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Brendan O'Rourke

Technological University Dublin, brendan.orourke@tudublin.ie

John Hogan

Technological University Dublin, john.hogan@tudublin.ie

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Cold Comfort from Ireland: Marginal Independence & Austerity .

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Institute Annual Conference, Halifax Hall, Sheffield,
United Kingdom, 4th-6th July, 2016*



Dr. Brendan K.
O'ROURKE &
Dr. John HOGAN ,
College of Business,
Dublin Institute of
Technology.



1. Introduction

Ireland's fiscal rectitude provides little, if any, comfort for those who hope austerity works (e.g. Brazys & Regan, 2015).

The liberal, neoliberal & ordoliberal discourses of Ireland's economy are powerful.

Ireland's liberal, neoliberal & ordoliberal discourses have deep historic and structural roots (O'Rourke & Hogan, 2016).

Lessons for UK and Scotland's independence?

Presentation

1. Introduction
2. History & the Treasury model
3. Tales of Boom, Bust & Growth: 1977-1997
4. Neoliberal Excess: 1997-2007
5. The Celtic PIIG: 2008 -2014
6. 2014-2016: Best Little PIIGY
7. Conclusions

2. History & the Treasury Model (1916-1976)

In the 1916-inspired struggle for independence, national freedom and a fairer society were promised.

Success in winning independence & universal franchise but a failure of social & economic progress.

(Brown 2004; Ferriter 2005; Regan 1999)

Context of famine (1847) & war (1914-1923)

UK Liberal economists developed plausible & elite-pleasing explanations of the Irish problem.

Cuts in population: Those with an interest in alternative while those remaining prospered from the self-reinforcing system (Mjoset, 1992).

The Treasury Model

The UK Treasury model was taken into the new state before any Keynesian contamination.

Initially combined role of prime minister & finance minister: centrality of finance.

Ireland inherits UK civil service: Joseph Brennan, Catholic elite education with British Civil service experience.

3. Tales of Boom, Boost & Growth

The Failed Dash for Growth (1977-1981)

Uncertainty & mixed policies (1981-1986)

Economists, austerity & elite unity (1987-1997): Boom!

Claims for Ireland's late 1980s Austerity

Expansionary Fiscal Contraction: Claimed as main cause of recovery.

“Fiscal retrenchment led not to recession but to recovery. The poor did not suffer. Rather their numbers were reduced” ([McAleese 1990, 29](#)).

Despite the evidence (Kinsella, 2012 etc.) EFC remains discursively powerful.

4. Neoliberal Excess 1997-2007

Neoliberal Spending

National Pension Reserve Fund

Special Saving Funds

Large reduction in taxation

Lowering Corporation tax

Abandoning property tax

Capital Gains tax halved

Lowering income tax

Tax Relief proliferations

Deregulation

Ignoring economists

Irish Prime Ministers suggested economists would be better off killing themselves.

Postliberal split: ordo- versus neo- liberals?

Charlie McCreevy, Champion of Neoliberal Free

A 'Yes Minister model' of government

When I have money I spend it, when I don't I don't

'Tyrannies' of taxation & regulation

Starving the beast? (Barlett, 2007)



5. The Celtic PIIG: 2008-2014

Nearly 10% decline in Ireland's Real GDP 2007-2009

Real GDP only recovered to 2007 levels in 2014

(CSO, 2016)

Blaming the public sector & promoting austerity

Invoking the 1987 EFC recovery

Land without values - The PIIGS

Need for public sector reform

Betting on neoliberal cures

The Banking Guarantee & NAMA

Destroying social partnership.

Constitutionalizing Austerity (McBride, 2016)

Troika, treaties & sovereignty loss.

Fiscal Responsibility Act (2012) & Irish Fiscal Council

6. 2014-2016 Best Little Piggy

Real GDP grew by 5.2% in 2014, and 7.8% in 2015, with ILO unemployment falling under 10% in 2015 (Duffy et al. 2016: ii).

As in 1987 recovery, exports have been key to recovery in Ireland with domestic demand only playing a significant role from 2014 (Duffy et al. 2016: Figure 11).

Financial Emergency Measures in the Public Interest Acts continue (2009, 2011, 2015)

Party	2011 Seat Share of lower house	2016 Seat Share of lower house	
Fine Gael (EPP)	46%	32%	
Fianna Fáil (ALDE)	11%	28%	
Sinn Féin (GUE /NGL)	8%	15%	
Labour (PSE)	22%	4%	
AAA/PBP (far left)	2%	4%	
Independents for change (left)	n/a	3%	
Social Democrats (centre left)	n/a	2%	
Greens	0%	1%	
Independents	8%	12%	

	} 57%		} 60%
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7. Conclusions

Ireland's tale focus on the **marginal** not the **aggregate** reducing the collective choice for Europe to 'choices' of individualised units, 'small relative to market' states that liberals & neoliberals love.

Focussing on Ireland's austerity ignores the state's very active role in building an 'enterprise' economy. Brazys & Regan (2015) points this has positive lessons for building alternatives.

Ireland's enterprise discourses are also key to the power of postliberal discourses & needs critique (O'Rourke, 2010).

The complicated role of experts on the economy
(FitzGerald & O'Rourke, 2014)

- 1) The Neoliberal dismissal of expertise & how economists can prosper in such an atmosphere.
- 2) The potential of experts on the economy in public debate.

The tale of Ireland's marginal independence and lessons for UK and Scottish independence, and EU's possibility for sovereignty over the market (especially if devolution is the way forward for the EU).

Thank you!

Questions, comments & criticisms
very welcome, now and to
Brendan.ORourke@dit.ie

This paper was developed from O'Rourke & Hogan (2014), a revised version of which is forthcoming as O'Rourke & Hogan (2016). Further sources, not directly cited in this presentation may be found in those publications.

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