



# Ireland and Globalisation: Closer to Boston than Berlin?

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## Overview

- 1) Ireland – a member of the Anglosphere?
- 2) “Closer to Boston than Berlin?”
- 3) Boom
- 4) Bust
- 5) Bailout
- 6) Brexit
- 7) Beyond



# Ireland – a member of the Anglosphere?



## Ireland – a member of the Anglosphere?

It depends how we define it

## Ireland – a member of the Anglosphere?

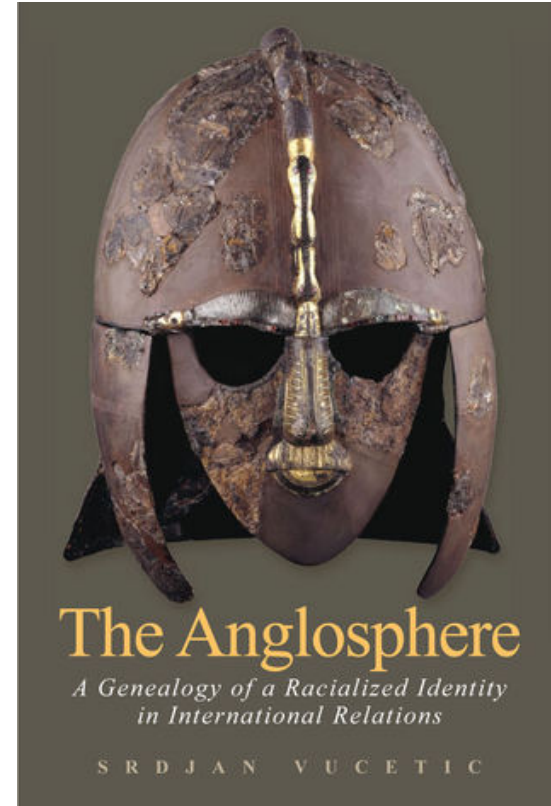
### Racially ✘

Vucetic (2011) limits it to Australia, Britain, Canada, New Zealand and the USA.

He claims the Anglosphere is racial in origin and linked to colonization.

Founded on a historical “discourse of identity that implied natural unity and moral superiority of the Anglo-Saxon race” (3)

The Irish were historically regarded as racially inferior.

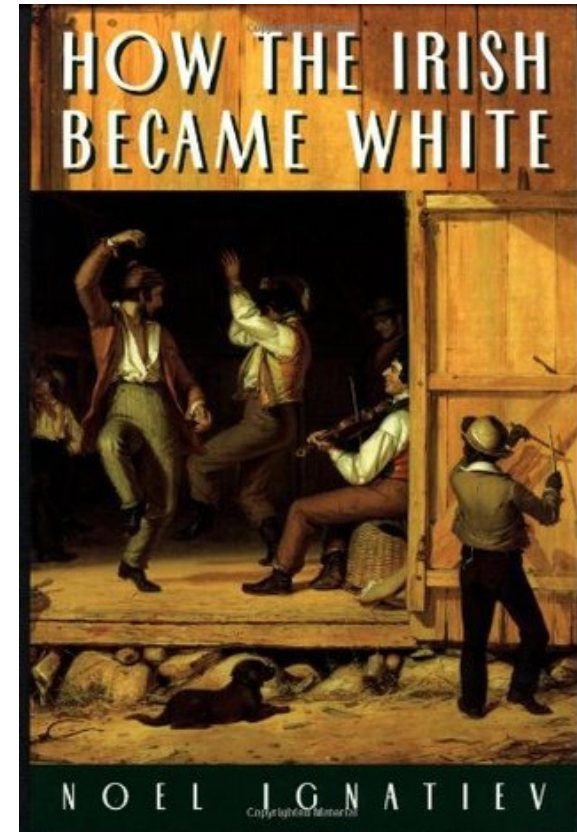


## Ireland – a member of the Anglosphere?

### Racially ✘



The Iberians are believed to have been originally an African race, who thousands of years ago spread themselves through Spain over Western Europe. Their remains are found in the barrows, or burying places, in sundry parts of these countries. The skulls are of low, prognathous type. They came to Ireland, and mixed with the natives of the South and West, who themselves are supposed to have been of low type and descendants of savages of the Stone Age, who, in consequence of isolation from the rest of the world, had never been out-competed in the healthy struggle of life, and thus made way, according to the laws of nature, for superior races.





## Ireland – a member of the Anglosphere?

### Politically ✘

In matters of security, defence, intelligence, etc, Ireland does not belong to the Anglosphere (Vucetic 2011)

Ireland's neutrality in WWII, but also since, is a key factor.

### 'FIVE EYES' COUNTRIES

	Australia	
	Canada	
	New Zealand	
	United Kingdom	
	United States	

## Ireland – a member of the Anglosphere?

### Linguistically ✓

It belongs to, what Churchill called, the “English-speaking peoples”

(even if its first official language is Irish and Ireland was omitted from Bachru’s inner circle or indeed any circle!)



(Bachru 1992)





## Ireland – a member of the Anglosphere?

Racial ✘

Political ✘

Linguistic ✔

- Is Ireland more at home in the Anglosphere than in Europe?
- Does Ireland feel “closer to Boston than Berlin”?

According to Eurostat, 73 per cent of Irish adults say they cannot speak a foreign language, compared to 6 per cent in Denmark and 21.5 per cent in Germany.



## International Relations with the Anglosphere

- “It’s striking, for example, that more than four months after becoming Taoiseach, Leo Varadkar has twice gone to Downing Street and has had two bilateral meetings with the Canadian prime minister but has yet to pay a visit to Paris or Berlin, where the future of the EU will largely be shaped.” (*Irish Times* 21/10/17)







## Government Ministers' Destinations St. Patrick's Day

USA (Washington DC; NYC)	Taoiseach <u>Enda Kenny</u>
USA (San Francisco, Los Angeles, San Diego)	Tánaiste Frances Fitzgerald
United Kingdom	Minister Richard <u>Bruton</u>
Germany (Munich; Stuttgart; Cologne; Berlin)	Minister Michael Creed
France	Minister Leo <u>Varadkar</u>
Italy (Milan; Rome)	Minister Charlie Flanagan
Sweden & Denmark (Stockholm & Copenhagen)	Minister Heather Humphreys
Malaysia/Singapore	Minister Michael Noonan
Canada (Toronto)	Minister Simon <u>Coveney</u>
USA (Boston, Seattle)	Minister Katherine <u>Zappone</u>
USA (St. Louis; Chicago; NYC)	Minister Mary Mitchell O'Connor
Japan, Korea	Minister Paschal Donohoe
United Arab Emirates (Abu Dhabi; Dubai)	Chief Whip Regina Doherty
Scotland (Edinburgh)	Minister of State <u>Finian McGrath</u>
Brazil (Brasilia; Rio; Sao Paolo)	Minister of State John <u>Halligan</u>
Lebanon (UNIFIL mission)	Minister of State Paul Kehoe
Indonesia, <u>WesternAustralia</u> (Jakarta; Perth)	Minister of State David Stanton
Spain	Minister of State <u>Dara Murphy</u>
Hungary; Czech Republic (Budapest, Prague)	Minister of State Marcella Corcoran Kennedy
Poland	Minister of State Damien English
The Netherlands; Belgium	Minister of State Andrew Doyle
US: (NYC, Philadelphia/Tristate area)	Minister of State Joe McHugh
China: (Beijing, Shanghai & Hong Kong)	Minister of State Sean <u>Canney</u>
US: (Fort Lauderdale, Miami, Atlanta, Savannah)	Minister of State Michael Ring
Argentina	Minister of State Helen <u>McEntee</u>
USA (Austin)	Minister of State Pat Breen
Canada (Toronto; Montreal)	Minister of State <u>Eoghan Murphy</u>
East Coast Australia; New Zealand	Minister of State Patrick O'Donovan
USA: (Cleveland; Dublin; Columbus)	Minister of State Sean <u>Kyne</u>



## Foreign Direct Investment from the Anglosphere

- In 2011, almost two-thirds of the more than €200bn invested in Ireland came from the USA
- A further ten percent came from the UK
- Between them, France and Germany only account for less than 10 percent

(White 2011)

The Google logo, consisting of the word 'Google' in its characteristic multi-colored font.



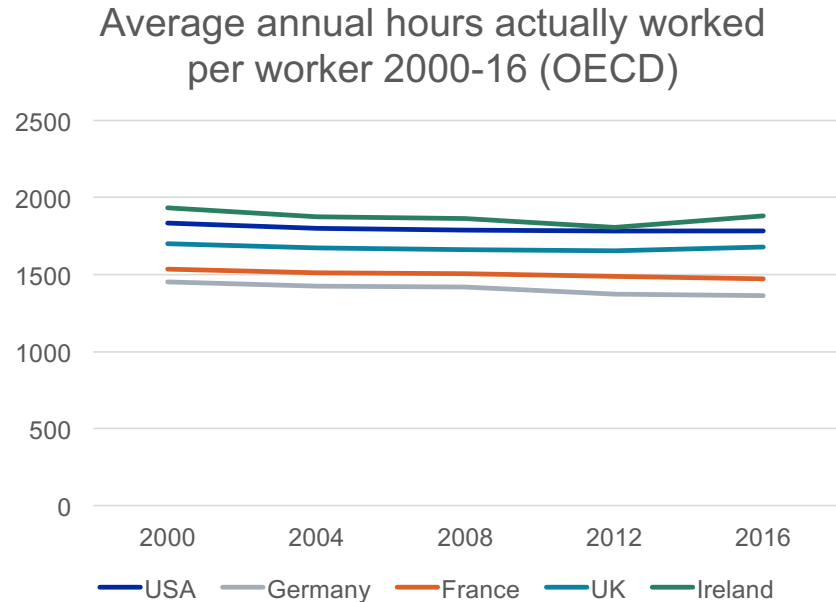
The PayPal logo, featuring a blue 'P' icon followed by the word 'PayPal' in a blue, sans-serif font.

The Coca-Cola logo, the word 'Coca-Cola' in its iconic red, cursive script.



## Working hours closer to the Anglosphere than to Europe

- Average number of hours worked is closer to US level than to European.





# “Closer to Boston than Berlin”?



## “Closer to Boston than Berlin” speech

- Speech to the American Bar Association on July 20, 2000.
- Mary Harney, Minister of Enterprise and founding member of Progressive Democrats party.
- “Harney’s speech marked a turning point in Ireland’s waning love affair with the European Union.” (Aldous 185)







- “History and geography have placed Ireland in a very special position between America and Europe.
- History has bound this country very closely to the United States. Down the centuries millions of Irish people crossed the Atlantic in search of a new life in a new world. And that tradition of emigration laid the foundation for the strong social, economic and political ties between our two countries today.
- Geography has placed this country on the edge of the European continent. One of our most significant achievements as an independent nation was our entry, almost 30 years ago, into what is now the European Union. Today, we have strong social, economic and political ties with the EU.
- As Irish people our relationships with the United States and the European Union are complex. Geographically we are closer to Berlin than Boston. Spiritually we are probably a lot closer to Boston than Berlin.”



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- “Ireland is now in a very real sense the gateway to Europe. This is especially true for corporate America, whose companies are investing here in ever greater numbers and in ever greater volumes. They see Ireland as an ideal base from which to attack the European market, the largest and most lucrative single market in the history of the world.
- Geographic location is not the key factor which influences these corporate decisions: many other places have probably more to offer if that was the deciding issue.
- What really makes Ireland attractive to corporate America is the kind of economy which we have created here. When Americans come here they find a country that believes in the incentive power of low taxation. They find a country that believes in economic liberalization. They find a country that believes in essential regulation but not over-regulation. On looking further afield in Europe they find also that not every European country believes in all of these things.”



- “Political and economic commentators sometimes pose a choice between what they see as the American way and the European way.
- They view the American way as being built on the rugged individualism of the original frontiersmen, an economic model that is heavily based on enterprise and incentive, on individual effort and with limited government intervention.
- They view the European way as being built on a strong concern for social harmony and social inclusion, with governments being prepared to intervene strongly through the tax and regulatory systems to achieve their desired outcomes.
- Both models are, of course, overly simplistic but there is an element of truth in them too. We in Ireland have tended to steer a course between the two but I think it is fair to say that we have sailed closer to the American shore than the European one.”



- “Look at what we have done over the last ten years. We have cut taxes on capital. We have cut taxes on corporate profits. We have cut taxes on personal incomes. The result has been an explosion in economic activity and Ireland is now the fastest growing country in the developed world.
- And did we have to pay some very high price for pursuing this policy option? Did we have to dismantle the welfare state? Did we have to abandon the concept of social inclusion? The answer is no: we didn't.”



## Closer to Boston than Berlin

- The Celtic Tiger – an American way of doing business imported to Europe
- “un ‘american dream’ à l’européene“  
*Le Monde*, May 2008



# Ireland and the Celtic Tiger: From Rags to Riches (and Back Again)



# Boom





## Fastest-growing Economy in the World

- In 1987, Irish GDP per person was 69% of the EU average; by 2003, it had reached 136%.
- Annual GDP growth in the 1990s averaged 6.9%

*(The Economist, October 16, 2004)*





## Explanations for Ireland's Economic Boom

- 1) Role of convergence
- 2) Importance of foreign investment
- 3) European Union financial support
- 4) Low labour costs and wages
- 5) Impact of fiscal adjustment
- 6) Young, educated, English-speaking workforce
- 7) Peace in Northern Ireland



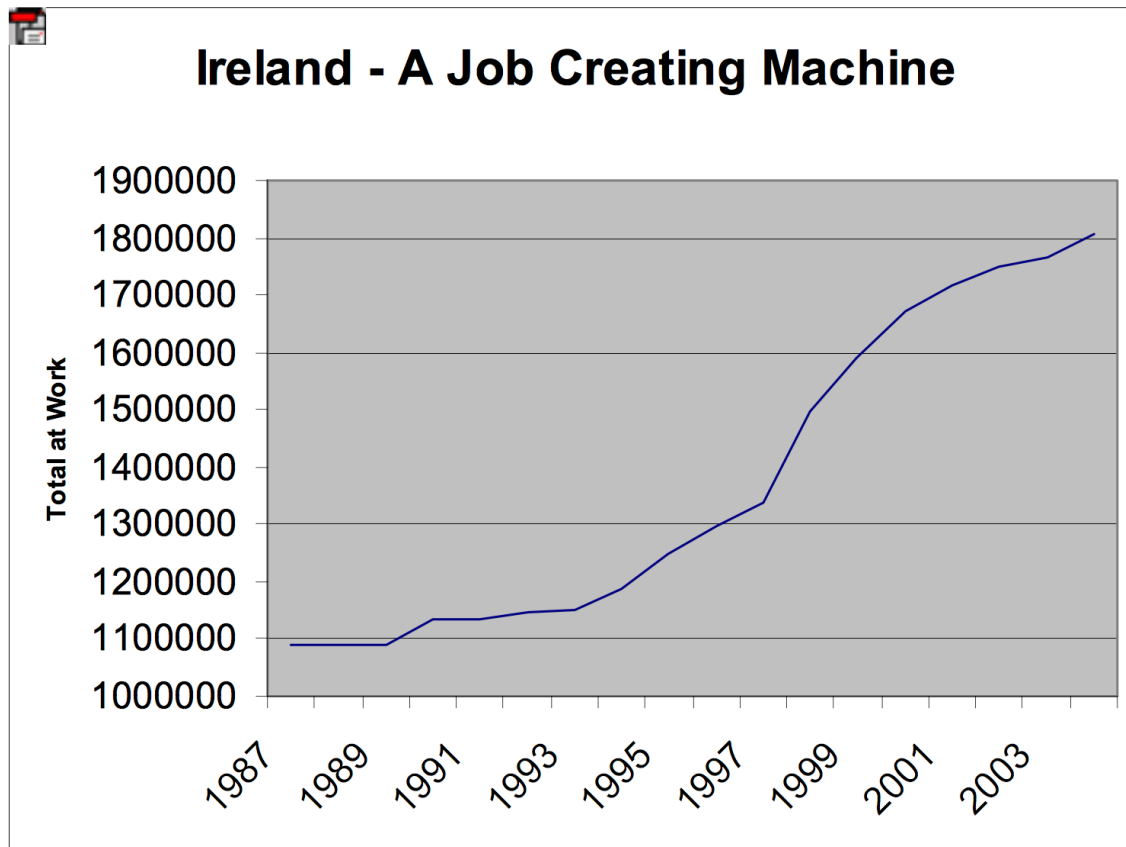
# Effects of The Celtic Tiger



## Low Unemployment

- Unemployment fell from 17% in 1987 to 4% in 2003.  
(*The Economist*, October 16, 2004)
- 2006: 4.4% - lowest in EU  
(*Irish Examiner*, March 7, 2006)





## Low Emigration and Increased Immigration

- “In 1999, immigrants accounted for just 1.3 percent of Ireland’s employees. By 2002, this had risen to just under 5 percent. By 2007, the share had reached 10 percent.”
- Influx of workers from the new EU member states = highest in EU.





## Rising Wages

- Average earnings rose by 70% between 1995 and 2007.
- Irish were the richest people in the world after Norwegians and Luxembourgers.

*(The Guardian, October 7, 2004)*

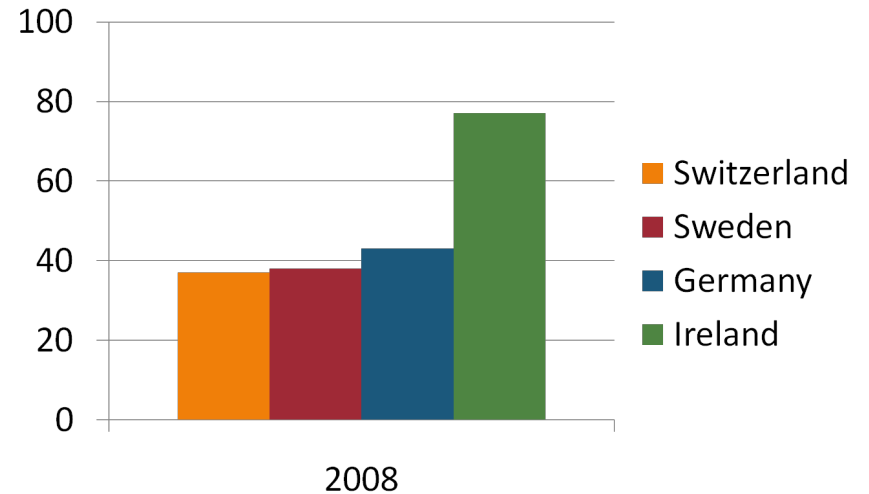




## Rising House Prices

- At the height of the boom in 2006, the construction sector was responsible for almost 24% of GDP.
- Cost of a house rose between 350 and 500%, e.g., average mortgage in 1997 was €62,000 versus €270,218 in 2008.

(O'Toole, *Ship of Fools*)



Home Ownership Rates (2008)





**University of  
Zurich** <sup>UZH</sup>

**English Department**

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**BUST**



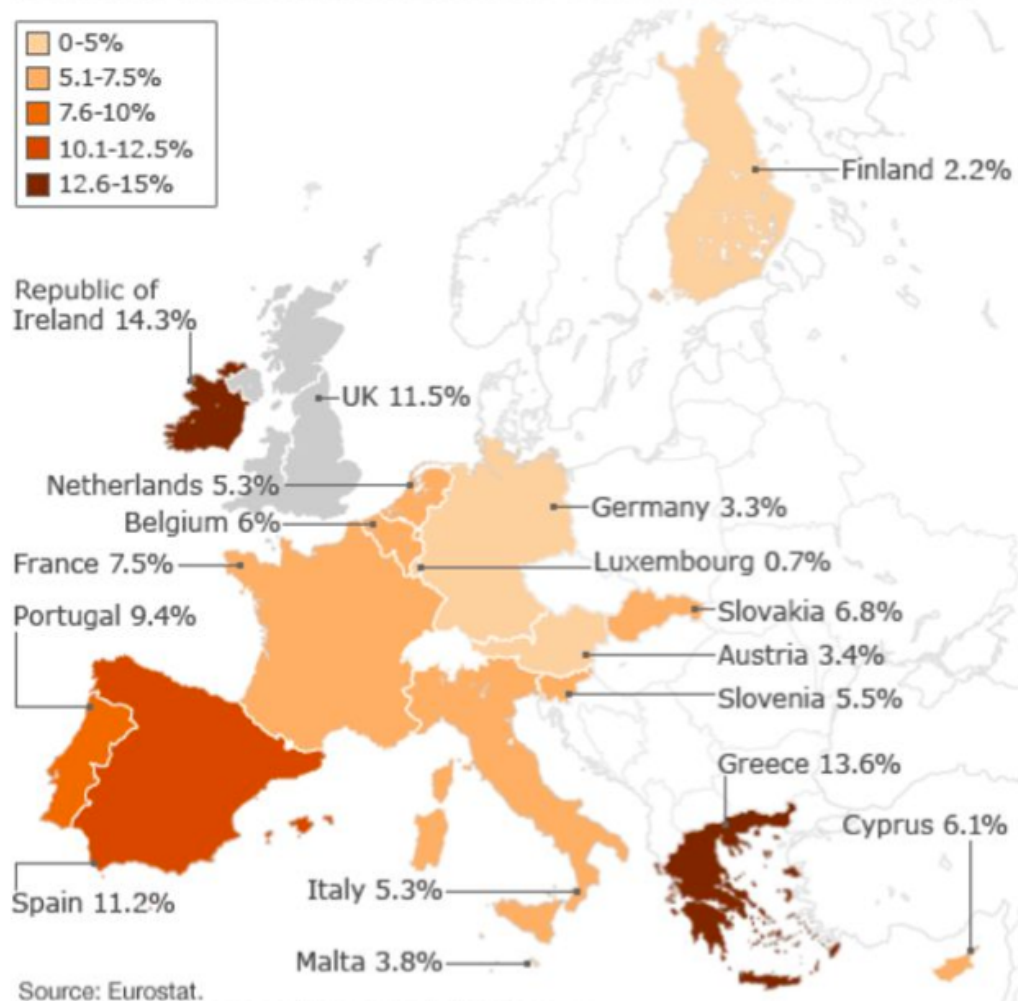
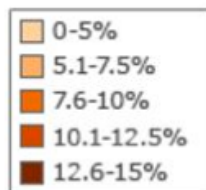
## Financial Crisis (2008)

- Global financial crisis hit Ireland particularly badly.
- The economy was dependent on financial services and a property bubble
- Irish government guaranteed to cover the liabilities of 6 Irish banks.
- The burden fell to the Irish taxpayer.





## Eurozone government deficits as a proportion of GDP 2009



Source: Eurostat.

Note: UK is grey because it has not adopted the euro.

## EU/IMF Bailout

- November 2010: Ireland received €85 billion bailout at 5.8% interest
- Some Irish economists and politicians advocate leaving the Euro and reinstating the punt
- Irish sovereignty sacrificed



## Anger that sovereignty had been sacrificed

- In 2011, a German parliamentary committee saw Irish budget proposals before they were presented to the Irish parliament





## Disillusionment at having given up sovereignty

- “For this that so much blood was shed?”

(W.B. Yeats, “September 1913”)



Irish Citizen Army at Liberty Hall,  
Easter 1916



## Some took it less seriously...





## What happened to the construction sector?

- Development lands in Athlone valued at €31 million by Bank of Ireland in 2006 were worth €600,000 in February 2010.
- The Irish Glass Bottle site in Dublin, purchased for €412 million in 2006, was valued at between €35 and €50 million in 2015.
- House in Dublin valued at €6 million in 2006 was sold in February 2011 for €1.4 million.





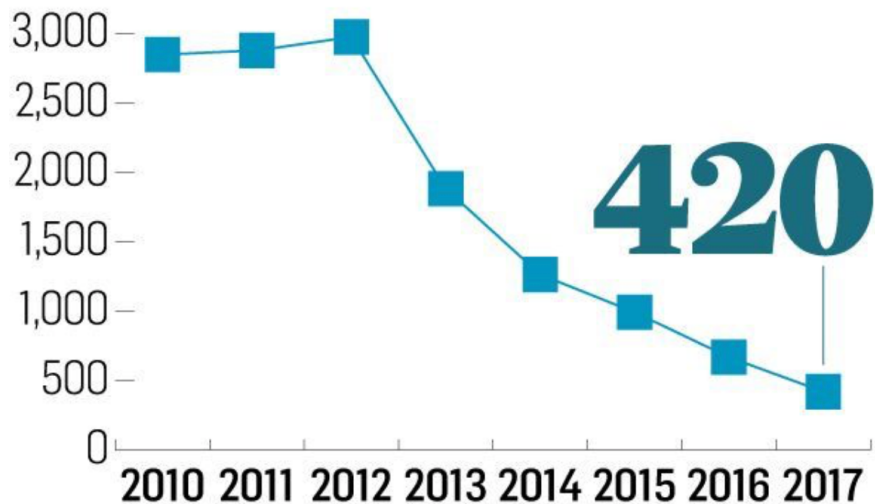
## Ghost Estates

- 30% of the homes in County Leitrim were vacant on the night of the 2006 census.
- In March 2010, there were 345,116 vacant homes in the country (incl. 64,000 holiday homes).
- 17.5% of all homes in the ROI were empty. Outside the greater Dublin area, 21% were empty.

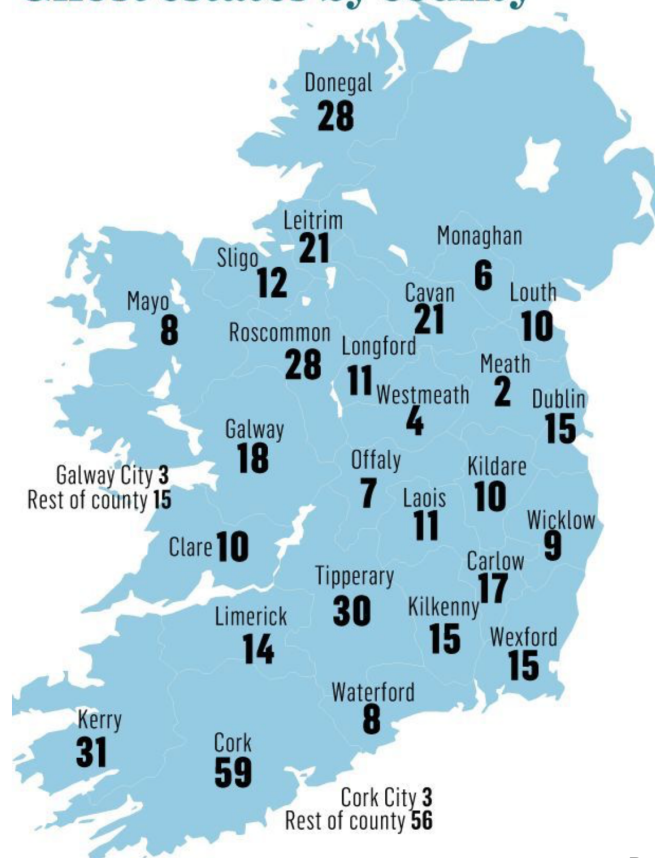




## Total ghost estates

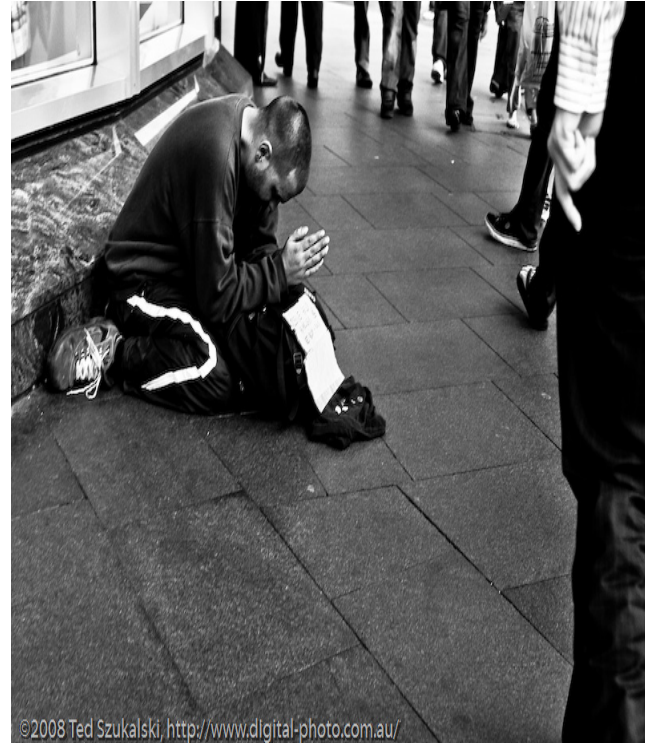


## Ghost estates by county



## Poverty

- In 2008, Eurostat put the number of Irish people at risk of poverty at 14.1%.
- SILC study in 2016 showed the number of people at risk of poverty (16.9%) and in consistent poverty (8.7%)
- More than 750,000 people in Ireland live on less than €230 a week.





## Where did all the money go?

- For most countries, Gross Domestic Product (GDP) and Gross National Product (GNP) are more or less interchangeable. This is not the case for Ireland. Because the Irish economy is uniquely dependent on transnational corporations, who tend to inflate their earnings in Ireland to take advantages of low corporation tax rates, and who then repatriate profits and royalties, GDP significantly overstates real living standards.  
(O'Toole *Enough is Enough* )



## GDP vs GNP

- Typically, in Europe during the Celtic Tiger years, the gap between the two figures was about 0.3%. In Ireland, it was 25%.
- In 2002, Ireland's GDP per head was almost €34,000, whereas GNP was almost €27,000.
- In 2010, GDP, Ireland 9th of 28 OECD countries, GNP Ireland 18th. (O'Toole, 2010)
- Foreign-owned companies accounted for almost 90% of total Irish exports in 2008.



## History repeats itself

- Unemployment: Rose to pre-boom levels : March 2011: 14.7% (Source: cso.ie)
- Emigration: In the year to April 2010, there was net outward migration of 34,500
  - the highest level since 1989.
- GNP: Had fallen by around 13%



## Sense of confidence gone

- “There is deep despair, a sense of futility and fatalism and self-contempt. Also shock and disorientation.” (O’Toole *Enough is Enough* 6)
- Celtic Tiger was more than just an economic ideology. It was also a substitute identity.
- A substitute for the twin pillars of southern Irish identity: Catholicism and Nationalism. (O’Toole, *Enough is Enough* 4)
- “un ‘american dream’ à l’européene“ turned into a nightmare
- How do we “Make Ireland Great Again”?
- Should we look more to Berlin than Boston?
- Can we capitalise on Brexit?