

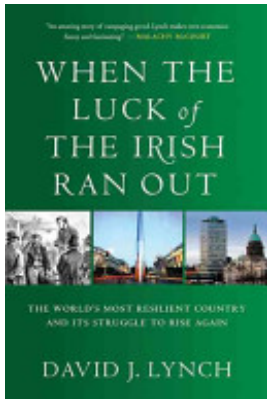
Book Review: Saving the 'Celtic Tiger' from extinction

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Steve Coulter finds optimism in the latest book by David J Lynch which looks carefully at Ireland's troubled political and economic history.

When the Luck of the Irish Ran Out. By David J. Lynch. Palgrave Macmillan. November 2010.



The phrase, 'the luck of the Irish', has often struck some commentators as odd, referring as it does to a people ravaged by [famine](#), poverty, [mass emigration](#) and periodic atrocities inflicted by the English. It may, however, help to explain why when, in the early 1990s, a fortuitous set of circumstances combined to unleash an economic boom that allowed the people of the Emerald Isle to briefly forget their unhappy past to bask in the temporary glory of being Europe's '[Celtic Tiger](#)'.

Free marketeers and globalisation enthusiasts would doubtless argue that luck had nothing to do with it. Ireland's meteoric rise was fuelled by a ruthlessly mercantilist approach to gobbling up foreign direct investment; foreign investors were lured and kept there by some of the EU's most generous [tax breaks](#). This gave rise to the first, largely virtuous, phase of the Irish economic miracle. The second phase, beginning sometime between Ireland joining the [European Single Currency](#) in 1999 and the panicked loosening of monetary policy everywhere following the collapse of the [dot-com boom](#) in 2001, was built on rather shakier foundations of debt-fuelled expansion, much of it in property. It was during this period, argues [David J. Lynch](#) in this taut and engrossing book, that the luck of the Irish truly ran out.

How did it all go so wrong, so emphatically and so quickly? There are myriad reasons, but Lynch locates many of them in a political culture founded on two dangerous national traits. First, was the fondness for loveable rogues and tolerance for corruption. Ireland's executive centralisation meant politicians balanced this by paying close attention to their local power bases, and were therefore ripe for cultivation by local interests. The book is peppered with tales of bent politicians, like Michael Lowry, forced to resign from the Fianna Fáil government for [trousering bribes and dodging taxes](#). Was his career ruined? No, he hugely increased his majority in his constituency, where he ran again as an independent. The Irish model of capitalism had always had a strong tinge of cronyism, but the country's new wealth meant the stakes were now much higher and politicians, bankers and developers mingled freely to plot their mutual enrichment. So long as everyone else was also getting richer, awkward questions about the property boom and reckless expansion of parts of the banking sector were not asked.

Second, and more understandably, was a national sense of relief that after years of bringing up the rear on nearly every socio-economic indicator in the EU the Irish now had a [higher GDP per head than the UK](#). Weren't they due a bit of luck? But luck, like credit, runs out eventually, and by the latter half of the decade, policymakers knew Ireland was engulfed in a boom it was unable to stop.

The greed undermined the original basis of Ireland's success. Lynch cites a dispiriting encounter between [Bertie Ahern](#) and the chairman of Intel, a major investor in the country. The Prime Minister was told bluntly that of the fourteen competitive factors that had persuaded the company to set up there only one remained – low taxes. Ireland's education, infrastructure and knowledge base were all now second rate.

The book ends on an optimistic note. There has been no revolution and the welfare state has been [pared back](#) but not abolished. No-one starves, although a lot of bankers and developers have taken very severe haircuts. A small nation on the edge of Europe, Ireland has no choice but to keep its economy open, and this may eventually provide its salvation.

For those seeking a punchy but not overly detailed account of Ireland's rise and fall, with enjoyable diversions into music, literature and popular culture, this book is an excellent place to start.

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