Check for updates

Critical Social Policy

Article

The distortions of the Irish 'recovery'

COLIN COULTER
Maynooth University, Ireland

FRANCISCO ARQUEROS-FERNÁNDEZ
Maynooth University, Ireland

Abstract

The return of the Irish Republic to economic growth after years of recession has been hailed as a vindication of the country's adherence to strict austerity policies after the crash. In this article, we provide a critical reading of this familiar rendition of the recent turn in Ireland's economic fortunes. We argue that the discourse of 'recovery' is an ideologically partisan reading that distorts the scale, origins and benefits of the recent spell of growth in the Irish economy. A close examination of each of these distortions suggests that the current economic revival has occurred in spite, rather than because, of the austerity strategy and has resulted in the lives of many ordinary Irish people becoming not better but worse.

Key words

austerity, housing crisis, multinational capital, welfare cuts

Introduction

In recent years, the Irish Republic has emerged from a period of profound recession and begun to record once more the highest rates of economic growth

Corresponding author:
Colin Coulter, Maynooth University, Auxilia House, Maynooth, County Kildare, Ireland.
Email: colin.coulter@mu.ie

Critical Social Policy 1–19
© The Author(s) 2019 Article reuse guidelines: sagepub.com/journals-permissions
DOI: 10.1177/0261018319838912 journals.sagepub.com/home/csp
SAGE

in Europe. A sequence of powerful political figures has been at pains to depict the seemingly dramatic turn in Ireland's fortunes as vindication of the painful austerity measures introduced in the country during the global financial crisis (Coulter et al., 2017). While this reading of the Irish 'recovery' has gained widespread currency, it is one that fails to stand up under closer examination. The often glowing appraisals that have come to surround the Irish Republic have, of course, substantial grounding in fact. Nonetheless, the construction of Ireland as the unqualified success story of the Eurozone crisis represents a reading of events that is at best partial and problematic. In this article, we set out to provide a closer and more critical examination of the course that Irish society has taken since the onset of the global economic recession. This leads us to suggest that the increasingly pervasive narrative of 'recovery' serves in fact to distort the scale, origins and benefits of the recent apparent upturn in the Irish economy. Before we turn to set out each of these distortions in turn, it might be prudent to provide a necessarily brief account of developments in Ireland since the crash for readers unfamiliar with that particular context.

Ireland since the crash

The onset of the global economic crisis would affect Ireland rather more gravely than most other developed societies. In the period between 2007 and 2010, Irish Gross Domestic Product (GDP) contracted by 21%, by some estimates the most severe economic collapse ever experienced in a wealthy country in peacetime (Donovan and Murphy, 2013). The relative vulnerability of Ireland's economy derived primarily from the profligacy of a domestic banking sector whose reckless lending had fueled one of the steepest property bubbles on record (Allen and O'Boyle, 2013: 3). As the fragility of the indigenous financial system became painfully apparent in the autumn of 2008, the government issued a guarantee covering all the loans issued to six Irish banks (Dukelow and Kennett, 2018: 492). Even this dramatic socialisation of private debt would prove insufficient, however, to stem the flow of funds haemorrhaging from the Irish financial system. Over the next two years, the Irish government would sink ever larger amounts of public money into the banks until the total eventually settled at the astronomical figure of €64 billion (McCabe, 2013: 165).

The bank bailout placed even greater, and ultimately unbearable, pressure on an Irish state that was reeling from the collapse of the housing market. As the once lucrative taxes on property all but disappeared and the social welfare bill soared to support the tens of thousands of construction workers, among others, who had recently lost their jobs, a deficit appeared in the public coffers that would ultimately reach the 'unheard of' (Donovan and Murphy, 2013: 103) level of 31% of GDP. Attempting to bridge the void, the Irish gov-

ernment introduced austerity measures between 2008 and 2010 amounting to €15 billion, but even these draconian steps would prove insufficient. In the closing weeks of 2010, as the state teetered on the brink of bankruptcy, the Irish government bowed to growing pressure and applied for emergency funds from the 'troika' institutions of the International Monetary Fund, the European Commission and the European Central Bank. A country that had in the recent past been hailed as 'Europe's shining light' (Donovan and Murphy, 2013: 15) was now forced to take its place among that body of heavily indebted European states that had come to be identified by the unflattering acronym of the 'PIIGS' (Portugal, Ireland, Italy, Greece and Spain).

The terms of the deal struck between the troika and the Irish government would see the three bodies advance €67.5 billion in emergency loans over the next three years. It would become commonplace to refer to this arrangement as a 'bailout', a term whose genial connotations suggest that the financial assistance involved represented an act of selfless benevolence. The reality was rather different. The funds loaned to the Irish state came at punitive interest rates, disappeared mainly (€35 billion) into the voracious European banking system and afforded the creditor institutions the power to dictate government policy for years to come (Kirby, 2012: 256). This newfound influence would be employed to compound an austerity regime already bringing widespread hardship to Irish society (Meade, 2018). Further draconian budgets would see the introduction of 'a shocking array' (Oxfam, 2013: 1) of measures that diminished or eliminated forms of social welfare previously considered to be untouchable. The inevitable outcome was a sharp rise in social deprivation. Between 2008 and 2014 the proportion of Irish citizens experiencing 'material deprivation' – that is, those unable to secure two or more of 11 items essential for living such as adequate clothing and shelter – rose from 14% to 29% (European Anti-Poverty Network Ireland, 2015: 4). Perhaps the starkest illustration of the privations that marked the austerity era can be found in the rise of food poverty, especially among the young. According to one authoritative study (Gavin et al., 2015), in 2014 one in five children in Ireland – a country that, for all its recent travails, remains one of the richest in the world – regularly were going to school or bed hungry.

Three distortions of the Irish 'recovery'

Those who installed the austerity regime in Ireland have tended towards forms of talk that are dispassionate and technocratic. Measures that brought penury to many Irish citizens were invariably cast as necessary evils that would prepare the ground for economic renewal and in time confer most benefit on those whom they appeared to have caused most harm. The specific promise of renewed prosperity at the heart of the austerity project would seem, at first

glance at least, to have come to pass in an Irish context. In December 2013, Ireland became the first Eurozone member to leave the troika's 'bailout' programme and soon began registering rates of economic growth reminiscent of the Celtic Tiger boom. After years of economic crisis, Irish politicians have, understandably, been keen to herald the apparent turn in Ireland's fortunes. In January 2016, the then Taoiseach (Prime Minister) Enda Kenny used his appearance at the annual gathering of global power and wealth in Davos to suggest that Ireland had 'set a model' for other countries seeking to navigate the perilous waters of global recession (Young, 2016). The seeming return of Ireland to economic health has also been greeted with acclaim among the global political and financial elite. German Chancellor Angela Merkel (Lynch, 2015) and Managing Director of the IMF Christine Lagarde (Carswell, 2015) have lauded frequently the economic progress that the country appears to have made over recent years. Even the habitually taciturn figure of Wolfgang Schäuble – the powerful German Finance Minister who presided over the Eurozone crisis before becoming President of the Bundestag in 2017 - was moved to comment that his fellow citizens are 'jealous' of the rates of economic growth that Ireland has registered since the 'bailout' arrangements came to an end (O'Hora and Kelpie, 2014).

In the wake of several years of economic chaos in Ireland, it was always entirely predictable that the advent of a 'recovery' would be greeted with euphoria, in official circles at least. Once we move beyond the surface level of headline rates of GDP growth, however, the apparent transformation at work within the Irish economy turns out to be rather more complex than its celebrants in the mainstream media would suggest. The official narrative of 'recovery' transpires to be an ideologically partisan reading that distorts the scale, origins and benefits of the current apparent upswing in Ireland's economic fortunes. In the discussion that follows, we will examine each of these distortions in turn.

Distorting the scale of the 'recovery'

The often euphoric discourse of 'recovery' seriously overstates the scale of the economic progress that Ireland has made since leaving the troika programme. Over the last 30 years, the Irish state has set out to attract a new generation of American multinational corporations seeking to invest in Europe. The success of this strategy is indexed in the fact that nine out of ten of the world's leading companies in the fields of both pharmaceuticals and information and communications technology (ICT) have chosen to invest in the Irish Republic (Kinsella, 2014; Dublin Chamber of Commerce, 2018). The appeal of Ireland to these transnational corporations hinges crucially on a rate of corporation tax that officially stands at 12.5% but in effect often runs at dramatically lower levels. While the fiscal generosity that Ireland extends

to certain multinational concerns has been under scrutiny for some time, it has more recently become a matter of genuine international controversy. On 30 August 2016, the European Commission (2016) launched a summary of its widely anticipated report into the relationship between Ireland and the US corporation Apple. The ruling issued in Brussels notes that over the last quarter of a century successive Dublin governments have maintained a fiscal regime allowing the global technology giant to avoid its tax obligations not only in the Irish Republic but also in several other European countries. In 2014, for instance, the global brand paid an effective rate of tax to the Irish state that was a scarcely believable 0.005%. It is little wonder, then, that a major recent report identified Ireland as the world's foremost corporate 'tax haven' (Tørsløv et al., 2018).

The tax avoidance strategies in which multinational corporations engage tend to give the impression that rather greater levels of economic activity are happening in Ireland than is actually the case. In most circumstances, the statistical distortions that arise out of the country's status as a small, open, low-tax economy pass with little critical commentary. When in recent years the rate of economic growth was recorded in the mid-single digits these figures were recited in public commentary as though they were uncontroversial statements of 'fact.' On certain occasions, however, the creative accountancy of the multinationals operating in Ireland accelerates in ways that lay bare the fictitious nature of official statistics for all to see. One such moment came in the summer of 2016 when the Central Statistics Office (CSO) announced that during the previous year the national economy had expanded by 26.3%. These transparently preposterous figures were greeted with howls of derision from many economic commentators with Nobel Laureate Paul Krugman even moved to dust off an unfortunate cultural stereotype in order to dismiss the data as 'leprechaun economics' (Kelpie, 2016).

The controversial data published by the CSO highlight even more clearly than before the absolute centrality of multinational capital in the Irish economy. Almost all of the economic growth that Ireland formally recorded in 2015 was due to the strategies of transnational corporations seeking to avoid tax liabilities in other countries. For instance, during that year Apple decided to relocate a tranche of its intellectual property operations to the Irish Republic to avail of new generous tax breaks on such assets, with the aircraft leasing firm Aercap adopting a similar strategy with most of its €39 billion assets worldwide (Burke-Kennedy, 2016). While these activities give the impression of rapid progress in Ireland, in practice they add little to the real productive economy. Once the distortions arising out of the tax avoidance strategies of multinational capital are removed, the official estimate of Irish economic growth declines to a rather less vertiginous level. As the controversy instigated by the implausible data released by the CSO threatened to escalate further, the Irish government sought to deflect allegations it was

engaged in fraudulent national accounting by disclosing that in 2015 GDP per capita had 'really' expanded by between 3.5% and 4% (Burke-Kennedy et al., 2016). Even this dramatically revised estimate is likely, however, to have overstated substantially the true performance of the Irish economy, failing as it does to filter out the critical distortions associated with the recent arrival of global finance houses in the domestic property market, an issue to which we will return shortly.

The widespread derision heaped upon Ireland's national accounts (Kelpie, 2016) has prompted the Dublin administration to adopt a supplementary measure of economic growth. In July 2017, the CSO unveiled the first batch of data using 'modified gross national income' (GNI), a metric designed to filter out the 'statistical noise' associated with multinational corporations' creative accountancy practices. These figures underlined even further just how unreliable the more conventional measures of economic performance are in an Irish context. While the standard metric of GDP indicates that the Irish economy aggregates to around €275 billion, this estimate falls dramatically to €190 billion when the GNI methodology is deployed instead (Burke-Kennedy, 2017a). The latter statistical procedure may well give a rather more accurate reading of the 'true' level of economic activity in Ireland, but to date it appears to have gained little real traction in national debate.

Over recent decades, the veracity of GDP as a gauge of economic progress has come under sustained criticism. The quite fantastic economic statistics that have emerged from Ireland recently have offered ammunition to those making the case for abandoning the metric altogether. In a recent major publication, for instance, the Irish experience is offered time and again as an exemplar of the problems that arise when states adopt GDP as a barometer of economic performance (Stiglitz et al., 2018). While the metric continues to receive widespread criticism, this has barely reduced its influence in the public realm. We conducted a LexisNexis search to examine how often the pair of economic measures under discussion have appeared in Ireland's two leading newspapers since that moment in July 2016 when allegations of spurious national accounts first surfaced. In the period to 15 December 2018, the phrase '(modified) gross national income' was used on 86 occasions in the *Irish Independent* and the *Irish Times*. In contrast, the term 'gross domestic product' appeared in 998 stories in the country's two leading dailies.

The data reported here suggest that while GDP has come in for sustained criticism lately, it has retained its status as the metric that exerts most influence in Irish economic commentary. This was illustrated in December 2017 when it was announced that over the previous year Ireland's economy had grown by the remarkable of figure of 10.5%. Mainstream media reports of the announcement admittedly offered caveats that GDP represents a less than reliable metric of 'real' economic growth (Burke-Kennedy, 2017b). In spite of these qualifications, however, the optimistic coverage that accompanied Ire-

land's latest raft of national accounts suggests that this particular discredited metric of economic performance retains its power to frame public commentary in the country. The resilience of GDP as the headline economic metric has no little ideological significance. In its tendency to overstate the scale of the Irish 'recovery' the statistical procedure provides powerful figures with an instantly legible metric that appears to vindicate their claim that only by following the difficult path of austerity can states hope to return to economic prosperity once more.

Distorting the origins of the 'recovery'

Those who have been most ardent in acclaiming Ireland's 'recovery' not only overstate its scale, but also often misunderstand its origins. As Blyth (2013) notes, influential voices sought from the outset to connect the global economic crash to what were presumed to be excessive labour costs and public spending. Given the origins of the crisis, their logic went, a return to economic growth would require a period of wage cuts on the part of workers and fiscal prudence on the part of states. The country widely held to have embraced most decisively the deceptively quotidian logic of the austerity school was of course the Irish Republic. From the outset of the global economic crisis, Irish administrations set about cutting public spending and raising taxes with what some commentators have deemed almost 'indecent enthusiasm' (Boyle and Wood, 2017: 88).

The commitment of the Irish government to austerity would find perhaps its clearest expression in the 'Memorandum of Understanding' struck with the troika institutions in December 2010 (Department of Finance, 2010). Under the terms of the deal, the Irish state committed to embark on an 'ambitious' programme of 'fiscal consolidation' amounting to €15 billion over the next three years. Two thirds of this 'budgetary correction' was to be achieved through radical cuts in public spending that would lead to 30,000 public sector workers losing their jobs, major infrastructural projects being abandoned and levels of social welfare falling substantially. The impact of these welfare cuts would be felt with particular force by those who lost their jobs during the recession. The budget introduced in October 2013, for instance, would see jobseekers' allowance for those aged under 25 fall from €144 per week to €100, with those 25 and over facing a reduction from €188 to €144 (Collins and Murphy, 2016). These cuts were an explicit attempt on the part of the Irish government to give the jobless 'greater incentives to take up employment', a strategy that was complemented by the introduction of 'activation' policies designed to monitor and sanction those deemed to not be pursuing work with sufficient vigour. As pressure grew on the unemployed to take positions previously considered financially untenable, the inevitable impact was to depress wages across the labour

market but especially among those on lower incomes. This downward pressure would be compounded briefly by the introduction of a €1 reduction in the hourly national minimum wage. Even in the context of a widespread assault on social protection in Ireland, this move provoked such controversy that it had to be withdrawn just five months later.

The text of the 'Memorandum of Understanding' struck with the troika documents vividly, therefore, the commitment of the Irish government to the austerity agenda of radically cutting public spending and driving down labour costs. In the eyes of its many powerful admirers, it was precisely the unwavering commitment of the Irish state to these unpopular policies that laid the ground for an economic revival that vindicates their insistence that there simply is no alternative to the hard course of austerity. While this reading of what has happened in Ireland since the crash has gained widespread traction, it really does not stand up to close examination. When we turn to address what specifically lies behind the recent reversal in the country's economic fortunes, it soon becomes apparent that the widely celebrated Irish 'recovery' owes 'little, if anything' (Brazys and Regan, 2017: 412) to the prescriptions of the austerity school.

The era of global economic crisis has compounded the impression that there exist, in effect, two discrete economies in Ireland. The onset of the recession had a devastating impact on indigenous Irish business, with investment rates initially falling by two thirds and unemployment levels soaring (Allen and O'Boyle, 2013: 37). In those sectors of the economy where multinational corporations predominate, in contrast, one might be forgiven for thinking that the Celtic Tiger remained in rude health. Since the crash, the significance of the transnational businesses operating in Ireland has grown apace. The tax evasion strategies in which they engage ensure, as we saw earlier, that the contribution of multinational corporations to the Irish economy is in certain respects fictitious. In other regards, however, it is very real indeed. Foreign companies employ 174,000 people in Ireland – a quarter of them in the high tech ICT sector – and are responsible for a quite remarkable 90% of all the goods and services that leave Irish shores (Wickham and Bobek, 2016). Over the course of the recession, as indigenous companies contracted and shed labour, the primarily American multinationals based in Ireland expanded their levels of investment, employment and exports. It is entirely predictable, then, that the impetus for the recent upturn in the Irish economy should have come principally from these overseas companies.

The apparent success of the multinational corporations operating in Ireland might be said to pose serious questions for those who have advanced the case for austerity. Among the central orthodoxies that have reigned throughout the global economic recession has been the insistence that a return to growth would require greater 'competitiveness' within labour markets (Blyth, 2013). When we examine the country widely considered to have recovered

most successfully from the crash, however, a rather different picture emerges. It becomes apparent that the prime movers of the Irish economic revival have not been companies that have radically reduced labour costs but rather those that have substantially raised wages. While most Irish workers who managed to remain in employment during the crisis would, as we document later, see their disposable incomes tumble for a time, the multinational sector would dramatically reverse this trend. Between 2011 and 2015, for instance, the cosmopolitan workforce in the ICT sector where foreign companies predominate saw their wages increase by 15.3% (Storey, 2015). It is clear, then, that the parts of the Irish economy that have driven its vaunted 'recovery' are those where, in the main, wage levels are relatively high and rising and where permanent employment is the norm.

It should also be acknowledged that the surge in foreign direct investment that lies behind the recent economic upturn in Ireland has a very specific place of origin. Over the course of the crisis, the US government issued vast quantities of dollars in order not only to bail out ailing financial and other corporations but also to provide a stimulus to the wider American economy. This strategy of 'quantitative easing' was also employed in a European context. However, the prohibition on the European Central Bank monetising member state debt prompted it to exclude from the scheme countries such as the Irish Republic that had entered into 'bailout' arrangements with the troika institutions (Varoufakis, 2016). While the 'quantitative easing' measures introduced within the European Union would, therefore, bring little benefit to the Irish economy, those implemented across the Atlantic would, ironically, prove the source of an unanticipated windfall. Brazys and Regan (2016: 27) suggest, for instance, that the funds released by the US Federal Reserve facilitated 300 more new investment projects by American multinational corporations in Ireland than in all the other 'PIIGS' combined. It appears then that the recent return to economic growth in an Irish context owes rather less to the contractionary fiscal measures imposed by Brussels and Frankfurt than to certain expansionary, essentially Keynesian, policies pursued by Washington.

When we look more closely at the sources of the recent growth in the Irish economy, therefore, the assertion that Ireland's 'recovery' derives specifically from its adherence to the strictures of the austerity model begins to appear rather threadbare. The turn in Ireland's economic fortunes has its origins not in occupational sectors where wages have been eroded but rather in those where well-paid and secure employment are standard. Moreover, the recent surge in the national accounts has been the outcome not of 'fiscal consolidation' but rather of a massive expansion in public spending, albeit in another country entirely. It seems reasonable to suggest, then, that the 'recovery' at work within the Irish economy is likely to have occurred not because of the prescriptions of the austerity school but rather in spite of them.

Distorting the benefits of the 'recovery'

The final distortion associated with the discourse of 'recovery' that we shall discuss here centres on how the benefits from the recent apparent economic upturn have been distributed across Irish society. Those who have made the case for austerity have emphasised that its punitive measures would in time facilitate a return to a prosperity that would enhance the lives of all. The area in which the remedial claims made for austerity appear most plausible is the labour market. At the onset of the crisis, the number out of work in Ireland increased dramatically as a series of indigenous companies collapsed, and the national unemployment rate would peak in 2012 at 16% (Collins and Murphy, 2016). In the period since, job creation has gradually gathered pace and the proportion of people unable to find work currently stands at 5.3% (Central Statistics Office, 2018a). The swift decline in the jobless figures over recent years has been broadly positive and represents the most convincing evidence advanced by champions of the Irish 'recovery'. It is important, however, to look beyond the headline figures for aggregate job creation and examine more closely the new forms of employment currently being created in Ireland. When we do so, a picture emerges that is rather less positive than the dominant narrative of 'recovery' would have us believe.

When discussing their record on job creation, Irish politicians often highlight prestigious recent investments made by leading multinational concerns. Employment opportunities in those areas where foreign companies predominate, as we noted earlier, continued to expand even through the recession and that pattern has been sustained in the period of economic 'recovery'. The creation of additional well-paid positions in ICT companies was particularly instrumental in ensuring that wage levels in the private sector continued to rise even at the height of the crisis, with a 7% increase registered between 2010 and 2015 (Taft, 2016b). While the high tech sector dominated by multinational capital has certainly been the driving force behind the revival of Ireland's economic fortunes, it is important to remember that relatively few of the new jobs created lately have come in this area. Indeed, of the 200,000 positions created since the jobless rate peaked in 2012, only 14,000 were in the ICT sector (Central Statistics Office, 2017a). Looking more closely at the data, it emerges that most of the jobs that have come on stream in recent years have been in less glamorous occupations than those provided by the high tech giants clustered in Dublin's Silicon Docks. More than half of the new positions created since 2012 have in fact fallen into just three categories, namely those of agriculture, construction, and accommodation and food services (Central Statistics Office, 2017a). The bulk of the jobs being created during the 'recovery' are, in other words, in occupational categories where wages have been low traditionally and continue to be so.

While incomes across the private sector did continue to rise even through the recession, this trend is reversed once we remove professionals and business people from the calculations. In the period between 2010 and 2015, for instance, the net income of manual workers in Ireland declined by €38 per week (Taft, 2016a). In the last couple of years, wages have admittedly begun to grow again finally. These increases have, however, mainly been quite modest. In the year to the third quarter of 2017, for instance, the weekly wages of construction workers grew by only €3.07 and those of people working in the accommodation and food sector rose a mere €4.81 (Central Statistics Office, 2017b). These marginal recent gains may be welcome but they serve little to alter the fundamentally dispiriting realities of the contemporary Irish labour market (Dukelow and Kennett, 2018). While the recent spell of sustained job creation may appear overwhelmingly positive, it has in fact merely confirmed the status of Ireland as western Europe's principal low wage economy (Unite the union, 2016). At a time when public debate is dominated by talk of renewed prosperity, it needs to be borne in mind that almost half of all Irish workers earn less than €25,000 per annum (O'Connor and Staunton, 2015). It is tempting to speculate as to how anyone, let alone so many, can subsist on such wage levels in a society where the cost of living runs at 20% above the EU average (O'Connor and Staunton, 2015) and where rents are now 30% above even the astronomical levels of the Celtic Tiger era (Hamilton, 2018).

A closer reading of the Irish labour market suggests, then, that the recent period of economic growth has brought rather fewer benefits than mainstream commentators often insist. Indeed, we might go a little further here and suggest that the era of 'recovery' not merely has failed to improve the lives of a broad section of the Irish population but has in fact, in certain crucial respects at least, made them rather worse. The logic behind this seeming paradox becomes most apparent once we address the vagaries of the Irish property market. During the crisis, the Irish state acted to socialise the private debts not only of the banks but also of that small band of property developers who had been their principal clients. In fact, the Dublin government even created two 'bad banks' specifically to deal with the distressed debts of the real estate speculators who were among the principal authors of Ireland's economic misfortunes. Established in 2009, the National Assets Management Agency (NAMA) paid the banks €32 billion to acquire loans nominally worth €74 billion originally taken out by 779 developers (Byrne, 2016). Two years later, the Irish Bank Resolution Corporation (IBRC) was founded in order to manage the loan books of two recently nationalised bodies that had been notoriously profligate creditors during the Celtic Tiger boom – Anglo Irish Bank and Irish Nationwide Building Society.

Since 2013, the Irish state has sought to revive a property market whose collapse was both symptom and cause of the country's ignominious economic decline. As part of this strategy, the Dublin authorities have placed growing

pressure on Ireland's twin 'bad banks' to dispose of their portfolios rather sooner than they had anticipated, requiring them to sell at relatively low prices and even to provide the credit to facilitate some sales. The beneficiaries of these skewed market conditions have been a small number of powerful private equity firms and hedge funds based principally in the United States. These global 'vulture funds' have used the 'fire sale' initiated by the Dublin government to buy up vast quantities of distressed assets and almost overnight have become major players in the Irish property market. Over the last five years, global equity firms have purchased 90,000 properties and become creditors on 48,000 mortgages (Hearne, 2017).

An immediate impact of the arrival of the 'vulture funds' in the Irish property market has been inevitably to inflate official statistics on economic performance, creating the impression that their influence is essentially benevolent. Indeed, one economist has suggested that the purchases made by these private equity firms were primarily instrumental in Ireland's first spasm of economic growth after the crash, the seemingly positive 5% rise in GDP registered in 2014 (Gurdgiev, 2015). While the effect of these vast financial corporations on estimates of Irish economic performance might well be benign, their impact on Irish society has been entirely otherwise. The numerous distressed loans and properties that 'vulture funds' have bought recently mean that they exercise enormous influence over the lives of many ordinary people. In short order, these powerful financial corporations have become the creditors and landlords to several hundred thousand Irish citizens. The dangers latent in this new and deeply asymmetrical state of affairs was evinced starkly in the spring of 2016 when the global investment company Goldman Sachs purchased a distressed loan which gave it control of an entire housing development in Tyrrelstown, north-west Dublin, and promptly issued eviction notices to all of its residents, more than 200 families in total (O'Connor, 2016). This incident illustrates all too clearly the dangers of a strategy that has seen the state and the financial institutions it bailed out place a great many ordinary citizens in the position of having vulture funds as their creditors, their landlords and, ultimately perhaps, their bailiffs.

Initially, at least, the Irish government's strategy of seeking to revive the imploded national property market would appear to have been a remarkable success. The inducements issued by the 'bad banks' have drawn global private equity firms to Ireland on an unprecedented scale. In 2016, for example, no fewer than one in three of all properties sold in the country was bought by investors (Hearne, 2017: 80). The heightened demand occasioned by the arrival of some of the world's largest finance houses has inevitably prompted steep growth in house prices, which are now 75% above their 2013 low (Beesley, 2018). In mainstream commentary, the revival of the Irish property market is often read as a key barometer of economic progress. For those home owners who found themselves mired in negative equity at the height of the

crash, rising house prices are likely to be welcome indeed. The impact of the new property boom has, however, proved rather less advantageous for many other Irish citizens. In February 2015, the Central Bank introduced more stringent lending criteria in relation to mortgages, with the effect of freezing out many younger and first time buyers already struggling to compete in a property market being inflated rapidly by international investors. As the number able to own their home has declined – the proportion has fallen 10% in the decade since the crash (Hearne, 2017) – the pressure has grown on the rental market at a time when the housing stock has remained static. The predictable outcome has been a steep rise in rents, exemplified in the national capital where renting a home currently averages almost €2,000 a month, some €500 higher than at the end of the last boom (Hamilton, 2018).

While the impact of spiraling rents has been widespread among those 900,000 people who are currently private sector tenants, it has been felt with particular force among the most marginalised sections of Irish society. The rising cost of renting a home places even greater strain on the already meagre resources of the young, migrants, single parents and low-income households (Hearne, 2017). The most insidious expression of the growing pressure on these vulnerable groups has been the acceleration of Ireland's homelessness crisis. At precisely the moment that Ireland was beginning to register once more ostensibly phenomenal rates of economic growth, the number of its citizens unable to find a home was starting to spike sharply. In the period between 2014 and 2018, for instance, the volume of Irish people finding themselves homeless more than trebled. At present, there are 9,968 people without a home in Ireland, of whom 3,811 are children (Focus Ireland, 2018). These sobering data offer a timely reminder of the insidious nature of the statistics that often dominate mainstream commentaries on matters of political economy. While the numbers that make the headlines may well suggest that we are now in a period of 'recovery' in the Irish economy, this does not necessarily represent good news for all of those who happen to live in Irish society.

Conclusion

The praise that a host of powerful global figures has lavished on Ireland over recent years might be said then to misrepresent what is in fact happening in the country. While the discourse of 'recovery' entails a sequence of ideological distortions, the most crucial of these depicts the ostensible return of prosperity as advantageous to all sections of Irish society. The recent turn in Ireland's economic fortunes may well have brought many benefits but these have, however, been neither universal nor evenly distributed. There are certain sections of Irish society that have not seen their living standards improve during the era of 'recovery' and indeed there are some for whom the period has marked a

profound deterioration in their life circumstances. While it is not possible to place a precise number on those left behind during the current spate of economic growth, it seems reasonable to suggest that they form at the very least a very substantial minority of Ireland's 4.8 million population, one that has been affected adversely by the confluence of three debilitating social processes.

First, the recent economic upturn has not improved greatly the living conditions of the poorest sections of Irish society. Over the period of the 'recovery' official levels of poverty have remained remarkably stable and only in the last year have these metrics – with the notable exception of the 'at risk of poverty' rate – begun to move in a more positive direction (Central Statistics Office, 2018c). It remains to be seen if these modest declines will form a trend over time but it is worth noting that current poverty rates remain greater than before the onset of the global economic crisis. A comparison of the most recent available data (2017) and those garnered in the year the recession began (2008) illustrates that all three of the key metrics of poverty are rather higher now than they were a decade ago: 'material deprivation' (18.8% compared to 13.8%); 'at risk of poverty' (15.7% and 14.4%); and 'consistent poverty' (6.7% and 4.2%). In a country registering the fastest economic growth in Europe, there are still 760,000 people living in poverty, 230,000 of whom are children (Social Justice Ireland, 2018). The sheer scale of the problem has prompted even newspapers not ordinarily known for their social radicalism to suggest recently that the 'recovery' has compounded the existence of 'two Irelands' (Irish Independent, 2018).

Second, the recent apparent turn in the fortunes of the Irish Republic has affirmed its status as a low-wage economy. While an impressive number of jobs has been created in Ireland since the end of the troika 'bailout', these have tended to be concentrated, as noted earlier, in sectors where both remuneration and protection are poor. At present, one in five men and three in ten women working full-time in the Irish Republic have jobs characterised by 'low pay' (Collins and Murphy, 2016). The high incidence of low incomes among the Irish workforce finds reflection in perhaps the most remarkable figure among the poverty statistics released recently by the Irish state. According to the Central Statistics Office, there are now 109,000 employees in the country who meet the criteria for poverty (Social Justice Ireland, 2018). The dramatic scale of the 'working poor' is in part a reflection of a further insidious social process that more perhaps than any other exemplifies the dark side of Ireland's widely vaunted 'recovery'.

Third, the era of renewed economic growth has of course been driven by a property boom that has become especially acute in the private rental sector. In the five years since the end of the troika 'bailout,' salaries have on average grown by almost 9%, an impressive figure but one that pales in comparison to the 70% rise in rents over the same period (Central Statistics Office, 2018b). The rampant inflation occurring in the rental sector means that most of the

900,000 people who hold tenancies in Ireland have in effect experienced a dramatic fall in their real disposable income during the 'recovery' years. Even those on what in the recent past would have been deemed generous salaries are not exempt from these pressures. Professionals living in Dublin and unable to meet the newly stringent criteria for mortgage approval, for instance, can now expect to pay more than half their nominally substantial incomes to landlords (Reddan, 2017). The impact of Ireland's overheated housing market has, however, been felt with especial gravity among those lower income groups that have traditionally been over-represented within the private rental sector. As rents have spiked during the 'recovery', the likes of low-waged workers, migrants and single parents have seen ever larger portions of their income passed straight to landlords. This has led to forms of material deprivation that have been documented occasionally by journalists investigating 'generation rent' but have yet, as Nugent (2018) notes, to be captured adequately in official poverty metrics. For a growing number of people it has, inevitably, become simply impossible to cover the rent each month and the predictable outcome has been a dramatic rise in the number finding themselves without a home. Of all the statistics that beg questions of the familiar discourse of 'recovery' there can be none quite so telling as the fact that there is currently a record total of almost 10,000 people homeless in Ireland (Focus Ireland, 2018).

It would seem reasonable, then, to suggest that at the very least there is in Ireland a substantial minority of the population that has experienced the recent period of economic growth not as a time of 'recovery' but rather as one of ongoing, at times escalating, material crisis. Among this broad swathe of people we might include the three quarters of a million subject to levels of poverty that barely seem to abate, the half a million that work in poorly paid and poorly protected jobs, the majority of the almost one million who see ever larger segments of their often meagre incomes consumed by ever escalating rents. In the everyday lives of these sections of Irish society, the era of crisis and austerity is one that has never really ended. Until it does, it might be prudent to consider the discourse of 'recovery' that pervades the discussion of contemporary Ireland as, at best, a little premature.

Funding

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

References

Allen K and O'Boyle B (2013) *Austerity Ireland: The Failure of Irish Capitalism*. London: Pluto.

Beesley A (2018) IMF sounds warning on Irish property market. *Financial Times*, 14 May. Available at: https://www.ft.com/content/734e49c4-5794-11e8-bdb7-f6677d2e1ce8 (accessed 15 May 2018).

Blyth M (2013) *Austerity: The History of a Dangerous Idea*. Oxford University Press.

Boyle M and Wood P (2017) On Maîttre d's, Trojan horses and aftershocks. *Irish Geography* 50(1): 81–96.

Brazys S and Regan A (2016) *These Little PIIGS Went to Market: Austerity and Divergent Recovery in the Eurozone*. Dublin: Geary Institute.

Brazys S and Regan A (2017) The politics of capitalist diversity in Europe: Explaining Ireland's divergent recovery from the euro crisis. *Perspectives on Politics* 15(2): 411–427.

Burke-Kennedy E (2016) Handful of multinationals behind 26.3 per cent growth in GDP. *Irish Times*, 12 July. Available at: https://www.irishtimes.com/business/economy/handful-of-multinationals-behind-26-3-growth-in-gdp-1.2719047 (accessed 1 July 2018).

Burke-Kennedy E (2017a) CSO paints a very different picture of Irish economy with new measure. *Irish Times*, 15 July. Available at: https://www.irishtimes.com/business/economy/cso-paints-a-very-different-picture-of-irish-economy-with-new-measure-1.3155462 (accessed 1 July 2018).

Burke-Kennedy E (2017b) Irish economy surges to double-digit growth. *Irish Times*, 15 December. Available at: https://www.irishtimes.com/business/economy/irish-economy-surges-to-double-digit-growth-1.3328529 (accessed 2 July 2018).

Burke-Kennedy E, Taylor C and O'Regan M (2016) CSO to examine better ways of measuring growth amid GDP controversy. *Irish Times*, 14 July. Available at: https://www.irishtimes.com/business/economy/cso-to-examine-better-ways-of-measuring-growth-amid-gdp-controversy-1.2720933 (accessed 2 July 2018).

Byrne M (2016) *From Puerto Rico to the Dublin Docklands: Vulture funds and debt in Ireland and the Global South*. Dublin: Debt and Development Coalition.

Carswell S (2015) Lagarde interview: Lessons learned from Ireland's crash. *Irish Times*, 19 January. Available at: https://www.irishtimes.com/business/economy/lagarde-interview-lessons-learned-from-ireland-s-crash-1.2068907 (accessed 3 July 2018).

Central Statistics Office (2016) *Quarterly National Accounts*. Dublin: CSO, 12 July.

Central Statistics Office (2017a) *Quarterly National Household Survey, Quarter 2 2017*. Dublin: CSO.

Central Statistics Office (2017b) *Earnings and Labour Costs Quarterly Q3*. Dublin: CSO.

Central Statistics Office (2018a) *Seasonally Adjusted Monthly Unemployment Rates*. Dublin: CSO.

Central Statistics Office (2018b) *Earnings and Labour Costs*. Dublin: CSO.

Central Statistics Office (2018c) Sur*vey on Income and Living Conditions*. Dublin: CSO.

Collins M and Murphy M (2016) Activation: Solving unemployment or supporting a low-pay economy? In Dukelow F and Murphy M (eds) *The Irish Welfare State in the Twenty-First Century*. Basingstoke: Palgrave, 67–92.

Coulter C, Arqueros-Fernández F and Nagle A (2017) Austerity's model pupil: The ideological uses of Ireland during the Eurozone crisis. *Critical Sociology*. DOI: 10.1177/0896920517718038.

Department of Finance (2010) *Memorandum of Understanding EU/IMF Programme of Financial Support for Ireland*. Dublin: Stationery Office.

Donovan D and Murphy A (2013) *The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis*. Oxford: Oxford University Press.

Dublin Chamber of Commerce (2018) *About Dublin*. Available at: http://www.dublinchamber.ie/business-agenda/about-dublin (accessed 15 December 2018).

Dukelow F and Kennett P (2018) Discipline, debt and coercive commodification: Post-crisis neoliberalism and the welfare state in Ireland, the UK and the USA. *Critical Social Policy* 38(3): 482–504.

European Anti-Poverty Network Ireland (2015) *Briefing on Poverty, 2015 and Proposals for 2016–2021*. Dublin: EAPN.

European Commission (2016) *State Aid: Ireland Gave Illegal Tax Benefits to Apple Worth up to €13 Billion*. Brussels: European Commission.

Focus Ireland (2018) *Number of People Homeless in Ireland*. Dublin: Focus Ireland.

Gavin A, Keane E, Callaghan M, Molcho M, Kelly C and Nic Gabhainn S (2015) *The Irish Health Behaviour in School-aged Children Study 2014*. Galway: Health Promotion Research Centre.

Gurdgiev C (2015) 1per cent not 5per cent growth in 2014. *The Village*, April: 28–31.

Hamilton (2018) Average rents reach all-time high of €1,304 per month. *Irish Times*, 17 August. Available at: https://www.irishtimes.com/business/economy/average-rents-reach-all-time-high-of-1-304-per-month-1.3598655?mode=sample&auth-failed=1&pw-origin=https%3A%2F%2Fwww.irishtimes.com%2Fbusiness%2Feconomy%2Faverage-rents-reach-all-time-high-of-1-304-per-month-1.3598655 (accessed 15 December 2018).

Hearne R (2017) A home or a wealth generator? Inequality, financialisation and the Irish Housing Crisis. In: Wickham J *Cherishing all equally: Economic inequality in Ireland*. Dublin: TASC, 61–94.

Irish Independent (2018) Editorial: Tale of two Irelands has left too many in poverty. *Irish Independent*, 18 December. Available at: https://www.independent.ie/opinion/editorial/editorial-tale-of-two-irelands-has-left-too-many-in-poverty-37636180.html (accessed 11 March 2019).

Kelpie C (2016) 'Leprechaun economics' – Ireland's 26pc growth spurt laughed off as 'farcical'. *Irish Independent*, 13 July. Available at: https://www.independent.ie/business/irish/leprechaun-economics-irelands-26pc-growth-spurt-laughed-off-as-farcical-34879232.html (accessed 1 July 2018).

Kinsella S (2014) Post Bailout Ireland as the poster child for austerity. *CESifo Forum* 15(2): 20–25.

Kirby P (2012) When banks cannibalize the state: Responses to Ireland's economic collapse. *Socialist Register* 48: 249–268.

Lynch S (2015) Merkel urges Greece to follow Irish example. *Irish Times*, 21 March. Available at: https://www.irishtimes.com/news/world/europe/merkel-urges-greece-to-follow-irish-example-1.2147628?mode=sample&auth-failed=1&pw-origin=https%3A%2F%2Fwww.irishtimes.com%2Fnews%2Fworld%2Feur

ope%2Fmerkel-urges-greece-to-follow-irish-example-1.2147628 (accessed 3 March 2018).

McCabe C (2013), *The Sins of the Father: Tracing the Decisions That Shaped the Irish Economy*. Dublin: The History Press.

Meade R (2018) The re-signification of state-funded community development in Ireland: A problem of austerity and neoliberal government. *Critical Social Policy* 38(2): 222–243.

Nugent C (2018) *Wage Sufficiency in the Context of the Irish Housing Emergency: Rents and Access to Homeownership*. Dublin: NERI Institute.

Oxfam (2013) *The True Cost of Austerity and Inequality: Ireland Case Study*. Oxford: Oxfam.

O'Connor F (2016) 200 Dublin families face eviction in vulture deal. *Sunday Business Post*, 13 March. Available at: https://www.businesspost.ie/business/200-dublin-families-face-eviction-in-vulture-deal-308872 (accessed 3 March 2018).

O'Connor N and Staunton C (2015) *Cherishing All Equally: Economic Inequality in Ireland*. Dublin: TASC.

O'Hora A and Kelpie C (2014) German Finance Minister Wolfgang Schaeuble: 'Germany jealous of Irish growth figures'. *Irish Times*, 31 October. Available at: https://www.independent.ie/business/irish/german-finance-minister-wolfgang-schaeuble-germany-jealous-of-irish-growth-figures-30707713.html (accessed 3 March 2018).

Reddan F (2017) Dubliners spend 55% of take-home pay on rent. *Irish Times*, 24 October. Available at: https://www.irishtimes.com/business/personal-finance/dubliners-spend-55-of-take-home-pay-on-rent-1.3267093?mode=sample&auth-failed=1&pw-origin=https%3A%2F%2Fwww.irishtimes.com%2Fbusiness%2Fpersonal-finance%2Fdubliners-spend-55-of-take-home-pay-on-rent-1.3267093 (accessed 15 December 2018).

Social Justice Ireland (2018) *More than 760,000 people are living in poverty in Ireland, of which over 230,000 are children*. Dublin: Social Justice Ireland.

Stiglitz J, Fitoussi J and Durand M (2018) *Beyond GDP: Measuring What Counts for Economic and Social Performance*. Paris: OECD.

Storey A (2015) Silicon Docks Is built on a shaky foundation. *Dublin Inquirer*, 1 September. Available at: https://www.dublininquirer.com/2015/09/02/andy-silicon-docks-is-built-on-a-shaky-foundation (accessed 3 March 2018).

Taft M (2016a) The economy is what happens when you're busy making election plans. *Irish Left Review*, 4 March. Available at: http://www.irishleftreview.org/2016/03/04/economy-busy-making-election-plans/ (accessed 3 March 2018).

Taft M (2016b) Ireland's wage slip. *Broadsheet*, 31 May. Available at: https://www.broadsheet.ie/2016/05/31/irelands-wage-slip/ (accessed 3 March 2018).

Tørsløv T, Wier L and Zucman G (2018) *The Missing Profits of Nations*. NBER working paper #24701. Cambridge, MA: NBER.

Unite the union (2016) *The Truth about Irish Wages: Ireland is a Low-waged Economy*. Dublin: Unite the union.

Varoufakis Y (2016) *And the Weak Suffer What They Must? Europe, Austerity and the Threat to Global Stability*. London: Bodley Head.

Wickham J and Bobek (2016) *An Enforced Flexibility? Working in Ireland Today*. Dublin: TASC.

Young (2016) Taoiseach lauds Irish economic reboot 'model' at World Economic Forum. *Irish Examiner*, 22 January. Available at: https://www.irishexaminer.com/archives/2016/0122/business/taoiseach-lauds-irish-economic-reboot-aposmodelapos-at-world-economic-forum-377649.html (accessed 15 December 2018).

Author biographies

Colin Coulter, PhD, is a senior lecturer in the Department of Sociology at Maynooth University. Colin's principal research interests concern social inequality in Northern Ireland, the political economy of the Irish Republic and the politics of popular music. He is the editor of *Working for the clampdown: The Clash, the dawn of neoliberalism and the political promise of punk* (Manchester University Press, 2019).

Francisco Arqueros-Fernández, PhD, is a Postdoctoral Fellow in the Department of Sociology at Maynooth University. Francisco's principal research interests concern unemployment, migrant workers, 'activation' policies and contemporary ideological debates about social welfare. He is the co-editor, with Patricia Matos, of *Unemployment in an age of austerity* (Berghahn, forthcoming).