

Lecture2 Celtic Tiger summary

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● The Celtic Tiger

- The Irish economic miracle called the Celtic tiger. It's from Asian tiger.
- High technology produced from Ireland. (For example Windows, Dell computer)
- Late 1980s conventional wisdom , and now Ireland getting richer.

● Ireland economy

1922	Irish Free State established
1932-57	Protectionism
1932,34	Control of Manufactures Acts
1950s	No post war boom : annual emigration over 40,000 per year
1965	Anglo-Irish Free Trade Agreement
1973	Joined EEC(European Economic Community)
1979	Break with sterling after joining the European Monetary System
1970s	First Oil crisis
1979-81	Expansionary macroeconomic policy
	→Failed to deliver on employment targets , create huge debt

● 1980s Crisis

Young People flow out overseas.

Crisis : Government debt has reached 125% of GDP

Fiscal retrenchment

→Social partnership established , International Financial Services ,tax incentive programs

So many people began to return to the Ireland.

1992 Ireland join European Monetary Union

The Ireland economy shows gradually improvement.

GDP per person, economy grew at an annual average rate , Employment.

• • • The Tiger Roars!

The period 1998-2000, Ireland been ranked No.1 in terms of global rates.

●Why Ireland has grown so rapidly?

- Low corporate tax rate
- English speaking but committed to Europe
- Generous IDA grants
- Low Labor costs

●Today Ireland's economy

Agglomeration economies

And more, strong links between high-tech firms and third-level education institutions and there is responsive lines of between government and business. IT sector is major in Ireland.

- Dividing growth in Ireland : Centripetal and Centrifugal
- Contribution from FDI
- Reduction in taxation, Explosion in Demand

Now infrastructure deficit , labor shortages...The taming of tiger.

→But GDP growth is highest among the OECD, Employment strong growth, lowest unemployment rates in Europe , high population growth.

The celtic tiger still roars!

Ireland's Migration(in thousands)

	96	97	98	99	00	01	02	03	04	05	06
Out	31.2	29.0	21.2	29.0	22.3	19.9	25.6	20.7	18.5	16.6	17.0
In	39.2	44.0	44.0	47.5	42.3	46.2	66.9	50.5	50.1	70.0	86.9
Net	8.0	15.0	22.8	18.5	20.2	26.3	41.3	29.8	31.6	53.4	69.6

●The future

- Is association with Ireland still fashionable?
- Will the boost to Irish confidence from the success of the Tiger be long lasting or...
- Have we embraced hubris as our nemesis?
- Ireland's commitment to education continue?
- Will increasing competition for inward investment takes its toll?
- What will be the impact of EU enlargement and what would be the impact of EU tax harmonization?