

Celtic Tiger: Social and Cultural Implications

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2003 Speech by Liz O'Donnell on Celtic Tiger: Social and Cultural Implications

Re-Imagining Ireland Conference

Celtic Tiger: Social and Cultural Implications

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I will speak to you this morning on the phenomenon known as the 'Celtic Tiger' in Ireland from the perspective, not of an economist, but as a practising politician directly elected in three consecutive elections since 1992. I also had the privilege and responsibility of being a Minister in the Irish Government from 1997-2002.

Politicians rarely have the opportunity for leisurely reflection such as is provided by this conference. The lot of the politician is rather one of making policy decisions, large and small for which one is ultimately accountable to the people in elections.

So I value the opportunity to take stock of where we have come from as a people and where we are going after a period of unprecedented economic and cultural change.

So what was the Celtic Tiger? Certainly not an animal- more a period of time, from 1994 to 2001, of unprecedented economic growth in Ireland. Ireland today is successful wealthy, vibrant; the fastest growing economy in the developed world; more successful than at any time in our history as an independent State.

Did it happen by chance? No. In my view it was a creature of politics; the culmination of a series of domestic political choices, decisions and policy directions made over a period of say thirty years. There were many cross-cutting critical factors at play including;

- Economic reform was bringing lower taxes, stable public finances and deregulation
- Our population was young and well educated. The Irish baby boom happened in the 60s and 70s, twenty years after America's.
- There were plenty of people available for work also because of high unemployment, at over 15 per cent at the start of the 1990s.
- There was also considerable scope for more participation in the labour force by women. At the start of the 1990s, women's participation in the labour force was 36 per cent; it is now 49 per cent.
- We had a proven, successful strategy for attracting foreign direct investment, and FDI between the US and Europe in both directions boomed in the 1990s. We have been very well placed to take advantage of this.
- Our population has grown to 3.9 million, up from 3.5 million in 1990.
- GDP growth reached 10 per cent and more in successive years between 1995 and 2000.

But perhaps the most important factor of all was our membership of the European Union. Joining the EU in 1973 transformed Ireland in more ways than one. It turned the country's face outwards and beyond our nearest neighbour and market in the UK. It opened our minds and liberated us as a people from an insular isolationism, allowing us preferential access to the world's richest markets. We enjoyed substantial financial transfers from the EU in farm supports and infrastructural investment. We are now strategically placed as a bridge between the US and the European Union. Next year with the accession of ten central and eastern European States even more opportunities will open up on that front.

Any analysis of this period of economic growth is littered with statistics. But the statistic, which says it all for me, as a practicing politician is that we have moved in a relatively short period of time from mass unemployment to full employment, from mass emigration to net inward migration.

Since 1990, the number of people at work has increased from 1.1 million to 1.8 million now. That is 700,000 more people at work in Ireland, an increase of 63 per cent. Most of the additional jobs came in the second half of the decade: 445,000 between 1996 and 2001, compared to 158,000 from 1991 to 1996.

Unemployment in Ireland has been brought down from over 15 per cent to less than 5 per cent now. The phenomenon of long term unemployment - being unemployed for more than a year - has been virtually eliminated in Ireland. Fewer than 25,000 people are currently long term unemployed.

And forced emigration, so long a feature of Irish life, has been brought to an end.

The social implications of a full employment economy are tremendously positive.

We have seen many of them already: a real improvement in reducing poverty, greater participation in economic life of all age groups and among women; increased revenues from taxation, the ability of the government to pay higher pensions and so on. Most importantly, there is a huge sense of relief that we are now educating our youngsters for jobs in Ireland rather than to emigrate with all the human disappointment, separation and despair, which was our lot for too many years.

Ironically, some people claim that Irish people are unhappier now after achieving greater wealth and economic growth. They say that the problems of traffic, excessive drinking by young people, crime and rising costs have made us question, 'Is it all worthwhile?'

This point of view is often advanced without research other than anecdotes. I tend, like President McAleese to take an unapologetically positive attitude to our economic success. I do not accept we were happier when poor. I believe we should embrace the challenges of newfound wealth with enthusiasm not pessimism and foreboding. We have all the attributes needed to succeed as a people in a prosperous context.

Maintaining full employment, or as close to full employment as possible, remains a social imperative for Ireland as well as an economic one. Our society could not possibly be better off if we accepted permanently high unemployment again.

The best poverty beater is a real job. Current Irish Government policy is predicated on promoting enterprise, keeping taxes low on labour and incentivising inward investment.

Looking ahead, as a Government, there are factors under our control and factors not under our control.

Take foreign investment in Ireland.

We cannot influence the overall level of foreign investment by international corporations. Our government does not have much influence over the global economy. But we can adopt policies to take a strong share of any investment that does arise.

That means keeping Ireland an attractive place to locate high value added jobs and business. Our 12.5 per cent corporation tax rate is critical.

But so also is the quality of our people, our education and training, and our regulatory environment.

We benefit greatly from free trade and investment. There are roughly 80,000 jobs in Ireland of US affiliate companies. It is not so well known that the affiliates of Irish companies employ approximately as many people in the US.

It is also under our control that we should continue to stay a fully committed member of the European Union. Last October, the people ratified the European Nice Treaty in a referendum marking our people's continued political commitment to staying in the Union fully and to embrace enlargement to the East.

No discussion of the Celtic Tiger is complete without consideration of the Peace Process.

The normalisation of politics on the island of Ireland has been a tremendous political and social achievement of the 1990s in Ireland.

Although many people in the Republic carried on life as normal in the times of conflict in Northern Ireland, it is very difficult to under-estimate the long-term social, political, psychological and cultural significance of the creation of a peaceful, normal society instead of protracted conflict and sectarian unrest on the island. From the very beginning the Peace Process envisaged an economic dividend. Security and stability on the island are essential for purposes of attracting foreign direct investment, and it is highly unlikely that major multinationals would have been attracted to invest in Ireland in the absence of a viable Peace Process.

The approval of the Good Friday Agreement by the vast majority of our population in both jurisdictions was a profound statement about the desire for peace, the willingness to live together as different traditions on the island and the sort of politics we want for the future.

Although beset with difficulties along the way, the ending of the vexed quarrel about Northern Ireland by an agreed political settlement, which addressed all the crosscutting grievances was an enormous achievement of politics. We could not have done it on our own. The two governments of UK and Ireland enjoyed the political and financial assistance

from our EU partners and our friends in US, Canada and Australia. Five years on there have been many false dawns but what we are talking about is the closure of history on these islands and the embrace of a prosperous and peaceful future.

Another challenge facing a post Celtic Tiger Ireland is how we can harness the new cultural reality created by the change from emigration to net immigration? We have changed from being essentially monocultural to multicultural in the space of 7 years.

Last year, about 40,000 work permits were issued to non-EU nationals taking up work in Ireland. In 1990, the figure was just 3,400.

In 1996, work permits were granted to people from 98 countries. By August 2001, this had risen to 122.

Next year, about 80 million more people from ten central and eastern European countries will join the European Union, bringing the total population to 450 million. The Irish government has decided to allow free movement of the new people from day one of accession, 1st May next year.

So, our society will allow for free movement in and out of 450 million people, more than 100 times our own population. That is a massive cultural change and a significant marker of how open we are as a society.

The challenge of a growing and diverse population is one we should embrace enthusiastically. All the evidence is that immigration is a source of both cultural enrichment and economic energy. That is a new thing for Ireland and an advantage we should actively foster. It requires work and leadership not just to counter some incipient racism and hostility, but also to achieve positive integration of our many new residents.

The end of emigration and the growth of net immigration have, I believe, a wider social and cultural effect that is not captured by economic statistics.

People are now coming to Ireland for opportunities, just as generations of Irish people have done in the past in many lands. Immigration signals that there is something worth coming for. Emigration signals that people have given up hope and there's nothing worth staying for.

This all signals a cultural and social change in terms of confidence.

Confidence is a powerful ingredient in facing the challenges of the future. For a very long time, we were a country lacking in confidence, for understandable reasons. And confidence, as a psychological disposition among the population, is clearly not confined to economics: it affects everything from sport, to the arts, to politics and to education.

And where next? Will we sustain economic success? Can we be a civilised culture in a globalised economy?

We will sustain our progress if we wish. There are enough factors under our control to enable us to do so, even as a small group of 4 million people in an EU of 450 million and in a global economy.

In economics, we can control costs. We can invest in productive infrastructure. We can move higher in education achievement. We can focus on science and research. We can demand excellence and performance standards across public and private sectors. We can embrace, and require, competition. We can stay open to take advantage of globalisation.

Or, by the same token, we could not do those things, settle for mediocrity, pay ourselves too much, jeopardise jobs, under-invest, not strive for higher achievement, stay in the thrall of vested interests and so on.

We can remain confident, or we could slump back to cynicism and despondency under a wave of self-doubt and hand wringing.

Some people are casting doubt on whether Ireland will be a civilised society in a globalised world. The suggestion is that riches have made us crass and materialist, devoid of cultural content, mere consumers in a capitalist economy, and a mere 4 million at that among the world's 5 billion.

I would hate to think that we had to endure high unemployment and emigration in order to be a decent, civilised, culturally rich society.

Marks of a civilised society

Let me ask, what would a country that had a prospect of being a sustainable and civilised society in today's world look like?

- First, it would be a well-embedded liberal democracy, with all that that implies about freedom, the rule of law, equality, social mobility and representative government. We are such. And we are fortunately deeply embedded in the Atlantic tradition shared between Europe and the US where liberal democracy has its home and its wellspring. It's also across the Atlantic where globalisation and integration are strongest.

- Second, it would have deeply embedded and sophisticated social policies to promote health, education and social solidarity. And we have those. They are not perfect - no country claims this - but crucially, the goals are largely not in dispute, even if the means sometimes are.

- Third, its disposition would be fundamentally positive, across the economy, the arts, and social endeavours. Lest anyone suggests otherwise, that doesn't mean that artists should be propagandists: I mean that artists should find Ireland a place where they would have confidence in their critique, rather than despondency and an attitude that it's hardly worth

bothering to engage in artistic work. We want a society that does not drive artists out, as we were before.

- Finally, it would be a society that took part in regional and global organisations, that was open, that expressed a point of view, that was a constructive participant rather than a passive bystander; that had a strong engagement with the poorer countries of the world and a principled foreign policy.

If you were to design a small country that could sustain itself economically and socially in a globalised world, I think you would find Ireland has many of the required features.

I do not believe we have lost our soul, although we may not be great mass goers any more. Notwithstanding increased secularisation and modernisation, Irish people remain essentially a spiritual race with a strong moral compass.

We have plenty of reasons to be optimistic for Ireland for the future. As a people we have survived great adversity. We have a race memory of famine, chronic underdevelopment and colonisation. We have sustained our culture notwithstanding all of the above including mass emigration for generations.

We have a long tradition of solidarity with the poor in the developing world, of a compassionate response to humanitarian disasters manmade and natural; of peacekeeping at the UN. Ireland is now a leader in the donor league of aid to the poorest countries and will reach the UN target for ODA of 0.7% of GNP by 2007. Only five developed countries have achieved this. We may no longer be saints but we have many scholars, intellectuals, poets and patriots.

To our credit we are mindful of the dangers of new wealth and consumerism. We are grappling with these social challenges of lawlessness, intoxication, despair and exclusion.

Our hearts are, I believe, still in the right place as a people.

It is just over eighty years since we in Ireland first walked the road of liberty as a free and independent nation. Our development as a state and as an economy was uneven. Political progress was never matched by economic progress. Performance always lagged behind potential. There was a certain fatalism and defeatism. There was for too long an acceptance of emigration as an economic safety valve. As recently as the 1980's, there was a feeling that the country was 'banjaxed' with 100,000 young people emigrating to the US in a ten year period. Today all is changed utterly and for the better.

The challenge now for us is to sustain that success, and not, as they say at home, 'lose the run of ourselves'.

For further information see :

- [Department of Finance](#)