

Tom Garvin, *Preventing the Future. Why was Ireland so poor for so long?*, Dublin: Gill and Macmillan, 2004. €29.99.

J. O'Hagan and C. Newman (eds), *The Economy of Ireland. National and Sectoral Policy Issues*, 9<sup>th</sup> edition, Dublin: Gill and Macmillan, 2005.

Ireland in recent years has provided a rich site for social scientists, exhibiting so many of the conditions of late modernity, challenging received ideas, mixing apparently conflicting traits and posing new questions. The Celtic Tiger has had growth rates comparable with its Asian counterparts in a country associated for decades with stagnation and poverty. Social change has been so rapid that from being a case for pre-modernity, it now serves for studies of post-modernity, not to mention post-industrialism, post-nationalism and all the other 'posts' around, without the usual intervening stage of modernist 'normality'. It is an advanced and stable western democracy, but which harbours a guerrilla insurgency and an unresolved national question whose roots are variously placed in the twelfth, the seventeenth and the nineteenth century.

Explanations of the Irish economic miracle have been legion but they are mostly ad hoc and frequently over-determined. Everything that has happened since (usually) the mid-1980s is listed and credited with its share of success. These range from the cultural through the demographic, the institutional, the political to the more narrowly economic and external. So it is to do with popular attitudes and a culture of co-operation; with the reduction of emigration and the youth of the population; with corporatist bargaining and interest articulation; with infrastructure investment; with education; with inward investment; with low taxes; with EU membership and the Structural Funds. Sometimes policy-makers are given credit; more often, as befits such an eclectic list, it is attributed to luck.

There are several problems with this sort of analysis.

First is the assumption that all the inputs are positive, when we should be separating out pro and anti-growth factors.

Second, many of the factors credited for growth are the same as those previously blamed for failure. This is not just a problem in Ireland but affects many institutionalist or cultural analyses of economic development. So collectivist attitudes can be condemned as anti-entrepreneurial or praised as social co-operation. Interest groups can be condemned as rent-seekers or veto-players, or praised as stakeholders' 'civil society' and evidence of 'social capital'. 'Corporatism' is bad but 'partnership' is good. Tradition can be an impediment to growth or a source of positive self-images. Public intervention can be credited with good or bad effects depending on the outcome. J.J. Lee's magisterial (1989) *Ireland, 1912-1985. Politics and Society* (Cambridge, 1989), completed just when the miracle was about to manifest itself devotes 175 pages to a pessimistic concluding chapter on 'Perspectives', diagnosing Ireland's deep-seated ills. The key elements – institutions, intelligence, character and identity – are, in only slightly different language, those now credited with the miracle.

Third, there is a lack of comparative analysis that would allow us to assess the importance of specific factors in the Irish case by looking at how they work elsewhere. For example, if investment in education is the secret of the Irish miracle, we should ask why Scotland, which has had this level of education for decades, has not done as well.

Fourth, much of the debate has been highly partisan. On the one hand, economic consultants and boosters read their favoured interpretation into the Irish experience. On the other are those who condemn the experience out of hand for its socially divisive effects or as an example of global capitalist exploitation.

Fifth, some people are asking only half the question, in failing to account for why Ireland did so poorly before the recent boom.

These problems are not peculiar to Ireland but are found across the literature that seeks to explain economic development at specific territorial levels, be these national, regional or local. Economists have not had much success in explaining differences by reference to traditional factor endowments, theories of comparative advantage and neo-classical principles and, with some honourable exceptions, have left the field to other social science disciplines. The papers in the O'Hagan and Newman book are firmly within the economic tradition, seeking to chart and explain Irish economic and social progress. One possibility is that Ireland is merely experiencing the 'catch-up' effect whereby poorer countries entering the international trading system enjoy high growth rates until they approach the production levels of their trading partners. There is some good evidence for this. As Jonathan Haughton (chapter 5) notes, Irish living standards at the beginning of the twentieth century were about the average for western Europe (although lower than in Great Britain) but sunk to 75 per cent in 1950 and just 60 per cent by 1958. By the early 2000s, Irish GDP per capita was well above the EU-15 average, but the importance of transfer pricing and repatriated profits from multinational investors was such that its actual Gross National Income (GNI) was about a fifth lower than its GDP. During the 1990s, as much as 6.5 per cent of Irish GDP consisted of transfers from the European Union; only a third from the much-debated Structural Funds and the rest from the distinctly less fashionable Common Agricultural Policy. Even making allowances for all this, however, Ireland was by the end of the decade one of the richest countries in Europe, beyond the mere catch-up stage.

It does seem that the turnaround had started earlier, with the reforms of the late 1950s and European influences from the 1970s, although irresponsible fiscal policies in the late 1970s and early 1980s set things back. The spurt of the 1990s, though, is still to be explained. Much of the literature, and some of the papers in the collection, stress the importance of education. Yet, while the educational indicators are encouraging, the data presented by Carol Newman (chapter 11) would seem to suggest that Ireland has, at best, caught up with some of its competitors and, at worst, is still some way behind. Haughton hazards four explanations: the small size of government; attitudes; lower social protection and equality; and US investment. Yet, again, one has to ask how well these travel. Internationally there does not seem to be any relation between the size of government and growth. Social equality does not seem to harm growth in Scandinavia. US investment has flowed to Britain regularly since the war, so why should it switch to Ireland? The 'attitudes' explanation is the least developed of all, especially when it is expressed as 'Ireland became better informed about, and more closely attuned to, attitudes prevalent in continental Europe' (p.131). As an explanation of why Ireland is diverging from Europe, this will hardly do and it sits ill with the first and third explanations, which suggest that Ireland has avoided the burden of the European social model.

Yet, if we cannot avoid behavioural explanations, perhaps the sociologists and political scientists can do better. There is a large literature on the sociology of economic

development. These works tend to stress the importance of social practices, norms and interactions within spaces that are definable but not enclosed. Some work has strayed towards a form of cultural reductionism, jumping from individual values to social and economic outcomes, for example regressing results from the World Values Survey against measures of GDP growth. Other work tends to a form of historical reductionism, losing itself in a history that is so remote that it can safely be misunderstood.<sup>1</sup> The most productive work, however, has drawn on economic and sociological institutionalism, in which institutions are seen as sets of rules, norms and practices, constraining actors but themselves open to change, often gradual but sometimes very rapid. It is these institutions that provide the critical link between the individual and societal explanations. This turn has brought political scientists and historians back into the field.

Historical analysis has only recently come back into the Anglo-American political science mainstream in the form of path dependency. In Irish political science, the historical approach never went away. Yet history in Ireland, even more than in other countries, has been marked by a succession of revisionisms and counter-revisionisms, going from nationalist orthodoxy to radical anti-nationalism and leading to a newly-fashionable post-nationalist synthesis. A serious weakness has been the failure to place Ireland in a comparative context. It is true that historians, drawing on the 'islands' school of historiography, are more willing now to accept the profound mutual influences of England, Scotland, Ireland and Wales and move out of the colonial, dyadic portrayals of the past. There is a recognition of the Atlantic and imperial dimensions of Irish history. Yet there is a continuing failure to place it in a European context. One could read whole libraries about the national revival from the late nineteenth century and the secession of 1916-22 without knowing that similar things were happening across the continent. This is not to single out Irish academics for blame, since about the only thing that national histories in Europe seem to have in common is that each has a myth of exceptionalism; but if we are to draw on the depth and richness of Irish experience it can only be in a comparative framework.

Tom Garvin's book is within the tradition of Irish political history, a case study largely limited to Ireland itself, but it is placed within a comparative social science framework. It argues that Ireland was different from other western societies but without falling into the easy explanations of 'exceptionalism'. Its central question is the one that is logically previous to the Celtic Tiger literature and which is indeed evoked in the O'Hagan and Newman book and stressed by Lee, that is why did Ireland do so poorly in the early decades of independence when countries with similar starting points (notably the Nordic states) did so well? The explanation is focused on institutions and actors, showing how the social and political system was deadlocked for decades and how it eventually came to be unblocked, so allowing for development and change.

The starting point is the nationalist revolution of 1916-22. While it has often been remarked that this was not a social revolution, Garvin shows that it actually reinforced the very social structures fostered by the British regime since the late nineteenth century, a conservative land-owning peasantry and a conservative and authoritarian Church. This was no Gellnerian nationalism, led by frustrated modernizers or dictated by the needs of industrialization, but the opposite. Successive pro-Treaty and Fianna Fail governments failed to meet the challenge and in the 1930s Ireland followed the world into protectionism. The protectionist regime reinforced anti-modernizing sectors and groups,

encouraged rent-seeking and fostered a politics of redistribution rather than development. While protectionism may have helped Ireland survive the Second World War, it severely handicapped it after. Government failed to invest in infrastructure and the private sector was stifled.

The second great problem was the education system. Schools were largely controlled by the Church, whose reach also extended to universities. There was a failure to expand technical and vocational training, teaching methods were conformist and inordinate energy and resources were put into a futile attempt to revive the Irish language. Few people completed secondary schooling and the whole system was sustained by a political and clerical establishment wedded to an unchanging rural and agricultural view of the economy and society.

A third problem was the broader social and political role of the Church. Garvin notes (p.216) that 'The Republic of Ireland was unusual for many years in combining a genuinely functioning liberal democracy with most, if not all, of the standard individual rights associated with such a system on the one hand and, on the other, a popular, "top-down" religious hierarchy which claimed a monopoly of the truth on matters of morality and many areas of public policy.' The pervasive clerical influence depended on maintaining the political and social status quo, and the control of minds. As late as 1962, 90 per cent thought that the Church was the greatest force for good in Ireland, two thirds agreed that if one followed a priest's advice one could not go wrong, and 87 per cent said that in a clash between Church and State they would back the Church.

Much of this reasoning follows the line of J.J. Lee's earlier analysis, emphasizing Ireland's decline during the twentieth century and pointing to values and attitudes. Garvin, however, stands in the anti-clerical line of Irish liberals and modernizers, while Lee is much less prone to blame the Church and indeed points out that Catholic social teaching has rather favoured vocational education.

According to Garvin, change in Ireland occurred when the social and intellectual conditions changed. There were wake-up calls in the mid-1950s and the mid-1980s because of economic crisis. Developmentalist politicians gained the upper hand over the old distributivists. The inter-party governments of the 1940s and 1950s and then, much more fully, the governments of Sean Lemass from the 1960s introduced new measures and new institutions. Education dramatically expanded in the 1960s under a forceful minister. From the 1980s there was, not so much secularization, as declericalization and a severe loss of status for the Church.

Garvin's analysis is generally convincing and does identify the specificities of the Irish experience. Institutions, individuals and external forces all play their roles. The periodization (always a risky undertaking) is sometimes a bit confusing. At one time, he seems to be explaining the economic failure of post-independence Ireland; at another the relevant period starts in 1937; then the key years are 1946-60 (a very short span); and on p.195 we have a 'political and ideological volte face of the mid-1950s.' We could do with more sophisticated data to show just when Ireland joined the mainstream. The author could also develop a point underlying much of his analysis, that progressive and backward forces were always in contention in Ireland, with the balance shifting from time to time.

There is some residual ad hocery about explanations. Garvin attributes some of the weaknesses of the 1940s to the dominance of state corporations and agencies; yet at this

time state-guided capitalism was revitalizing France and Italy.<sup>2</sup> Later on he argues that the state agencies may in fact have been a good training school for management skills unavailable elsewhere and that the Industrial Development Authority, founded in the 1940s, made an important contribution to the new growth spirit (Lee found the success of the IDA overplayed). What is needed here is a more systematic analysis of the state and semi-state sector to identify those parts associated with dynamism and change and those dominated by clientelistic and distributive<sup>3</sup> politics. Regulation of opening hours was even more draconian in Germany than in the picture Garvin presents for Ireland, public transport was widely nationalized, and telephones were a state monopoly everywhere in Europe until the 1980s, a point that Garvin concedes only for France. Even the role of the Church could do with a comparative dimension, in view of the success of the 'white' regions of northern Italy.

There is always a risk in explaining 'success' or 'failure' stories. Lee's book came in time for the shine to have disappeared from the apparent successes of the 1960s and 1970s but too early for the 'Celtic tiger' story of the 1990s. Garvin's contribution came at the height of the new boom, and time will tell whether the new prosperity is to last. Both Garvin and Lee discount conventional economic factors by pointing to other peripheral states that levered themselves out of poverty earlier in the twentieth century (notably the Nordic countries) and point to political and social structures and practices. It will be a welcome conclusion to readers of this journal that political scientists can do better than economists in explaining these matters, but we still have a long way to go towards a real comparative understanding.

Lee, J.J. (1989) *Ireland, 1912-1985. Politics and Society*, Cambridge: Cambridge University Press.

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<sup>1</sup> The most egregious example is perhaps Putnam's attributing retardation in twentieth-century southern Italy to the existence of a mediaeval feudal kingdom. Robert Putnam, *Making Democracy Work. Civic Traditions in Modern Italy*, Princeton University Press, 1993.

<sup>2</sup> Garvin is right to point to the political difficulties of Fourth Republic France, but it was during this time that the foundations were laid for the economic miracle, under the leadership of a technocratic state elite.

<sup>3</sup> This is a better term than 'redistributive', which Garvin tends to use and which normally refers to progressive egalitarian policies as opposed to clientelistic rent-seeking.