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Book Review

TOM GARVIN, 2004. *Preventing the Future: Why Was Ireland So Poor for So Long?* Dublin: Gill and Macmillan.

In the last year of peace before the First World War, Ireland had (though this book does not make any such comparison) reached a level of per capita income roughly comparable with that of Swaziland today, while the remainder of the UK was roughly where South Africa is now. Ireland's per capita income was about 55 per cent of that in the UK.[1] Swaziland is poor – reckoned a lower-middle income country; Ireland was poor, each looking to the large neighbour as the reference point, and wondering how the large average income gap could be bridged.

The turbulence of two wars and a global depression affected Ireland and Britain differently, but by the early 1950s Ireland had slipped to just half British income, and the slide was not halted until 1959. More than three decades of independence had confounded the expectations of nationalists that prosperity would follow automatically once the country was being run by patriots. What had gone wrong?

Ireland's failure to participate in the "golden era" of post-war economic growth was because two powerful players, the Catholic Church and Eamon de Valera's Fianna Fáil party did not want a modern economy with the threats to traditional morality that that would entail. This is the essential thesis of Tom Garvin's absorbing book *Preventing the Future: Why Was Ireland So Poor for So Long?* Ireland remained poor, he argues, because these elite veto players wanted it to remain unchanged, protected, safe from the modern world, and retaining traditional values; a "rural, neo-Gaelic, Catholic Arcadia". "I am not satisfied," said de Valera in 1927, "that the standard of living and the mode of living in Western Europe is a right or proper one". Fearing a modern secular world which he did not understand, he preferred to preside over what Garvin describes as a "Salazarian … moral community with little widespread wealth".

The first thing to be aware of is that the book is about the late 1940s and 1950s ("the half-generation following the end of the Second World War") and not about the 1980s. Although there is some discussion of later periods, this is not the place to look for an explanation of the "Celtic Tiger" era, which followed a generation later and after another deep crisis which sharply, albeit temporarily, reversed what had up to then been only a tentative and fitful convergence towards the frontier.

Now, this is somewhat problematic for the subtitle of the book, because the fact of

[1] Throughout I use Maddison's (2003) data on per capita GDP at purchasing-power parities. Garvin is not much of a man for numbers ("Health was a huge problem; TB, polio, diphtheria and VD…were common"), and though he does show some GDP data (Table 3) these are not adjusted for purchasing power parity and therefore worse than useless.

the matter is that only in relation to Britain did Ireland turn the corner at the end of the 1950s. For example, by 1966 Ireland had slipped further behind even Denmark, that other small, largely agricultural, economy with which Ireland was often compared whenever commentators thought to lift their eyes beyond the neighbouring island. Compared with the average of Western Europe, Ireland scored no sustained improvement until the 1980s: by 1988 Irish per capita GDP was still more than one-third below the Western European average, a level it had last seen in 1955. In these relative terms, then, Ireland was still poor more than a quarter-century after the conventional turning point accepted by Garvin.

That is not to deny that 1958-59, marked by the adoption of the policies of Whitaker's *Economic Development* and accession of Sean Lemass as Taoiseach, was indeed a turning point from the point of view of economic performance. Growth did accelerate, benefiting from a global upturn, but the most important immediate measurable economic success of the following years was the fact that emigration had slowed enough to result in sustained population growth for the first time in over a century. Although living standards were not catching-up with the rest of Europe, at least in terms of employment prospects things were looking up rather than down: having fallen by 8 per cent in 7 years, non-farm employment started growing again in 1959.

To a degree, then, the recovery was one of confidence. To that extent Garvin's main thesis, that the change was a change of heart, of vision, of ideas, is both true and bearing a whiff of the tautological. By the early 1960s the main thing that had changed was the confidence. Ireland – or at least its leaders – had stopped wishing itself into poverty, but it had not yet stopped being (relatively) poor.

Garvin is excellent in his characterisation of the anti-developmental mentality. And he finds it everywhere. Though he has his heroes and his villains, it seems that few were wholly untouched if not by hostility to change, at least by an economic nihilism. The Labour Party refused to join the 1948 inter-party government until the aircraft that had been acquired for a new transatlantic service were sold (and 200 staff laid-off) on the grounds that "only rich people flew in aeroplanes". Likewise telephone and road investments were stalled because they were thought of as merely a convenience for the rich and as such not a deserving cause for lavish public funding. Here, though Garvin does not suggest this, are clear indications of the lack of a coherent economic model of investment appraisal: the politicians and public servants enunciating these views were not simply expressing prejudices, they also lacked any adequate intellectual framework for thinking about development policy.

In particular, most contemporary observers accepted the essentially agricultural character of the Irish economy as an ineluctable given. This, surely, was the key failure of the development-minded, of whom there were more than Garvin sometimes implies. Indeed, it would have been interesting to hear more about how and why the followers of Griffith's vision of "industries and cities and a place among the nations of the earth" became so muffled. Why this loss of nerve?

Those who rejected de Valera's attitude, and this would include Fianna Fáil ministers such as Lemass and McEntee as well as many others to the right and to the left, did not present a coherent or uniform model of progress. Garvin provides many glimpses of developmental thinking, but chooses not to analyse these divergences in detail. Statists like the early Lemass were quite influential in building semi-state bodies such as Aer Lingus, Bord na Mona and CIE, but by the mid-1950s radical statists like Sean McBride lacked credibility. Market liberals, such as economics professor George O'Brien provided feeble resistance to the wave of protectionism of the 1930s, which – as elsewhere in a depression-panicked world – created socially costly monopolies and distorted agricultural production in the name of progress. Besides, the liberals were too closely aligned with J.J. McElligott's Finance/Treasury view of fiscal conservatism, to be considered progressive. (Finance conservatives managed to make Ireland almost unique among European countries in not having a public export credit guarantee scheme.)

What was needed was a unifying rallying point for the forces of progress. Of course this is what was provided by T.K. Whitaker as he seized the window of political opportunity created by the crisis of 1955-56 with its huge surge in emigration. In the years that followed, the encouragement of export-driven industry, especially under foreign ownership, a move to free-trade and an expansion of secondary education, were the hallmarks of the new determination to achieve economic progress even if that meant social change. Curiously, though, in *Economic Development* general education was barely mentioned, and free-trade treated as a threat, and we learn that the export-orientation of foreign-owned industry was in part the consequence of a last-minute protectionist-inspired change in the legislation confining ownership liberalisation to export-oriented firms.

That a change of mindset and attitude to change occurred is beyond doubt. From "thinking in static and rural ways and in ethical rather than scientific terms" to a society more redolent of *mé féin* than of *Sinn Féin*. But was it enough to put Ireland on a path of convergence to the economic frontier? Certainly, the expansion of education and trade and inward investment liberalisation that followed in the early 1960s represent elements of what are generally now thought to be important prerequisites of growth. Two decades of cross-country empirical analysis of the determinants of growth, or better, on the prerequisites for convergence – why Swaziland is not South Africa, let along Singapore – remains somewhat inconclusive, though the role of political governance, legal and finance institutions is stressed, alongside investment in physical infrastructure and in education, and demographic transitions (Easterly, 2001). Garvin has nothing to say about this literature, and indeed the paucity of references to economists' studies is striking in a book purporting to be about economic stagnation. Of the international list of prerequisites he focuses mainly on education, documenting the Church's hostility to the expansion of secondary education, a hostility which can be considered somewhat paradoxical, since, through the order-run schools, the Church itself was the provider of the bulk of this education – albeit largely for an elite. Despite isolated calls since the foundation of the State for an increase in the school-leaving age, this remained stalled at 14 for decades, until Lemass came to power. By 1961 Northern Ireland, with a population half that of the South, was spending twice the amount on education. Against this background, Education Minister Paddy Hillery set up a 'Survey Team' whose work was part-funded by the OECD and whose report *Investment in Education*, was followed not long afterwards by the unilateral introduction announcement by Donough O'Malley of the introduction of universal free post-primary education. But, taking it as a foregone conclusion that expansion of education was *the* key to the "dash for growth", Garvin ignores, for example, calculations such as those of Fitz Gerald and Kearney (2000) suggesting a slow albeit eventually important build-up in the contribution of educational skills to average living standards.

Perhaps fearing that his main *cultural* thesis will be regarded as methodologically suspect, at the very end, Garvin rather defensively cites Lieberman (2002) in support of the notion that “ideas matter”. In addition, he offers a supplementary *structural* thesis, appealing to Mancur Olson’s theory expressed in *The Rise and Decline of Nations* (1982) concerning the role of interest groups in generating sclerosis in policy making and slowing economic growth. But the reasoning for part of the analysis is not thoroughly sustained. Of course Ireland had its interest groups with a capacity to prevent socially desirable policy changes, and Garvin documents with relish the local variants of this worldwide phenomenon, especially the prelates and the Irish language movement. All that he seems to want to conclude from this discussion, though, is that a complacent elite can determine policies tilted in their direction without interruption from the electorate. But Olson’s ideas extend well beyond the existence of interest groups and their ability to derail socially desirable policy, to exploring the dynamic of group formation and dissolution. This aspect is not fleshed-out by Garvin; for example he does not explore whether the 1955-6 crisis was effective in disrupting the veto players, and he does not comment on either the judicious and, on the whole, unenthusiastic assessment by Ó Gráda and O’Rourke (1996) of the Olson model for Ireland in mid-Century, or Olson’s own (1998) defence of its applicability to Ireland. Arguably it plays a clearer role much later in helping explain the moderation of wages during the rapid “Celtic Tiger” convergence in the last decade of the century after the fiscal crisis of the early 1980s disrupted the veto power of trade union incumbents, thereby allowing the huge increase in labour force participation to be matched by job-creation.

Ultimately this is a book for historians more than economists and as such is a classic of its type. Garvin is convincing that ideas matter for policy, he documents the nature and effect of these ideas with humour, erudition and passion – and a penchant for the memorable phrase. And he is surely right that, for many influential but insecure Catholics who chose to stay in the Ireland of the mid-century, part of the charm was in the certainties of pious stasis. It is intriguing to learn that as late as 1965 the content of debates in Dáil Éireann were as much about whether change was desirable as what the direction of change should be. Fear of modernisation delayed its arrival for a half-generation. Then, when it had only begun to spread, its potential to deliver a convergence of living-standards would again be derailed for another half-generation by the fiscal errors after the first oil crisis. But that is another story.

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