

Review Article:

Writing the economic history of Ireland since independence

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Andy Bielenberg and Raymond Ryan, *An Economic History of Ireland since Independence* (London: Routledge, 2013, 282 pp, \$145 hardback).

After its heyday of the cliometric debates in the 1970s and 1980s (including Joel Mokyr's *Why Ireland starved*), economic history was perceived as being in the doldrums in the 1990s and early 2000s.¹ With history taking a cultural turn and mainstream economics focusing on theory and econometrics, the future looked bleak for economic history.² Yet, economic history has seen something of a resurgence in recent years, due in part to the turbulent economic climate. As Barry Eichengreen noted in his Presidential address to the Economic History Association in 2011, the 2008 crisis 'was a good crisis for economic history', with increased reference to past financial crises and to the Great Depression in the popular press.³

In recent years, the subject of economic history in Ireland also looked to be in terminal decline. Retirements of leading scholars of the study of Irish economic history (Cormac Ó Gráda from UCD, Liam Kennedy from Queen's Belfast, and Frank Geary from University of Ulster) coincided with the departure from the island of one of the disciplines leading practitioners (Kevin O'Rourke from TCD to Oxford), all of which seemed to place the discipline in a precarious position. However, in Ireland too there has been somewhat of a resurgence in the study of economic history, with scholars, old and new based both in Ireland and further afield, engaged in research. Economic history, as a discipline, is inherently inter-disciplinary and current practitioners are found in various university departments and schools, including history, economics, management, sociology and geography. A noteworthy development has occurred in Queen's Belfast, home of the first chair in Irish economic history, where a shift in research activity has taken place, from its 'traditional' place in the School of History to the Management School,⁴ which now hosts a centre for economic history and is home to a number of economic and financial historians.⁵

In this context – the decline and rise of economic history in Ireland – this review aims, first and foremost, to outline the importance of the Bielenberg and Ryan contribution to the study of

¹ This is illustrated in terms of the falling success of economic historians on the academic labour market in the 1990s and early 2000s: Graham Brownlow, 'How do we Ensure a Useful Future for Irish Cliometrics?', *Irish Economic and Social History*, 39 (2012), p. 97.

² For example see Peter Temin's autobiographical account of the rise and fall of economic history at Massachusetts Institute of Technology, where economic history used to be part of a triumvirate in the economics programme but was displaced by theory and econometrics: Peter Temin, 'The Rise and Fall of Economic History at MIT', *History of Political Economy*, 46:1 (2014), pp 337-359.

³ Barry Eichengreen, 'Economic History and Economic Policy', *The Journal of Economic History*, 72:2 (2012), p.291.

⁴ Until about 20 years ago, standalone economic and social history departments were the norm in the UK but these have since merged with history, economics and wider social science departments.

⁵ Queen's University Centre for Economic History was founded in 2012 by John Turner (<http://www.quceh.org.uk/>).

Ireland's economic past. Andy Bielenberg is the leading economic and business historian of Ireland currently engaged with the subject of Irish economic development and the history of the Irish economy.⁶ The following essay focuses on some key themes and outlines contributions of the Bielenberg and Ryan's survey, as well as suggesting avenues for future research. An additional aim of the review is to highlight how the 'historiography' of Irish economic history of the twentieth century has evolved through a comparison of the current work with other seminal texts that also explicitly set out to study the Irish economy since the 1920s: Meenan to the 1970s, Kennedy, Giblin and McHugh through the 1980s, and Ó Gráda up to the 1990s.⁷ Comparing texts written at different points in time shows both how the discipline has evolved and also how each author perceived future developments in the economy itself.⁸

The latest instalment in the economic history of Ireland since the 1920s

An Economic History of Ireland since Independence is an excellent overview of research on the Irish economy and is a comprehensive survey of Irish economic history from the 1920s up to the present day. Structurally the book is divided into three sections: firstly, a chronological narrative of the Irish economy, followed by a sectoral analysis (agricultural, industry and services) and finally a section on economy policy and demographics. In terms of structure, Bielenberg and Ryan follow the established pattern in the body of literature noted above. This is a book that *should* be compulsory reading for social science and humanities students of Ireland.

Bielenberg and Ryan provide a very useful compendium of data in various tables throughout the text, with additional tables incorporated in appendices. All counted there are 67 tables included in the volume; these range from tables on conventional subjects such as 'budgetary stance and government debt (2.2)', to those on more recent concerns like the 'value of loans transferred to NAMA (7.7)', and include topics of greater social and demographic interest, for example 'net migration rates from 1926-2011 (8.3)'. A very useful resource is provided by the statistical tables in the appendices, most notably table 1 which gives an annual series of GDP per capita for Ireland compared to the UK and 29 Western European Countries. However, a reservation for this reviewer is the unquestioning use of Angus Maddison's GDP data throughout the book and its conclusions and also in the appendices.⁹ Although a standard macroeconomic dataset, Maddison's data is not without its critics.¹⁰ The unquestioning adoption of Maddison data by Irish economic historians in recent years is somewhat surprising.¹¹ As

⁶ Prior to *An Economic History of Ireland since Independence*, Bielenberg produced an excellent volume on Ireland and the industrial revolution in the nineteenth century: Andy Bielenberg, *Ireland and the Industrial Revolution: the Impact of the Industrial Revolution on Irish Industry, 1801-1922* (London, 2009).

⁷ James Meenan, *The Irish Economy since 1922* (Liverpool 1970); Kieran A. Kennedy, Thomas Giblin and Deirdre McHugh, *The Economic Development of Ireland in the Twentieth Century* (London 1988); Cormac Ó Gráda, *A Rocky Road: the Irish Economy since the 1920s* (Manchester, 1997).

⁸ A notable exclusion are the works of Louis Cullen, this is a conscious decision as Louis's frame of reference extends back to the 1600s!

⁹ For example, in the introduction Bielenberg and Ryan praise the historical Maddison data for making inter-temporal comparison possible, noting how 'in the wake of the 2008 economic collapse, a somewhat more sober perspective on recent growth and decline emerged, which can now be placed in an appropriate historical context going back to the 1920s using Maddison's data for GDP per capita and the ESRI historical series for GDP and GNP (see appendices)', p. 2.

¹⁰ Clark (in a somewhat negative review) opined on Maddison's data: 'any economist with enough street savvy to resist fabulous riches offered by unknown Nigerians over the internet will equally want to steer clear of these estimates.' : G. Clark. 'Review of Contours of the World Economy', *Journal of Economic History*, 69:4 (2009), p. 1160.

¹¹ Although Barry and Daly note that no official accounts exist, they make explicit use of Maddison's data, which they say is derived from 'a variety of sources' and note how it 'records 1933 as Ireland's worst year,

Kennedy et al. noted, writing in 1988, ‘the only national income figures covering the period are the unofficial estimates of G. A. Duncan’ and that they made a ‘correction’ to the growth rates of real GDP based on those estimates.¹² Where did Maddison source the data for Ireland? Scholars attempting to replicate Maddison’s Irish estimates will find it difficult given the opaque description of his sources. However, closer inspection reveals that for the nineteenth-century his estimates of Irish GDP are based on population levels and assume a slower growth rate than the rest of the UK.¹³ Estimates for the early twentieth century are based on K. Kennedy’s estimates of GNP, *not* GDP.¹⁴ The Kennedy data, starting in 1926, are a triennial series with annual data from 1947 onwards.¹⁵ And it is not until 1960 that the Irish series is based on ‘OECD sources’.¹⁶ So what does this mean for Irish economic growth? Table 1 compares the Maddison growth rates with growth rates from Kennedy, Giblin and McHugh and it shows that the rates are identical (as one would hope!) apart from the last two rows when Maddison begins using alternative data. Thus, despite the known limitations of the early Irish GDP/GNP data, no alternative data set has been constructed in the past 15 years.¹⁷ Furthermore, neither are the more recent Irish data in the early 1990s sacrosanct; for example, Ó Gráda’s discussion of contemporary critiques of Irish GDP data, such as Jim O’Leary who quipped that Irish GDP estimates had the same ‘empirical status as moving statues, flying saucers and the statue-of-Elvis-found-on-Mars stories’.¹⁸ Given these concerns, it may have been instructive to illustrate to students how National Accounting came into being in the 1930s, during the Great Depression, and how and when Ireland began its own official estimates.¹⁹

Table 1: Comparing growth rates: Kennedy, Giblin and McHugh versus Maddison

	<i>Kennedy, Giblin, McHugh growth rates of real product</i>			<i>Maddison growth rates</i>		
	Total real product	Total population	Real product per capita	Total real product	Total population	Real product per capita
1926-38	1.3	-0.1	1.4	1.3	-0.1	1.4
1938-50	1.1	0.1	1.0	1.1	0.1	1.0
1950-60	1.7	-0.5	2.2	1.7	-0.5	2.2
1960-73	4.4	0.6	3.8	4.4	0.6	3.8
1973-85	1.7	1.2	0.5	3.8	1.2	2.6
1926-85	2.1	0.3	1.8	2.5	0.3	2.2

when real GDP fell back to the level previously attained in 1929’ for their study of the Great Depression in Ireland. Frank Barry and Mary E. Daly, ‘Irish Perceptions of the Great Depression’, *IIIS Discussion Paper XXXX*. no. 349 (2011), p. 2.

¹² Kennedy et al., *The Economic Development of Ireland*, pp 53-54 (endnote 22).

¹³ Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris, 1995), p. 135; Angus Maddison, *The World Economy in the 20th Century* (Paris, 1989), pp115-116.

¹⁴ Angus Maddison, *The World Economy: Historical Statistics* (Paris, 2003), p. 29.

¹⁵ Kieran A. Kennedy, *Productivity and Industrial Growth* (Oxford, 1971), table 1.2, p. 3.

¹⁶ Angus Maddison, *The World Economy: a Millennial Perspective* (Paris, 2001), p.178.

¹⁷ An exception of course are the estimates of regional UK GDP by Geary & Stark; however, these are primarily nineteenth century estimates: Frank Geary and Tom Stark, ‘Examining Ireland’s Post-Famine Economic Growth Performance’, *Economic Journal*, 112 (2002). Frank Geary and Tom Stark, ‘Regional GDP in the UK, 1861-1911: new estimates’, *Economic History Review*, 68:1 (2015).

¹⁸ Ó Gráda, *A Rocky Road* p. 33.

¹⁹ For example, see L. M. Cullen, ‘The Context and Development of Historical National Accounts in Ireland’, *Irish Economic and Social History*, 37 (2010), pp 75-84; and the discussion in Frank Geary and Tom Stark, ‘150 years of Regional GDP: United Kingdom’, in Juan Roses and Niko Wolf (eds), *The Economic Development of Europe’s Regions: A Quantitative History since 1900*. Forthcoming 2015.

Sources: Kieran A. Kennedy, Thomas Giblin and Deirdre McHugh, *The Economic Development of Ireland*, table 6.1; Maddison data set: <http://www.ggdc.net/maddison/oriindex.htm>

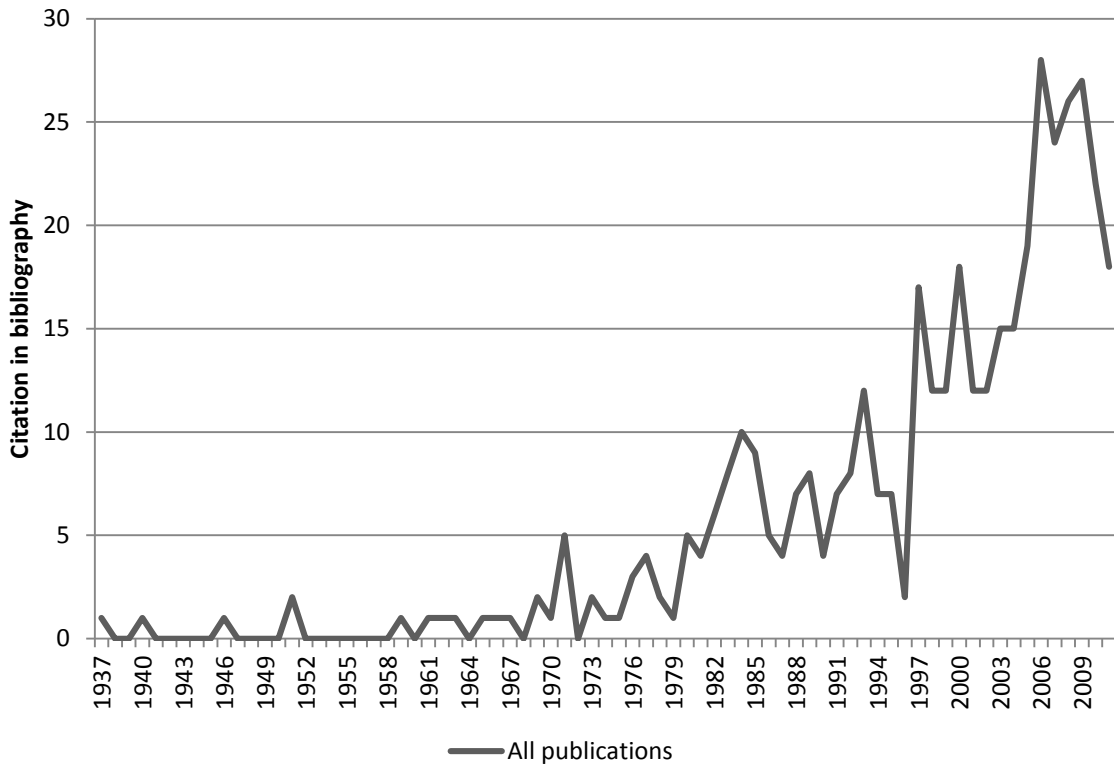
In addition to the data tables, Bielenberg and Ryan's survey also provides a comprehensive bibliography of Irish economic history (25 pp) that will be an invaluable starting point for future scholars researching the history of Ireland's economy in the twentieth and twenty-first centuries. The bibliography – arranged by official publications, newspaper(s) (*Irish Times*) and secondary works (published and unpublished) – also provides an insight into the current state of twentieth-century Irish economic history. Figure 1 illustrates the year of publication/production of secondary works cited in the bibliography. Unsurprisingly perhaps,²⁰ the works cited mainly date from the 1980s onwards and increase towards the present day, suggesting a healthy level of scholarly output. However, when the citations are categorised by major *economic history* field journal,²¹ it is evident there are remarkably few citations from these journals. In contrast *Irish Economic and Social History* journal is cited 14 times, the *Economic and Social Review* receives 17 citations and *the Journal of the Statistical and Social Inquiry Society* has 22 citations; furthermore peer-reviewed economic journals – including the previous two journals but excluding Central Bank Quarterly and ESRI commentary – are cited 49 times. In all, this might indicate that scholars of the Irish economy have preference for a domestic audience, but more importantly this also suggests that studies relating to the modern Irish economy are published in general interest economic journals. It must also be noted that there are a large number of monographs (149) and essays in edited collections cited, which may partially explain the low number of peer-reviewed journal articles. Also, unlike the several PhD theses cited by Bielenberg in his study of the nineteenth-century economy,²² there are no PhD theses cited in this survey; only a UUC MPhil thesis from 2000 is cited. Thus, overall the bibliographic citations suggest that the study of the Irish economy in the twentieth century is ripe for exploration, especially in the *cliometric* tradition.

Figure 1: Bibliography citations by year of publication

²⁰ Bielenberg and Ryan (p. 1) note that there was limited academic interest in the economic history of Ireland prior to the 1970s.

²¹ The major field journals, *Journal of Economic History*, *Economic History Review*, *Explorations in Economic History*, *Journal of European Economic History*, *European Review of Economic History*, *Financial History Review*, are cited 1,2,0,0,1,1 times respectively

²² Andy Bielenberg, *Ireland and the Industrial Revolution*, p. 250-251.



Bielenberg and Ryan, *An Economic History of Ireland since Independence*, bibliography 'secondary sources', pp 252-271.

In terms of the battle for hearts and minds, economic history, and economics more generally, has often been deemed to be a dull subject due to its rigorous use of data and writing on topics that do not attract the attention of the layman as other more visual forms of history might; there are no gory battles or political intrigues dissected here. However, in terms of presentation, this reviewer feels that the Bielenberg and Ryan volume misses a trick so to speak. With the exception of the colourful front cover – 'Dublin: Fly there by Aer Lingus' advertising poster by Guus Melai – Bielenberg and Ryan miss an opportunity to catch the attention of their audience with the use of relevant images and cartoons such as was done by Ó Gráda.²³ In this respect, the presentation of the book itself is more in line with Meenan and Kennedy et al. The richness of material and visual culture available for the study of twentieth and twenty-first century economic history would be particularly striking in making comparisons over time and space and illustrating developments in areas such as advertisements and public tastes and preferences.

Textual comparison and notes

Both Meenan and Kennedy et al. are explicitly texts on the economic development of Ireland that trace development since the foundation of the State, whereas the Ó Gráda and Bielenberg and Ryan surveys are unequivocally economic history texts. Thus, as the comparison of Ó Gráda and Bielenberg and Ryan with Meenan and Kennedy et al. may be deemed unfair, it is necessary to briefly outline the motivation for choosing these texts. In fact, within economics there is a very close link between the sub-fields of economic development and economic history, which

²³ There are 26 illustrations in Ó Gráda, *A Rocky Road*.

warrant the inclusion of both texts here.²⁴ Moreover, Meenan and Kennedy et al. are widely cited by explicit economic history studies, such as Johnson and Daly.²⁵ The choice of texts is also indicative of the shift of the study of Ireland's economic history from economists to historians.

From casual observation on the four texts, a noticeable difference is the time *span* used. In essence, all of the authors use a canvass of (roughly) a 100-year period. For Meenan, this means looking back to the 1800s, coincidentally so too do Kennedy et al. and Ó Gráda; whereas Bielenberg and Ryan do not delve further than the foundation of the State. Furthermore, and perhaps unsurprisingly, each of the texts appears stronger on their respective recent histories than on events in the more distant past, perhaps indicating the power of memory when recalling recent historical events. This is important, as it means each text is a valuable aid when studying the whole of the period since independence, and even before, as each covers aspects that may be overlooked by the others. For example, Meenan reminds us that there was no simple teleological narrative towards free trade in Ireland from the 1950s onwards and that there were objections, although these he dismissed as 'spurious emotionalism that criticised the [1965 Anglo-Irish Trade Area] Agreement as a new Act of Union'.²⁶ Moreover, the influence of the contemporary economic environment is evident in all of the works. For Kennedy et al., they were noticeably influenced by the negative outlook of the 1980s as can be seen from their conclusion: 'as we conclude our study, unemployment and the national debt are at all-time high levels, living standards are depressed, substantial emigration has resumed, and the future outlook is problematic'.²⁷ Ó Gráda, on the other hand, was more bullish writing in the early years of the Celtic Tiger, although he was 'guardedly optimistic' when summarising Ireland's progress and prospects in the mid-1990s. In his conclusion he stated that

'since then [1980s], it is Ireland's fast economic growth that has captured the headlines, though admittedly a growth which was slow to create employment at first...But are recent trends in the South simply compensation for all the spare capacity created by bad policy in the late 1970s? Are they the product of the fiscal medicine of the mid-1980s, or do they stem instead from EU structural funds and distortionary transfers to farmers and industrialists? Are they the fruit of three decades of commitment to outward-orientated economic policies, affecting both commodity and factor movements? Or do they mark the beginning of a new higher-growth steady state for the Southern economy? Only time can tell.'²⁸

Bielenberg and Ryan are also influenced by contemporary developments, most evident in chapter 7 (discussed below).

One of the most noticeable differences between the Bielenberg and Ryan approach is the absence of Northern Ireland. In Meenan, Kennedy et al., and Ó Gráda, Northern Ireland features prominently and it is also a direct source of comparison, whereas it is purposefully

²⁴ E.g., see Peter Temin, 'The Black Death and industrialisation: lessons for today's South', VoxEU blog, 4 June 2014: <http://www.voxeu.org/article/economic-history-and-economic-development>

²⁵ David Johnson, *The Interwar Economy in Ireland* (Dublin 1985) and Mary Daly, *Industrial Development and Irish National Identity 1922-1939* (Dublin 1992).

²⁶ Meenan, *The Irish Economy since 1922*, p. 297.

²⁷ Kennedy et al., *The Economic Development of Ireland*, p. 75.

²⁸ Ó Gráda, *A Rocky Road*, p 233-234.

overlooked in the current volume.²⁹ Perhaps the exclusion of Northern Ireland represents a post Good Friday Agreement shift in the boundaries of scholarship, whereby the study of Irish economic history is conducted along partitioned lines between north and south? However, this is unlikely as attested by the recent edited volume by Kennedy and Ollerenshaw that explicitly focused on the province of Ulster but also contained references to the rest of the island.³⁰ The exclusion of reference to Northern Ireland is also somewhat at odds with Bielenberg's study of nineteenth century Ireland, where he argued against analysing the counties that became Northern Ireland in isolation from the rest of the island because 'occlusion of the rest of the island placed the east Ulster experience firmly in the British fold and underwrote a version of Irish economic history in which a form of economic partition had taken place long before the 1920s'.³¹ In that case Bielenberg argued that:

'a 32 county/all Ireland perspective has been adopted as the focus of this book, not for any political reasons, but because official statistics on industry in this period cover the whole island as a component of the UK, which makes it a better unit of analysis than the province of Ulster, the six counties which became Northern Ireland, or the 26 southern counties which became the Irish Free State. Moreover, the relationship of industrialists in Dublin and Cork in this period to Britain in terms of trade, technology, the implementation of the factory acts, and so on, was broadly similar to those located in Belfast.'³²

The 'occlusion' of Northern Ireland in Bielenberg and Ryan is a missed opportunity as Northern Ireland offers a comparison – almost a natural experiment – to validate points such as the importance of government policy in (the Republic of) Ireland versus similar or absent policies in Northern Ireland; for example, how does Brownlow's case study of FDI in the North (the De Lorean debacle) compare with the lauded IDA in the south?³³ Furthermore the separation of North and South in 1920 illustrated trading activity (or lack thereof) within the island of Ireland and could be the basis of further studies.³⁴ More recent accounts of the economic history of Northern Ireland in the twentieth century are explicitly comparative, not only with the south of the island but also Europe wide. Perhaps future studies on the economic history of Ireland could at the very least take an island wide approach rather than a narrow 'State' focus.

The chronological narrative of Bielenberg and Ryan stresses the importance of joining the EEC/EU as a key structural break in Irish economic history (e.g., p. 26). The authors quite rightly point to the 'windfall transfers from Brussels' as evidence and the gradual diversification of exports (p.27); however, this view tends to overlook the exact timing of changes. Ireland was exposed to free trade with Britain for the first time since the Economic War following the 1965

²⁹ The titles of all the volumes studied contain reference to Ireland but only Bielenberg and Ryan specifically state that their book refers to 'independent' Ireland. The other volumes have titles that do not fully reflect their central focus on the south of the island.

³⁰ Liam Kennedy and Philip Ollerenshaw (eds). *Ulster since 1600* (Oxford 2013); although this volume was broader in scope than the earlier volume edited by Kennedy & Ollerenshaw: Liam Kennedy and Philip Ollerenshaw (eds), *An Economic History of Ulster 1820-1939* (Manchester, 1985).

³¹ Andy Bielenberg, *Ireland and the Industrial Revolution*, p. 2.

³² *Ibid*, p. 7.

³³ Graham Brownlow, 'Back to the Failure: An Analytical Narrative of the De Lorean Debacle', *Business History*, 57 (2015).

³⁴ E.g., different interpretations of internal trade: David Johnson, *The Interwar Economy in Ireland* (Dublin 1985) and Philip Ollerenshaw, 'Business and Finance, 1780-1945' in Liam Kennedy and Philip Ollerenshaw (eds.). *Ulster since 1600* (Oxford, 2013), p. 188.

Anglo-Irish agreement. In that sense, as Kennedy et al. argue, trends towards free(r) trade were evident prior to the joining of the EU. Moreover, Kennedy et al. did not share the same optimistic portrayal of Ireland's entry into the EEC, suggesting that performance after entry did not live up to the hype.³⁵ In other respects EEC/EU entry was more of a reversion to pre-independence (i.e. UK) conditions: free trade, monetary union and fiscal transfers. This in turn begs the question: was independence important? The timeline of free trade – protection - free trade in the book is somewhat appealing but on the other hand leaves some questions unanswered. The encouragement of inefficient (uneconomic) manufacturing of the 1930s in many respects harks back to policies introduced when Ireland was part of the UK. The Congested Districts Board, established in 1891, subsidised uneconomic industries that collapsed once support was withdrawn.³⁶ The industries of the 1930s apparently experienced a similar fate. Why did policy makers not learn from the past?

Eichengreen and Boltho have challenged the conventional wisdom that growing European integration was responsible for development patterns by adopting counterfactual alternatives to the various aspects of the European project.³⁷ Essentially their study is an application of the Coase Theorem, as they assume that if outcomes were of benefit an alternative means to achieve the outcome would have been possible (e.g., bilateral trade negotiations etc.). Their bottom line is that the European project possibly increased European GDP by as much/little as 5 per cent compared to a non-EEC/EU counterfactual.³⁸ In this context, it would have been interesting to see a similar exercise practiced for Ireland: was EU membership all it was cracked up to be? Furthermore, entry into the EEC/EU also coincides with the break-up of the post-World War II international monetary system (Bretton Woods) and the ushering in of an era of floating exchange rates and capital mobility. Perhaps the changing international monetary system, combined with Ireland abandoning its historical links with Sterling (and opting for EMS, floating exchange rates and subsequent Eurozone), is an equally significant break, especially given the recent financial turmoil. The changed international monetary landscape has proved to be more turbulent and is also a key factor in the financial expansion of the 2000s.

FDI is also a theme that Bielenberg and Ryan highlight, showing the significance of low corporation tax (as well as EU membership) as a successful policy in attracting FDI to Ireland (p. 149), a policy that continues to attract the ire of Ireland's European partners.³⁹ Yet the question remains why was this policy adopted so late in the Free State's existence? And were efforts not taken before this? Delaware, the incorporation capital of the United States, has followed a similar path since the early 1900s by stealing a march on neighbouring New Jersey.⁴⁰ Had this

³⁵ Kennedy et al, *The Economic Development of Ireland*, pp 82-83.

³⁶ E.g., see discussion in Joseph Lee, *The Modernisation of Irish Society 1848-1918*. (Dublin, 1973, 2008), p. 128.

³⁷ Barry Eichengreen and Andrea Boltho, 'The Economic Impact of European Integration' in Stephen Broadberry and Kevin O'Rourke (eds.), *Cambridge Economic History of Modern Europe* (Cambridge 2010), pp 267-295.

³⁸ *Ibid*, p. 294.

³⁹ E.g., Ireland's low corporation tax under threat from Germany, *Irish Independent* 10 October 2013: <http://www.independent.ie/business/irish/irelands-low-corporation-tax-under-threat-from-germany-29650012.html>

⁴⁰ The following excerpt from the *American Law Review* in 1899 depicted Delaware's corporate policies in a particularly negative light: "[Delaware] consists of a few clay hills and sand bars nearly surrounded by water... the little community of truck-farmers and clam diggers have had their cupidity by the spectacle of their northern neighbour New Jersey, becoming rich and bloated through the granting of franchises to trusts which are to do business everywhere except New Jersey... Little Delaware, gangrened with envy...is

path to success been overlooked before the 1970s? Was it simply unavailable or was it obscured by protectionist policies? Kennedy et al. argued that FDI in the inter-war era was simply not available.⁴¹ Thus, this suggests that the supply of FDI was as important as the demand and the ability to attract FDI. Furthermore, Kennedy et al. were highly critical of the FDI approach and compared it unfavourably to the protectionist policies of the 1930s, implying that it was a short-term fix.⁴² Yet, Ó Gráda notes the use of Singer sewing machines by Peter Tait in Limerick to produce ready-made clothes and that Ireland was a ‘world pioneer in this industry’.⁴³ This implies that Ireland may have been a recipient of a form of FDI pre-1920s from Singer, a company that Mira Wilkins describes as the ‘first American international business’ that manufactured overseas to avoid duties.⁴⁴ A more nuanced study of the drivers of FDI over time may help unravel some of these questions in future research.

Demographic transition and human capital accumulation over time are other important themes that emanate from Bielenberg and Ryan. This is interesting considering the discussion in the other texts. Although the term human capital was not explicitly used by Meenan, he bemoaned the shortage of skilled labour in Ireland and the subsequent brain drain.⁴⁵ So did Kennedy et al., who lamented how little attention had been paid to human capital accumulation in Ireland and how instead policy had focused on more conventional aspects of capital accumulation.⁴⁶ Somewhat differently, Ó Gráda stressed the importance of human capital accumulation since the 1950s and 60s, optimistically concluding that the accumulation of human capital by both polities on the island would ‘stand them in good stead’.⁴⁷ However, he too was also critical of the subsidisation of education and the subsequent brain drain ‘of graduates in medicine, engineering and architecture’. Given the drain, Ó Gráda also questioned State funding of tertiary education, a policy criticised as being used to capture floating middle class votes, given the drain and asked whether in the 1980s and 90s ‘the brightest of the best-educated [have] been the most prone to leave’?⁴⁸ Moreover, Bielenberg and Ryan appear to equate human capital with educational attainment,⁴⁹ however, in theory human capital encapsulates on-the-job training as well as formal and informal education. In this respect, it would be interesting to determine what were the drivers of human capital accumulation in Ireland and how those determinants relate to recent cross-country datasets such as Morrison and Murtin.⁵⁰ Also, human capital can refer to quantity as well as *quality*. Perhaps an alternative perspective on educational attainment (i.e. human capital in the view of Bielenberg and Ryan) is that institutions undermined the *quality* of

determined to get her little tiny, sweet, round, baby hand into the grab-bag of sweet things before it is too late. [Delaware has enacted] a general corporation and trust law, which beats that of New Jersey “all holler”...And it looks as if the exports of that little State will consist for the future of charters and peaches in about equal quantities.’ Quoted in William E. Kirk, III, ‘A Case Study in Legislative Opportunism: How Delaware used the Federal-State System to Attain Corporate Pre-Eminence’, *Journal of Corporate Law*, 10 (1) (1984), p. 254.

⁴¹ Kennedy et al., *The Economic Development of Ireland*, p. 195

⁴² Ibid, p. 240, 247

⁴³ Ó Gráda, *A Rocky Road*, p. 51.

⁴⁴ Mira Wilkins, *The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914* (Cambridge MA, 1970), p. 37.

⁴⁵ Meenan, *The Irish economy since 1922*, p. 153-155, 157.

⁴⁶ Kennedy et al., *The Economic Development of Ireland*, pp 262-263.

⁴⁷ Ó Gráda, *A Rocky Road*, p. 233.

⁴⁸ Ibid, p. 215-216.

⁴⁹ ‘improved educational attainment, termed “human capital” in economic growth accounting theory’, Bielenberg and Ryan (p. 182).

⁵⁰ Christian Morrison and Fabrice Murtin, ‘The Century of Education’, *Journal of Human Capital*, 3:1 (2009), pp. 1-42.

human capital accumulation through various educational reforms for example the introduction of Irish as a core part of primary and secondary curriculum at the expense of other disciplines, maths and science in particular. More recently, the introduction of project maths has been linked with grade inflation and poor performance in third level courses with math modules.⁵¹

An interesting chapter which highlights the impact of recent years on the direction of scholarship is chapter 7, 'investment and credit in Irish economic development'. In contrast to what Meenan dubbed the 'enviable record of stability' and to Ó Gráda's observation that the Irish banking system 'lacked dynamism but it proved very stable', whereby no Irish bank had failed since 1885,⁵² Bielenberg and Ryan highlight the instability of the financial sector in the early twenty-first century. Chapter 7 is also a departure from previous works, most notably Kennedy et al. and Ó Gráda,⁵³ by highlighting the role of the expanding financial system; notably, for example, the origins of the ill-fated Anglo-Irish Bank are discussed despite its relative unimportance until its (over-) expansion in the late 1990s and 2000s. This chapter is a significant departure from similar chapters in Kennedy et al., who made no reference to the financial system in their discussion on investment, which is framed primarily in terms of fixed capital investment. Thus, perhaps understandably, the housing bubble and crash of the 2000s receives a somewhat disproportionate amount of discussion (45 percent of the chapter, pp. 156-164) relative to the time frame of the book 1920-2012. The discussion of investment is also of interest: in traditional studies of capital formation residential housing and dwellings are treated as part of fixed capital formation. This would have implications for Irish growth prospects as in the past dwellings played a smaller role in fixed capital formation but in the housing bubble years their contribution to fixed capital formation increased.⁵⁴

What chapter 7 could have done with is some contextualisation and discussion relating to the literature on banking and economic growth – e.g., Levine.⁵⁵ Ireland's recent banking history could also have been given greater context and analysis; Ireland's banking system emerged from the Great Depression unscathed but was unable to overcome the 'Great Recession': why? The first major bailout of the entire banking sector occurred in 2008; historically speaking, this is important. What happened between 1929-33 and 2007-2009 that made the Irish financial system so unstable? Meenan, summarising the changes in banking lending from 1939 to 1969, argued that 'the general impression is of a society in which the banking system is progressively less concerned with farmers or private individuals and more concerned with manufacturing and commerce. It is a society in which the rentier counts for less and the industrial producer and trader for more; an economy which is much more greatly monetised than it was even twenty years ago.'⁵⁶ Was it the consolidation of the banking system? Technological changes (ATMs, credit cards, internet banking, etc.)? Was it international capital flows (different monetary regime

⁵¹ E.g., *Irish Times*, 9 June 2015.

⁵² James Meenan, *The Irish economy since 1922*, p. 215; Ó Gráda, *A Rocky Road*, p. 73.

⁵³ Ó Gráda, *A Rocky Road*, notes that nothing had come of the calls for a third banking force since the 1970s, p. 176

⁵⁴ E.g., see table 8.3 in Kennedy et al., *The Economic Development of Ireland*, where dwellings account for 23 per cent of fixed investment from 1974-1984. By contrast, in 2005 and 2006 Dwellings accounted for 47 and 45 per cent of gross domestic physical capital formation at current market prices, at constant prices they accounted for 38 and 37 per cent, however the reference year was 2009:

<http://www.cso.ie/en/media/csoie/releasespublications/documents/economy/2010/nie2010.pdf>

⁵⁵ Ross Levine, 'Financial Development and Economic Growth: Views and Agenda', *Journal of Economic Literature* 35:2 (1997), pp 688-726; Ross Levine, 'Finance and Growth: Theory and Evidence', in Philippe Aghion and Steven Durlauf (ed), *Handbook of Economic Growth* (Amsterdam, 2005).

⁵⁶ James Meenan, *The Irish Economy since 1922*, p. 235-236.

following the collapse of Bretton Woods)? Was it due to moral hazard (e.g., the treatment of AIB as ‘too big to fail’ in the 1980s)?⁵⁷ Or perhaps the erosion of shareholder liability and the end of financial repression as has been suggested by Turner in the case of British banking?⁵⁸ These are all potential interesting questions that are yet to be explored; although, perhaps it is premature to undertake historical research on the recent banking crisis without access to the relevant primary source material.

Given the influence of contemporary events, the lack of attention devoted to the issue of national debt is somewhat surprising. This was a prominent theme in both Meenan and Kennedy et al.⁵⁹ Ó Gráda notes how economists began to discuss and ‘expansionary fiscal contraction’ in the late 1980s and 1990s and how the rate of debt to GDP rose over 60 per cent of GDP in the mid-1970s.⁶⁰ Although government debt to GDP ratios are shown in table 2.2 there is not much discussion surrounding this, especially in relation to the Reinhart and Rogoff magic 60 percent number.⁶¹ Here is a missed opportunity for Bielenberg and Ryan to engage with the recent scholarship on sovereign debt crises such as Reinhart and Rogoff.⁶² How could an Irish story play into this? Could a study of Irish economic history offer any insights into the impact of sovereign debt on economic performance? Another prominent issue today is inequality in all its guises, e.g., interpersonal (income, wealth), regional and cross-country. Meenan, Kennedy et al. and Ó Gráda have all looked at regional development and through this it can be seen how regional convergence took place, this is an issue which Bielenberg and Ryan have not addressed perhaps because the issue is no longer of interest given the regional development that has occurred. Income and wealth inequality is also an issue that has gained attention in recent years through the work of Piketty and co-authors.⁶³ This is a topic discussed in length by Ó Gráda and more recently by John Turner but not tackled by Bielenberg and Ryan,⁶⁴ it is particularly relevant given the uneven distribution of Tiger and bubble growth and subsequent crises. Inequality over time is an area that could be addressed in future research endeavours.

A recurring theme throughout the book is Bielenberg and Ryan’s belief in the importance of the State (e.g. ‘the State constitutes a core variable in our interpretation of Irish economic history’, p. 5 and ‘beneficial agency of the State’, p. 199). Bielenberg and Ryan might have engaged with some leading developments in the field of economic development, in particular the various works of Acemoglu and Robinson.⁶⁵ The central argument of Acemoglu and Robinson is the importance of inclusive economic and political institutions for economic growth; whereas extractive economic and political institutions are detrimental to growth and development. A crucial argument of these authors is that extractive institutions can encourage growth (e.g.,

⁵⁷ Ó Gráda, *A Rocky Road*, pp 64-65.

⁵⁸ John D. Turner, *Banking in Crisis: the Rise and Fall of British Banking Stability, 1800 to Present* (Cambridge, 2014).

⁵⁹ Meenan, *The Irish Economy since 1922*, p. 257; Kennedy et al., *The Economic Development of Ireland*, pp 90-91.

⁶⁰ Ó Gráda, *A Rocky Road*, p. 32

⁶¹ Carmen M. Reinhart and Kenneth S. Rogoff, ‘Growth in a Time of Debt’, *American Economic Review: Papers & Proceedings*, 100:2 (2010), pp 573-78.

⁶² C. Reinhart and K. Rogoff, *This Time is Different: Eight Centuries of Financial Folly* (Princeton, 2009).

⁶³ E.g., Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge MA, 2014).

⁶⁴ Ó Gráda, *A Rocky Road*, pp 90-91; John D. Turner, ‘Wealth Concentration in the European Periphery: Ireland, 1858–2001’ *Oxford Economic Papers*, 62:4 (2010), pp 625-646.

⁶⁵ The body work of Acemoglu [and Johnson] and Robinson and their underlying theses are effectively summarised in Daron Acemoglu and James A. Robinson, *Why Nations Fail: the Origins of Power, Prosperity and Poverty* (London, 2012).

Fianna Fáil crony-capitalism during the housing boom, or various incidents of localism, populism and outright corruption over time) – but that these are not sustainable (e.g., as has been shown in recent crises in Ireland).⁶⁶ Notably, corruption is repeatedly mentioned in Bielenberg and Ryan, with explicit reference to the 1990s and 2000s, especially in their conclusions regarding the susceptibility of micro-economies to corruption (p.197-198). But if we take corruption as given, why does it only appear in the 1990s and 2000s and not before?

An additional facet of the approach of Acemoglu and Johnson is that they trace the historical development of institutions – for example tracing the dual economy of South Africa to legislation introduced in 1913. Acemoglu and Johnson argue that critical junctures are important for enacting institutional changes and cite the importance of revolutions (Glorious and French). Using this paradigm from an Irish perspective would bring a scholar back to political arrangements of the seventeenth and eighteenth centuries: for example, the penal laws although downplayed by historians through their being inadequately enforced and by the fact there is circumstantial evidence of successful Catholic merchants. However, the penal laws pushed Catholics into riskier activities and there is a strong likelihood of both success and failure of merchants; hence an explanation for the growth of the professions and the lack of risk taking by Irish entrepreneurs. Although Bielenberg and Ryan begin their study from independence they do not show how the Irish ‘revolution’ affected institutional changes, unlike Acemoglu and Robinson who praise the Glorious Revolution and French Revolutions as ways of injecting institutional change. Or did Ireland inherit flawed institutions from the UK and lack the understanding/ingenuity to develop them (e.g., UK-inspired unions)? Recent scandals suggest limited institutional change (e.g., control of Catholic Church, political dominance of the populist Fianna Fáil) and that this may be a factor in Irish economic development over the course of the twentieth century. The revolutionary period created new political and economic elites, and as many of the revolutionary generation who survived into the 1920s were young, this meant they dominated Irish political and economic life well into the twentieth century. Can this be seen as a succession of generational elites; from the long-lasting revolutionary generation, to a generation of Whitaker inspired institutional developments (e.g., ESRI and IPA), to Fianna Fáil and property developers in the late 1990s and 2000s? Meenan focuses on the historical development of institutions in Ireland in tune with Acemoglu and Robinson and the important role of institutions is noted by Olson, Ó Gráda, Garvin and Brownlow but a thorough economic history is still to be undertaken.⁶⁷ Moreover, the arguments of Acemoglu and Robinson have not gone unchallenged, with notable critiques by Peter Temin and Stephen Broadberry, suggesting that without the nuanced insights of historians their approach equates to whig history,⁶⁸ thus indicating a fruitful research avenue for future scholars.

Moreover, given the very abstract discussion of the State, readers may be inclined to overlook who actually comprises an economy: individuals and firms are at the core of modern economic models and households also play a key role in decision making. This was poignantly illustrated by Meenan when concluding his study:

⁶⁶ Ibid, p. 430.

⁶⁷ Mancur Olson, ‘The Rise and Decline of Nations: Where does Ireland Fit In?’ 1989 Geary Lecture, UCD; Cormac Ó Gráda, *A Rocky Road*; Tom Garvin, *Preventing the Future: why was Ireland so Poor for so Long?* (Dublin, 2005); Graham Brownlow, ‘Fabricating Economic Development’. *Economic and Social Review*, 41, no. 3 (2010), pp 301-324.

⁶⁸ The Rise and Fall of Economic History at MIT; Geoffrey Jones, Marco H. D. van Leeuwen, and Stephen Broadberry, ‘The Future of Economic, Business and Social History’, *Scandinavian Economic History Review*, 60(2012), 225-233.

'Preceding pages have discussed lines of public policy: they have been concerned only incidentally with the actions of individuals. The emphasis has fallen on what the State has attempted to do rather than on what entrepreneurs have done. The account of events since 1922 has been dominated by the description of what policies were pursued by successive governments and why those policies were adopted. A reader might be pardoned for wondering if he were reading the economic history of a highly centralised and socialist State rather than of an unintegrated society which has chosen parliamentary democracy for its form of government and the maintenance of private property for its social inspiration. But we are indeed dealing with the affairs of the parliamentary Republic of Ireland, not with those of a People's Republic.'⁶⁹

Why has the focus in the literature been on policy and the role of the State? Is it the nature of the sources available, or is it an omission of individual action? Perhaps these are questions that a non-State focused economic history or business history more generally could address.

Conclusion

Finally, does Irish economic history matter and can we learn anything from Ireland's economic history since independence?

Nick Crafts forcibly argues that economic history *can* be important but in order live up to its potential it must learn from its component parts, economics and history, and be hypothesis-led and policy orientated rather than focusing on existing historiography.⁷⁰ In a similar vein, Charles Read has also highlighted the importance of economic history in some of the core debates in modern economics, relating to debt and growth, causation and the euro area.⁷¹ In *this* Journal, Graham Brownlow has argued against a return to historicism in (Irish) economic history. However, Brownlow also highlighted the limits of a dogmatic approach that assumes a universal economic theory, instead he argues for a more flexible methodology incorporating a hypothetico-deductive approach.⁷² Yet, in contrast to Brownlow, Crafts, and Read, Bielenberg and Ryan (p.5) have adopted a more historicist approach in their study as they argue that 'economic development can be most readily explained in *historical* terms, rather than adhering to conceptual models that have a tendency to be undermined by new directions in the national and international economy.' In a sense, this harks back to the earlier historicist approach adopted by Meenan that placed history at the centre of his work on the Irish economy. He noted that 'Irish economics have been deeply influenced by the manner in which the Irish people have reacted to, and against, their history.'⁷³ The hypothesis-driven approach (hypothetico-deductive) advocated by Crafts was adopted by Kennedy et al. and Ó Gráda, thus suggesting a shift in scholarship.

⁶⁹ Meenan, *The Irish Economy since 1922*, p. 386.

⁷⁰ Nick Crafts, 'Economic History Matters', Centre for Comparative Advantage in the Global Economy working paper no. 58 (2011), <http://www2.warwick.ac.uk/fac/soc/economics/research/centres/cage/onlinepublications/archive/> [accessed 18 June 2015]

⁷¹ Charles Read, 'Economic History is Dead; Long Live Economic History?', *The Economist*, 7 April 2015: <http://www.economist.com/blogs/freexchange/2015/04/economics-and-history> [accessed 10 June 2015]

⁷² Graham Brownlow, 'How to do we Ensure a Useful Future for Irish Cliometrics?' *Irish Economic and Social History*, 39 (2012).

⁷³ Meenan, *The Irish Economy since 1922*, p. xxvii

Elsewhere, Barry Eichengreen argues that economic history can be useful when there are time constraints on the collection and analysis of information. In this scenario, historical analogy may be a good form of reasoning in the absence of deductive and inductive reasoning. However, Eichengreen argued that analogies between the 2008 crisis and the Great Depression were used, not because it was necessarily the best but because it was well known. Eichengreen also makes the point that the present shapes how we interpret the past and that new directions in scholarship can be influenced by current debates.⁷⁴

This brings us on to the role of an historian in analysing past government economic policy. Gerschenkron argued that ‘all decisions in the field of economic policies are essentially decisions with regard to combinations of a number of relevant factors. And the historian’s contribution consists in pointing at *potentially* relevant factors and at *potentially* significant combinations among them which could not be easily perceived within a more limited sphere of experience [italics sic.]’.⁷⁵ Thus, how we interpret the past then becomes important; policymakers reading Bielenberg and Ryan will acquire convenient analogies to help make decision in future crises but they may not necessarily get the best analogies. Instead, future scholars may find interesting case studies and epochs to peruse and help develop greater understanding of the Ireland’s economic history that may help better inform future policy.

Only time will tell whether the next instalment in the analysis of Ireland’s economy history adopts an inductive, deductive or analogical approach.

⁷⁴ Barry Eichengreen, ‘Economic History and Economic Policy’, *The Journal of Economic History*, 72:2 (2012), pp 289-307.

⁷⁵ Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge MA, 1962), p. 6.