

EXPORTING OUR PROBLEMS

Book Review:

The Irish Economy in a Comparative Institutional Perspective.

Lars Mjoset. NESCC, December 1992.

Norwegian sociologist Lars Mjoset was commissioned by the National Economic and Social Council to compare Ireland's economic performance with that of several other more successful small European economies such as Finland and Denmark. Mjoset identifies in Ireland a basic vicious circle which rotates around two facts: a weak national system of technical innovation, and population decline via emigration.

Mjoset identifies emigration and our attitude to it as the most important factor in understanding Irish economic development over 150 years. Rather than emigration being viewed as undermining society it was seen as necessary to ensure the wellbeing of those who remained in a largely static society. Mjoset contrasts the experience of Sweden in the early part of the century when it was also experiencing high emigration. In the Swedish case a coalition of social and economic forces came together and introduced policies which ultimately reversed the emigration trend. No such coalition has ever emerged in the Irish context. Ministers and economists do not talk about the failure of the economy to produce sufficient jobs for all our people. Instead they see the shutting off of emigration opportunities as being at the core of our current high unemployment. In fact emigration has had two baneful economic effects: most potential entrepreneurs chose to emigrate; and emigration prevented any pressure building up to improve social and economic policy.

Mjoset points out that patterns of growth and development tend to vary as between industrialised countries and Third World countries. Ireland shows characteristics of both types. Its lack of innovation and technical progress, and failure of import substitution, is characteristic of the Third World. This would normally lead to poverty and marginalisation. In Ireland's case this did not happen because so many emigrated. A major factor in preserving the vicious circle of

lack of innovation and emigration was the pattern of Ireland's trade. The Republic started with a minimal manufacturing base, and the loss of Belfast was a major blow. The dominant activity remained the exports of live cattle to Britain and very few industrial activities could relate to these exports. The prosperity in the cattle trade reinforced a conservative rural society which itself became part of the vicious circle. Moreover in comparison to other European countries Ireland hitched its wagon to the wrong star, tying itself to Britain's decline rather than Germany's economic miracle.

Since the late 1950s Ireland has tried to import a foreign system of innovation. Ireland has provided mostly labour to this system, but very few native Irish firms interact with it. It is possible to import industry but it is not possible to import development. Mjoset stresses that a major task for Ireland in the 1990s must be to stimulate a system of innovation which is truly home-grown. This is of course also a major thrust of the Culliton Report, as it was of the Telesis Report, and is also strongly underlined in the bishops' recent pastoral, Work is the Key.

Mjoset's study comes as a crucial time for national economic development given the recent painful experiences associated with our membership of the EMS. Many voices have been raised in favour of a return to the British sphere of influence on the basis that we never really left it in the first place. Mjoset's analysis suggests that this would be a disaster. However there are no easy choices. Many now speculate that Germany will increasingly look eastward rather than westward in determining its policies. However the choice of trading partners seems irrelevant compared with the task of tackling our structural problems.

Interestingly, Mjoset warns against any talk of consensus being the core of the success of the other small countries studied. He rightly points out that a long run consensus has operated in Ireland but it has been built around ongoing emigration and the perpetuation of a static society. The issue is not consensus as such but what the consensus is built around.