

Lessons Learned from the Celtic Tiger: The Strategy for Economic Renewal in Ireland.

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PRE-CELTIC TIGER BLUES, 1980S



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1980 Exchequer Balance = -13.4% of GNP

National Debt > 100% of GNP

Unemployment = 11% of workforce

High net emigration

DIFFICULTIES CONTINUE



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- ▣ Total employment continues to fall until 1990
- ▣ Unemployment reaches 17% in 1990
- ▣ Net emigration continues



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BUT SOME PROGRESS....



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- ▣ Inflation falls from 20.4% in 1980 to 3.1% in 1987, continues downward until 1999
- ▣ External trade balance goes from - 16.5% GNP in 1981 to overall balance in 1984 and continues to improve thereafter
- ▣ EBR goes from 15.7% GNP in 1981 to 3.2% in 1987

FIRST PARTNERSHIP DEAL, 1987



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- “An appropriate pattern of pay development has an essential part to play in the success of the Programme. Lower income taxation and a low level of inflation can help to bring about more moderate pay expectations. It is for this reason that the Government as part of tax reform under the Programme intent to make the income tax reductions outlined in Section III.”

PROGRESS UNDER PARTNERSHIP



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- ▣ Annual growth rate of GNP rises from $< 1\%$ in 1984-86 to 3.5% in 1987-89
- ▣ Total employment in manufacturing and services begins to increase, total unemployment begins to fall
- ▣ Further improvement in Exchequer position



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SCOPE OF PARTNERSHIP WIDENS...



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- ▣ Commitments on Social Welfare payments
- ▣ Pupil/teacher ratios in primary and secondary schools
- ▣ Commitment to 6-year cycle of secondary education
- ▣ Support measures for educational disadvantage
- ▣ Commitment on place numbers at third level
- ▣ Commitment to increase ODA budget
- ▣ ...and more....

FURTHER AGREEMENTS, MORE FANCY NAMES....



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- ▣ The Programme for Competitiveness and Work ('94)
- ▣ Partnership 2000 for Inclusion, Employment and Competitiveness ('96)
- ▣ Programme for Prosperity and Fairness ('00)
- ▣ Sustaining Progress: Social Partnership Agreement 2003-2005
- ▣ Toward 2016: Ten-Year Framework Social Partnership Agreement 2006-2015

MORE AND MORE "PARTNERS" ...



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 INOU

 The Community Platform


 CORI

 NWCI

 NYCI

 SVP

 Protestant Aid

 And more, and more.....



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PARTNERSHIP BEGETS...



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- ▣ Benchmarking Group
- ▣ Public Service Monitoring Group
- ▣ National Framework Committee for Equal Opportunities at the Level of the Enterprise
- ▣ National Framework Committee for Work/Life Balance Policies (truly!)
- ▣ Office of the Director for Employment Rights Compliance
- ▣ National Centre for Partnership and Performance
- ▣ And more and more...

WHAT WORKED?



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- ▣ Fiscal common sense established as an essential ingredient in public policy
- ▣ Moderation in taxation in return for moderation in wage demands
- ▣ Emphasis on human resource development as a tool of adjustment



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