

# Finding a way to explain our economic achievements

Aidan Kane \*

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Is Ireland an exception in economic terms? Much of our public rhetoric insists that it is, and it's an insistence that leads us in surprising directions.

It is not enough that on some indicators we have done pretty well. We've grown faster and more consistently than any other industrialised country you'd care to dance with. We've had more jobs growth, in ten years, than our European partners.

We are, to barely concealed gasps, the largest software exporter in the world (if not the solar system), and we do get the largest share of US foreign direct investment in Europe, and not just their television re-runs. Understandably enough, we take delight in rehearsing these factoids, sprinkled in a thousand green, white and gold PowerPoint presentations to the world.

The underlying achievements are real, although these indicators are best seen not as conclusions, but as invitations to analysis and critique. We naturally should explore how robust these rankings are, their sustainability and, not least, what they omit.

What is troubling about this rhetoric of Irish exceptionalism is that not too long ago, it had an opposite, but equally extreme, flavour. It was the rhetoric of Irish economic failure, and it was adopted not just because we were actually failing, but to convince ourselves that we were somehow condemned to failure. We were irredeemable, perhaps afflicted with some inherited flaw, resistant to the virus of entrepreneurship, immune to the growth disease.

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\*Department of Economics, NUI Galway.

What both discourses have in common is a mechanical view of our economic prospects. They imply that what happens is determined by our innate characteristics, our history, or some culturally-specific factors.

In the gloomy version, these would centre on a supposedly distinctive antipathy to enterprise. The buoyant version trumpets the particular fitness for the modern world economy of such a dynamic, knowledge-based, damn creative tribe. I suspect we think we are top of the UN craic index as well.

Where both attitudes are remiss is in their explanatory power. A story that tells of deep-seated structural inadequacies in the Irish people and state could not predict nor explain the Celtic Tiger. By the same token, superficial accounts of our success are hard pressed to account for its relatively late arrival.

Of course, it is fair to point out that serious analyses of our economic history and current performance are considerably more sophisticated than the stereotypical positions sketched here. Furthermore, one can very reasonably identify explanatory factors specific to Ireland in both instances.

For past failures one might include the ungracious reluctance of the Romans to conquer us, the demographic catastrophe of the Famine and its consequences, our unique linguistic and associated cultural losses, and so on. More recently, the policy innovation of social partnership, our now linguistic advantage and European commitment might all be counted as special to Ireland.

At one level, to acknowledge and explore factors that make Ireland an exception is to do no more than recognise the diversity of national experiences, to move from the general to the particular.

However, a danger with exceptionalist attitudes is in their consequences for policy. They risk the conceit that we uniquely confront policy problems, and we resolve them pragmatically according to our genius as a people, rather than with reference to general principles.

Was not the Irish protectionist misadventure of the 1930s and 1940s born of such an attitude? Rather than harshly and unfairly judging individuals involved, we might at least think about what led them to the closing of the Irish economy, and in parallel, much of Irish society, to the outside world. Perhaps the roots ran deep, all the way back to the identification of free trade with the unyielding *laissez faire* of the government during the Famine,

leading forward to the demand that an Irish state needed Irish economics.

I once caught a curious echo of this in the 1980s, when I listened to a speech by Charles Haughey rejecting Thatcherite solutions to Ireland's crisis. The grounds chosen for this stance were not economic, but cultural. Thatcherism was obviously British—or English—to its core, it was foreign, alien, and so from those first principles alone, could not be grafted onto Ireland.

In retrospect, one risks being overcome by irony, but the immediate significance was that this kind of rhetorical ploy, though fairly widely welcomed, impoverished our public life. It removed options from the agenda that could be severely tested against real concerns, not against inflated limiting notions of national specialness. In a way, in Ireland, you can be beyond the Pale precisely because you're from the Pale.

This led some to search for models of economic development from countries that were nicer than Thatcher's Britain, usually small and rich countries such as Austria, Sweden, Denmark and Finland. There was also a widespread notion that the south-east Asian economies held the secret of economic success, with many coy glances towards Malaysia and Singapore.

One couldn't reasonably object to examining success to learn from it, but one suspects that some of this effort was fairly superficial: the desire to transplant another model without thinking through the general principles.

When many of the exemplars for Ireland eventually suffered serious economic setbacks, the explanatory gap in Irish public rhetoric was exposed. It could not, for example, handle the crisis in Sweden, documented by one of that country's many distinguished economists in an article with the inadvertently risqué title: 'The rise and fall of the Swedish model'.

There are perhaps, worse roads to perdition than an undue regard for those things that make us what we are, and as the great Chicago economist George Stigler observed, "the plural of anecdote is data". Nevertheless, a more measured and analytical view of our previous failures and recent success might steady some frayed nerves.

We might, ultimately, be able to assure ourselves that our prospects as an economy, and as a society, are consequences of choices we now make and were not determined when first we knew, as Thomas Davis did, that "we have a country".

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