How Green is the Emerald Isle?

Concerning the "orthodox" economic development of Ireland

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CURRENTLY STRESSED by economists and statesmen concerned with economic matters is "economic development." The phrase refers to planned economic growth for certain areas. The areas almost cover the globe, for practically every nation of the world has some sort of program for economic development. In the United States, virtually every state and major municipality is similarly imbued. The drive is for new industry, new capital to provide jobs and tax revenues.

For the so-called "underdeveloped" nations, the matter is especially pressing. The clamor is to "catch up" with the advanced economies. Native populations demand the good things of life, and to a large degree a politician's security depends on his getting them. How he gets them adds up to what Economist P. T. Bauer of Cambridge University labels an "orthodoxy." The orthodoxy generally calls for exchange control, inflationary schemes, tariff protection, full employment policies, tax gimmicks, government loans – in a word, intervention, ranging all the way to outright socialism.

The frustrations of applied economic development are readily found in Ireland. The de Valera government has an aggressive development campaign underway. Advertising and brochures proclaim the virtues of the Irish economy and invite foreign capital. For foreign investments the government will pay as much as the full cost of site and plant and half the cost of machinery and training. A statement in the brochure, *Opportunities for Industrialists in Ireland*, reads: "No income tax or corporation profits tax is payable on profits earned on new exports for a period which for the present is five years." The five-year period has just been increased to ten. An Irish Industrial Development Authority has been established which includes a mission in the United States to help drum up American capital.

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The Need for Capital

The Irish government has plenty of reasons to be hungry for capital. Ireland is a poor country – its annual per capita gross national product is but $509 (Switzerland, by way of contrast, is $1,229; the U.S. is $2,343). Pockets of unemployment persist. Marriages are delayed. The migratory flight of Irish, mostly into Britain, numbers around 40,000 a year. And Ireland's greatest rival, Northern Ireland, which has "kept the link with Britain," has long been more prosperous, recently winning such additional foreign investments as a Du Pont plant making neoprene synthetic rubber at Londonderry and a Chemstrand plant making "acrilan" fiber at Coleraine.

And on the face of things, Irish investment looks good. Labor is plentiful. Wages are among the lowest in Western Europe. There's a superabundance of water for industrial use; a lot of relatively cheap electricity from peat; good deep-water ports; easy air access to the rest of Europe; and of importance to British, Canadian, and American capital, English is an official language.

But probing deeper, the visitor to Ireland finds that all is not green on the emerald isle. Take the matter of language. Is English assured? A tremendous effort is being made to restore the ancient tongue of Gaelic. Gaelic study is compulsory in all public schools. Bar examinations require Gaelic proficiency. Then the Irish Revolution is still, seemingly, being fought. Both parties, Fianna Fail and Fine Gael, demand the end of "partition." They want union with the North – but under Dublin rule of course. Unofficially, the IRA "army" of Irish patriots conducts sporadic raids on military and industrial installations in Northern Ireland and ammunition depots in Britain, sometimes inflicting great damage, while the Irish government looks the other way.

Investors Are Discouraged

The economic complications are even more significant. While expropriation of foreign capital is forbidden by law, there is enough nationalization around to worry the foreign investor about subsidized competition. Completely government-owned are electricity, steel manufacturing, peat, and rail and bus transport. The Irish government is either the only shareholder or the majority shareholder in the following companies: Irish Air Lines, Irish Shipping,