

ECONOMIC DEVELOPMENT AND CULTURAL CHANGE

NÉMETHOVÁ ILDIKÓ¹

Összefoglalás:

A tanulmány célja, hogy a kultúra és a gazdaság közötti szakadékot átívelje, meghatározza a kultúra gazdasági teljesítményt befolyásoló szerepét és elemezze a gazdasági fejlődésről alkotott elképzeléseket. Ezeket a vizsgálatokat alapul a tanulmány központi témája, vagyis az írek késlekedő fejlődése a függetlenedésük után. Miért nem kezdődött el az ír gazdasági modernizáció a 60-as évekig? A magyarázat keresése közben a kultúrából adódó akadályokat azonosítottunk, amelyek a korai ír gazdasági fejlődés útjában álltak az 1921-et követő években. Mindezt a 20-as évek konzervatív kultúrpolitikája és a 30-as évek protekcionista gazdaságpolitikája tovább erősítette.

Kulcsszavak:

Gazdasági fejlődés, modernizáció, konzervativizmus, modernitás

Summary:

This paper aims to bridge the divide between culture and economics; to conceptualise the role of culture in influencing or conditioning economic performance; and to analyse the idea of economic development. These analyses and examinations lead directly into the main focus of this work, which is the problematic character of Irish developmental delay after independence. Why did the Irish economic modernisation not commence until the early 1960s? In seeking to explain the delay of Irish economic modernisation, deep cultural obstacles are identified which lay in the way of any early Irish development in the years after 1921. These obstacles were rendered more powerful by the politics of cultural conservatism initiated in the 1920s and the protectionist economic policies of the 1930s.

Keywords:

Economic development, modernisation, conservatism, modernity.

This work tries to create an overall understanding about the relatedness of culture and economic development by demonstrating Ireland's success from an economic perspective and emphasising the lessons that must be learned in the future, namely that prosperity should not be squandered, but should be built upon and used for the common good.

In sum, this work attempts to explore and analyse how culture affects societies in their efforts to achieve economic development; how efficient economic and political governance can remove or alter cultural obstacles to progress; how development transforms a society from traditional ways of thinking to modern modes of conduct; and how modern Irish culture could inspire economic and political alternatives and reinvent a different future for the nation. Furthermore, it analyses the interrelatedness of culture and economics and suggests that cultural values matter in the economic progress because they shape the way individuals think about progress, and they form the principles around which the economic activity is organised. It examines how culture influences the behavioural patterns of groups of individuals and how these behavioural patterns influence the economic, political, and social outcomes of a society.

Culture is a significant determinant of a nation's ability to prosper because culture shapes individuals' thoughts about risk, reward, and opportunity. Cultural values matter in the economic progress because they shape the way individuals think about progress, and they form the principles around which the economic activity is organised, and without economic activity, progress is not possible. Economic progress depends on changing the way people think about wealth creation. This means changing the underlying attitudes, beliefs, and assumptions that have informed the decisions which resulted in inefficient economic performance.

¹ Vice Dean, University of Economics in Bratislava, Faculty of Applied Languages, Department of Intercultural Communication, Dolnozemska cesta 1, 852 35 Bratislava

Although capitalism had flourished across continental Europe in the nineteenth century, in Ireland development was impeded by the power of the Church, the agrarian nature of the society and the power of nationalism as the overriding political force. In the emerging global economy, Ireland was forced to contribute cheap labour and capital to building up the productive capacity of Britain; it was only an agricultural district of England.

The advent of Irish modernity is typically ascribed to some time between the end of the eighteenth and the mid-nineteenth centuries, with the United Irishmen Rebellion of 1798, the Act of Union in 1800, the Catholic Emancipation in 1829 and the Great Famine in the late 1840s. The Irish transformation from an early to a more advanced modernity is conventionally situated in a wider Euro-American context; contributing forces include the influence of the American and French Revolutions on the development of Irish Republicanism; the impact of British Industrial Revolution on Irish economic subordination and underdevelopment; the technological dominance of the Anglo-American industrial world with its gravitational effects on Irish migration and diaspora from the nineteenth century onwards; and the ideological wars between clerical and secular forces.

In the early modern period, Ireland was a bitter theatre of war between European Reformationist and Counter-Reformationist forces. Since the increasingly centralised British state never secured the mass conversion of the Gaelic population to Protestantism, Ireland, unlike neighbouring peripheries such as Scotland and Wales, remained a largely Catholic country. The distinction between Catholic and Protestant, one of the enduring axes of Irish socio-cultural division, indicated a conflict between the pre-modern and the modern: Catholicism was equated with the traditionalism, superstition and dogmatic Gothic authoritarianism of the pre-modern, while Protestantism with the enterprise, rationality, materialism and liberalism of the modern. As a result, the minority Protestants were the exemplary bearers of Irish modernity, while the Catholic masses remained trapped in traditionalism.

If Catholicism seemed to render Ireland anomalous, its capitalist development was also perceived as strangely aberrant. Ireland's population doubled from four million in 1800 to over eight million by the 1840s. This remarkable demographic expansion, however, was not accompanied by wholesale industrialisation along the lines of England, Scotland or Wales. Even after independence, Ireland remained largely a dependent agricultural economy, primarily a supplier of cheap food to Britain, and its levels of emigration remained by far the highest in the entire British Isles regions.

While in Europe modernity was associated with domestic innovation, industrial trailblazing and national aggrandisement, the Irish perceived modernity as the destruction of the Gaelic culture. This generated a heightened intellectual scepticism and antipathy towards any political or economic modernisation. As a result, Ireland remained a largely Catholic enclave within a Protestant British state; a chronically underdeveloped economy situated alongside the most industrially developed European economy; a feudal or semi-feudal redoubt; an overwhelmingly rural and, devoutly religious society until virtually the end of the twentieth century.

The grand vision of Eamon de Valera (1932–59) was to turn Ireland into a rustic, Gaelic-speaking, devoutly Catholic nation, where traditional morality prevailed over materialism or modernism. De Valera was successful in achieving this goal. At the end of the 1960s, the Irish Republic was the most socially constrained, least developed country in Western Europe. It acquired a reputation as a national culture distinguished by its antipathy to the modern until the 1960s. Fortunately, Ireland has undergone a revolution since being freed from the shackles of de Valera's pastoral and clerical ideology.

Ireland provides an interesting and subtler example of the complex relationship that exists between nationalism and liberalism. Irish nationalism emerged first as an anti-colonial movement. After independence Irish nationalism was conservative as the leaders of the post-colonial state sought to re-create a pre-modern and pre-liberal past. As a result, nationalism emerged as a parochial political identity. The nationalistic political culture that emerged in the early post-colonial state

reflected the conservative agenda of restoring Ireland's Gaelic past, preserving its Catholic traditions, and isolating itself from the perceived threat of an alien culture in Britain and the outside world.

Irish nationalists sought to restore or re-create an idyllic and mythical Gaelic society. Beginning in the 1880s, organizations such as the Gaelic League fostered the image of the Irish as a unique nation whose Gaelic ancestors and Catholic traditions differentiated them from others and defined their identity. The struggle of the nationalists to achieve independence resulted in the Anglo-Irish Treaty of 1921 that created an independent government with a dominion status. The policies of the independent state reflected the values of those who had led the nationalist movement. The fusion of Catholic identity and the identity created by the Gaelic revival resulted in the Irish "holy Catholic nationalism." This post-colonial nationalism determined the political path after independence and dominated Irish politics until the 1950s.

Irish nationalism was conservative, Catholic, and homogeneous. This sense of nationalism brought political stability to Ireland. The territory of the almost homogeneous state included a population that was overwhelmingly Catholic and ready to identify with Ireland's Gaelic ancestors. The Protestant population constituted less than 10 percent of the total population when the independent state was created. Higher rates of Protestant emigration resulted in the Irish population becoming even more Catholic. As a result, those who had a different sense of national identity, based on their Anglo-Irish heritage, were of little importance in defining the political culture and national identity in the Republic until the 1950s.

In a relatively short time, after the civil war (1922–23), the independent state emerged as a stable democracy. Yet this stable Irish democracy did not conform to liberal democratic principles. Instead, it conformed to a conservative set of values not associated with modern liberalism. Traditional Irish nationalism incorporated those liberal values that were important in creating a stable democratic order. It accepted the liberal premise that all citizens were equal. Mass egalitarianism became the basis of the political process which formulated the national identity. Post-colonial nationalism effectively fused traditional culture with this modern sense of equality. Its liberalism emphasised equal opportunity for all in society. Furthermore, the Irish state with its nationalistic agenda accepted the principle that laws should be obeyed and followed in achieving the country's political objectives. The acceptance of the rule of law was the main assumption of Irish liberal political philosophy. While nationalists shared the constitutional and democratic values of liberalism, the remaining liberal values were not in harmony with the values of Irish nationalism. The most important and fundamental liberal value, the focus on individual rights and liberties, was de-emphasized in the Irish tradition, which focused more on the rights or collective good of the nation as a group.

The personal dominance of Eamon de Valera as the great leader of independent Ireland provided a national vision which precluded the possibility of urbanisation and modern industrialisation. De Valera conceptualised the ideal Irish society as rural, athletic, agrarian, ascetic, religious, and family-centred. Statehood provided nationalism with a political shell and used state resources to promote those values that were associated with an exclusive sense of nationalism. Educational, economic, and social policies all reflected the nationalist vision and served to reinforce it as the popularly accepted conception of identity.

When de Valera's tenure as Taoiseach (Prime Minister) came to an end in 1959, the government embarked on a new program of industrialisation that unravelled the nationalist consensus in Ireland. How and why did the cultural and philosophical basis of Irish politics change so dramatically after the late 1950s? The nationalistic policies of de Valera failed to insulate the country from western liberal values that inevitably undermined the values of traditional Irish nationalism. As the elites and the masses became more preoccupied with their own individual concerns, expressed in terms of increased materialist and consumerist demands, the traditional nationalism of Eamon de Valera lost its capacity to shape national policy. The Irish, like other post-colonial nations, started to

seek modernity in its western manifestation. Rapid social and economic change in the 1950s challenged a static conception of national identity and required the Irish nation to redefine itself.

The alliance between Catholicism and the Irish state, whereby the Church gave the state the necessary legitimacy and vice versa, was even enshrined in the law, since the 1937 Constitution recognised the special position of the Catholic Church. In drafting the constitution in 1936 and 1937, Eamon de Valera and his advisers recognised religion in an explicit detail. This contrasted with many 1920s constitutions, notably the Irish Free State Constitution of 1922, which, following the idea of secularism, simply prohibited any discrimination based on religion or avoided religious issues entirely. This anti-liberal constitution, which was secular in its genesis but intolerantly pro-Catholic, had the support of the popular forces, and it soon achieved a synthesis between Catholic, nationalist and democratic values in a way that provided a stable basis for constitutional continuity. There was no anti-clericalism in modern Ireland.

The years between 1960 and 1980 were labelled as “tension management years”. This label referred to the tension between the old, tradition-oriented ideology of Catholicism and nationalism and the new, secular ideology of liberalism and materialism. Initiated in the early 1960s, these dramatic changes undoubtedly paved the way for the economic boom of the 1990s which further enhanced the secularisation of the society. After the rather gloomy years of the economically depressed 1980s, the 1990s saw the creation of the so-called Celtic Tiger Ireland characterised by sustained high levels of economic growth. By the mid-1990s, an old psychological barrier was overcome when the economy overtook that of the United Kingdom for the first time in history. This change in the economy undeniably opened up new horizons in the Irish society, which gradually became more confident and outward-looking. It also marked Ireland’s move from defining itself as a moral community to living itself out as a materialistic and liberal secular society.

Irish economic development followed a path very different to that of the main capitalist economies geographically contiguous to Ireland. Conservative economic management for the first decade of the new state’s existence made little attempt to change this situation. Ireland entered the twentieth century as a largely rural, agricultural society. It relied on a small-scale agriculture, exporting primary produce to the United Kingdom and manufacturing for the home market of less than three million people. This period, during which power was in the hands of the Cumann na nGaedheal party (1922–1932), was marked by policy continuity based on comparative advantage. Overall, the period of comparative advantage was marked by a failure to recognise the need for the state to take an active role in fostering a more extensive process of economic development. The role of state was to keep out of the way of private enterprise, and keep taxation as low as possible. The strategy of comparative advantage took Ireland in no new economic direction; hence it relied essentially on what existed prior to independence. This strategy did not require new thinking, seemed to be the most risk averse, and relied on non-discretionary policy-making. The principles of comparative advantage and the support of free trade reflected the conservatism that characterised Ireland’s class-based economic environment.

Pressure for a change of policy was mounting even before de Valera government took office in 1932. Fianna Fáil took office in 1932 with an avowedly protectionist policy. The motivation underlying this policy was partly nationalist, to reduce economic dependence on Britain, even at the price of a lower living standard. The advocacy of protectionism, however, was not directed towards the establishment of infant industries which would ultimately become competitive internationally. De Valera could not have persisted with this approach if the so-called Economic War with Britain had not begun in 1932. The revival of the old quarrel with England had created the atmosphere of emotional fervour which de Valera needed for launching a drastic experiment in economic nationalism. The focus was on domestic protection and self-sufficiency.

Why was Ireland not lifted by the rising tide of international prosperity after the Second World War? One reason was that Ireland remained very much an agricultural country. The post-war climate of international cooperation extended primarily to industrial trade rather than agriculture, and

most countries strongly protected their own agriculture. The overriding constraint in manufacturing lay on the supply side. Though the home market was small, there were virtually unlimited markets in Europe and beyond, yet much of Irish manufacturing was small-scale, technologically unsophisticated, and with little or no experience of export marketing. Serious deficiencies existed also in infrastructural facilities.

The first policy mistake after independence was to provoke the economic war with Britain which Ireland lost. The second was the experiment in protectionism which was greatly flawed. While the anti-globalisation era was international the tariffs imposed by Ireland were inconsistent and discouraged firms from exporting, which resulted in their being very weak when tariffs were dismantled and they faced stronger competition. The third mistake was the delay of a decade in abandoning the policies of protection and self-sufficiency in favour of outward-looking trade policies, which was the only way forward for a small economy. The fifth major problem was the failure to invest in education far earlier than the government did. The role of state in education increased since the 1960s. An influential report on education, "Investment in Education", was published in 1965. This report emphasised that education was key to the future of Ireland's society and economy.

The retirement of Eamon de Valera as Taoiseach in 1959 and his replacement by Seán Lemass marked a new opening and coincided with the "First Programme for Economic Expansion" covering the period 1959–63 and effectively written by the young and forward-looking secretary of the Department of Finance, T. K. Whitaker. Lemass and Whitaker have come to symbolise the swift liberalisation based on three elements: the use of grants and tax concessions to encourage export-oriented production, the attraction of foreign manufacturing firms and dismantling protection as to gain greater access to markets abroad.

Modern Ireland is based on a modern, liberal, progressive, multicultural image fashioned according to the need for international acceptance rather than through engagement with Ireland's past. The values of modern Ireland have become the values of neo-liberalism. It has become an enterprise culture made up of attitudes, values and norms which serve the needs of the market, and which are highly promoted by government agencies. These values offer a far weaker principle of social integration that did those of nationalist Ireland, as they are functional to the needs of a far smaller percentage of the population. In this society it is not the dissenting few who feel outsiders but large groups of workers and citizens who feel disempowered and dispossessed in their own society. Economic growth alone does not make a successful society. The alignment of material interests with a secure and cohesive identity, a sense of belonging, is necessary. The shift is clearly evident in the Irish case as the state serves the needs of economic elite while neglecting the growing inequality that is undermining the cohesion of society. No society can exist without some common values, beliefs and meanings to hold it together.

Literature:

- BOYCE, D. G. 1995. *Nationalism in Ireland*. London : Routledge, 1995. ISBN 0-415-12776-9.
- COOGAN, T.P. 1993. *De Valera: Long Fellow, Long Shadow*. London : Arrow Books, 1993. ISBN 0-099-95860-4.
- EAGLETON, T. 2000. *The Idea of Culture*. Oxford : Blackwell, 2000. ISBN 0-631-21966-8.
- FOSTER, R. F. 2007. *Luck and the Irish*. USA : Penguin Books, 2007. ISBN 0-195-17952-1.
- GARVIN, T. 2005. *Preventing the Future. Why Was Ireland So Poor For So Long?* Gill & Macmillan, 2005. ISBN 0-717-13970-5.
- HARRISON, L. E., HUNTINGTON, S. P. 2000. *Culture Matters*. USA : Basic Books, 2000. ISBN 0-465-03176-5.
- KIRBY, P. 2002. *The Celtic Tiger in Distress: Growth and Inequality in Ireland*. Hampshire: Palgrave, 2002. ISBN 0-333-96435-7.

- KIRBY, P. 2010. *Celtic Tiger in Collapse*. England : Palgrave Macmillan, 2010. ISBN 0-230-23744-5.
- O'SULLIVAN, M. J. 2006. *Ireland and the Global Question*. Cork University Press, 2006. ISBN 0-815-63106-5.
- SWEENEY, P. 2008. *Ireland Economic Success*. Dublin : New Island, 2008. ISBN 1-903-76598-6.
- THORSBY, D. 2001. *Economics and Culture*. Cambridge University Press, 2001. ISBN 0-512-58639-9.