic status move into other countries without any obvious historical background. And it is interesting that there is a certain move of private small capital out of the country into other countries (for instance second-home buyers moving to Spain, France but not least as well to member states that only recently joint the EU).

<sup>59</sup> From: *CSO: CENSUS 2006: Principal Demographic Results; Dublin: Stationary Office, 2007: 12*

countries entered the EEC at the same time, with this entering simultaneously a phase of dispersion.

Third, Ireland entered specifically the global market at a stage of rapid replacement periods of capital due to fast technical and technological change. This,

- together with the internal openness,
- actualising the only potentially open economy and
- the specifically qualified workforce

made it possible that the Irish economy developed at a huge pace, becoming an interesting place not least for foreign investment.

However, it should not be overlooked that in Ireland we cannot see a “technological rocketing” as it characterised for instance post-WWII-Germany – a fact simply due to the reluctance of acknowledging the “socialising moment” of the state. The lack of a sound social infrastructure had been mentioned and can be seen in *Table 22*, showing expenditure on social protection, education and health for health, *Table 23*, presenting social protection expenditure by type and *Figure 19*, showing the investment in the health sector (*figures in an international perspective for 2003 and 2004 respectively; see as well Table 24*).

| <i>% of GDP</i>           |                   |            |            |             |
|---------------------------|-------------------|------------|------------|-------------|
| Country                   | Social Protection | Education  | Health     | Total       |
| France                    | 30.9              | 5.9        | 10.4       | 47.2        |
| Germany                   | 30.2              | 4.7        | 10.9       | 45.8        |
| <b>EU 25</b>              | <b>27.4</b>       | <b>5.2</b> | <b>8.6</b> | <b>41.2</b> |
| Finland                   | 26.5              | 6.4        | 7.4        | 40.3        |
| Greece                    | 26.0              | 3.9        | 10.2       | 40.1        |
| United Kingdom            | 26.4              | 5.4        | 7.9        | 39.7        |
| Slovenia                  | 24.6              | 6.0        | 8.8        | 39.4        |
| Hungary                   | 21.1              | 5.9        | 8.3        | 35.3        |
| Luxembourg                | 22.2              | 3.8        | 7.7        | 33.7        |
| Poland                    | 20.9              | 5.6        | 6.5        | 33.0        |
| <b>Ireland (% of GNI)</b> | <b>19.3</b>       | <b>5.2</b> | <b>8.4</b> | <b>32.9</b> |
| Czech Republic            | 20.2              | 4.5        | 7.5        | 32.2        |
| Slovakia                  | 18.2              | 4.3        | 5.9        | 28.4        |
| <b>Ireland (% of GDP)</b> | <b>16.5</b>       | <b>4.4</b> | <b>7.2</b> | <b>28.1</b> |
| Lithuania                 | 13.6              | 5.2        | 5.7        | 24.5        |
| Latvia                    | 13.4              | 5.3        | 5.0        | 23.7        |
| Estonia                   | 12.9              | 5.4        | 5.1        | 23.4        |
| Romania                   | :                 | 3.4        | 4.1        | :           |
| Turkey                    | :                 | 3.7        | 7.6        | :           |

**Table 22: EU: Expenditure on Social Protection, Education and Health, 2003<sup>60</sup>**

<sup>60</sup> From: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 40*

Source: Eurostat, WHO, CSO National Accounts

| Country                           | % of GDP            |                   |                         |                       |   |                           |
|-----------------------------------|---------------------|-------------------|-------------------------|-----------------------|---|---------------------------|
|                                   | Family/<br>Children | Unem-<br>ployment | Sickness&<br>Disability | Old Age&<br>Survivors | Housing&<br>Social<br>Exclusion<br>n.e.c. | Total<br>expen-<br>diture |
| Sweden                            | 3.0                 | 2.0               | 12.7                    | 12.7                  | 1.2                                       | 32.9                      |
| France                            | 2.5                 | 2.3               | 10.5                    | 12.8                  | 1.3                                       | 31.2                      |
| Germany                           | 3.0                 | 2.4               | 9.9                     | 12.4                  | 0.7                                       | 29.5                      |
| <b>EU15</b>                       | <b>2.1</b>          | <b>1.8</b>        | <b>9.7</b>              | <b>12.2</b>           | <b>0.9</b>                                | <b>27.6</b>               |
| <b>EU25</b>                       | <b>2.1</b>          | <b>1.7</b>        | <b>9.5</b>              | <b>12.0</b>           | <b>0.9</b>                                | <b>27.3</b>               |
| United<br>Kingdom                 | 1.7                 | 0.7               | 10.2                    | 11.5                  | 1.7                                       | 26.3                      |
| Slovenia                          | 2.0                 | 0.7               | 9.7                     | 10.6                  | 0.7                                       | 24.3                      |
| Luxemb.                           | 3.8                 | 1.0               | 8.5                     | 8.1                   | 0.6                                       | 22.6                      |
| Hungary                           | 2.5                 | 0.6               | 8.1                     | 8.6                   | 0.5                                       | 20.7                      |
| <b>Ireland<br/>(% of<br/>GNI)</b> | <b>2.9</b>          | <b>1.5</b>        | <b>9.0</b>              | <b>4.5</b>            | <b>1.1</b>                                | <b>20.0</b>               |
| Poland                            | 0.9                 | 0.7               | 6.1                     | 11.8                  | 0.2                                       | 20.0                      |
| Czech Rep.                        | 1.6                 | 0.7               | 8.2                     | 7.8                   | 0.6                                       | 19.6                      |
| Slovakia                          | 1.8                 | 1.0               | 6.6                     | 6.6                   | 0.5                                       | 17.2                      |
| <b>Ireland<br/>(% of<br/>GDP)</b> | <b>2.5</b>          | <b>1.3</b>        | <b>7.7</b>              | <b>3.8</b>            | <b>0.9</b>                                | <b>17.0</b>               |
| Estonia                           | 1.7                 | 0.2               | 5.4                     | 5.8                   | 0.2                                       | 13.4                      |
| Lithuania                         | 1.1                 | 0.2               | 5.1                     | 6.1                   | 0.3                                       | 13.3                      |
| Latvia                            | 1.3                 | 0.4               | 4.2                     | 6.1                   | 0.2                                       | 12.6                      |

**Table 23: EU: Social Protection Expenditure by Type, 2004<sup>61</sup>**

<sup>61</sup> From: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 41*  
Source: Eurostat



Figure 19: Health Care Spending<sup>62</sup>

<sup>62</sup> From: *OECD in Figures. 2006-2007; Paris: OECD, 2006: 83*

| Year | Total (€m) | % of<br>GNI | % of<br>GDP | Per Capita at<br>Constant 2003<br>prices (€) |
|------|------------|-------------|-------------|--|
| 1995 | 2,980.4    | 6.2         | 5.6         | 1,231  |
| 1996 | 3,049.0    | 5.7         | 5.2         | 1,226  |
| 1997 | 3,504.0    | 5.8         | 5.1         | 1,318  |
| 1998 | 3,885.6    | 5.6         | 4.9         | 1,391  |
| 1999 | 4,647.0    | 6.0         | 5.1         | 1,555  |
| 2000 | 5,422.7    | 6.0         | 5.2         | 1,693  |
| 2001 | 6,801.5    | 6.9         | 5.8         | 1,951  |
| 2002 | 7,933.4    | 7.4         | 6.1         | 2,099  |
| 2003 | 8,852.8    | 7.5         | 6.4         | 2,225  |
| 2004 | 9,609.5    | 7.6         | 6.5         | 2,223  |

**Table 24: Non-Capital Public Expenditure on Health Care<sup>63</sup>**

Here it is even more important to acknowledge that even the much celebrated high developmental status with respect to a supportive structure for future industries cannot be validated in empirical terms – looking for instance at the broadband supply (*see Figure 20*) shows that Ireland scores in global terms badly.

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<sup>63</sup> From: *Central Statistics Office: Measuring Ireland's Progress 2006: Dublin: Stationery Office, 2007: 53*  
 Source: Department of Health and Children  
 2004 data forecasted.

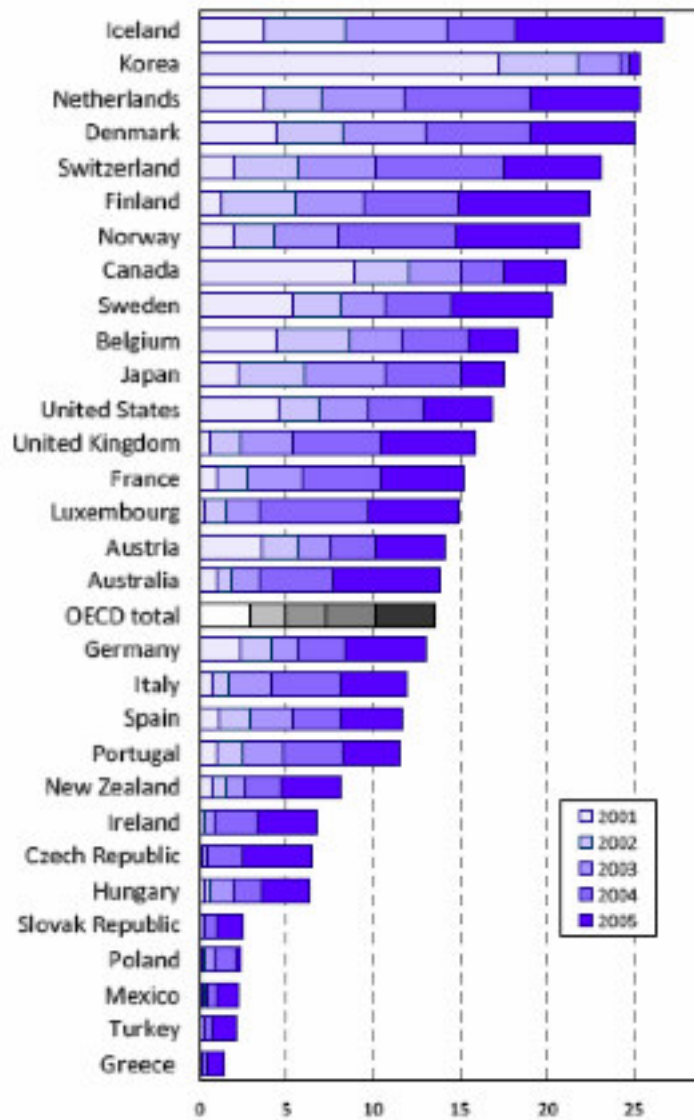


Figure 20: Broadband Expansion. Subscribers per 100 Inhabitants, 2001-2005<sup>64</sup>

Fourth, though previous attempts of economic expansion – and especially efforts to actually open the economy towards the global market – came soon to their structural limitations, there had been in the previous phase an exceptional success, owed to the investment in public sector employment. This meant that at least a developed public infrastructure existed when Ireland entered the next developmental stage – if not in material terms so at least as “moral asset”. This asset can be seen in the specific governance structure of the country, being characterised by its highly centralist and

<sup>64</sup> From: *OECD in Figures. 2006-2007*; Paris: OECD, 2006: 85

clientelist structure. This should not lead to the conclusion of Ireland being dominated by a highly bureaucratised administrative system. Though, of course, from the national perspective the complain about a rigid bureaucracy may frequently be justified, in the international perspective the country can be found at the lower end of bureaucratic requirements, in particular when it comes to requirements for enterprises (s. *Commission of the European Communities: Commission Working Document Measuring Administrative Costs and Reducing Administrative Burdens in the European Union. COM[2006]691 final; Brussels 14.1.2006*). It is in this context that we have to acknowledge that the complain about red tape can be found as often as the complain about bureaucracy – and red tape has as well something to do with bribery, in other words the opposite of the observance of bureaucratic rationality.

Fifth, the enterprise structure as it had been dominant in Ireland had been another asset. On the one hand the dominance of small enterprises can be seen as a condition for and expression of high “flexibility”,<sup>65</sup> on the other hand it had been an asset as the small business structure could be seen in many cases as ideal object for exploitation by the large capitals entering the country. It is likely that the dominance of SMEs played in Ireland a specific role (a) as buffer for multinationals and (b) as compensation for the lack of a developed infrastructure.<sup>66</sup>

In a nutshell, the opening economy can be characterised by looking at its mode of regulation and life regime: an at least on the surface compliant workforce and citizenry, mixing an emergent protestant work ethic with the catholic ethic of obedience and subordination, allowing combining high performance, “communitarian control” and compensation for a lack of public infrastructure.

Bringing this section to an end we have to come back to the question of sustainability, throughout the text frequently mentioned as matter of concern. *Eoin O’Malley* and *Chris van Egeraat* undertook an interesting study, highlighting the problematic of the sectoral dimension (see *O’Malley, Eoin/van Egeraat, Chris: Industry Clusters and Irish Indigenous Manufacturing: Limits of the Porter View; in: The Economic and Social Review; 31/1; January 2000; 55-79*). Though questioning with their article the methods used by *Michael E. Porter*, it is getting evident from the data presented by them that the indigenous industry is developed in an unpromising way. One important point in this regard has to be seen in the characteristics of the sectors. In which way ever the measures are made, the indigenous sectors are problematic.

One point to be mentioned when looking at any success of the Irish indigenous industries measured by global, highly aggregated data has to be qualified by the fact that

in the case of Ireland ... a very large proportion of the exports of Irish indigenous industry consists of certain types of food products. Meat and dairy products alone accounted for close to 59 per cent of the value of exports in indigenous industry in 1995 ... .

(*O’Malley, Eoin/van Egeraat, Chris: Industry Clusters and Irish Indigenous Manufacturing; Limits of the Porter View; in: The Economic and Social Review, 31/1; January 2000: 55-79; here: 68*)

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<sup>65</sup> or “insecurity” and “precarity” if one prefers – many small enterprises had been not much more than subsistence household economies.

<sup>66</sup> However, this factor should not be overestimated – at least in all member states of the European Union SMEs are in the majority.

The investigations by the two authors can be summarised by pointing on the following moments:

- the export industry is highly coined by monopolist or at least oligopolist structures;
- on the other hand, the indigenous industry features sectors and enterprises with low productivity and low employment intensity;
- moreover, the success depends to a large extent on piggybacking – indigenous clusters are in one or another way very much linked to foreign FDI-sectors (with few exceptions).

#### Excursus: The Special Irish Pathway

Some moments of the mode of regulation deserve to be highlighted, characterising the Irish situation at this stage. However, although this may be seen as special Irish pathway, it has to be noted that this characterisation is problematic. At least some of the elements are part of a secular process and the special Irish way is only the factor of time and combination: the synchrony of their appearance and the special time when seen in the comparative perspective with view on the development in other European countries.

#### *Low Tax Country – Low Performance Country*

The strategy of internal development has to be seen in the context of the paradox of an “internally globalising economy”. Whereas the country itself – in terms of the economic structure, the political and familiaristic patterns, the mentality and the developmental pattern – can be characterised as still opposing the protestant ethics as described by *Max Weber*, there had been a relatively small class of people who searched for a change – and it had been the patchwork of different motivations and subsequent strategies that can be seen in retrospect as characterising the future development.

Roughly speaking, the motivations can be grouped as follows:

- The classical Smithian-Schumpeterian entrepreneur, striving for wealth and suggesting that individual wealth will lead to the *Wealth of the Nation*;
- The socialist good-doer, keen to overcome the objective misery, though being reluctant to strive for a fundamental change – in actual fact being more humanitarian than socialist;<sup>67</sup>
- The philanthropist, pragmatically accepting any means to overcome the material difficulties as they coined the “poor house” of Europe.

What was and still is lacking is an orientation that acknowledges the fundamental pattern of socialisation as standing behind the development of a modern capitalist service structure. This has nothing to do with a socialist approach; rather what is at stake is the necessity of acknowledging the fact that any – and as well a capitalist –

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<sup>67</sup> The reason for the reluctance may be seen in the feeling of weakness of the small island nation with the geopolitically unfortunate location at the periphery of everywhere or the underdeveloped left, underdeveloped – as political debates had always been overshadowed by the “Irish Question”.

economy depends on a social infrastructure which is in one or the other way guaranteed by the state. One can say as well that, although production remains fundamentally private, its acknowledgement as “social” only happening after the actual production, this is today different as already the production is in itself a directly social process. Not least social security, transport infrastructure, water and energy supply etc. are here at stake. However, “public services” in Ireland had been shaped by some particular patterns which in other countries come only now to the fore with pushes for globalisation, New Public Management-strategies and the processes of privatisation of “public services” in a particular way: they had been mercy-driven;<sup>68</sup> or they had been a matter of commodified delivery. In other words, services and infrastructure had been rather openly understood as element of the process of the reproduction of the economic system. As such, they had been “delivered to enterprises”; and these enterprises got them for an extremely low “price”: the creation of employment opportunities. In other words: enterprises got paid for what they did anyway. In this light, services had been some sort of subsidies.

Consequently Kieran Allen speaks of “The Atlantic tax haven“ (Allen, Kieran: *The Celtic Tiger. The myth of social partnership in Ireland*; Manchester: Manchester University Press, 2000: 82) and looking at Figure 21 fully justifies this.

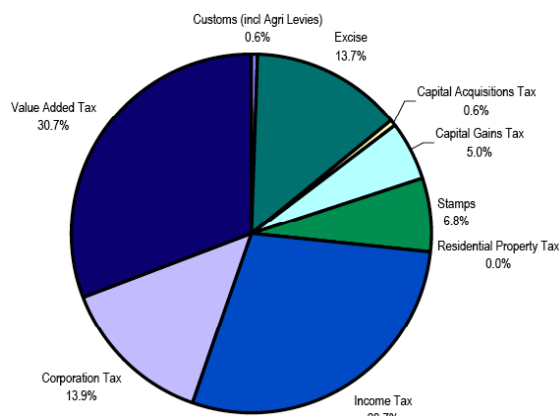


Figure 21: Net Receipts<sup>69</sup>

IDA even praises the countries low corporate tax rate, providing the following comparative table.

<sup>68</sup> Though the phrase “social policy by donation” referred to the fact that social policy was majorily a matter of charitable organisations, it can be applied as well to the statutory welfare services – only recent developments show a shift away from an extremely paternalist delivery pattern.

<sup>69</sup> From: *Revenue Commissioners: Statistical Report 2005*; <http://www.revenue.ie/pdf/statistical-report/2005/total-revenue.pdf>; accessed 02/06/07; 8:39: 4

| Country        | %     |
|----------------|-------|
| Ireland        | 12.50 |
| Netherlands    | 25.50 |
| United Kingdom | 30.00 |
| China          | 33.00 |
| Belgium        | 33.99 |
| France         | 34.43 |
| Germany        | 38.60 |
| USA            | 39.50 |
| Japan          | 39.54 |

**Table 25: Corporate Tax Rate (International Comparison)**<sup>70</sup>

Even if we compute the cost of other requirements (social insurance ...), Ireland's position can be seen in a most favourable light from a corporate perspective.

The distribution which is shown in *Figure 21* and the evidence given in *Table 25* is especially noteworthy when looking at the income tax rate, as shown in *Table 26*.

|   |              |      |
|---|--------------|------|
| Single/Widowed Person                         | 32,000       | 20 % |
|   |              | 42 % |
| Single/Widowed Person with dependent Children | 36,000       | 20 % |
|   |              | 42 % |
| Married Couple (One Income)                   | 41,000       | 20 % |
|   |              | 42 % |
| Married Couple (Two Incomes)                  | First 64,000 | 20 % |
|   | Balance      | 42 % |

**Table 26: Rates of Income Tax**<sup>71</sup>

This is one reason for saying on another occasion that much of the economic boom is nothing else than "Ireland for Sale" (*see page 67*).

Sure, first and foremost this can be seen as political decision, being simply imposed by state power. However, the special smoothness of the process, which is particularly remarkable as it has to be seen in connection with the increasing social and spatial (on local, regional and national level) inequalities has to be seen not least in the wider context of the mode of regulation:

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<sup>70</sup> From: *IDA: Tax in Ireland*; <http://www.idaireland.com/home/index.aspx?id=659>; accessed 02/06/07; 8:41; with unspecified reference to *Deloitte&Touche, 2007*

<sup>71</sup> From: *IDA: Guide to Tax in Ireland 2006*; Dublin: without date: 10

- The centralist system, performing to some extent independent from the decentral levels – this is not least due to the fact of actually ignoring on the local level many of the centrally taken decisions and doing “own things” or in other words the fact that the centralist decisions simply are not taken serious. Mentally, this factor is largely linked to the familiarist structure which had been frequently mentioned as central element of the life regime. This includes that the local governmental and administrative system is not least weak due to the lack of legislative and financial power.
- Thus, as centralist decisions in the areas in question are of crucial importance in material terms, having consequences for every day’s life and the living standard, and as the necessary means cannot be obtained in any other way, a moment is of central importance, namely the characterisation of the mode of life by a non-demanding mentality, a high degree of frugality, not least founded in the Catholic tradition.

It is not least in this context that the lack of a rights-based approach, the acceptance of charity as guiding principle of social policy – the other way round: the lack of a public/statutory system – was for a long time widely accepted.

#### *The Geopolitical Position – Between Bleeding and Control from the Top*

Being located at the periphery of everywhere (or paraphrasing an Irish expression: in the middle of everywhere), was for Ireland not only aggravating with regard to the colonial status and the efforts to overcome it. In general, this position – in addition complicated by the island status – qualifies any effort to establish a truly open economy. However, such qualification does not mean that under these conditions an open economy is impossible. Other factors, as they had been mentioned before and as they are characterising the accumulation regime and the mode of regulation, could well be utilised to turn the disadvantage at least temporarily into a positive feature. Seen from the perspective of non-EU countries,<sup>72</sup> Ireland had been close to the EU-markets, thus providing for many a gateway towards Europe. The fact of English being the dominant language is another factor of geopolitical attractiveness.

#### *The “pre-Barcelona-isation of Education”*

Accepting the criteria of the OECD-assessment as used for the Programme for International Student Assessment (PISA – see <http://www.pisa.oecd.org/>; and in particular: *OECD: What PISA Assesses: [http://www.pisa.oecd.org/document/29/0,2340,en\\_32252351\\_32235918\\_33641501\\_1\\_1\\_1\\_1,00.html](http://www.pisa.oecd.org/document/29/0,2340,en_32252351_32235918_33641501_1_1_1_1,00.html) - accessed 07/05/07; 8:11*) it is no surprise that Ireland scored at the top end. It should make us think, however, that recent efforts require lecturers in third-level institutions to write learning outcomes for their courses – and here it is not allowed to use the term “understanding”, not even in social sciences. As well, it

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<sup>72</sup> Especially the USA and some Asian countries.

is characteristic that colleagues from natural science feel it legitimate to complain about the utilisation of the term science by social scientists for activities in the social area. These few examples from personal experiences with the brothers of The Stupid White Man<sup>73</sup> are mentioned as they can be seen as frightening highlights of the attitude to education and training – again Ireland is not the only country; perhaps, however, she is a forerunner in the European Union where the Irish experience is a kind of good example for the bad practice of the Bologna process (see [http://ec.europa.eu/education/policies/educ/bologna/bologna\\_en.html](http://ec.europa.eu/education/policies/educ/bologna/bologna_en.html) - accessed 07/05/07; 8:32). In brief, Ireland is heavily investing in the areas of higher education and research and development. Looking at the results over the last decades they are at first glance eye-catching, indeed. From ten years ago when the junior certificate had been rather common amongst those who then had been aged 40 to 50, to today, where third-level education is rather frequent for the current cohort of the 20 to 30 years old, we face a huge change (see Table 27). As well some specific features have to be highlighted as success: support of mature students, the high rate of female students, the support for people with disabilities, the investment in the area of research and development, mushrooming of new facilities and courses etc.

| Age Group | At least upper secondary |           | At least university |           |
|-----------|--------------------------|-----------|---------------------|-----------|
|           | Ireland                  | OECD mean | Ireland             | OECD mean |
| 25-34     | 66                       | 72        | 14                  | 15        |
| 35-44     | 54                       | 65        | 11                  | 14        |
| 45-54     | 38                       | 55        | 9                   | 12        |
| 55-64     | 30                       | 42        | 6                   | 8         |

**Table 27: Percentage of Population Classified by Educational Attainment<sup>74</sup>**

However, without going into details there are four definite features that qualify any assessment that suggests celebrating the figures one-sidedly as progress (in the following, aspects of qualitative assessment will not be presented).

First, as can be seen as well from the Table 27, the progress is not so remarkable when seen in an international perspective. And even in earlier years, it had been education that contributed to overcoming the shortcomings of the previous period, the IDA pointing on the necessity of a highly educated workforce as one of the preconditions for attracting foreign capital.

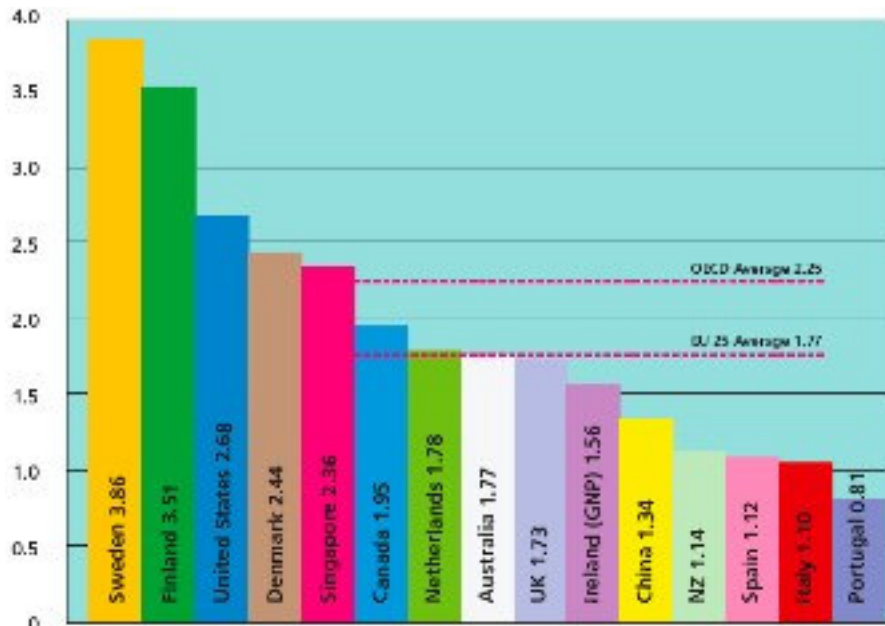
Second, today a Bachelor (BA) is a not grade that has much more meaning than securing a somewhat reasonable job. A look at occupational careers shows at least on the anecdotal level that graduates need their BA for being employed in positions for which previously much lower qualifications had been entirely sufficient.

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<sup>73</sup> An allusion to Michael Moore's *Stupid White Men ...and Other Sorry Excuses for the State of the Nation* (2001), but as well to the fact that there is a strong Irish orientation towards the US, by and large accepting the American hegemony and even asking if the orientation on the EU should be maintained, expressed for instance in a speech in 2000 by then Minister for Arts, Heritage, Gaeltacht and the Islands, Ms Sile de Valera.

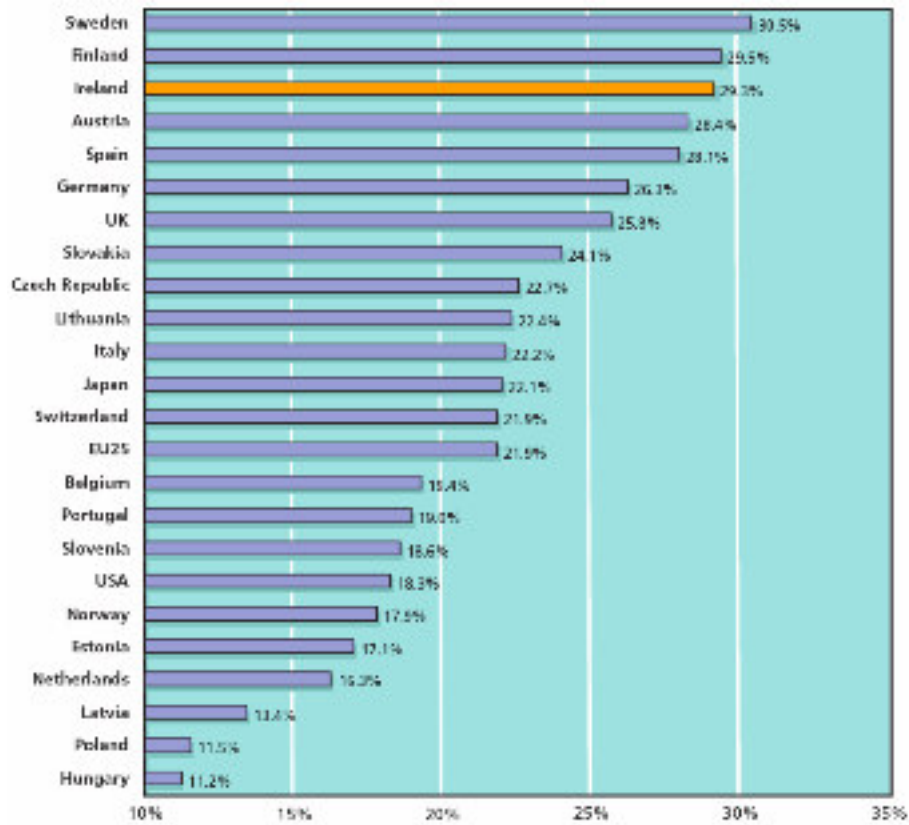
<sup>74</sup> OECD data

Third, a huge fraction of the investment flows into science in the traditional sense – *Figure 22* and *Figure 23* give some indication –, neglecting to a large extent the challenges coming from the overcome social structure and social change, including the needs of proper economic science for sustainable socio-economic development.



**Figure 22: Gross Expenditure on R&D (GERD) as a Percentage of GDP/GNP – Ireland and Selected Countries<sup>75</sup>**

<sup>75</sup> 2006, or latest available data  
 Sources: Derived from the Survey of Business Expenditure on R&D 2005/6 (Forfás); Survey of R&D in the Higher Education Sector, 2004 (Forfás); State Expenditure on Science & Technology and Research & Development 2005 and 2006 (Forfás) and the Main Science & Technology Indicators, 2006/2 (OECD)  
 From: Roche, Monica: *Research and Development Statistics in Ireland, 2006 – at a glance: Dublin: Forfás, 2007: 10*



**Figure 23: Science and Engineering Flow of New Graduates as a Percentage of Total Graduates – Ireland and Selected Countries<sup>76</sup>**

Taking these aspects together, universities are in danger of losing their character of providing universal education in the humanitarian understanding as brought forward namely by *Wilhelm von Humboldt*. It is, fourth, this rejection of a humanitarian body of thought that translates into segmented and fragmented skills-training rather than a profound development of knowledge and understanding. Courses, according to the requirement of the Bologna process (see [http://ec.europa.eu/education/policies/educ/bologna/bologna\\_en.html](http://ec.europa.eu/education/policies/educ/bologna/bologna_en.html); 30/05/07; 5:12), are designed to be comparable across the different systems and countries. In the light of striving for competitiveness and short-term success this means to meet the minimum common denominator rather than taking the claim of Lisbon, to develop a knowledge-based

<sup>76</sup> 2003 or latest available data  
 Source: Science, Technology and Innovation in Europe 2006 (Eurostat)  
 From: Roche, Monica: *Research and Development Statistics in Ireland, 2006 – at a glance: Dublin: Forfás, 2007: 34*

society (*Presidency Conclusions: Lisbon European Council, 23./24. March 2000 - [http://europa.eu.int/ISPO/docs/services/docs/2000/jan-march/doc\\_00\\_8\\_en.pdf](http://europa.eu.int/ISPO/docs/services/docs/2000/jan-march/doc_00_8_en.pdf) - accessed 07/05/07; 8:43*) serious. On the contrary, in the name of the competitiveness-requirement from the same Lisbon summit we find a repel of any possible knowledge-orientation in favour of a trivialising skills-training – appropriate only for a contemporary liquidation with its rapid replacement periods.

### The Social Question

The widespread poverty made it necessary – and at that time as well possible (*see Herrmann, Peter: European Social Policy – A Different Perspective; William-Thompson-Working-Paper, 5; <http://william-thompson.ucc.ie/>*) – to initialise the development of a strategy aiming at overcoming poverty. It has to be mentioned that despite philanthropic concerns and moral obligations by leading politicians a simple economic consideration played an important role. In other words, Ireland was in need of a qualified and reasonably reliable workforce. For this, at least basic mechanisms of economic and social integration had to be secured.

- This included accepting at least to some extent a shift in gender policies. One has to imagine that in Ireland a marriage bar had been in force, not allowing women to work in civil service positions as soon they had been married and the husband had been in employment – only in 1973 this barring order had been lifted. Though at the time it was (and actually even today it still is) a long way to equality, a strategically fortunate mesh of national (the progress of a “moderate-feminist movement” with the success of *Mary Robinson* as first female President of the Republic [1990-1997]) and EU-policies (the various directives had been part of the *aquis communautaire*) in this area brought some changes in this area to the fore which meant for Ireland a kind of revolution. – Still, it should not be concealed, that the progress had been limited by the following moments:
  - Though there are, of course and as in other countries, still huge differences and gaps, the progress which had been made can be seen in the areas of payment and the employment rate; but at the same time the structural differences in these regards had not been overcome yet. This has to be seen not least in the context of the ongoing traditional role patterns of a country with fundamentally maintained catholic family and role patterns. Part of this is, of course, the only fragmentary overturn of gendered lines of the job market division (the typical jobs for women and men).
  - Though some liberation has to be acknowledged, the catholic tradition is still strong and minting the ideology around inequality in every day’s life. Generally we can probably say that liberation is rather progressed in areas where it does not cost anything, whereas in other areas it is retarded. This includes not least the policies on abortion and divorce – areas with huge material consequences for the position of women in society.

It is worthwhile to mention in a side remark that Ireland has in the meantime probably one of the most advanced systems of monitoring equality policies and the breach of them (*see [www.equality.ie](http://www.equality.ie)*).

*The Roaring End of the Century*

The earlier boom from the late 50s/early 60s was discontinued and it needed another twenty-five years before the Celtic tiger, which claims today's appraisal, could actually start to roar.

Before, the country had to go through a severe crisis, the population reaching with 2.8 million its lowest ever point, the employment declining, not least by the reduction of 101.700 agricultural and traditional industrial jobs between 1950 and 1960 (see Powell, Fred/O'Connell, *Cathal: Sozialpolitik im Irland von heute*; in: Wöbke, Manfred [ed.]: *Sozialarbeit in Irland*; Reinfeld/Berlin: Schaeuble, 1991: 9-28; here: 9).

The favourable conditions of the now young member state of the institutionalised Europe needed time to be implemented. The major policy-orientation can be headed by a slogan as "Ireland for Sale".



**Figure 24: Ireland for Sale<sup>77</sup>**

First, the economic dimension and management over time has been presented above. Important is that joining the institutionalised Europe had been an opener, however, the door then giving access to the corridor to the larger global rather than (only) the EUropean markets. Furthermore, this process had been based on an unsustainable strategy, neglecting infrastructure, requirements of a *public* administrative strategy and the development of the domestic market.

Excursus: The Shift in Income and Consumption – the Kaldor-Hicks-function

It had been shown elsewhere in this text (see pages 40) that the increasing meaning of foreign direct investment, especially from the United States of Northern America also meant as well a sectoral shift, namely a shift towards increasing returns sectors which is shown in *Table 28* and *Table 29*.

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<sup>77</sup> From: <http://www.chambre-claire.com/stenope/berlin.htm> - accessed 07/05/07; 14:29

| NACE code  | Industry               | Per cent of total indigenous manufacturing employment |       | Per cent of total foreign-owned manufacturing employment |       |
|------------|------------------------|---|-------|--|-------|
|            |                        | 1973  | 1996  | 1973   | 1996  |
| 35 (352*)  | Vehicles               | 1.02  | 1.15  | 8.59   | 5.35  |
| 36         | Other transport        | 1.18  | 2.20  | 2.32   | 0.75  |
| 25 (255*)  | Chemicals              | 2.91  | 3.03  | 6.49   | 13.71 |
| 26         | Man-made fibres        | 0.01  | 0.00  | 1.06   | 1.52  |
| 22 (223*)  | Metals                 | 0.21  | 0.34  | 1.81   | 0.36  |
| 33         | Office machinery       | 0.10  | 1.57  | 0.83   | 11.23 |
| 32         | Mechanical engineering | 2.09  | 4.33  | 2.47   | 3.59  |
| 34         | Electrical engineering | 4.01  | 5.06  | 5.75   | 19.78 |
| 37         | Instrument engineering | 0.29  | 1.34  | 4.09   | 10.23 |
| 471        | Pulp, paper            | 0.82  | 0.59  | 0.97   | 0.10  |
| 241        | Clay products          | 1.30  | 0.46  | 0.50   | 0.12  |
| 242        | Cement, etc.           | 0.57  | 0.32  | 0.00   | 0.00  |
| 247        | Glass and glassware    | 2.37  | 2.40  | 0.38   | 0.04  |
| 481        | Rubber products        | 0.43  | 0.24  | 1.99   | 0.85  |
| 427        | Brewing                | 0.15  | 0.15  | 5.21   | 1.60  |
| 429        | Tobacco                | 0.43  | 0.13  | 1.99   | 0.68  |
| 421        | Cocoa, chocolate       | 0.36  | 0.44  | 3.09   | 2.45  |
| 423        | Other foods            | 0.97  | 2.82  | 2.06   | 2.18  |
| Total (%)  |                        | 19.22   | 26.58 | 49.60  | 74.54 |
| Total jobs |                        | 29040   | 31358 | 37198  | 73605 |

Table 28: Employment in Increasing Returns Sectors<sup>78</sup>

| Year | Irish | TNCs  | US TNCs: of which |        |       | TNC share of total profits |
|------|-------|-------|-------------------|--------|-------|----------------------------|
|      |       |       | Computer          | Pharm. | Total |                            |
| 1983 | -0.27 | 19.03 | 25.51             | 36.57  | 24.17 | 101.87                     |
| 1984 | 1.75  | 21.73 | 29.72             | 47.10  | 30.82 | 91.47                      |
| 1985 | 1.42  | 20.27 | 27.14             | 48.25  | 29.27 | 93.00                      |
| 1986 | 2.50  | 19.73 | 25.97             | 48.68  | 29.17 | 87.03                      |
| 1987 | 3.06  | 22.58 | 29.26             | 42.86  | 29.54 | 87.96                      |
| 1988 | 4.27  | 22.62 | 31.41             | 40.96  | 30.28 | 84.93                      |
| 1989 | 5.13  | 22.10 | 23.46             | 49.45  | 28.97 | 85.05                      |
| 1990 | 3.88  | 23.48 | 32.40             | 49.38  | 32.18 | 86.61                      |

Table 29: Profit rates for Irish firms and TNCs (profits as % of sales), 1983-90<sup>79</sup>

<sup>78</sup> From: Barry, Frank: *FDI and Industrial Structure in Ireland, Spain, Portugal and the UK: Some Preliminary Results. Paper presented to Annual Conference on the European Economy, ISEG Lisbon; December 1999: 4* - <http://www.ucd.ie/economic/staff/barry/papers/portugal99a.PDF> - accessed 02/06/07; 6:36

Note: \*beside a subsector indicates that it is excluded.

<sup>79</sup> From: O'Hearn, Denis: *Inside the Celtic Tiger. The Irish Economy and the Asian Model*; London et altera: Pluto, 1998: 44  
source: unpublished IDA survey data

These sectors are typically characterised as well by higher incomes (*see for instance Barry, Frank/Bradley, John/O'Malley, Eoin: Indigenous and Foreign Industry: Characteristics and Performances; in: Barry, Frank [ed.]: Understanding Ireland's Economic Growth; Houndsmills et altera: Macmillan, 1999: 45-74; see as well the shift between the sectors presented in Table 6 and Table 9*). This difference in income is on the one side simply due to the fact that these sectors' employees are higher qualified, thus being paid higher wages; on the other hand, the difference is consequence of the higher productivity in these sectors. As well, due to the conditions of economy of scale they are working with different calculations especially as far as reserves, taxation etc. are concerned. It is important that a non-Pareto-optimal income distribution develops, still matching the Kaldor-Hicks efficiency criteria. We see this in the enormous income inequality that actually makes sense in a – short-term – macro-economic perspective especially in a small economy as Ireland. If it is correct that the Irish economy

- depends to a large extent on FDI
- these investments are characterised by higher profits and
- are not (primarily) producing for the domestic market but for export of their products,

profits can be at least in a short term viable although they create increasing income inequality (*see Table 31 below and Table 25 and Table 26 above*). It is the classical situation where workforce moves out of low productivity sectors and the subsequently higher income leads to consumption in other areas than that of “basic needs” (*see Kaldor, Nicholas: Strategic Factors in Economic Development. Factors in Economic Development; Ithaca: New York State School of Industrial Relations; 1967*). In this case it is possible that a relative minority of the population maintains consumption of “high-end goods”, while it is at the same time possible to maintain a sufficient level of demand, i.e. the sufficient sales figures for the productive sector on foreign markets. In other words, the general fact that the Kaldor-Hicks efficiency neglects fundamentally the question of income distribution is getting somewhat meaningless as we find a systematic division into three social classes: (1) the low income class, including the actually impoverished groups,<sup>80</sup> (2) the “new middle classes” of non-investing, short-term oriented economic “daredevil” and “life entrepreneurs”, people who stage their life as long as it is possible – it is the representative of catholic ethics in executive positions, having a little bit the character of the *Good Person of Szechwan* (*s. Brecht, Bertholt: The good person of Szechwan; translated by John Willett London: Methuen, 1985*) and (3) the representative of pure protestant ethics – the “incomer”, the foreign investor, maintaining the business outside of the country, realising the profit outside of the country in terms of their sale and being – temporary – in the country only for production.

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<sup>80</sup> An increasing number of people in Ireland and as well in new member states and “accession countries” in the widest sense, hence the reference by conservatives to the “under class”.

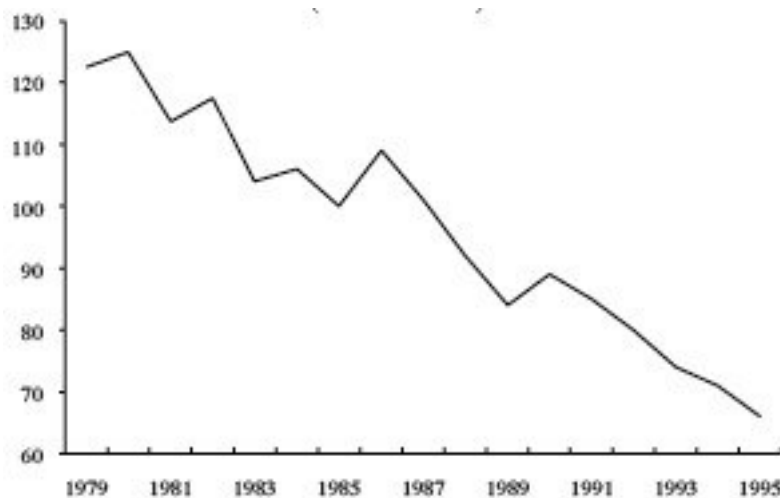
*The Roaring End of the Century – Continued*

Second – and highly relevant in terms of neglecting the development of a domestic market – the gained wealth was definitely not fairly distributed. In general respect, *Brendan Walsh* points on the fact that

The change from deficit to surplus on the current account, and its counterpart, the rise in the S-I balance (Saving-Investment Balance; P.H.), imply that growth in living standards lagged behind the growth of the economy since the mid-1980s. In fact, between 1987 and 1995, constant price GDP increased by 51 per cent, but domestic absorption (consumption plus investment) increased by only 32 per cent.

(*Walsh, Brendan: Stabilization and Adjustment in a Small Open Economy: Ireland, 1979-1995; in: Oxford Review of Economic Policy, 12/3: 74-86; here: 78*)

This is on the one hand simply a consequence of the export of profit to the countries of the mother companies, i.e. the repatriation of profits (*see as well page 48*). On the other hand it is a consequence of mechanisms of national distribution, or better: the lack of redistribution – there had been definitely only few winners and many losers of the tiger economy. For instance, referring to data from the *Central Bank of Ireland*, *Brendan Walsh* provides the following graph on relative unit labour costs (*see Figure 25*) which is highly relevant for assessing the real income.



**Figure 25: Relative Unit Labour Costs in Common Currency (1985=100)<sup>81</sup>**

Though such figures as the following can always be contested in some regards, one fundamental truth cannot be denied, namely that Ireland has one of the highest, if

<sup>81</sup> From: *Walsh, Brendan: Stabilization and Adjustment in a Small Open Economy: Ireland, 1979-1995; in: Oxford Review of Economic Policy, 12/3: 74-86; here: 83*  
Source: *Central Bank of Ireland*

not the highest relative poverty rate amongst the EU-member states. According to statistics from EUROSTAT, the statistical office of the EU, Ireland leads the league when it comes to the risk of poverty – equal with or similar to Greece, Portugal, Slovakia and Spain, being with 21% 5 points above the EU-25 (16%), 9 points above Hungary (12%) and 13 points above the lowest poverty of risk rate in Czech Republic (8%) (see Table 30).

|                  | At-risk-of-poverty rate (%) |      |       |       |       |     | At-risk-of-poverty threshold (value) PPS |
|------------------|-----------------------------|------|-------|-------|-------|-----|--|
|                  | Population sub-group, 2004  |      |       |       |       |     |  |
|                  | Total                       | 0-15 | 16-24 | 25-49 | 50-64 | 65+ |  |
| <b>EU-25</b>     | 16                          | 20   | 21    | 14    | 14    | 13  | 7 716                                    |
| <b>Euro area</b> | 17                          | 20   | 22    | 14    | 14    | 13  | 8 249                                    |
| <b>BE</b>        | 15                          | 17   | 16    | 12    | 12    | 13  | 8 963                                    |
| <b>CZ</b>        | 8                           | 15   | 9     | 8     | 8     | 5   | 4 382                                    |
| <b>DK</b>        | 11                          | 9    | 27    | 9     | 9     | 4   | 9 176                                    |
| <b>DE</b>        | 16                          | 20   | 24    | 13    | 13    | 12  | 9 175                                    |
| <b>EE</b>        | 18                          | 20   | 21    | 18    | 18    | 16  | 2 352                                    |
| <b>EL</b>        | 20                          | 20   | 24    | 16    | 16    | 19  | 6 272                                    |
| <b>ES</b>        | 20                          | 24   | 19    | 16    | 16    | 17  | 7 254                                    |
| <b>FR</b>        | 14                          | 14   | 20    | 11    | 11    | 12  | 8 643                                    |
| <b>IE</b>        | 21                          | 22   | 18    | 14    | 14    | 22  | 8 502                                    |
| <b>IT</b>        | 19                          | 26   | 25    | 18    | 18    | 14  | 7 450                                    |
| <b>CY</b>        | 15                          | 11   | 9     | 9     | 9     | 13  | 7 822                                    |
| <b>LV</b>        | 16                          | 19   | 19    | 15    | 15    | 16  | 2 064                                    |
| <b>LT</b>        | 15                          | 17   | 15    | 14    | 14    | 15  | 2 298                                    |
| <b>LU</b>        | 11                          | 18   | 12    | 12    | 12    | 7   | 15 522                                   |
| <b>HU</b>        | 12                          | 17   | 14    | 11    | 11    | 9   | 3 722                                    |
| <b>MT</b>        | 15                          | 21   | 10    | 14    | 14    | 12  | 5 711                                    |
| <b>NL</b>        | 12                          | 18   | 20    | 11    | 11    | 7   | 9 869                                    |
| <b>AT</b>        | 13                          | 15   | 13    | 11    | 11    | 10  | 9 630                                    |
| <b>PL</b>        | 17                          | 23   | 21    | 17    | 17    | 11  | 2 662                                    |
| <b>PT</b>        | 21                          | 23   | 21    | 17    | 17    | 19  | 4 697                                    |
| <b>SI</b>        | 10                          | 9    | 11    | 8     | 8     | 9   | 6 088                                    |
| <b>SK</b>        | 21                          | 30   | 24    | 22    | 22    | 15  | 3 564                                    |
| <b>FI</b>        | 11                          | 10   | 20    | 8     | 8     | 8   | 7 931                                    |
| <b>SE</b>        | 11                          | 11   | 26    | 8     | 8     | 5   | 8 501                                    |
| <b>UK</b>        | 18                          | 22   | 18    | 13    | 13    | 16  | 9 783                                    |
| <b>BG</b>        | 15                          | 22   | 20    | 14    | 14    | 10  | 2 033                                    |
| <b>HR</b>        | 18                          | 16   | 17    | 13    | 13    | 17  | 4 131                                    |
| <b>MK</b>        | :                           | :    | :     | :     | :     | :   | :  |
| <b>RO</b>        | 17                          | 22   | 20    | 15    | 15    | 13  | 1 116                                    |
| <b>TR</b>        | 26                          | 34   | 26    | 21    | 21    | 17  | 1 838                                    |
| <b>IS</b>        | 10                          | 13   | 12    | 9     | 9     | 5   | 10 215                                   |
| <b>NO</b>        | 11                          | 8    | 26    | 8     | 8     | 4   | 10 859                                   |
| <b>CH</b>        | :                           | :    | :     | :     | :     | :   | :  |

Notes: 1) Survey year 2004, except CZ, EE, CY, LV, LT, HU, NL, PL, SI, UK, HR, RO, TR: 2003 and MT: 2000. Income reference period may vary. 2) Group-of-country aggregates are computed as population weighted average of available national values. Information for survey year 2004 is for income reference period 2003. Source: Eurostat - BE, DK, EL, ES, FR, IE, IT, LU, AT, PT, FI, SE, IS and NO: EU-SILC; Other countries: National sources ex-post harmonised.

**Table 30: Poverty Risk<sup>82</sup>**

Not less interesting is a look of the distribution of income as it is shown in Table 31.

<sup>82</sup> Table 4.1. from: Eurostat: Living Conditions in Europe, 2007 edition. Data 2002-2005; Luxembourg; Office for Official Publications of the European Commission, 2007: 76

| Range of gross income |             | Totals             |               |                |               |           |               |
|-----------------------|-------------|--------------------|---------------|----------------|---------------|-----------|---------------|
| from ...<br>€         | to ...<br>€ | Number<br>of cases | % of<br>total | Income €<br>'m | % of<br>total | Tax € ' m | % of<br>total |
| -                     | 9,000       | 379,869            | 20.26         | 1,649.76       | 2.86          | 17.87     | 0.20          |
| 9,000                 | 10,000      | 41,382             | 2.21          | 393.29         | 0.68          | 4.65      | 0.05          |
| 10,000                | 12,000      | 80,637             | 4.30          | 886.72         | 1.53          | 9.20      | 0.10          |
| 12,000                | 15,000      | 127,260            | 6.79          | 1,722.80       | 2.98          | 42.70     | 0.48          |
| 15,000                | 17,000      | 86,340             | 4.60          | 1,381.08       | 2.39          | 51.98     | 0.59          |
| 17,000                | 20,000      | 128,987            | 6.88          | 2,385.34       | 4.13          | 122.50    | 1.39          |
| 20,000                | 25,000      | 200,045            | 10.67         | 4,489.59       | 7.77          | 313.92    | 3.55          |
| 25,000                | 27,000      | 70,875             | 3.78          | 1,841.76       | 3.19          | 150.69    | 1.70          |
| 27,000                | 30,000      | 96,400             | 5.14          | 2,743.98       | 4.75          | 251.14    | 2.84          |
| 30,000                | 35,000      | 132,794            | 7.08          | 4,302.88       | 7.45          | 484.09    | 5.48          |
| 35,000                | 40,000      | 103,112            | 5.50          | 3,856.18       | 6.68          | 514.34    | 5.82          |
| 40,000                | 50,000      | 145,307            | 7.75          | 6,483.91       | 11.22         | 1,011.21  | 11.44         |
| 50,000                | 60,000      | 92,786             | 4.95          | 5,067.25       | 8.77          | 874.59    | 9.89          |
| 60,000                | 75,000      | 75,558             | 4.19          | 5,235.74       | 9.06          | 1,019.61  | 11.54         |
| 75,000                | 100,000     | 57,126             | 3.05          | 4,883.47       | 8.45          | 1,103.91  | 12.49         |
| 100,000               | 150,000     | 32,495             | 1.73          | 3,842.03       | 6.65          | 1,000.25  | 11.32         |
| 150,000               | 200,000     | 9,148              | 0.49          | 1,566.36       | 2.71          | 438.96    | 4.97          |
| 200,000               | 250,000     | 7,979              | 0.43          | 4,096.97       | 7.09          | 1,158.79  | 13.11         |
| Totals                |             | 1,875,331          | 100           | 57,768.78      | 100           | 8,839.20  | 100           |

**Table 31: Distribution of Income Groups 2003<sup>83</sup>**

If we then look at income inequality as shown in *Table 32* we can see that Ireland is in this regard scoring at the upper end.

<sup>83</sup> Revenue Commissioners: *Statistical Report 2005: Income Distribution Statistics; Table IDS1: 6*; from: <http://www.revenue.ie/pdf/statistical-report/2005/income-distribution-statistics.pdf> - accessed 13/05/07; 6:21

| Region         | Gini coefficient |
|----------------|------------------|
| EU25           | 30               |
| EU15           | 30               |
| Eurozone       | 30               |
| Belgium        | 26               |
| Czech Republic | 25               |
| Germany        | 28               |
| France         | 28               |
| <b>Ireland</b> | 32               |
| Cyprus         | 27               |
| Hungary        | 27               |
| Poland         | 31               |
| Sweden         | 23               |
| United Kingdom | 34               |

**Table 32: Household Distribution – Gini Coefficient - 2004<sup>84</sup>**

Third, it is important to explicate some further consequences of the growth pattern. (a) We find that small businesses are either destroyed or brought into a position of dependence as well in other countries but in Ireland with the large portion of subsistence economy this has more serious consequences in terms of the meaning of the disparities. (b) Elsewhere it had been mentioned that both, the country's social structure and regional economy is characterised by huge regional disparities – this means that the gaps and traps are actually much larger than figures suggest at the first glance. (c) Furthermore, we find a shift of consumption patterns – the importance of ephemeral, high consumption, going hand in hand with lowering investment and even a shift of investment in long-term private consumables into the direction of the relative “lower end products“ – cars instead of houses. However, this meant that at the same time the property market, more particularly: the building sector boomed, going hand in hand with soaring property prices. Much of this was based on large-scale developments, satisfying the need of repatriates and immigrants; much was as well renovation; but particularly important is the fact that part of the building industry's growth goes back to the need of (a) infrastructure development after long years of negligence and (b) new forms of accommodation: demographic change (smaller families, higher spatial flexibility of the workforce) and the growth of the rented sector (readiness of accepting apartments as form of accommodation) meant growth of the building industry and at the same time its structural change, feeding back into the structural changes of employment: Together with the small builders as profiting segment, we find their expulsion by large building companies and actually as well a development by which they continue to exist, but now in dependence from a relatively small number of large constructors. – A further, late development is (a) that employment in this sector is to some extent gaining from immigrating workforce and (b) the sector is under some pressure by companies, moving into the country with the purpose of conducting large-scale

<sup>84</sup> Source: Eurostat EU Survey on Income and Living Conditions (EU-SILC)

projects (*freedom of service provision*). Importantly, the latter has the consequence of putting working conditions of national workers under pressure and being at the same time only a Pyrrhic victory for the incoming companies and especially workforce at least as long as their strategy is based on undermining standards – the example of the Turkish construction giant GAMA (*see Labour court awards Gama workers €8,000; in: The Socialist 2; 8 June 2005; from: <http://www.socialistparty.org.uk/2005/395/index.html?id=np9.htm> - accessed 12/05/07; 12.42*) can be mentioned as especially relevant but should not be treated as single case.

Fourth, what had been mentioned with respect to the third point is linked to a paradox. While in recent times foreign direct investment coming into the country is on a retreat, indicating at least a general slow-down of the economic development,<sup>85</sup> there is at the same time a certain increase of the indigenous consumption, not least in the area of housing but as well of other goods. In a comment under the title: *The Irish Economy and the Inconvenient Truth*, written by Michael Hennigan we read on occasion of the presentation of the *National Competitiveness Council's* report *Benchmarking Ireland's Performance*:

The NCC report noted that Ireland's performance remains strong but warned that the underlying source of this growth has shifted from exports towards construction activity and consumer demand. It said that the current account with the rest of the world has gone into deficit and that in a small regional economy like Ireland, economic prosperity ultimately depends on our ability to sell goods and services abroad.

(Hennigan, Michael: *The Irish Economy and the Inconvenient Truth*; in: *Finfacts Ireland. Business&Finance Portal. Ireland's Top Business Website*; February 9, 2007; [www.finfacts.com/irelandbusinessnews/publish/article\\_10009014.shtml](http://www.finfacts.com/irelandbusinessnews/publish/article_10009014.shtml) - accessed 05/05/07; 7:44)

If people, who are putting forward such an assessment with respect to fundamental mechanism of what they call a regional economy are the leading economists; if people, who do not even recognise that what they are complaining about is consequence of what they actually deny – the fact that Ireland only gained by using very specifically the country's character of being an open economy – it is no wonder that sustainability had never been even envisaged. It shows as well that those interventionist policies that actually existed and still do exist cannot be considered as being Keynesianist.

Sure, many of these patterns are somewhat secular developments. However, the character is peculiar in the island nation. One reason behind the specificity is that the shift is actually less significant than it seems to be at a first glance. What appears on the surface as a fundamental shift is in actual fact only a move on the level of appearances. Looking at the constitutive side, we find a continuation of the fundamentally individualist-spiritualist mode of life and the familiarist and church-controlled life regime, still widely shaping Irish society not least as it is forming some fundamental "principles" as not least familiarist-individualist seclusion.

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<sup>85</sup> Part of a general retreat of foreign investment from US-companies.

*The Irish Administrative and Welfare System*

Regime change

The fundamental patterns of change can be characterised by the following moments. We find a development from a country

- where ‘all had been poor’
- at most minted by a modest growth rate of the core economic values
- in this sense by and large showing a kind of ‘sustainable’ developmental pattern
- politically closely linked with a clientelist system, with a restricted understanding of rights-based policies
- characterised by migration but as well a ‘self-sufficient small-holder economy’ (‘inner migration’)
  - important as pattern of economic development
  - but equally important in terms of social structure

towards a country

- with affluence and a huge divide between rich and poor
- a rapid growth over a couple of subsequent years
  - depending largely on ‘socio-political support’ (e.g. low taxation, especially for enterprises, short term orientation of skills-oriented development of education and research)
  - minting as well ‘life styles’, emphasising competitive behaviour and egoism/hedonism
- however, not having a sound foundation for sustainable development
- characterised by immigration and a large proportion of precarious jobs
- and finally developing a rights based approach, implemented by a rigid bureaucratic orientation but at the same time largely influenced by basic-democratic orientations, being internally linked to community structures and externally influenced not least by liberation theology.

Small Business

Although – as probably all Western European economies – small business is dominant, we find during the second phase of Irish development not the structure of self-sufficient small businesses but an accumulation regime that is dominated by large multinational companies, not least from outside of the EU, namely the USA – independently acting multinationals in the IT and service industry or creating an ‘inner colonisation’: the dependency of small companies, suppliers and related ‘service infrastructure’ in the widest sense. This is again a pattern that is not entirely unique to Ireland. However, due to the fact that Ireland is a small country such dominance is especially problematic. Several cases could be listed, showing that such dependence has fatal consequences for the region when it comes to the closure of such giant. Of special interest is here not least the boom of air-bubble-industries, apparently very successful, future-oriented undertakings (as for instance the search engine provider Google or the various phone-hotlines) where the danger always is

that the generated profit is in no way based on real production and which can easily move to any other place, not least as the invested capital has an extremely short replacement period.

Despite the economic importance, a respective mode of regulation can be found as well, going hand in hand with the accumulation regime.

#### Polities, politics, and Policies

Up to recently – and actually to a point where we find another shift in the accumulation regime and mode of regulation – there are a couple of features which are generally not looked at when talking about the successful Celtic tiger.

Looking at current debates and practices, we have to take a broad understanding of the process of modernisation into account. Though this is in actual fact a delicate task if undertaken with considering the patterns of accumulation regimes and modes of regulation, there are for our task at least two fundamental aspects

- that are arising as two fundamentally different pathways of Western modernisation in the tradition of enlightenment and
- that have a determining meaning with respect of questions around changing modes of regulation.

These patterns are on the one hand the minting of development by efforts of increasing rationalisation in the understanding of and in connection with specialisation, segmentation and formalisation; on the other hand we find the orientation on a developmental pattern characterised by emancipation, public and collective/participative decision-preparation and taking.

Several cases of mainstream policymaking are not dealing with this tension, simply claim the one side as only valid orientation or even as the other side being an automatically occurring consequence of the other. Probably is it fair to say that much of the current debate is caused by the fact of acknowledging the existence of this tension and trying to tackle it. In concrete terms, much contemporary effort is concerned with finding any kind of balance between participation and efficiency.

Against this background, there is as well a shift in the Irish political system that can be discussed along the lines of the consideration of shifts of governance as presented by *David Osborne* and *Ted Gaebler* (see *Osborne, David/Gaebler, Ted: Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector; New York: Penguin, 1992*). There the following principles are presented:

- the state has a steering function rather than actually carrying out the individual tasks
- empowerment of communities rather than service provision
- encouraging competition
- orienting along missions rather than rules
- outcome funding rather than input funding
- customer orientation
- resource orientation
- preventive orientation
- decentralisation
- market orientation.

These trends are important as well for the recent debates and developments in Ireland though they are in this country very much the continuation and alteration of previous patterns. In reality, as much as we can see the acknowledgement of certain “civic elements” of policy making they are very much based (a) on the orientation of politics and policies of a middle-class based life-regime and (b) on the principle of shifting not only activities away from the state but refusing as well taking responsibility. In other words, we find not much more than an altered form of clientelism.

This means in concrete terms that policies are not aiming on structural changes directing towards a sustainable welfare societies; instead, policies are incremental and piecemeal, strategically oriented by the subordination under the goal of economic growth.

- Politics, though taking up important social challenges, including poverty and social exclusion, divides between rural and urban development et altera, had been characterised by efforts of filling gaps. In other words there had not been anything even coming near to an overall strategic approach, systematically linking social and economic policies. The phrase of “one tide lifting all boats” is by and large persisting until today, though the reality shows a different picture.
- There had been huge changes in terms of life styles, family structures and mechanisms of social integration. However, there had been for a long time a lack of systematically including them into the developing political answers on the upcoming challenges – this is especially true with regard to public services. And even today, with the orientation on the “developmental welfare state” (see *National Economic and Social Council [NESCF]: The Developmental Welfare State; Dublin: NESCF, 2005*) we can actually find an ongoing lack of an understanding of the meaning of a public sphere and state-public responsibility.
- Consequently, in terms of social policy making, “private solutions” persisted although they changed from being purely family and more or less parish-based solutions to organised private solutions – in all cases the church playing still a most important though declining role, to some extent compensated for by private, for-profit services.
- As well, the patchwork patterns had been accompanied by “political integration of disintegration”. The corporatist system, systematically beginning in 1988, for instance including organisations from the voluntary and community sector, however excluding important and relevant issues from the agenda, focusing on the economic growth strategy without a real focus in terms of the social situation<sup>86</sup> – had already been mentioned above (see pages 28 ff.).

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<sup>86</sup> On this concept of a “refocusing” see Herrmann, Peter: *Social Quality and the European Social Model. Opening individual well-being for a social perspective*; in: *Alternatives. Turkish Journal of International Relations* 4/4; Published and Edited by Bulent Aras; Istanbul: Faith University. Department of International Relations, Winter 2005: 16-32 (<http://www.alternativesjournal.net/>; <http://www.alternativesjournal.net/volume4/number4/herrmann.pdf>); Herrmann, Peter/Herrenbrueck, Sabine: *Producing or Reproducing the Social – a Review of Professional Practice from a Social Quality Perspective. Presentation during the Federal Congress of Social Work in Muenster 2005; Muenster 2006; [http://www.bundeskongress-soziale-arbeit.de/AG\\_14\\_Herrmann\\_Herrenbrueck.pdf](http://www.bundeskongress-soziale-arbeit.de/AG_14_Herrmann_Herrenbrueck.pdf).*

*Transferability of the Irish Saga*

Sure, nobody would ever claim that the Tíogar Ceilteach, the celtic tiger economy was or is a mono-causal dressage – a clever political steering of a generally anarchic market economy. And equally nobody would probably honestly state that the economic development was or is one without catch. However, usually much reference is made to underpin the two sides as interlocking – a mixture of clever and lucky developmental constellation. Sure, part of this is true – and thus there is to some extent the possibility of “transferring good practice”. However, caution has to be called for on different grounds, not least questioning such interpretation of the development by one of good practice – and it is not only the Irish case but as well the experience with the “Four Asian Tigers” that point into this direction.

- First, the development was only possible by
  - accepting the increasing gap within society, neglecting fundamental issues of redistributive policy based on social rights;
  - ignoring the need of establishing a responsive and responsible system of social infrastructure in the sense of a means of socialisation, oriented along the needs of the population rather than seeing this as industry related service system on the one hand and a service system for individuals on the other hand;
  - finally ignoring the fact that the given policy has to be seen at least to some extent as “outsourcing” of problematic side-effects – temporarily worsened working conditions, the ignorance towards needs of migrants who want to integrate into society and not least the making use of expansion potentials on account of other countries.
- The specifically interesting feature, being of crucial importance for understanding the smooth transformation, was the relative decoupling of Ireland from some secular trends or at least their very specific interpretation, mirroring the peripheral character in geopolitical terms as well by taking up a peripheral ideological stance. Although we find across Europe a somewhat parallel development of the unrest and changes, there is a fundamentally specific late-comer factor in the case of Ireland: The challenge was to accomplish simultaneously still unresolved aspects of nation building, the need of a quantum leap of secularisation<sup>87</sup> and the opening of society towards an at least in tendency global setting.<sup>88</sup>

This meant that it had been now and here that the country had to and could develop a specific catholic-protestant ethical mix. This cannot be explored further, however it should be kept in mind as important factor, worth further investigation. This is not least the case as, taking from face value, there is a parallel to another “regional” tiger, namely the German Land Bavaria. The latter is as well catholic, as well characterised by a specific exceptional growth achieved over short period, concentrated on a very selected cluster of sectors and having a kind of backing in the primary and “primary-service” sector (agriculture and tourism). It is an interesting question for further research to

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<sup>87</sup> Here, this does not suggest the need of overcoming of religion; it only means the adaptation of religion to a modern society.

<sup>88</sup> The latter can as well be simply expressed as the (though perhaps qualified) abdicating of the (anti-)colonial to an (anti-)imperialist mode of regulation.

compare the two patterns, aiming on detecting the role of coming late, having a “peripheral ideological position” and the “national question” which palyed as well a specific question in the case of the “Free State of Bavaria”.

However, in this context another important feature – characterising in such a comparison Ireland alone – is a certain “progressivity” going hand in hand with such retardedness. In Ireland interventionism took much earlier shape than in other countries, in particular if compared with Germany, Italy and Great Britain (*see the remarks pp. 37 f.*) – in this respect Ireland followed (despite all necessary qualification) a more francophone tradition as much as this can be understood as coined by the idea of planning (*planification*).

- Coming back to the taken perspective of a world system approach, as briefly presented in the beginning (*see page 1*), it is important to highlight that Ireland – and in the meantime a country as Hungary is well on the way to follow a similar pathway – could utilise a developmental global constellation for their own development. Still remaining at the periphery, it was nevertheless possible to move more towards the centre. And especially in Ireland this meant to move towards two centres, namely the EU (of which it is itself part) and the United States of North America.

It can only be mentioned in a side remark that such strategy has its own feebleness can only be mentioned. From a global perspective the major problem is the lack of sustainability not only in the national perspective but even more so in the global perspective. As certain as it is that the earth is not a plate and nobody will fall off by reaching too far to the margin, it is equally certain that those who lean with the economic development too far from its real, i.e. productive basis actually will fall out of the economic process.

In other words, the Irish economy has a perspective as long as produced goods can be absorbed on external markets and as long as service markets are developing further. However, when a level of global saturation will be reached<sup>89</sup> and if the development of services moves at a pace at wich they overtake themselves, the development will turn into a deadlock. It is already now the case that many of even production related services actually do not have a real basis anymore. What is today created as “values” does to some extent only have an exchange value, but limits increasingly the so far remaining use value. Economically this means nationally, internationally and globally that we are sitting on a time bomb. –

– Charitable global appeals as we can find them now even on G8-summits, linked to names as *Geldof* and *Bono*, may contribute to temporary mitigation, but not to the needed disarmament.

### *Conclusion*

What should be clear in any case is that the “political grip of economic performance” was not much more than prestidigitation.

(1) It did never envisage sustainability – the high price has to be paid already now and if no countermeasures are taken it is likely to increase in the form of a lack of

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<sup>89</sup> This, of course, in terms of actual demand.

social quality and even in terms of a simplifying measure of quality of life (*see on social quality and quality of life for instance Walker, Alan/van der Maesen, Laurent: Social Quality and Quality of Life. Paper presented to the ISQoLS Conference, Frankfurt, July 2003; www.socialquality.org*).

(2) For what is presented to us as success story of the Irish economy, the foundations had been in actuality fact already laid in the late 1950s and early 1960s, this being a development, mystified by celebrating a Tíogar Ceilteach.

By the mid-1950s, the hopelessness of the situation, combined with the emergence of the Common Market (even though Ireland was not a member at the time) brought about the first significant change in government attitudes. Foreign investment, particularly in exporting industries, was made welcome. In 1956, new investors' export-derived profits were made tax-free for a fifteen-year period. Restrictions on foreign ownership of industry were phased out, with full repeal in 1964. Recognizing the importance of low-cost imports for the exporting industries, tariff barriers began to be lowered. Still outside the Common Market, Ireland entered into a free-trade agreement with the UK in 1965.

The Industrial Development Authority (IDA), established in the 1950s, played an active role in soliciting foreign investment and provided substantial – and frequently controversial – subsidies for many firms in the form of nonrepayable capital grants, ready-made facilities, training, and research-and-development (R&D) grants. An industrial estate and free-trade zone, with full profits tax exemption, was established at Shannon. This city also hosted the major trans-Atlantic base for all commercial air traffic between North America and northern Europe until the advent of the Boeing 707 in the early 1960s.

(Burnham, James B.: *Why Ireland boomed; in: The Independent Review. A Journal of Political Economy; Ed.: The Independent Institute; Oakland; Spring 2003 [VII, 4]: 537-556; here 538*)

Looking at general heuristic patterns of interpreting the process of European integration, reference is for instance made to *Fritz W. Scharpf, Giandomenico Majone* and *Beate Kohler-Koch*, suggesting following lines guiding the contradicting and tensional process:

- negative versus positive integration
- market creation versus market correcting policies
- regulative versus distributive instruments
- state-building versus multi-level process and governance.

Although these fundamental patterns had not been questioned by any of the stages enlargement (as said, what had been presented is only heuristic instruments, clearly to be seen by the fact that the interpretations are to some extent contradicting each other), the enlargement at the time when Ireland joined was a huge challenge, requiring an alteration of the previous patterns at least to some extent – or perhaps it is better to say: required was the clearer definition of what the individual features of the interpretative framework should mean. The reason behind this was simply that this round of enlargement and the foreseeable next steps meant the inclusion of a set of first 3 (DK, IRL, UK), later [1981] of another country (EL), followed later again [1986] by another 2 countries (Portugal and Spain)

- with a developmental status lagging behind in terms of the commonly used values (GDP ...)
- having a peripheral and or colonialised status.

In other words, what was required was the setting in motion of a new socio-economic equilibrium. And of course such new equilibrium had been a matter of

ideological policies but could not be maintained without at least some kind of real changes.

Ireland then – and *cum grano salis* many of the recently joining and possibly future member states are an example par excellence for the contradicting character of the EU. Fundamentally and without any serious doubt it is an “imperialist enterprise”, a capitalist system, based not simply on power but on the need of power accumulation. With this it defines itself by relating to others and gaining strength over them – including economic superiority. However, to achieve this we find the ultimate need of power sharing and the making concessions. The world system approach is one of the most useful approaches to explain such a shift by going beyond the description of power imbalances. Instead, it emphasises the division of power in international terms as relational matter. And it is only by this that as well the economic boom in Ireland can be understood. This boom is based as the utilisation of a process of adjournment of international power balances, this not least linked to the move of the “old EU” into the vicinities of previously socialist sphere.

Another most useful theoretical approach for understanding especially the Irish case is the theory of civilisation as presented by *Norbert Elias*. At the current stage of historical development the lengthening of chains of interdependence is even in physical terms visible – and it is perhaps this immediate visibility that is the actually new of the phenomenon we commonly refer to as globalisation. That much of the process is not really new had been frequently pointed out (*see for instance Hoffmann, Juergen/Hoffmann, Rainer: Globalization-risks and opportunities for labor policy in Europe; <http://www.rengo-soken.or.jp/english/report/no8/r5.htm>; accessed 19/06/07; 8:21*). The visibility – thus the thesis – is not least due to the fact of a more immediate relationship of the process of individualisation by and through socialisation, i.e. the process by which the individual seems to be effected by and able to interact with processes that are socially or/and spatially far away. A second – and seemingly paradox – momentum is that the actual power of the individual is on a decline by being reduced on developing “survival strategies”. Because these are highly individualist and so obviously constraint by external factors, the visibility is so important: the noticability of the contradiction and the limits of enforced individualisation which comes along in the form of a lack of socialisation. In other words, whereas the individual is more immediately involved in societal processes and more over conscious of it, the lack of power to influence and control these processes is more relevant than ever before.

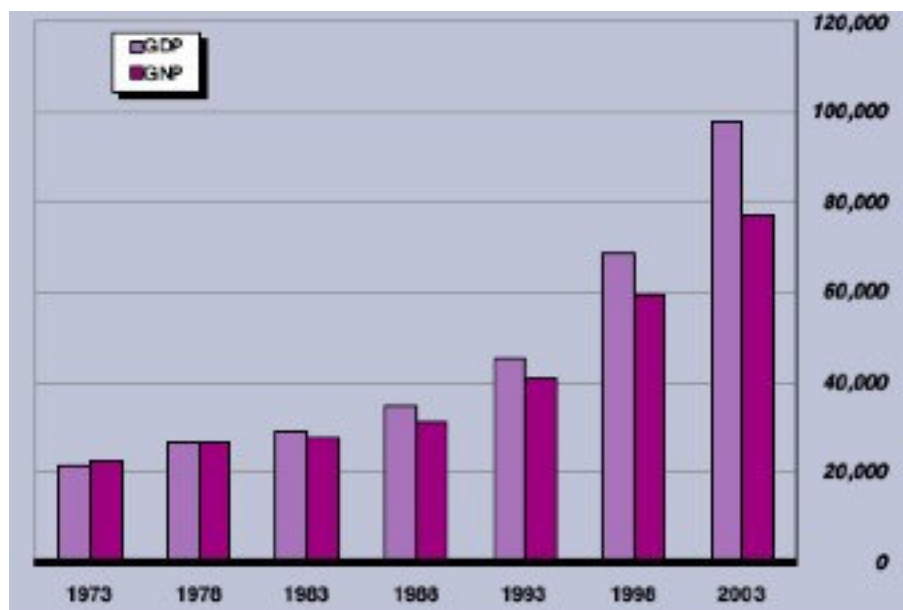
Both, politics and policies and furthermore politicians and political structures are caught in the same contradictions and tensions. It is that circumstance that allows and requires any policy-making and its analysis to aim on developing strategies between the poles mentioned above, namely

- negative versus positive integration
- market creation versus market correcting policies
- regulative versus distributive instruments
- state-building versus multi-level process and governance.

This is a constellation that has to be kept in mind for international analysis of the EU and equally for the national analysis, in particular in such a situation as that in Ireland.

*Postscript*

After finalising the script it is even more obvious that the strategy of a tiger economy may be a means of a short-term development, leading to a leap of development, but only to develop a situation with precariousness and “poverty on a higher level”. Though seemingly poverty is actually overcome, the relative poverty increased, the precarity is determining life of the many and the price to be paid is not only increasing stress – with all its consequences – to maintain a “competitive living standard” in an increasingly individualist society; the price is as well that precarity translates rather sooner than later into the old language of threat. The comparison of GDP and GNP as shown in *Figure 26* finally translates into a short term increase of overall affluence and after a while a falling behind of people as shown in an again increasing number of unemployment.



**Figure 26: Comparison GDP and GNP<sup>90</sup>**

Exactly on the day of finalising the script, namely July the 7th, 2007 the national press reports on the development of the Live Register,<sup>91</sup> of which the latest figures

<sup>90</sup> From: *Central Statistics Office: Statistical Yearbook of Ireland 2004: Cork: CSO, 2004: XI*

<sup>91</sup> “The Live Register is not designed to measure unemployment. It includes part-time workers (those who work up to three days a week), seasonal and casual workers entitled to Jobseekers Benefit or Allowance. Unemployment is measured by the Quarterly National Household Survey and the latest seasonally adjusted figure, for December to February 2007, is 96,200 persons unemployed.” (*Central Statistics Office: Life Register. June 2007; Cork: 06/07/07: 1; [http://www.cso.ie/releasespublications/documents/labour\\_market/current/lreg.pdf](http://www.cso.ie/releasespublications/documents/labour_market/current/lreg.pdf) - 08/07/07;*

had been published the day before (*see Central Statistics Office: Life Register. June 2007; Cork: 06/07/07; [http://www.cso.ie/releasespublications/documents/labour\\_market/current/lreg.pdf](http://www.cso.ie/releasespublications/documents/labour_market/current/lreg.pdf) - 08/07/07; 7:28*). Of special importance is that the loss of economic drive is occurring in the construction and manufacturing industries, thus concerning the core of any economic development in terms of its origin (manufacturing) and its expression in terms of consumption (construction sector).

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7:28) - With this qualification we can see that the figures of the Life Register are actually of higher significance than the crude unemployment figures as they include somewhat as well precarity.

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*Editorial Note*

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