Ireland Austerity Addiction: Challenges & Opportunities

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Ireland’s Austerity Addiction: Challenges & Opportunities


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Introduction

The current hold of austerity on Irish public policy provokes a comparison with addiction. Postliberalism, the form of austerity Ireland is hooked on, brought the country to its knees. It tied the millstone of bank bailouts around Ireland’s neck, slashed its education and health spending and meant its budgets were closely supervised by the Troika of the Europe Union (EU), the International Monetary Fund and the European Central Bank from 2010-2013. Unemployment spiked and there was an exodus, particularly of young people, from the country. This was a period of national humiliation as economic sovereignty evaporated in a deal described as being more akin to the Versailles Treaty than the Marshall Plan (O’Toole, 2010a). Yet, Ireland is once again on a postliberal high with centre-right parties topping the polls, the national economy being celebrated once more as a triumph of postliberalism (Zehorai, 2015) and soaring house prices being taken as a return of the good times. Rising homelessness, prohibitive rents, the precarious nature of Ireland’s competitive corporate tax position and the bubble in land prices on while discussed, are more rationalised away than rationally dealt with. At the same time local authorities administer austerity as they reduce property taxes (Power et al., 2018).

This pattern is not a new one to anyone familiar with Irish economic history (O’Rourke and Hogan, 2017). Neither is Ireland alone in its addiction, indeed its place in the network of austerity is one of its main dependencies. What are the impediments to escaping this addiction and what are the opportunities for both Ireland and the world to move this postliberal condition? To answer these questions requires a broader sweep than is possible in narrow academic papers. This paper therefore addresses all those with an interest in how we might jointly govern our societies in a way that goes beyond the austerity of vested interests and simplistic solutions. It draws on the work of social scientists that makes such experts a useful but not dominating contributor to the conversation. To do this, we firstly provide some of the general background to the postliberal condition we are now in, before giving a briefing some relevant details on Ireland’s situation. We then suggest three opportunities for Ireland and elsewhere to progress from where we are now. Our conclusions, we hope, are both realistic and enabling, but cry out for continuing the conversation.

Background
Many of us had hoped that a silver-lining to the Great Recession would be a critical juncture in policy but alas there was no great shift to a new paradigm. As elsewhere, this is true in Ireland where indeed a major change was a postliberal one: the ending of social partnership and the removal of the trade unions from the corridors of power (Hogan and Feeney, 2012; Hogan and Timoney, 2017). What we got was the ‘strange non-death of neoliberalism’ (Crouch, 2011), the survival, indeed deepening of the ‘austere’ state (Blyth, 2015; Dardot, Laval, & Eilliott, 2014; Regan 2012) and a resurgence of ordoliberalism (Bonefeld, 2012; Siems and Schnyder, 2014).

Yet postliberalism is stretched & stressed (O’Rourke & Hogan, 2014; Regan 2012). Some have suggested that neoliberalism is brain-dead and we are dealing with ‘zombie neoliberalism’ (Peck, 2010). There does seem to be something of the undead in the survival of austerity, but, as Peck points out, neoliberalism is a flexible entity that can easily learn from its failures. Certainly, in its interchange with ordoliberalism, elaborations of behavioural economics and mechanics of marketcraft (Vogel, 2018), it is capable of offering enough intellectual challenges to bright minds in the social sciences for years. Postliberalism has not run out of intellectual games to play, and can entertain more than zombies. The new problem for postliberalism is not with brains but with hearts: it does not provide its users with the same emotional hit that it did before.

The emotional hole in postliberalism is shown in the rise of progressive protest movements, the nationalisms/nativisms of Trump, Brexit, Putin etc. and the more explicitly neofascist. Neoliberalised Social Democratic parties are declining not because their ranks lack intellectually interesting and sophisticated individuals but because Social Democracy lacks the emotional punch it provided in building post-War European democracies. Neoliberal revivalists like Marcon and Trudeau have their successes because they offer something emotionally fresh. Marcon and Trudeau offer youth, good looks and intriguing personal stories. But these novelties are additions to, not core features of, their postliberalism.

Postliberalism’s compatibility with democracy is increasingly in question. A favourite insult seems to be ‘populist’, as if the worst attribute a view could have is to be favoured by the masses. The old liberal fear that civilization will be swept by democracy have resurfaced, despite the lessons from the 1930s. Peter Thiel and others have been very honest about their problems with democracy (Tarnoff, 2016), and opposition between liberal freedom and democracy has been critically analysed (Kiely, 2017). While postliberals used to hope that political freedom would follow, perhaps after some a troublesome transition period, this bet has failed in China and in the middle-east on multiple occasions (Bustos, 2003; Hogan and Cavatorta, 2013; The Economist, 2018).

So, while postliberalism is still dominant, it does not give the same kick as before. Some of its addicts, like those market fundamentalist Brexiteers seek a higher dose of purer neoliberalism. Elsewhere fresh faces and charming celebrity provides a patch-up and sufficient veneer of progress.
Others mix up a new cocktail which spikes postliberal with nativism like those who still back Trump on the right of America’s Republican party.

**Ireland Dependencies: Policy paths, Networks & Developments**

Ireland’s particular addiction to austerity runs deep and can be traced through liberal, Keynesian, neoliberal and ordoliberal austerity historically embedded since the foundation of the state (O’Rourke & Hogan, 2017; Hogan and O’Rourke 2015). Neoliberalism has dominated Irish media and political discourses (Mercille, 2014; Phelan 2007a&b; O’Rourke & Hogan, 2014) even to the extent that economists have been demonised for not being neoliberal enough (O’Rourke & Hogan, 2017). Austerity’s alleged success in Ireland (Kinsella, 2012) shows how constructing austerity as success depends on all sorts of retrospective fixes to central problems in liberalism (O’Rourke & Hogan, 2017).

A number of particular policy path dependencies tie Ireland to austerity. A strong path dependency is an almost exclusive focus on Foreign Direct Investment (FDI) as the economic development strategy. This is persistent and has been resistant to significant change since the late 1950s (Bailey and Lenihan, 2015; Cooper and Whelan, 1973; Hogan & O’Rourke, 2015; 2016; Telesis, 1982). It is embedded not only across public policy, where it is hard to exaggerate its influence on everything from education policy to local planning. It is a given in public discourse and the media—a recent example is the extraordinarily soft and peculiarly lengthy interview given to Apple CEO Tim Cooke concerning Ireland’s desire for Apple to keep the €13bn tax revenue of that the EU commission believes Ireland is owed (Graham & O’Rourke, 2017). As of 2017, the FDI sector accounted for 174,000 jobs in an economy of just two million workers, the highest level of FDI employment in Europe (Wickham & Bobek, 2017). While Ireland’s informality in environmental management might have been attractive to some FDI from the 1950s, large scale corruption seems to have infected the whole system from the 1980s under the leadership of former Taoiseach, Charlie Haughey (O’Toole, 2010b), with neoliberal legal light touch regulation being embraced by Ireland around the same time (Chari and Bernhagen, 2011; Kelly, 2014). While low corporate taxation on FDI has long been a feature of Irish policy (Barry & O’Mahony, 2017), its prominence grew particularly from the 1980s in line with the growth of international corporate tax competition (Devereux, Lockwood & Redoano, 2008). Ireland’s statutory rate was only moved to 12.5% (from even lower but EU incompatible rates) in the later days of the Celtic Tiger by the profligate neoliberalism of Minister for Finance, Charlie McCreevey (O’Rourke & Hogan, 2017).

Ireland, in its austerity addiction, is co-dependent with its partners and its place in the global economy. Ireland is networked into the international system given its high degree of international openness to labour, trade, and investment (Barry, 2009; Regan & Brazys, 2018). This severely limits Ireland’s freedom and must inform Irish policies and analysis of those policies: Irish progressives
will not achieve much if they merely increase Irish corporate tax rates, yet total corporate tax takes internationally falls. The fact that the top corporations have managed to reduce the tax they have paid -even since 2008- despite all the increased talk of the need for corporations to pay their fair share (Toplensky, 2018), suggest this is a real danger (Woodward, 2017).

Yet, Ireland’s involvement internationally does provide some opportunities as well as challenges, uncertain as the international scene might be. The current, and most likely continuing, scenario is that Ireland will be ever more integrated in a more ordoliberal EU. Such ordoliberal forces have been largely responsible for the ravages inflicted by austerity in Europe. However, ordoliberal regulation may help strengthen anti-corruption forces in Ireland and perhaps even fight some of the lighter light touch regulation: Stewart and Doyle’s (2018) work, for example, on the use of Section 110 by Russian money is the kind of work that would harness such forces in Ireland. Ireland’s fourth mode constitutionalization of austerity (giving official symbolic power to those advocating austerity, see McBride, 2017, p. 172) is at least making that influence explicit. The increased role of professional economists in policy making is now more formalised too. These changes may at least allow what was more informal before to now be subject to public critique and debate.

Even the uncertainty and the threat from the far right are signs that we are not the only ones looking for alternatives!

**Opportunities: Building Trust and Trustworthiness**

People are rightly cynical of manipulative media campaigns but even the educated are remarkably vulnerable to being misled by the media, and especially new media. The rise of the ‘Intellectual Dark Web’ (Kishere, 2018) where figures like Sam Harris, Jordan Peterson and Ben Sharpiro shows that while new media can be a stimulating, idea-rich and popular content source for educated people, the resulting conversations are not necessarily open and critical. Indeed, some of the reactions to traditional media engagement with the debate (Channel 4, 2018) seem in danger of sealing the minds of enthusiasts from criticism metaphors of conspiracy (see comments surround the YouTube post of the Channel 4 video and Fuller, 2018). Though the ‘intellectual dark web’ is a multifaceted place, the right-wing have established themselves as major and early players (for example, www.econtalk.org). Yet being followers means we can learn from their experiences. It seems clear we need to build, for new and old media alike, mechanisms for critical open and trustworthy discourse while honestly promoting our own viewpoints.

We need democratic discourse but cannot expect everyone to be a specialist. Even as the level of education deepens, it is necessarily more about less and less as we all hyper-specialise (Millgram, 2015). People’s level of education today means that they thirst for deeper explanations and can
handle complex ideas. Yet, even the highly educated are dependent on hard-to-appraise experts and vulnerable to echo chambers (Nguyen, 2018). As social science specialists we need to respect both the intelligence and time of the public. As social scientists with equality and democracy at our core, we are well placed to provide trustworthy understanding and humble judgements to counter the elitist tendencies of diploma democracy (Bovens & Wille, 2017). We have the values and the traditions to keep social science experts (including ourselves) ethical, honest and in a public service ethos.

Economics is one area that is ripe for this. Though engaging with mainstream economists can be a dangerous business, as economics entanglements with postliberalism runs deep (FitzGerald & O’Rourke, 2016), the era of Keynesian economics showed there are some possibilities. In any case, we need to keep these mainstream economics experts - paradoxically more powerful since the Great Recession - accountable.

The area where perhaps more democratically orientated social science specialists have been weakest is in not recognising how specialist our work has become. In our anxiety to keep the discourse democratic, we do not work enough on making sure our ideas are served up in a useful way for the non-specialist. We rightly fear packaging up messages in a way that they are consumed without thought. Yet we can unpack our theories in a way that is respectful to others: exposing the profligate spending on creating private profits involved in public infrastructure (Whiteside, 2017), need not always be accompanied by explanations of why postliberalism constructs such commandeering of citizens’ cash as an essential to construct of their liberal freedom. The relative lack of ties among progressive networks exposed by (Plehwe, Neujeffski & Krämer, 2018) is a sign of our reluctance to loosen and unpack our ideas so they can travel among a broader and more differentiated movement. There is much potential in such unpacking.

Opportunities: Forthright and Fair Frames

Social science has revealed much that can liberate humanity in how we talk and think. A key discovery that raises our consciousness and frees us from believing everything we think, is the idea of frames. Thinking of the economy as a natural, emergent entity like the weather is a frame that fools us into thinking the economy it is beyond our influence to shape it for our needs. In contrast, framing the economy as a computer program that needs to be debugged and in need of a redesign, highlights that we could do something about it (NEON et al, 2018). Frames are structured (familiar, emotionally charged, morally salient) ways that we use habitually to understand the world (Entman, 1993, Goffman, 1974; Lakoff, 2014;2016; NEON et al, 2018). Much work needs to be done on frames and some scepticism is appropriate where very strong, specific and hegemonic use of particular frames is uncritically advocated. However, work on frames does point to opportunities for improving the way progressive social sciences can communicate.
A widely accepted finding about frames is that before people can use frames they need to be familiar with them. Without the frame of the economy as software, its crashing can most easily be blamed on individual bad drivers. Framing the economy as software, prompts us to seek a debugging or change of the system in response to its crash. Repetition of progressive frames of how the economy is more than markets is needed so that a conception of an economy beyond markets can be used by non-specialists in understanding and participating in the debate. We need not reduce all social science insight to the same simplistic frame but we do need to communicate repeatedly in different contexts, clear simple frames for understanding society. These frames would be boring to a PhD class in the specialism, and leave out subtleties necessary for scholarly work but their repetition is essential for well-educated, smart non-social science specialists to understand and participate in the governance of complex contemporary economy societies.

Research on frame theory, and discourse more generally, points out how negating a frame actually invokes it: the instruction not to think of an elephant, summons the vision of one to your mind (Lakeoff, 2014). Yet we need to name the phenomena that are creating havoc in our society, so we rightly point to the dangers of austerity in our anti-austerity and AltAusterity seminars. We carefully specify neoliberal and ordoliberal discourses detailing how these false gods impose their particular sacrifices. Yet in calling them liberalisms, we risk reviving the idea of liberal freedom that classical liberalism’ failed to deliver, a failure evidence by the rise of ordoliberalism and neoliberalism. Postliberalism is a more accurate label to acknowledge the abandonment of freedom in the ideologies and discourses concerned. Postliberalism calls attention to the fact that all these attempts to revive classical liberalism have abandoned some element of its old freedom: Neoliberalism on having freedom in anything but the market, Keynesian New Liberalism on freedom from benign elite technocrats and ordoliberalism on free emergence and self-government of markets. The term postliberalism also points to how the logics of these ideologies often leads to authoritarianism.

The practices of postliberalism can often be usefully called financialization. Those who work across our hyper-specialised world understand how the subtleties of their particular niches are so often mismeasured by various rating agencies from the unstable credit rating of debt to the Byzantine ranking of universities or those involved in the politics of measuring the impact of social programs (Joy and Shields, 2017). Financialization requires these calculating devices however they miscalculate and reduce everything to a price acceptable to the powerful interests in markets. The ubiquity of these miscalculations means their dysfunction in different contexts is something to which most workers can in their diverse specialisms, relate.

We need to use framing to enhance, not suppress, democratic discourse.
Opportunities: powerful postliberal tensions

With the 1980s version of postliberalism under threat from culpability in the crisis that caused the Great Recession, Postliberalism is in flux worldwide. In Ireland, at least, this has given to a reenergising of ordoliberalism. This presents some dangers and some opportunities.

The first danger in the ordo-neo postliberal debate is being recruited on to one side or the other. Ordoliberals are doing good work when they point to the recklessness of neoliberal tax giveaways, and giveaway privatisations. We should support them in such criticisms, mainly by letting them do their good work. However, let us not let ordoliberals off the hook for their denial of macroeconomics or their faith in elitist technocracy. Neoliberals may well join us in holding ordoliberalism to account for some of these errors and again, we should them support them on those points.

However, our main stance should not be to stay within the confines of postliberal dilemmas but provide alternative frames that celebrate accountable expertise, promotes democratic discourse that involve listening to communications from specialist beyond the miscalculations of market signals. We need to ask all postliberals about why austerity applies to some, while excess is the order for others (McBride & Whiteside, 2011; O’Rourke & Hogan, 2017). We also need to probe the deep and costly corruption that postliberal in practice promotes.

Conclusions

To break free from our addiction to austerity we need to understand, and share what has gone wrong in economy and society, especially since 2008. We have to expose postliberals’ failure to deliver freedom. We have to unpack our research more so that it can be used by a wider network. This involves providing more useful frames to support democratic governance, and keeping social science experts honest and accountable. We need to start thinking about economic and political freedom as one and the same. Rather than resurrecting, replaying and contorting further postliberal ideas, we need to develop new frames that liberate, rather than capture us.

References


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