

CHAPTER 2

DEPENDENCE AND UNDERDEVELOPMENT: THE CASE OF MINERAL RESOURCES AND THE IRISH REPUBLIC

COLM REGAN *and* FRANCIS WALSH

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Dependence and underdevelopment are the results of the penetration of capitalism into societies which were pre-capitalist in the past. The emergence of capitalism in central Europe and its expansion to incorporate all of Europe and later all of the world into its framework marked the beginning of the process of dependence. This situation was first established through direct colonialism and continues today in the form of Neo-colonialism. (Incorporation into the world capitalist system has never been on equal terms.) Such inequality manifests itself primarily between classes but also within space. Recent studies within geography have concentrated upon documenting this process with regard to what has been called the "Third World," (and as a result there has been little, if no, assessment of the impact of Imperialism upon the "Metropole" or "centre").¹ This paper seeks to redress this imbalance, by way of an empirical analysis of dependence and underdevelopment in the context of mineral resources in the Irish Republic.

The failure of orthodox western developmentalist theory to explain the increasing underdevelopment of Latin America, despite the granting of formal constitutional independence, led to the emergence in the late 1960s of Dependency theory.² This theory seeks to analyze the various roles Latin America has performed vis-a-vis metropolitan needs at specific historical periods. For example, when the dominant classes in the metropole required specific types of raw materials or cheap labour, the periphery acted as supplier. When new markets for manufactured goods were required, the periphery responded as a market. This situation arose from the specific forms the integration of Latin America into the world capitalist system took. Though individual countries or whole continents may have experienced a change of metropolis through time, the fact of dependency has not changed. Despite the rhetoric of Western sources, dependency has increased through greater foreign corporate, governmental and foundation penetration of manufacturing, retailing, communications, advertising and banking. High prices for imported manufactured goods, coupled with falling prices for primary goods

¹ A. de Souza and P. Porter, *The Underdevelopment and Modernisation of the Third World*, Commission on College Geography, Resource Paper No. 28 (Washington, D.C.: Association of American Geographers. 1974); H. Brookfield, *Interdependent Development* (London: Methuen. 1975).

² For a review of this literature see C. Regan. *Geography, Dependence and Development: A Review Essay*, unpublished M.A. thesis, Simon Fraser University.

exports is but one reason for this situation. Even where industrialization has occurred within a dependent society, capital is drained through the process of repatriation of profits, interest payments as loans and fees for royalties and shipping costs.

According to Dos Santos, dependency is defined as:

A situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected ... an historical condition which shapes a certain structure of the world economy such that it favours some countries to the detriment of others, and limits the development possibilities of the (subordinate) economies.³

Upon this basis he identifies three historical periods of dependence. The first is that of colonial dependence associated primarily with exports, in which commercial and financial capital in alliance with the colonialist state dominated the economic relations of the colonies. This process of dependency was maintained through monopolies of trade, land, mines and slave labour. The second period is that of financial-industrial dependency, consolidated at the end of the nineteenth century. A move away from slave labour into wage labour and the emergence of an internal market are hallmarks of this period. The process of dependency is consolidated during the final phase, since the end of the Second World War. Industrial development is dependent on an export sector for the foreign currency to buy the inputs utilized by the industrial sector. Thus, the traditional export economy is preserved and industrial development becomes conditioned upon the balance of payments. The situation is further aggravated by the power structure of technology which is primarily controlled from and developed in the metropolis.

The net result of this type of development is a form of capital accumulation characterized by extreme unevenness between classes, sectors of industry, between agriculture and industry and between town and country.⁴ According to Amin:

as economic growth proceeds, none of these features by which the structure of the periphery is distinguished lessens; on the contrary, each increases. Whereas at the centre, growth is development-that is, it has an integrating effect-in the periphery, growth is not development, for its effect is to disarticulate. Strictly speaking, growth in the

³ T. Dos Santos. "The Structure of Dependence," *American Economic Review* 60 (May, 1970).

⁴ See R. Chilcote and J. Edelstein, *The Struggle with Dependency and Beyond* (New York: John Wiley, 1974)

periphery, based on integration into the world market is development of underdevelopment.⁵

Despite the fact that the analysis presented above was developed in the context of Latin America, its application to dependent development in Europe is clearly illustrated in the case of the Irish Republic. In modified form the historical periodisation offered by Dos Santos, the discussion of mechanisms through which dependency is maintained and the results produced are all identical. Hence we can note that Imperialism has produced underdevelopment which is not spatially restricted but manifests itself whenever the world capitalist system penetrates. Dependent underdevelopment is created and maintained by capitalism.

Ireland: Historical Introduction

The history of economic growth in what now constitutes Eire may be seen to fall into three distinct phases. Initially there was the British colonial phase during which the development of industry in certain areas was actively discouraged and indeed prevented, save for some small-scale agriculturally based activities. The net result of this period was commented upon by Engels as follows:

the more I study the subject, the clearer it is to me that Ireland has been stunted in her development by the English invasion and thrown centuries back.⁶

British colonial policy varied historically, yet it contained one common element in the Celtic realm, the Acts of Union by which Wales, Scotland, and Ireland were politically incorporated into the British Empire. Coupled with a policy of settler colonialism, this union initiated the present political division of Ireland. Preferential treatment was given to Northern Ireland industry (based on textiles and engineering) and integrated that area (and its protestant settler class) into the Clyde and Liverpool industrial complex, a development which integrated this section of the country into that of industrial Britain. The remainder of the country functioned as an agricultural area supplying food stuffs and some other minor products for Britain. Thus Northern Capital came to depend upon union with Britain and preferential treatment in the British market. Consequently it later became possible to combine religious and economic interests in the fight against separatism (a prerequisite for Southern capitalist development). Nowhere is this more clearly illustrated than in the following quotation from a Unionist party pamphlet *Commercial Ulster and the Home Rule Movement in 1902*:

The cry against separatism ... is not merely the voice of orangemen ... it is the voice of civilised humanity ... it is

⁵ S. Amin, *Accumulation on a World Scale* (New York: Monthly Review Press, 1974).

⁶ Engels to Marx, May 23.1856 in K. Marx and F. Engels. *Ireland and the Irish Question* (Moscow: Progress Publishers, 1971), p.83.

the voice of trade, it is the voice of commerce, it is the voice of capital.⁷

Hence the first phase of British domination in Ireland was characterized by institutionalized uneven development between the North-East and the rest of Ireland.

The second phase is that of constitutional independence in the period 1922-32. Civil war and the instability of the Irish political party system combined together to prevent the emergence of an industrial development policy. However, the Great Depression and the rise of protectionism ushered in a new government devoted to fostering small-scale private industry using native materials. The Ideology of this period is graphically illustrated in the slogan: "Burn everything British but their coal."⁸

In economic terms, protectionism was a failure. The net output of manufactured goods increased from 18 percent of total production in 1926 to 28 percent in 1938 but this was offset by a 20 percent decline in agricultural output.⁹ The actual number of Irish employers during this period declined despite the offer of grants of up to 60 percent of the costs of fixed assets. This was due in part to the stagnation and depression within the European economy in general, the net result of which was the adoption of a policy geared to the attraction of foreign capital into Europe and also into Ireland.

The decline of Britain in the post World War II period and the restructuring of the European economy encouraged the Irish government to adopt a new policy towards developing an industrial base. Consequently, foreign investment in Ireland (with respect to profits on exports) was to be free of taxation for 15 years. The capital grants scheme was also to be maintained. Government advertisements placed in foreign newspapers and journals emphasized these benefits and others such as the fact that the Irish Labour movement was not strong or communist influenced. This period corresponds to the stage of industrial/technological dependence identified above and marked the full integration of Ireland onto the world capitalist system. Ireland's integration was on terms exceptionally favourable to foreign capital and amounted to a request to come and exploit at will. This situation has led Murray to comment:

smaller countries, such as Ireland, go even further ... by making general offers of monopolistic advantages to

⁷ Quoted to J. Palmer, "The Gombeen Republic," *International Socialism*, no. 51 (Apr. / June, 1972): 15.

⁸ *Ibid.*, p.17.

⁹ J. Smyth, "The Changing Nature of Imperialism in Ireland," *Bulletin of the Conference of Socialist Economists* (Spring, 1974): 70.

foreign investors which exceed those offered to their national capital.¹⁰

This policy has continued to the present day and its results are briefly discussed in the following sections.

Underdevelopment: Irish Style

This radical change in policy (after 1959) was initially slow in taking effect, but has been accelerated greatly in the last five years as free trade conditions and membership of the European Economic community in particular, have had immense effects on the Irish economy. Native industry has declined rapidly, for example, the share of competing imported manufactured goods in the home market has risen from 14.9 percent in 1965 to 20 percent in 1971.¹¹ Emigration has slowed down, and this fact coupled with the loss of employment in manufacturing industries (from 197,000 in 1970 to 194,000 in 1972) has created an army of redundant workers.¹² More than half the redundancies for the year 1972 were estimated to have been in textiles, clothing and furniture, industries which had previously been built up through protection.¹³ The decline of Irish Capitalism can be attributed directly to the end of protection and the incorporation of the Irish economy into the world system.

The dependent nature of Irish development is evidenced by the fact that in 1971 profits obtained by British investors totalled £21 million (60 percent of total profits for all publicly quoted companies). The Organization for Economic Co-operation and Development has estimated that between a third and a half of all manufacturing is British owned or controlled. In the sphere of trade 55 percent of all imports are supplied by Britain while more than 66 percent of all exports are sold in the British market.¹⁴

Since the 1960s and early seventies the quantity of British investment has fallen to approximately 4 percent of total foreign investment. Yet this situation has not led to the promotion of Irish industry, rather it has led to the promotion of U.S. and German capital, to name but two examples. The United States in particular has taken advantage of locating in Ireland because of low labour costs, high grants and the easy access to the European market. A point of interest here is that a particular type of international firm is now appearing in Ireland, those who have experienced the restriction of pollution control legislation elsewhere. The South-West coast has now become a dumping ground for oil storage

¹⁰ R. Murray, "The Internationalisation of Capital and the Nation State," H. Radice, ed., *International Firms and Modern Imperialism* (Harmondsworth: Penguin, 1975). p.122.

¹¹ J. Smyth, "The Changing Nature of Imperialism in Ireland," pp.70-73.

¹² Ibid.

¹³ Ibid.

¹⁴ J. Palmer, "The Gombeen Republic," p.17.

depots, refineries and chemical plants, much to the disadvantage of local residents and the tourist industry upon which so many of them depend. In all 20 countries have participated in the "opening-up" of the Irish economy since 1959, although the bulk of investment is from the U.S., the U.K., West Germany and Canada. Between them they have provided 80 percent of all projects, 75 percent of employment and 70 percent of capital investment since 1970.¹⁵

The net result of such development policies is not a development program geared to the needs of Irish society. It has created massive unevenness in industrialization, the agricultural sector is falling behind and the future depends more and more upon outside forces over which the people of Ireland have no control. Just how such a situation has emerged is documented in the following section with particular regard to our mineral resources.

Ireland's Mineral Resources: Development

"Ireland's mineral wealth is unsurpassed in Europe." Thus begins a 1974 article in the *Economist*.¹⁶ Somewhat of an exaggeration perhaps, but some indication of a newly discovered resource base. Yet it has been quite a problem convincing the Irish public of this fact. This is a consequence of the inculcation (at all levels of education) of the firm belief that Ireland is devoid of any kind of mineral wealth. Thus Freeman's 560-page standard text on the geography of Ireland dismisses mining in one line: "Mining hardly exists in Ireland."¹⁷ Orme's more recent text, although devoting two pages to the topic of resources, nonetheless refers to "the relative poverty of rich metallic mineral resources."¹⁸ A major government-sponsored report intended particularly to provide a comprehensive survey of the economic resources of each of the Planning Regions, and reporting, among other things to "assess the future needs and potential of... natural resources,"¹⁹ nevertheless devotes only eleven lines to minerals, beginning "the country is not rich in natural mineral resources."²⁰ As late as 1973, the Prime Minister, Liam Cosgrave, during the course of an election speech, said:

In this country we have few natural resources except arable land. Compared with other countries we have no great natural resources of raw materials, nor minerals capable of exploitation.²¹

¹⁵ Statistics derived from *Survey of Grant Aided Industry*. Dublin, 1967, Industrial Development Authority; *Review 1952/70*, Dublin, 1971

¹⁶ "Zinc Irish." *The Economist*. March I, 1974.

¹⁷ T. W. Freeman, *Ireland*, 4th ed. (London: Longman's, 1969), p.223.

¹⁸ A. R. Orme, *Ireland* (London: Longman's, 1970), p.59.

¹⁹ Buchanan, Colin and Parners, *Regional Studies in Ireland* (Dublin: An Foras Forbartha. 1969), p.1.

²⁰ *Ibid.* p.2.

²¹ As reported in the *Irish Times*, February 22, 1973.

This statement was made over two years after the first announcement that lead and zinc has been discovered at Navan, County Meath (see Figure 1), a deposit which in 1971 was declared by Rio Tinto Zinc Corporation's chief geologist in Ireland to be "the largest lead/zinc mine in the world."²²

Table 1 shows Ireland's mineral output in 1971 and 1972, when there was no production from Navan or from offshore hydrocarbon deposits (see below). It can be seen from Table 1 that Ireland's supposed destitution in terms of mineral resources is a myth. What Table 1 does *not* show is that, apart from cement and coal, every ounce of minerals in the table was extracted by foreign companies; apart (additionally) from gypsum, every ounce was exported; and apart (again, additionally) from magnesite, every ounce was exported in unprocessed form, except for primary concentration. Before examining the economic implications of these circumstances, it will be useful to indicate how they have arisen.

Figure 1. Principal Mineral Resource Deposits, Republic of Ireland



Although indigenous small-scale operations have been carried on for centuries, the modern era in Irish mining may be considered to have begun in 1954 when the state mining company, Mianrai Teoranta (literally "Minerals Limited"-now moribund), having unearthed a viable deposit of copper at Avoca (in the Wicklow Mountains south of Dublin-see Figure 1), decided to advertise abroad for a mining company willing to exploit the deposit. As an incentive, the government in 1955 offered a nine-year concessionary period as regards company tax, consisting of four years with 100 percent relief followed by five at 50 percent. In 1956

²² Quoted in Resources Study Group, *Navan and Irish Mining* (Dublin, 1972). p.4.

a 21-year lease to extract from the Avoca deposit was granted to International Mogul Mines of Canada via its subsidiary, St. Patrick's Copper Mines, Ltd.

Table 1. Mineral Output-Republic of Ireland

	1971	1972 (000 tons)
Lead	50.8	55
Zinc	86.1	83
Copper	11.7	13
Pyrites (concentrates)	29.6	40
Gypsum	328	374
Barite	193	233
Coal	88.5	73
Magnesite	--	75
Cement	1,244	1,510
Silver (ozs.)	1.432m	1.950m
Mercury (flasks of 76lbs.)	2,345	1,250

Source: Mining Annual Review, 1973.

These developments marked a fundamental departure from previous official government attitudes towards external participation in the Irish economy, which since the Control of Manufacturers Acts of the early 1930s had been legislatively hostile (although there had been regular exceptions under special ministerial licenses). The opposition party, Fianna Fáil, which was responsible for the earlier Acts, strenuously opposed the new measures in Parliament,²³ although ironically this party, when returned to power, introduced much greater concessions a decade later (see below).

The opening of the Irish economy to outside investment facilitated by the Avoca developments and other government measures in 1956-58 succeeded in bringing in a large number of outside mining companies, mostly from Canada, to undertake exploration work. By 1971, over 25 percent of the total land area of the country had been licensed for prospecting purposes to 27 different companies (see Figure 3).²⁴ An indication of the success rate enjoyed by these companies is given in Table 2.

Ironically, the Avoca deposit is geologically different from the others, being compared to low-grade ore found as veins within older Lower Paleozoic rocks, whereas the latter are all found in massive, high-grade deposits on the margins between Carboniferous Limestone and other older rocks.²⁵ Ireland's extensive deposits of Carboniferous Limestone

²³ See Resources Study Group, *Irish Mining-The Need for Action* (Dublin, 1971), pp. 5-8.

²⁴ *Ibid.*, p.14.

²⁵ P. Gardiner and R. Horne, "Mining Geology - What's Where in Ireland," *Mining Ireland* (Dublin: Irish Publishing Co., Ltd., 1973).

have therefore strongly influenced the pattern of exploration, as can be seen by comparing Figures 2 and 3. Table 3 represents the principal non-metallic mineral deposits currently being worked in the Republic.

Figure 2. Geology: Ireland



After T.W. Freeman, Ireland, 4TH ed. (London: Longman's, 1969)

Figure 3. Area under Exploration Licence, December 1, 1971



After Resources Study Group, Navan and Irish Mining (Dublin, 1972), p. 42.

Table 2. Commercial Metal Deposits, Republic of Ireland, January 1, 1975

<i>Location</i>	<i>Production</i>	<i>Content</i>	<i>Operator</i>	<i>Parent Co.</i>	<i>Domicile</i>
Avoca	1958	Copper, pyrites	St. Patrick's Copper Mines	International Mogul Mines	Canada
	1966 ²		Avoca Mines (Ireland) Ltd.	Consortium ³	Canada
Gortdrum	1967	Copper, silver, mercury	Gortdrum Mines (Ireland Ltd.)	Northgate Exploration	Canada
	----- ⁴	Zinc, lead, silver	Tara Mines Ltd. Bula Ltd. ⁶	Tara Exploration & Development ⁵ Independent ⁷	Canada Ireland
Silvermines	1968	Zinc, lead, silver	Mogul (Ireland) Ltd.	International Mogul Mines (75%) Silvermines Ltd. (25%)	Canada Ireland ⁸
Tynagh	1965	Lead, zinc, copper, silver	Irish Base Metals Ltd.	Northgate Exploration	Canada

Notes:

¹ See Figure 1

² The first Avoca operation closed down in 1962

³ Principal shareholders: Discovery Mines (47 percent); Patino Corporation (10.67 percent); Superior/Oil Canadian Superior Oil (10 percent); Northgate (10 percent).

⁴ Although much preparatory work has been done, work on the deposit is presently (January 1975) at a standstill pending a High Court action concerning the terms of a mining lease.

⁵ An "associate" of Northgate Exploration via interlocking directorships and shareholdings.

⁶ Ownership of c.12 percent of the Navan deposit via ownership of overlying land confirmed following a prolonged court action in 1973-74.

⁷ Nevertheless strong informal relations with Cement/Roadstone Holdings Ltd., Ireland's largest construction minerals operator.

⁸ Shareholdings principally held in U.K.

Table 3. Important Non-Metallic Deposits, Republic of Ireland, January 1, 1975

<i>Location</i>	<i>Production</i>	<i>Product</i>	<i>Operator</i>	<i>Parent Co.</i>	<i>Domicile</i>
Ballynoe	1963	Barite ²	Magcobar (Ireland) Ltd.	Magent Cove Barium Corp.	U.S.A.
Bennettsbridge	1970	Dolomite ³	Quigley Magnesite Ltd.	Charles Pfizer Corp.	U.S.A.
Kingscourt	1952 ⁴	Gypsum	Gypsum Industries Ltd.	B.P.B. Industries Ltd.	U.K.

Notes:

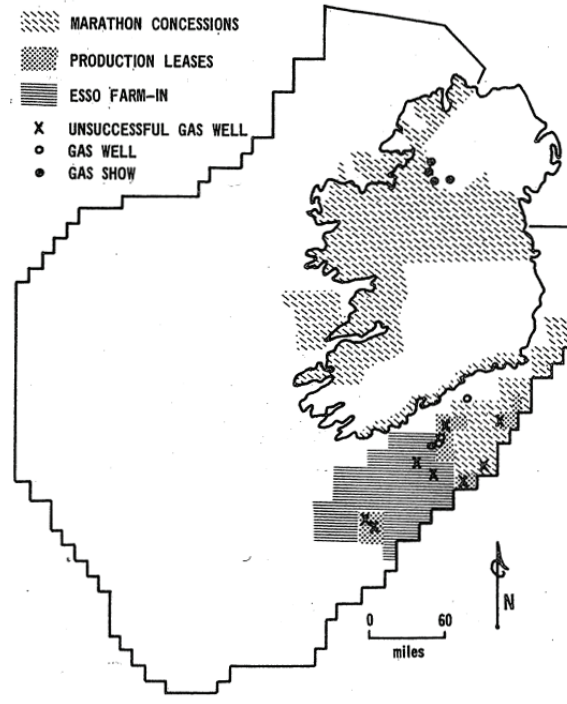
¹ See Figure 1

² Important ingredient in drilling “mud” used in hydrocarbon exploration

³ Processed to magnesite, a refractory material, at Dungarvan (Figure 1)

⁴ The original mining lease was for a small-sale operation. Kingscourt gypsum did not become an important export until the 1960s.

Figure 4. Irish Continental Shelf



After map no. 66, Economic Geography Institute, Erasmus University, The Netherlands, 1974.

Possibly of greatest significance of all was the location of commercial deposits of natural gas off the south coast (Figure 4) in 1973 and 1974 by Marathon Petroleum (Ireland) Ltd., subsidiary of Marathon Oil of Ohio. However, unlike the minerals listed in Tables 2 and 3, this gas is destined entirely for domestic consumption in state-run electricity-generating and fertilizer-manufacturing plants and in the home gas supply network. Nevertheless, with Marathon continuing exploration in its 17,515 square mile off-shore concession (60 percent of which has been "farmed out" to the Exxon Corporation – see Figure 4) and with further allocation of exclusive leases expected shortly to some of the seventy international oil companies which have applied for them, one can, in view of the very

promising geological conditions,²⁶ expect a repeat of the well-established pattern in this case as well.

Implications for Economic Development

The contribution which Ireland's natural resource base can make to the country's trade and economic development will depend in the first place on the actual extent of this resource base; in the second place on the nature of the extracting companies and conditions under which they operate; and in the third place on the manner in which the extracted resources are utilized.

The Extent of Ireland's Resource Base

The significance of the deposits outlined in Tables 2 and 3 and the levels of output of Table 1 can be gauged either in terms of international comparison or by relation to the size of the home economy. Going on the first yardstick, the Tynagh mine has been since 1970 the largest producing lead and silver mine in Europe;²⁷ the Gortdrum mine is one of the world's principal sources of mercury;²⁸ while the Silvermines mine is the largest underground zinc mine in Europe.²⁹ Most of all is the Navan deposit, which, according to the Tara Company, contains an estimated 77 m. tons of ore, grading at an average 10.9 percent zinc and 2.6 percent lead.³⁰ This is large by comparison with that previously indicated as the world's largest (40.8 m. tons deposit, grading 6.3 percent zinc, 2.4 percent lead at Silver-lake Territory, Canada).³¹

On a lesser scale, the non-metallic mines (Table 3) are also of substantial value, deriving in part from the high degree of purity of each.³² The Ballynoe barite deposit is thought to be one of the finest in the world³³ and its importance has been greatly enhanced by the rapidly accelerated rate of offshore hydrocarbon exploration since the onset of the so-called "energy crisis," as barite is an integral element in the drilling process. The size of the Kingscourt gypsum deposit may be gauged from the fact that current development plans will double the mine's already high level of output, which at the moment is 30 percent greater than domestic requirements.³⁴

²⁶ P. Gardiner and R. Horne, "Mining Geology-What's Where in Ireland," p. 38. See also *The Great Irish Oil and Gas Robbery*, by the Research Section, Department of Economic Affairs (Dublin: Sinn Fein. 1974), pp.30-36.

²⁷ M. V. O'Brien speaking at Irish Geological Association. Seminar in Dublin, January 16, 1971. Quoted in Resources Study Group, *Irish Mining-The Need for Action*. p.8.

²⁸ *Ibid.*, p.11.

²⁹ *Ibid.*

³⁰ See Resources Study Group. *Navan and Irish Mining*. pp. 13, 14; Annual Report. 1972.

³¹ P. Gardiner and R. Horne, "Mining Geology - What's Where in Ireland," p. 29; Resources Study Group, *Navan and Irish Mining*, pp. 22, 24.

³² M. V. O'Brien in *Irish Mining*. p. II.

³³ See *Irish Times*, May 23, 1973, p. 16 and June 17, 1974. p.14.

³⁴ See report, the *Irish Times*, January 25, 1975, p.1.

The offshore natural gas deposits found thus far may not seem large by international standards, but the 1973 find is expected to feed 12 percent of the Republic's annual energy demands, while the 1974 discovery is believed to be even larger.³⁵

The combined relative importance to the national economy of Irish mining is indicated in Table 4, in which the Republic's mineral exports are standardized to 1974 prices [OECD Consumer Index] for the period 1966-74. The 1966 benchmark represents the first full year of production at the Tynagh mine (1966 exports equal 304.23 percent of the 1965 level, at current prices). "Mineral Exports" are here taken to be the aggregate for the two Standard Classification Codes, Metal Ores and Scrap and Crude Fertilizers and Minerals. The great bulk of each is taken up by the output of deposits listed in Tables 2 and 3 respectively. The total value of minerals and exports in the period in question was 225,102,000, equal to approximately 10 percent of the National Income for 1972, standardized to 1974 prices. Subsequent processing can add up to ten times their value to raw minerals, and this may be a better measure of the relative worth of Ireland's natural resources (see Table 4).

Extracting Companies and Operating Conditions

As can be seen from Tables 2 and 3, Irish resource exploitation is almost entirely externally controlled, especially from North America. The terms under which the companies involved have begun operations have been extremely generous, arising partly from the need originally to get in foreign backers for the Avoca mine, and partly from the general consensus that Ireland had little to offer to the world, resource-wise. From 1956-67 the general mining terms involved a five year tax free period followed by a second five year period at half the normal rate of company taxation, plus a sliding scale (depending on production level) of royalties ranging from 4-9 percent. In 1967 a twenty-year complete tax holiday was introduced with respect to all mining operations commencing before 1986. Royalty rates remained the same.

The 1967 measure was extraordinarily generous, since by that time the Tynagh operation was of major proportions, a fact which was not then and to a great extent still is not-widely recognized within Ireland. In addition, the discovery of Tynagh, Silvermines and Gortdrum had already established Ireland's carboniferous limestone tracts (covering two-thirds of the country's land area-see Figure 2) as an important metallogome province-as borne out subsequently by the high level of exploratory activity (Figure 3) and especially the discovery of the major Navan deposit. Particularly extraordinary about the 1967 measure was that all the operating mines at the time has projected life-spans of less than twenty years. In view of the manner in which the country's mineral

³⁵ See "Mining Keeps on Making Headlines," leading article, *Mining Ireland*, no. 2 (Dublin: Irish Publishing Co., Ltd., 1974).

output was being disposed of, to be discussed presently, this Government act may be regarded as a classic in the neo-colonial trading tradition.

Table 4. Value and Distribution of Resource Exports, Republic of Ireland

<i>Year</i>	<i>Value (1974 prices)</i>	<i>U.K.</i>	<i>Other-EFTA¹</i>	<i>EEC²</i>	<i>Other OECD³ (Europe)</i>	<i>E. Europe</i>	<i>U.S./Canada</i>	<i>Other</i>
1966	12.549	15.13	0.60	62.72	6.75	---	12.64	2.15
1967	13.729	14.11	1.08	69.01	6.32	---	6.35	3.13
1968	21.938	18.24	1.17	64.72	10.83	1.02	3.29	.072
1969	35.348	13.41	1.73	61.17	13.55	6.96	1.78	1.39
1970	35.097	13.71	1.03	63.89	7.07	6.59	6.86	0.88
1971	27.238	15.85	5.89	46.76	16.63	2.92	6.19	5.77
1972	30.291	12.72	3.78	54.50	20.13	2.97	5.01	0.90
1973	30.605	n.a. ⁴	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1974 (1/2)	18.307	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	225.102							

Notes:

¹ Australia, Denmark, Finland, Norway, Portugal, Sweden, Switzerland

² Before expansion (i.e. West Germany, France, Italy, Netherlands, Belgium, Luxemburg)

³ Iceland, Greece, Spain, Turkey

⁴ Not available

Source: External Trade Statistics.

The concurrence of a change of government and the release of details concerning the extent of the Navan deposit in early 1973 brought about a change in mining conditions. Under a Mining Taxation Act of September 1973, company taxation was introduced with respect to mining operations, although with a series of exceptions which greatly mitigated the impact of the measure.³⁶ The mining companies launched a concerted campaign against this measure, including the threat of pullout and the organization of "workers" marches, with the full support of the Parliamentary opposition which had also strenuously opposed, when again in opposition, the original tax concessions in 1956.³⁷

³⁶ See J. Palmer, "The Gombeen Republic"; see also "Mining Keeps on Making Headlines," pp. 11, 40.

³⁷ See report, the *Irish Times*, August. 27, 1974, p.1.

Correspondingly, the coalition government which introduced the original tax concessions had more or less the same composition as that which subsequently removed them. This lack of ideological stability of Irish parliamentary politics may be regarded as a principal agency of the process of neo-colonization in Ireland.

A second innovation has also arisen with regard to the lease for the Navan deposit. Although the terms offered by the Government have not been released, they are thought to involve a 49 percent state share holding (25 percent purchased at the original share price of the company), plus 10 percent royalty and nominal taxation.³⁸ This represents quite a shift in government policy, and understandably the Tara Company has reacted sharply by bringing the government to court on charges of breach of promise and unreasonableness in its demands. The question is now *subjudice*, although it is now believed that a compromise will be reached out of court.³⁹

The terms for offshore exploration and production have been even more interesting. The first lease was granted to Ambassador Oil in 1960 for 500, granting that company exclusive exploration rights in all areas, on- and-offshore, under Irish control. In 1968 the Irish government claimed mineral rights on the continental shelf up to a water depth of 200 meters (previously it had limited itself to the 3-mile limit), and by a 1969 agreement, Marathon Oil of Ohio, which had subsumed the Ambassador Company, was granted exclusive exploration rights in 17,515 square miles of the new territories,⁴⁰ with a 21-year production lease guaranteed for all blocks which have been explored by drilling, plus the possibility of extension beyond the 21-year period. In March 1975, 75 percent of unexplored blocks (chosen by Marathon) are to be returned to the government, and the remainder in March 1980. Under the terms of the agreement, all output must be landed in Ireland, but the government "take" in terms of royalties and taxes is limited to a maximum of 40 percent.⁴¹ Some seventy companies have applied for exclusive leases with respect to the remainder of the Irish territories (extended in 1974 to the margins of the continental shelf), and have been granted non-exclusive prospecting licenses pending a forthcoming decision on new leases which is expected to include a "carried-interest" clause on the Norwegian model.⁴²

³⁸ See report, the *Irish Times*, February 5, 1975, p.1.

³⁹ Resources Study Group, *Irish Mining*, p.29.

⁴⁰ See report, the *Irish Times*, January 11, 1975, p.1

⁴¹ See report, the *Irish Times*, October 10, 1974, p.1.

⁴² See M. V. O'Brien, "Review of Mineral Development in Ireland." *Report, Seminar on Metal Industries from Irish Mining* (Dublin: Institution of Engineers in Ireland, 1973), pp.8-9.

Irish Resource Utilization

It is the contention of this paper that, in terms of trade and general economic development, the extraction conditions are insignificant compared with the actual manner in which extracted resources are subsequently utilized and traded. The taxation reforms and minority state shareholdings (in the case of the Navan deposit and probably also forthcoming offshore leases) which do not confer control must be seen in this light. Substantial levels of mineral output could form the basis of a wide range of metallurgical, petrochemical, and other manufacturing industries. Those, if they do not enter the conditions of general capitalist trading, could produce a significant increment to the level of employment, not only directly in the form of manufacturing jobs, but also in spin-off service and primary (agricultural) jobs - particularly when the size of the total labour force is relatively small compared with the level of resource output (as in Ireland). Secondly, the revenues from resource-based industries could reveal further major resource deposits. Thirdly, and most important, the value-added in these industries could provide substantial export revenues which, apart from contributing positively to the balance of payments, could be used for the creation of extra domestic economic activity which may have no relation whatever to the original resources.

This scenario is quite in contrast with the actual pattern of development in Ireland. With the exception of gypsum, all the operations listed in Tables 2 and 3 export their product in unprocessed form, except for primary concentration. Thus all the principal value-adding, employment-generating, and profit-making processing stages take place outside Ireland. The benefits are therefore lost to the Irish economy, except in the negative sense, in that the output of the processing stages has to be reimported in some measure to meet the needs of Irish industry and domestic consumption. One immediate example of the latter may be taken from the 1971 External Trade Statistics, which indicate that Ireland exported unsmelted zinc at an average price of £72/ton (assuming that the entire concentrate value lies in the zinc content) and reimported raw zinc at £157/ton.

This classic, neo-colonial structure is highlighted by Table 4, which represents the distribution of Ireland's resource exports. The degree of dependence on the "Developed World" is almost absolute. The relatively large proportion of exports which goes to the "other-OECD" category comprises mostly copper exports to Spanish smelters which are themselves controlled from the EEC. Even the tiny segment devoted to "other" is largely made up of barite exports to various parts of the world where offshore drilling operations under the auspices of "Developed World" operators are being carried out! Eastern Europe may also be regarded as "developed" in this context, although the variable proportions allocated to this destination are largely attributable to temporary capacity shortages in Western Europe. Thus, in classical neo-

colonial tradition, the developed status of the "Developed World" is to some degree dependent on the continued trading patterns associated with underdevelopment of the Irish economy. That is, if value creatable by resource processing were added within the Irish economy, then value to the same degree would be subtracted from the current level of product in those countries which utilize Irish resources at the moment. Yet, despite the fact that all of Ireland has been categorized as an "undeveloped region" in the context of the EEC Regional Fund, economic analysts in Ireland never attribute this condition to economic and trade relationships with the "developed" areas of the Community.

For many countries, neo-colonialism takes the form of the deliberately depressed prices of their raw materials exports due to the superior bargaining power of the developed world -- a fact which has been more than driven home by the revolutionized terms of trade in the oil sector due to the "turning of tables" as regards bargaining power achieved by producer. However, in the Irish case the situation is rendered even worse by the fact that the country scarcely benefits even from the meagre revenues derivable from depressed commodity prices. This follows from the fact that Irish resource extraction is controlled from the outside, so that the revenues from resource exports also flow out of the country in the form of profits, distributed and undistributed, plus other leakages, such as imports of mining equipment, or shipping hire (less than 10 percent of the Irish import-export trade is carried in Irish-owned ships). It has been estimated with regard to the Tynagh mine that approximately 20 percent of gross output value enters the Irish economy in the form of wages, payments for goods and services, royalties and dividends to Irish shareholders.⁴³ The loss to the Irish economy is not simply the remaining 80 percent of gross value, since the potential multiplier effects of the lost revenue should also be taken into account. The Irish multiplier has been estimated at 1.43.⁴⁴

This leakage will be reduced somewhat by taxation reforms and the nature of future leases, as outlined above; but in any case, this only constitutes the adding of insult to injury, since the really significant loss to the Irish economy lies in the export of potential value-added annually to the "developed world." The Resources Study Group in 1972 estimated the gross metal value (after smelting) derivable from known Irish mineral deposits throughout their lifespans at £1,770m.⁴⁵ This is in itself a great underestimate due to upward revision of reserve estimates and world prices, and does not allow for further discoveries. By multiplying this total by a factor of 8-10 to allow for value added during processing,⁴⁶ and

⁴³ Resources Study Group, *Navan and Irish Mining*, p.55.

⁴⁴ J. Bristow and W. Small, *Bord na Móna Cost-Benefit Study* (Dublin: Institute of Public Administration, 1970). Quoted in Resources Study Group, *Navan and Irish Mining*, p.57.

⁴⁵ Resources Study Group, *Navan and Irish Mining*, p. 56,

⁴⁶ *Ibid.* p.57.

then applying the multiplier, one gets an inkling of the extent of the loss of the Irish economy.

The Future

Apart from the tax reforms, it seems as though there will be no future changes as regards the mining operations which are working at the moment. It does seem likely that the construction of a zinc smelter will be a lease condition with regard to the Navan deposit, but there has been no reference to the lead which forms one-fifth of this deposit's metal output. Neither has there been any government proposal of any sort for the development of subsequent metallurgical industries. A privately owned smelter would have no tendency towards the development of forward linkages due to the nature of current tax laws which allow freedom from taxes on profits derived from exports of primary materials; leakage is already guaranteed by the nature of the Marathon agreement, plus the high import content of production equipment. The present gas finds are to be used domestically, but this is more a function of the size of the deposits than deliberate long-term company policy. With Marathon, and its partner, Exxon, continuing exploration in its highly promising concession area and with a further round of concessions in the offing, there is every possibility of Ireland being swamped by hydrocarbon output. One medium-sized oil well producing 100,000 barrels per day would satisfy Ireland's current fuel needs. Any excess over this would have to be petro-chemically processed or exported crude. There have as yet been no government moves to anticipate such developments, except for a proposal to establish a National Gas Board to control the distribution of natural gas as a fuel to homes and industry. Ireland's freedom of action in this sphere could in any case be severely restricted by the obligation of membership in the EEC and more particularly in the International Energy Agency (IEA), obligations which would expressly subordinate Ireland's peculiar developmental needs to the needs of the greater organization.

Conclusion

Since the writing of the original essay the state has come to play a much more important role in mineral resource extraction. Agreement has been reached with the "owners" of the Navan deposit. The terms of agreement include a 25 percent equity stake for the state in Tara Mines free of charge, a 4.5 percent flat rate royalty on Tara's profits and the normal 50 percent company tax rate. Such conditions have obviously created a more equitable situation for the state but they do not fundamentally affect the structure of Irish underdevelopment. Industrialization policy is still foreign oriented, dependent on foreign capital, technology and markets. It has thus made Ireland and its economy an extension of the European market rather than an independent entity.

It is obvious that the characteristics of underdevelopment described by dependency theory are very much in operation in Ireland today. Amin

has indicated three categories which define underdevelopment, these are (a) inequality of production between sectors; (b) the disarticulation of the economy and (c) foreign domination.⁴⁷ The first category is evidenced in Ireland by the unevenness of productivity between agriculture and industry, and between the primary, secondary and tertiary sectors. Uneven productivity is also reflected in space as the East Coast and the North East remain industrialized while the remainder of the country lies relatively underdeveloped. The disarticulation of the economy is due to the lack of communications between the various sectors. In the developed world, exchanges which take place between sectors of the economy are often complimentary and the formation which results is integrated. However, in underdeveloped economies only marginal exchanges are directed to the outside world. Hence:

The disarticulation of the economy prevents the development of any sector from having a mobilizing effect upon the rest. Any such effort is transferred abroad, to the supplying countries: the sectors of the underdeveloped economy appear as extensions of the dominating advanced economy. In turn, this disarticulation and its corollary, the unevenness of productivity are reflected in the distribution of the gross internal product and of investments, which is very different from that which is typical of the advanced countries.⁴⁸

The final category, that of foreign domination needs no further comment. Thus, by these criteria Ireland becomes an “underdeveloped country.”

Our discussion as to the uses to which Irish mineral resources are to be put has indicated that they will have no long-term mobilizing effect upon the Irish economy. The industry continues to be externally owned and controlled, its output is externally directed and its benefits will be externally realized. It is not within the plans of international capital to build the "downstream" industries which are so badly needed and upon which real, balanced development could be based. Yet what else should we expect from international capital and its Irish Allies.⁴⁹ In this essay we have not touched upon the question of the forces which can change Ireland's dependent development. Perhaps this was neatly summarized by Connolly in 1916.

We are out for Ireland for the Irish. But who are the Irish?
Not the rack-renting, slum-owning landlord; not the sweating, profit-grinding capitalist; not the sleek and oily

⁴⁷ S. Amin. *Accumulation on a World Scale*, p. 15.

⁴⁸ Ibid. p.17

⁴⁹ Referred to locally as "Gombeenmen" or "local lubricants" in the parlance of the mining industry.

lawyer; not the prostitute pressman -- the hired liars of the enemy. Not these are the Irish upon whom the future depends. Not these, but the Irish working class, the only secure foundation upon which a free nation can be reared.⁵⁰

⁵⁰ J. Connolly. 1916, "The Irish Flag," reprinted in Berresford Ellis. ed., *James Connolly Selected Writings* (Harmondsworth: Penguin. 1971), pp.143-46.