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Austerity's Model Pupil: The Ideological Uses of Ireland during the Eurozone Crisis

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Abstract

During the Eurozone crisis, Ireland would come to be regarded widely as a 'poster child' for the remedial powers of the austerity agenda and as a 'role model' for the other heavily indebted states. In this article, we offer a critical reading of the narrative of an Irish 'recovery' that has gained currency over recent years. Tracing the genealogy of terms such as 'poster child' and 'role model' reveals that they predate the recent apparent revival in Ireland's economic fortunes. The specific point of origin of these metaphors suggests that the often euphoric discourse that has come to attend the Irish economy articulates a very specific political enterprise. In their efforts to cast the country as the harbinger of economic 'recovery', powerful political players have sought to make ideological use of Ireland to ensure that repayments would continue to flow from those European countries in which private bank debts were socialized after the crash. The success of this endeavour has meant that the crisis in the Eurozone has been resolved in the interests of those powerful forces that sparked it in the first place.

Keywords

Ireland, austerity, debt, Eurozone crisis, ideology

Introduction

At the World Economic Forum in January 2016, the (now former)[1] Irish Prime Minister Enda Kenny found himself at the centre of rather more attention than is usually afforded to the leader of a relatively small nation. Over the previous two years Ireland had apparently emerged from a

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crippling recession and begun to record once more the highest levels of economic growth in the European Union (EU). Those assembled at the annual gathering of global wealth and power in Davos were effusive in their praise of the recent seeming turn in the country's economic fortunes. Even the Nobel Laureate Joseph Stiglitz – a prominent critic of austerity programmes of the type implemented by the Dublin administration – was prepared to concede that Ireland had negotiated the recession rather better than the other countries affected by the debt crisis within the Eurozone. With an election only a matter of weeks away, the then Irish premier was predictably keen to embrace the accolades of a succession of powerful global figures. In his contributions to the forum, Enda Kenny insisted that it was only by adhering to the hard course of austerity that Ireland had managed to revive its economy and that the country had now 'set a model' for those other debtor states within the Eurozone still struggling to emerge from recession (O'Donovan, 2016).

The events that unfolded at the World Economic Forum provide a flavour of the adulation that has pervaded public discussion of Irish economic performance over recent years. A sequence of powerful global voices has been keen to insist that Ireland took the difficult decisions that have facilitated its putative 'recovery' and that it therefore represents both a 'poster child' for the remedial powers of austerity and a 'role model' for other countries seeking to restore to balance their public finances. This has given rise to recurrent headlines in which the Irish economy has been lavished with praise by, among others, those like Angela Merkel and José Manuel Barroso who exert, or have exerted, political power at an EU level, those who supervise the investment portfolios of the global wealthy elite and those minor figures of European royalty who preside over one of the continent's principal tax havens:

> 'Crisis states can learn a lot from Ireland – Barroso', *Irish Independent*, 6 March 2014
>
> 'Merkel calls Ireland "growth engine of EU', *Irish Times*, 22 April 2015
>
> 'Irish economy will be the poster child for recovery in 2016', *Quilter Cheviot Investment Management*, 15 December 2015
>
> 'Ireland provides an economic role model for Europe', Prince Michael of Liechtenstein, *Geopolitical Intelligence Services*, 8 December 2014

In this article, we set out to interrogate these headlines and provide a critical reading of the particular discursive forms that have been deployed to construct the Irish Republic as the principal success story of the recession era. When we examine more closely some of the tropes that have gained currency in recent years, it becomes evident that the praise often heaped on the Irish economy did not coincide with the rises in Gross Domestic Product (GDP) that have occurred recently but rather predates them by several years. Indeed, those phrases such as 'poster child' and 'role model' that would become closely associated with Ireland began to be used precisely as the country spiralled into the worst economic crisis in its history. Tracing the genealogy of these forms of talk suggests, therefore, that the euphoria that often attends contemporary depictions of the Irish Republic does not represent an impartial record of current economic trends but rather is driven by certain other, distinctly partial and political, concerns. Before we turn to develop this argument, it would be useful to provide a necessarily brief overview of what has happened to Ireland since the crash to orientate readers unfamiliar with that particular context.

Ireland after the Crash

The onset of the global economic crisis would affect Ireland rather more gravely than most other developed economies. In the period between 2007 and 2010, Irish GDP contracted by 21 per cent, by some estimates the most severe economic collapse ever experienced in a wealthy country

outside of wartime (Donovan and Murphy, 2013: 255–6). The relative vulnerability of the Irish economy derived primarily from the profligacy of a domestic banking sector whose ever more reckless lending had fuelled one of the largest 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 Dublin government issued a guarantee that it would cover all of the loans issued to six Irish banks. Even this dramatic socialization 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 enormous sum 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, the gap in the public finances reached the 'unheard of' (Donovan and Murphy, 2013: 103) level of 31 per cent of GDP. 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 celebrated as 'Europe's shining light' (Donovan and Murphy, 2013: 15) was now forced to take its place among that body of heavily indebted and policed 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 agreement 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 that were 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 the course of government policy for years to come (Kirby, 2012: 256). This newfound influence would of course be employed to impose an austerity regime that would bring widespread hardship to Irish society. A series of draconian budgets would see the introduction of 'a shocking array' (Oxfam, 2013: 1) of measures that diminished or eliminated forms of social welfare that previously would have been considered untouchable. The inevitable outcome was a sharp rise in social deprivation, especially among those who had been largely left behind by the Celtic Tiger boom. 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 per cent to 29 per cent (European Anti-Poverty Network Ireland, 2015: 4).

Perhaps the starkest illustration of the privations experienced by the most underprivileged within Irish society during the era of austerity can be found in the rise of food poverty. In December 2013, it was reported that one in ten people in Ireland were not sure that on any given day they would have enough to eat. As with most forms of deprivation, food poverty afflicts Irish children in particular. According to a recent authoritative study (Gavin et al., 2015), one in five children in Ireland – a country that, for all its recent travails, remains one of the richest in the world – regularly go to school or bed hungry.

'Leprechaun Economics'

On the evening of Sunday, 15 December 2013, the Irish Prime Minister of the day made a rare address to the nation live on television. With Christmas barely a week away, Enda Kenny found

himself in the unaccustomed role of the bearer of glad tidings. In suitably portentous tones, the then Fine Gael leader informed his audience that Ireland was about to leave the troika 'bailout' programme and 'tomorrow morning' would 'again stand as a full member of the euro zone'. Mr. Kenny acknowledged that the era of austerity had required 'difficult decisions' but emphasized that these had prepared the ground for a brighter future for all. With the economy 'starting to recover', he insisted, the 'patience and resilience' of the Irish people had now 'restored our national pride' (Irish Times, 2013).

The optimism that ran through Enda Kenny's televised address to the nation would – at first glance at least – appear to have been borne out by subsequent events. In the period since the official announcement that the troika 'bailout' was at an end, Ireland has come to register rates of economic growth that recall the heady days of the Celtic Tiger boom. Prominent figures within the global political elite have inevitably acclaimed the apparent 'recovery' of the Irish economy as compelling evidence of the remedial power of the austerity agenda. German Chancellor Angela Merkel and Managing Director of the IMF Christine Lagarde have been especially quick to laud the economic progress that the country seems to have made of late and to invite other debtor states to draw lessons from the Irish experience (Lynch, 2015; Carswell, 2015). Even the habitually taciturn figure of German Finance Minister Wolfgang Schäuble has been moved to praise, insisting that his fellow citizens are 'jealous' of the rates of economic growth that Ireland has recorded since the 'bailout' arrangements ended (O'Hora and Kelpie, 2014).

While the narrative of an Irish 'recovery' enjoys widespread currency both at home and abroad, it is one that proves rather less convincing than most mainstream economic commentary would have us believe. The recurrent construction of Ireland as a 'poster child' for the remedial powers of austerity rests typically on the ostensibly remarkable rates of growth in GDP registered in the state over the last three years. These headline statistics are, however, particularly problematic in an Irish context and can often dramatically overstate the level of economic activity in the country. The origins of this critical and often overlooked distortion are to be found of course in the activities of multinational capital. Over the last 30 years, the Irish state has enjoyed great success in attracting a new generation of American transnational corporations seeking to invest in Europe (Kinsella, 2014). The appeal of Ireland to these transnational corporations hinges principally on a rate of corporation tax that officially stands at 12.5 per cent but in effect often runs at dramatically lower levels. This was underlined most graphically in the late summer of 2016 when the European Commission disclosed that in recent years the rate of tax paid in Ireland by the Apple corporation has been as little as 0.005 per cent (European Commission, 2016).

The tax avoidance strategies in which multinational corporations engage give the impression that rather greater levels of economic activity are happening in Ireland than is in fact the case. Ordinarily, the statistical distortions that arise out of the country's status as a small, open, low corporation tax economy pass with little critical commentary. In recent years, when economic growth rates were recorded in the mid-single digits, these figures were recited in public commentary as though they were as casually plausible as measures of rainfall. On certain occasions, however, the creative accountancy of the multinationals operating in Ireland is stepped up 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 per cent (CSO, 2016). These transparently preposterous figures were greeted with howls of derision from many economic commentators, with Nobel Laureate Paul Krugman dusting off an unfortunate cultural stereotype in order to dismiss the data as 'leprechaun economics' (Kelpie, 2016).

The controversial data published by the CSO further underscore the absolute centrality of multinational capital within 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 itself of new generous tax breaks and the aircraft leasing firm Aercap adopted a similar strategy with most of its €39 billion assets worldwide (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 rather less vertiginous levels. As the controversy ignited by the palpably implausible data released by the CSO threatened to escalate, senior figures within the Dublin administration sought to defuse the situation by disclosing that in 2015 GDP per capita had 'really' expanded by between 3.5 and 4 per cent (Kennedy et al., 2016).

Even this dramatically revised estimate is likely, however, to overstate substantially the actual level of economic activity in Ireland at present. The official statistics that map Ireland's economic performance are subject not only to the 'inversion' strategies of multinational capital but also to a series of other crucial distortions, not least the recent arrival of international finance houses in the Irish property market (Byrne, 2016). While the activities of these vast 'vulture funds' give the impression that the Irish economy is making progress in reality they add little to the productive capacity of the country. It is entirely likely then that the 'true' rate of economic growth for Ireland is rather lower than the respectable figure of a little under 4 per cent that the government offered in the summer of 2016 in an attempt to placate those who accused it of practising the dark art of 'leprechaun economics'.

A Model Pupil

When we pare back the ways in which multinational capital distorts official statistics the bold claims often made on behalf of the Irish economy emerge, therefore, as distinctly problematic. This is not of course to suggest that Ireland's much vaunted 'recovery' is simply a fiction or a discursive invention. There is after all considerable evidence to support the contention that the Irish economy is on the mend after the ravages of the austerity era. It is important nonetheless to acknowledge that the dominant discourse of 'recovery' tends to overstate the genuine scale of the economic progress that has made since the end of the troika 'bailout' (Finn, 2015: 51). The sources that have inflated Irish GDP over the last few years are in the main contingent and are unlikely even in the immediate term to represent the engines of sustained economic growth. While audacious predictions continue to be made about Ireland's economic future the possibility of further reversals remains rather more real than often acknowledged. Indeed, on the same day that it was announced that the Irish economy had grown by 26.3 per cent the previous year, the CSO also disclosed that GDP had fallen by 2.1 per cent in the first quarter of 2016. A further three months of negative growth and the country widely lauded as the great success story of the Eurozone crisis would officially have been in recession once more (Central Statistics Office, 2016).

That the mainstream discourse of 'recovery' fails to square entirely with the realities of the Irish economy – let alone the realities that define the lives of many Irish citizens – suggests that it does not represent a mere impartial record of events and raises the prospect that it serves perhaps some other, rather more partial and political purpose. If we are to appreciate the genuinely ideological nature of the glowing representations of the Irish economy that have become prevalent over recent years we need to trace them back to their origins in a specific moment of political and financial crisis. From the beginning of the current recession, a central imperative of the European power elite was to defend the interests of those financial institutions based in the core states that were potentially vulnerable should there be a default among those countries in which private bank debts

had recently become sovereign. Towards this end, the authorities in Brussels and Frankfurt advanced emergency loans to heavily indebted states that were typically depicted as 'bailouts' to maintain essential public services but were often simply 'rescue packages' for some of Europe's most powerful financial institutions. In the case of the second Greek 'bailout' in 2012, for instance, 91 per cent of the funds extended to the Athens government immediately left the country to purchase bonds from French and German banks (Varoufakis, 2016: 159). The emergency liquidity afforded to the 'PIIGS' not only often failed to find its way into the maintenance of state services for which it was supposedly intended but also came attached to certain policy prescriptions. The austerity measures that were required as part of 'bailout' arrangements that were often anything but were in part designed to ensure that the states at the heart of the Eurozone crisis would spend rather less on their own citizens and would, therefore, have rather more funds available to ensure the continued flow of repayments on loans that in many instances they had never even taken out.

The particular regime that the European power elite sought to impose after the crash – the effective socialization of private bank debt coupled with wholesale cuts in public spending to facilitate the outflow of cash to private speculators abroad – was always likely to encounter resistance. While the strategy of 'fiscal consolidation' was predictably popular among elites in those states that were home to the principal creditor institutions, it was inevitably received rather less well in those countries shouldering the burden of private debts that had recently been made sovereign. Those states designated the 'PIIGS' had considerable leverage of course as their refusal to repay creditors had the potential to derail the entire Eurozone project. The power of this trump card of prospective default hinged crucially on the facility and willingness of the debtor states to use it in concert (Galbraith, 2016: 33–4). The prospect of such a strategic alliance was perhaps a distant one all along. In order to find common cause, the 'PIIGS' would after all have had to overcome their own engrained tendency to pursue their own specific national interests and, more importantly, to face down the in all probability overwhelming political and economic forces ranged against them. While unlikely, the prospect of a strategic alliance among the 'PIIGS" certainly existed, in principle at least, within the field of political possibility and at certain moments featured prominently in the public discourse of some of the debtor states (Sheehan, 2017).

That those who exercise power in Brussels and Frankfurt took this faint possibility seriously was suggested by the way in which they consistently sought to sow and exploit divisions among the 'PIIGS'. If the new disciplinary regime of austerity were to become genuinely hegemonic, one or more of the debtor states would have to break ranks, make the case for 'fiscal consolidation' and showcase its restorative powers. It would become apparent at an early stage that the country that would be chosen – and indeed would routinely audition – for this crucial ideological role would be Ireland.

There were several attributes that marked Ireland out as the leading candidate for the role of 'poster child' for austerity, two of which will be outlined here. First, the Irish political and cultural establishment was evidently committed to the strategy of 'fiscal consolidation' at an ideological level (Cullinane, 2016). From an early stage, it was readily apparent that there existed at an elite level in Ireland a consensus that 'there was no alternative' to austerity (Cannon and Murphy, 2015: 13; Coulter, 2015: 12–14). This commitment to the new disciplinary order was made apparent in the response of the Irish state to the 'bailout' arrangements agreed at the close of 2010. Other debtor states would bridle at the terms attached to the emergency financial assistance they received. The Irish political class, in contrast, was keen to establish its credentials as the 'model pupil' in the harsh school of austerity and would time and again prove willing to do – in the words of former Greek Finance Minister Yanis Varoufakis – 'everything it was told' by the troika (Kennedy, 2015). The compliance of the Dublin government derived in part from the fact that it inhabited a relatively stable political environment and hence had rather more room to implement the unpopular measures

that comprised the austerity agenda. It was never the case of course that the country was quite as politically docile as suggested by those Greek protestors who chided: ‘We are not Ireland, we will resist’ (Allen and O’Boyle, 2013: 126). The Irish government would, however, not have to contend with a political context as volatile as that which faced their counterparts in some of the other heavily indebted states within the Eurozone.

Second, the very specific composition of the Irish economy meant that from the start it was the one that was most likely to emerge from the chaos in the Eurozone. With the onset of recession, it would become even more starkly apparent that there are in effect two discrete economies operating in Ireland. As the crisis took hold, domestic companies would shed labour, slash wages and reduce investment levels by two-thirds (Allen and O’Boyle, 2013: 37). In the high tech sector dominated by multinational capital, in contrast, one might have been forgiven for thinking that the Celtic Tiger remained in rude health. The expansion of investment, employment and wages on the part of transnational corporations ensured that the statistics mapping Ireland’s economic performance since the crash have often been distinctly bipolar in nature. A central peculiarity of the Irish economy is that foreign companies are responsible for 90 per cent of all goods and services leaving the country (Wickham and Bobek, 2016: 18). The sustained expansion of multinational capital after the onset of recession ensured that while most of the established indices of economic activity, in the years immediately after the crash at least, showed Ireland in freefall, one of them, the volume of exports, would continue expanding rapidly and indeed assume record levels. The remarkable performance of the export-oriented multinational sector meant that even in the depths of the greatest crisis in the history of the state there already existed a nascent economic revival. It was always entirely likely, therefore, that Ireland would be the first of the ‘PIIGS’ to return to at least modest rates of economic growth (Brazys and Regan, 2016).

It would not of course take the authorities in Brussels and Frankfurt long to recognize these attributes that marked Ireland out as a crucial ideological resource in the prolonged, and often fraught, disputes that would characterize the Eurozone crisis. This becomes apparent when we trace the genealogy of some of the central tropes that have come to frame Ireland’s turbulent recent economic history. We used the LexisNexis search facility to chart the occurrence of certain key words and phrases in the Anglophonic news media between 1 September 2008 and 31 December 2016. The data generated suggest that the distinctive discursive forms that emerged in relation to Ireland during the recession map closely onto the broader narrative of the Eurozone crisis. If we trace the provenance of the trope depicting Ireland as a ‘role model’ for austerity, for instance, it emerges that it only came into use in the spring of 2010. This phrase that would in time come to enjoy a certain currency started to appear, in other words, at precisely that moment when the true scale of Greek national debt became evident and the Athens administration became the principal object of the European authorities’ new disciplinary regime. That this confluence of events was rather more than mere coincidence will become apparent at a later stage in the discussion. Anyone with a passing knowledge of recent Irish political economy would appreciate how incongruous the nascent characterization of Ireland as a ‘role model’ for the other indebted states within the Eurozone was at the time. 2010 was, after all, the year when the unravelling of the national finances gathered pace and Ireland stumbled inexorably towards the national humiliation of the troika ‘bail-out’. And yet it was also the moment when influential voices in Brussels and Frankfurt began to identify the country as a guide for all the other states embroiled in the Eurozone crisis. In March that year, for instance, the President of the European Bank Jean-Claude Trichet chose to disregard the escalating evidence of economic chaos in the country and became the first prominent figure within the European power elite to declare Ireland a ‘role model’ (Elliott, 2010).

The veneration of the Irish economy that began in 2010 would gather momentum two years later when the worsening of the Greek economy would once again sharpen the Eurozone crisis and

lead to the Athens government receiving an unprecedented second 'bailout'. The ambition of the European power elite to cast Ireland as the exemplar for other heavily indebted states to follow was indexed with particular clarity in the escalating use of a certain metaphor that would come to be aired widely during the austerity era. In the course of 2012, there were 22 stories in 15 separate news outlets in which the Irish Republic was described as a 'poster child' (and a further seven that employed the cognate term 'poster boy'). This was a greater number than in any other year that we examined and, significantly, more than in 2015 and 2016 combined when there was at least some evidence that might provide the basis for such an accolade. Only four of the stories appeared in the domestic Irish press, with the remainder appearing in news sources in countries as diverse as India, Pakistan, the United Arab Emirates, the United States and the United Kingdom. The principal source of these features was the English media who carried them on no fewer than ten separate occasions. That the narrative of Ireland as a 'poster child' for austerity appeared in such influential titles as *The Sunday Times*, *The Guardian* and *The Daily Telegraph* suggests that these flattering depictions are likely to have been disseminated to a large international audience. The global reach of this recurrent trope of the Eurozone crisis is underlined when we come to examine more closely the detail of the stories under consideration. This reveals that the representation of the Irish economy as a 'poster child' featured prominently at various gatherings of the brokers of global economic and political power. The trope was aired, for instance, at the World Economic Summit in Davos, the Bloomberg conference in Doha and the Center for National Policy in Washington. Only a handful of the stories generated by the data search entailed journalists taking sides on the debates concerning Irish state strategy during the Eurozone crisis. Three of the features were explicitly critical of the depiction of Ireland as a 'poster child' while two openly endorsed it. The remaining 17 stories did not reveal any tangible editorial line on the issues and events at hand. While this familiar style of reportage often appears at first glance to be entirely neutral it invariably entails silences and omissions that render it quite politically loaded. The overwhelming majority of the stories that we examined saw the press document the often glowing testimonials directed towards the Irish economy but not provide the balance of a suitable counter-narrative. In allowing Ireland to be cast as the 'poster child' of austerity without contest or critique, for instance, journalists in a range for international news sources enabled what are often matters of opinion to pass off as though they are mere matters of fact.

The prominence that the metaphor of the 'poster child' came to enjoy during 2012 was a crucial index of the praise that powerful political figures were heaping increasingly on the Irish economy. As the project to frame Ireland as the 'role model' for the other indebted states became ever more explicit that year, it would focus largely on an unlikely public figure. Even the most ardent supporters of the (now former) Irish Prime Minister Enda Kenny would hardly claim him to be a charismatic or visionary political personality. And yet, in the course of 2012 this journeyman politician suddenly found himself a celebrated figure on the world stage. In November that year, Mr. Kenny received the accolade of 'European of the Year' for his stewardship of Ireland's 'determined response to the current economic and financial crisis'. The then Fine Gael leader obliquely acknowledged the ulterior political motive behind the award when he used the ceremony in Berlin to endorse what was becoming an ever more common depiction of the Irish Republic within Europe's power elite. Accepting the award on behalf of the 'Irish people', Mr. Kenny asserted that Ireland was now a 'model for other countries that need to come out of crisis' (Kenny, 2012). The previous month, the veteran politician had received an equally telling form of recognition, this time on a more global stage. The edition of the renowned *Time Magazine* that hit the newsstands on 15 October 2012 featured a suitably statesmanlike Enda Kenny on its cover and framed by the headline 'The Celtic Comeback'. Accompanying the bold cover image was some brief explanatory text by journalist Catherine Mayer, who inevitably chose to set up what was emerging as a dominant

construction within powerful circles of Ireland as a country on the mend: 'Prime Minister Enda Kenny is rebuilding his country's economy. What the rest of Europe can learn from him'.

'Ireland Is Now the Pride of Europe'

The optimistic tales of Ireland's economic revival that gained prominence in the latter stages of 2012 would have appeared darkly ironic to most people living in the country at the time. As the narrative of the Irish Republic as a 'poster child' or 'role model' mapping the way to a broader European economic 'recovery' began to gather momentum, the state in fact remained in the throes of the greatest economic crisis since its inception. The numbers unemployed had reached a record high, public debt had returned to the crippling levels of 30 years earlier and the traditional bane of emigration had come again to claim almost half a million – predominantly young and educated – Irish citizens (Glynn et al., 2013). And yet across Europe and indeed beyond official wisdom was coming to settle on the idea that Ireland was the herald of a wider economic renaissance. The dislocation between the praise often directed towards Ireland and the prevailing economic realities of the country becomes especially apparent when we examine the data generated by a LexisNexis search of the international media. These reveal that in the three years when Ireland was under instruction from the troika there were no fewer than 856 stories devoted to 'Ireland's economic recovery'. In the three years after the end of the 'bailout' arrangements the number of such features would in fact fall to a total of 766. It would appear then that the discourse of 'recovery' actually emerged when Ireland was facing its moment of gravest economic peril and declined a little when the country began to record rates of economic growth that might lend credence to such an interpretation. This disjuncture between rhetoric and reality that has marked the construction of Ireland as a 'role model' from the outset might be taken to disclose its status as part of a rather broader ideological project.

The immediate intention of those who have heralded Ireland as a 'poster child' for austerity was to guide the Dublin government along a path conducive to the interests of those who exercise political and economic power within the European Union. It might be difficult, even at this short remove, to recall that when the Eurozone crisis broke it was the Irish banks that were regarded as the principal potential source of contagion. The advent of the euro had prompted the principal finance houses in France and Germany in particular to recycle vast sums of the currency through their counterparts in peripheral economies such as Ireland. On the eve of the global economic crisis, in the third quarter of 2008, the net foreign liabilities of the Irish financial corporations stood at €158 billion (Connor, 2015: 6).

As recession took hold, it would soon become apparent that the Irish banks were insolvent, raising the very real prospect of a default that would have had potentially ruinous consequences for the entire European financial system. The interventions of the European authorities were designed to forestall such an outcome and to ensure that those private corporations that had gambled on Ireland's scarcely regulated finance houses would be paid in full. At times, those who hold high office in Brussels and Frankfurt have chosen to deal with Ireland in a distinctly draconian manner. In late 2010, for example, the then head of the European Central Bank, Jean-Claude Trichet, threatened the Irish government with the removal of emergency liquidity in order to persuade it to accept a troika 'bailout' that would extend loans only to spirit immediately most of the money out of the country and into the European banking system (O'Callaghan et al., 2015: 40). Over time, however, the European authorities would come to see the value of the rather gentler strategy of coaxing and cajoling the Irish state along a path to which it was already clearly ideologically committed. The praise that has been showered on Ireland over recent years marks an attempt to win hearts and minds among a cultural and political caste in Dublin that evidently covets the approval – on matters

other than corporation tax at least – of those who exercise power within the European Union. The enormous value that the commendation of Brussels and Frankfurt holds for the Irish political elite was underlined in the summer of 2015 when the normally unassuming then Minister of Foreign Affairs Charlie Flanagan indulged in a rare moment of hubris, claiming that ‘Ireland is now the pride of Europe’ (Ross, 2015).

The ambition of those who often heap praise on Ireland to ensure the Dublin government would honour the vast private bank debts socialized at the beginning of the crisis has of course been realized. There were moments when elements within the Irish political establishment engaged in stirring talk about ‘burning the bondholders’ (Finn, 2015). This rousing electoral rhetoric would soon recede, however, and the Irish state would continue to make payments on loans they had never taken out, even reimbursing creditors who had no legal entitlement to be paid (Galbraith, 2016: 201). The compliance of the Irish government would be absolutely essential in ensuring that the crisis within the Eurozone would be resolved in a manner acceptable to the power elite in Brussels and Frankfurt. This becomes apparent when we examine the detail of the enormous sums that were in recent years taken from the ordinary citizens of several EU member states and given to some of the continent’s wealthiest financial corporations (Taft, 2013). While home to less than 1 per cent of the population of the EU, Ireland in fact provided 42 per cent of the total funds that were summoned to save the European banking system. The Irish contribution to the bailout was, in absolute terms, even greater than that of Germany, a country with 16 times more people and whose banks were among the principal beneficiaries of the fortunes that the troika institutions channelled out of debtor states within the Eurozone. When expressed in relative terms, the demands that were made of Ireland during the EU bank bailout become even more dramatic. Each person in Ireland, on average, contributed €8981 to save the European banking system. The body of citizens who made the next largest contribution were those of the Federal Republic of Germany, who donated the rather less onerous sum of €491 per capita. It may not be much of an exaggeration then to suggest that if it were not for the unsolicited generosity of the Irish people the entire Eurozone project might no longer exist.

‘The Hammer of the Greeks’

The accolades routinely bestowed on Ireland might be read, therefore, as an attempt to dissuade the Dublin authorities from a debt default that might potentially have laid low the whole European banking system. The construction of Ireland as an economic success story should also be seen as an element within a broader ideological initiative intended to ensure that the other, often more recalcitrant, debtor states within the Eurozone would chart a similar course. Key personalities within the European power elite have time and again underlined the putative ‘recovery’ of the Irish economy in order to convince those countries still in recession that there exists hard evidence that the path of austerity will in time lead the way back to economic prosperity. The praise frequently showered on Ireland also serves at times as an admonition to those states among the ‘PIIGS’ – and to one state in particular – that have considered an alternative course. By the spring of 2010 it was evident that the country most likely to deepen the already profound crisis within the Eurozone was not Ireland but rather Greece (Galbraith, 2016). As the true scale of the Greek national debt came to light, the country’s credit rating plummeted sparking a fiscal crisis that would lead inexorably towards the first ‘bailout’ facilitated by the troika institutions in May that year. Over the period since, the principal concern of Brussels and Frankfurt has been to ensure that the ailing Greek economy would not become a source of contagion throughout the Eurozone as a whole. In the sustained attempts of the European authorities to discipline successive Greek governments, Ireland would be required – indeed would volunteer – to play a critical political and ideological role.

Throughout the Eurozone crisis a sequence of powerful figures has counselled politicians in Athens to take inspiration from their rather more compliant counterparts in Dublin. Indeed, on the very first occasion that Ireland was lauded as a 'role model' by a major European political player it was as part of an attempt to persuade the Greek government to adopt a more amenable disposition on the matter of debt repayment. In late March 2010, as the Greek economy deteriorated apace, Jean-Claude Trichet chose to make an intervention that was rather telling for our purposes here. Addressing the European Parliament, the then President of the European Central Bank declared that 'Greece has a role model, and that is Ireland' (Elliott, 2010). This newly minted metaphor would soon become a familiar feature of official discourse during the Eurozone crisis. Time and again central figures within the European power elite would instruct the Athens government to follow Dublin's lead. As the Greek debt crisis came to a head in 2015, Angela Merkel would return to this theme on several occasions. The German Chancellor advised the Greek Prime Minister Alexis Tsipras to follow the 'Irish example' (Lynch, 2015) and informed the viewers of the CNN Money channel that Ireland provided the 'kind of course Greece needs to get on' (CNN, 2015).

During the controversies that would come to embroil Greece over recent years, Ireland would represent not merely a crucial ideological asset to the European authorities but a key political ally as well. As the crisis in the Eurozone unfolded, it became apparent that if there were to be a genuine challenge to the austerity programmes favoured in Brussels and Frankfurt it would come from Greece (Dean, 2016: 26–7). The punitive measures that had been imposed on the country during its first two 'bailouts' generated widespread disillusionment, allowing the emergence of a movement of the radical left that took power in the landmark elections of January 2015. The popularity of the anti-austerity position adopted by Syriza was underlined in July that year when the Greek people were asked to vote on the terms of a third 'bailout' requiring further cuts to public services and further privatization of public assets. That the deal was emphatically rejected by 61 per cent of voters suggested that the left wing coalition had a clear mandate to return to negotiations to argue more vigorously still for, *inter alia*, a write down on massive national debts that originated largely in speculative loans provided by financial institutions based in precisely those EU states that were among the most sternly opposed to such acts of debt forgiveness (Kouvelakis, 2016).

The outcome of the political crisis that broke over Greece in the summer of 2015 would hinge in part on the response of the other heavily indebted countries within the Eurozone. If those countries that had a vested interest in the prospect of debt forgiveness had found common cause with one another the balance of forces in this critical debate might have shifted considerably. Rather than siding with Greece, however, the other principal debtor states within the Eurozone took their place among its most vehement critics. While Portugal and Spain were explicitly resistant to the idea of a write down of Greek debt, it was Ireland among the 'PIIGS' that would emerge as the sternest opponent of the alternative strategy outlined by Syriza. In the words of one seasoned political journalist (Leahy, 2015), the Dublin government seemed intent on casting itself as 'the hammer of the Greeks'. During the critical debates and negotiations concerning the future of Greece that unfolded in 2015, it often appeared that the most vocal of European finance ministers was the one from Ireland. In his frequent public statements on the Greek debt crisis, Michael Noonan adopted a hard line position akin to that of his notoriously draconian German counterpart. Indeed, during the crucial negotiations that took place in late June 2015, it was widely reported that Noonan was the only other European finance minister to back Wolfgang Schäuble in his insistence that further emergency liquidity for the beleaguered Greek government would only be provided on the condition that capital controls were introduced (Spiegel and Chassany, 2015).

The response of other debtor countries such as Ireland was perhaps crucial in sealing the fate of those Greek radicals who sought to challenge the hegemony of the austerity strategy. In the absence of solidarity from the other 'PIIGS' and in the face of unremitting pressure from the most powerful forces within Europe, it was always entirely likely that Syriza would in the end capitulate (Galbraith, 2016: 31–5). Four days after the referendum that had registered a decisive 'no' to the austerity agenda, the Greek premier Alexis Tsipras announced that he would after all accept a 'bailout' deal that would see further cuts of €13 billion in public spending and the privatization of ports and airports (Kouvelakis, 2016).

The response of the Irish political establishment to this development underlined how much had been at stake in the challenge that Syriza for a time seemed to issue to the European political elite. Had the Tsipras government succeeded in securing some level of debt forgiveness and in preventing the introduction of yet more cuts in public provision it would have mercilessly exposed the claims of the Irish political class that there was simply no alternative to austerity (O'Toole, 2015). It was entirely predictable, therefore, that those Irish politicians that were among the fiercest critics of the Greek strategy would greet the capitulation of the Tsipras government in July 2015 with no little glee. This delight was still evident some three months later during a debate in the Irish parliament when the Minister for Public Expenditure Brendan Howlin (2015) presented what would prove to be his final budget statement. Having faced persistent criticism from the Left for his support for the austerity agenda, the soon-to-be leader of the Irish Labour Party seized the opportunity to settle scores with his political rivals when he asserted: 'Our recovery, though not yet complete, is not only a justification of our policies, but a condemnation of the easy alternatives proffered by some. Who speaks of Syriza now?'

Conclusion: The Eurozone's Model Prisoner?

Senior figures within the Irish government were wont to claim that their stern opposition to concessions being made to Greece was guided by matters of principle, namely the conviction that all states are morally obliged to honour their debts regardless of their provenance. It is entirely likely, however, that their disposition and conduct were in fact guided by other, rather more pragmatic concerns. Throughout the Greek debt crisis it was apparent that Irish politicians were determined to distinguish themselves as much as possible from their counterparts in Athens. At one stage, the Irish Finance Minister even informed reporters facetiously that his administration intended to take delivery of t-shirts bearing the legend 'Ireland is not Greece' (O'Toole, 2014). In distancing itself from the radical forces in Athens, the Irish government sought to assuage the international creditors concerned with the prospect of default among the Eurozone debtor states. The success of this strategy is reflected in the fact that the rates of interest on 10 year Irish government bonds have fallen to an all time low of 0.4 per cent (Irish Times, 2016). The anxiety of politicians in Dublin to distance themselves from Greek calls for debt forgiveness may also, ironically, have been guided by an ambition to secure precisely that outcome, but for Ireland alone. Former Greek Finance Minister Yanis Varoufakis (2016: 182) has suggested that the intention of the Irish state throughout the Eurozone crisis has been to establish its credentials as a 'model prisoner' willing to adhere to every dictate of the powerful in order to secure concessions or to avoid the punishment meted out to those who choose to infringe the new disciplinary regime. There is certainly more than a kernel of truth in this claim.

Since the global economic crash, successive Dublin administrations have been keen to offer the impression that their strict adherence to the austerity policies beloved of Brussels and Frankfurt has won favour among the European power elite and that would in time give rise to concessions in relation to the repayment of the national debt. While there have been several

occasions when government ministers have claimed that negotiations with the EU on debt forgiveness were proceeding positively these never quite seem to come to a successful conclusion. The speculative debts of the Irish banks are still the responsibility of the Irish state and this will remain so for the foreseeable future. In the course of the crisis, the Irish national debt would reach historic levels and currently stands at €188 billion (National Treasury Management Agency, 2017). At present, Ireland pays more to creditors in per capita terms than even Greece and spends more on debt repayments than on education (Ó Cionnaith, 2016). It is entirely likely then that the anxiety of the Irish state to perform the role of 'model pupil' – or perhaps that of 'model prisoner' – during the era of austerity has bequeathed an enormous material burden that will be shouldered by several generations of ordinary Irish people to come.

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