

TASC

Think-tank for Action on Social Change



Independent research, challenging inequality and promoting a flourishing society

Annual Lecture 2015

Dr David Begg

17 December 2015

@tasblog

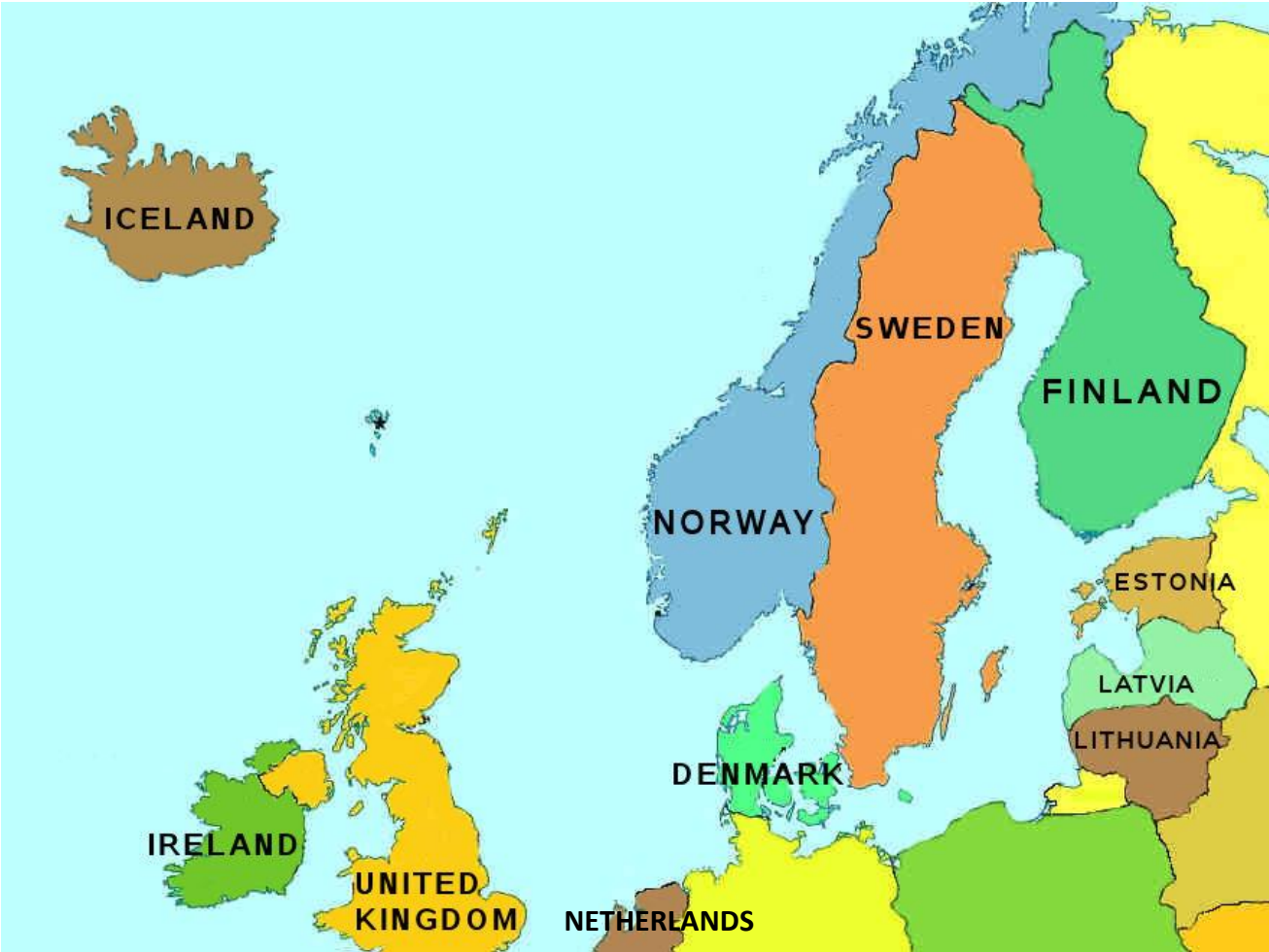
www.tasc.ie

#visionforireland



Helmut Schmidt

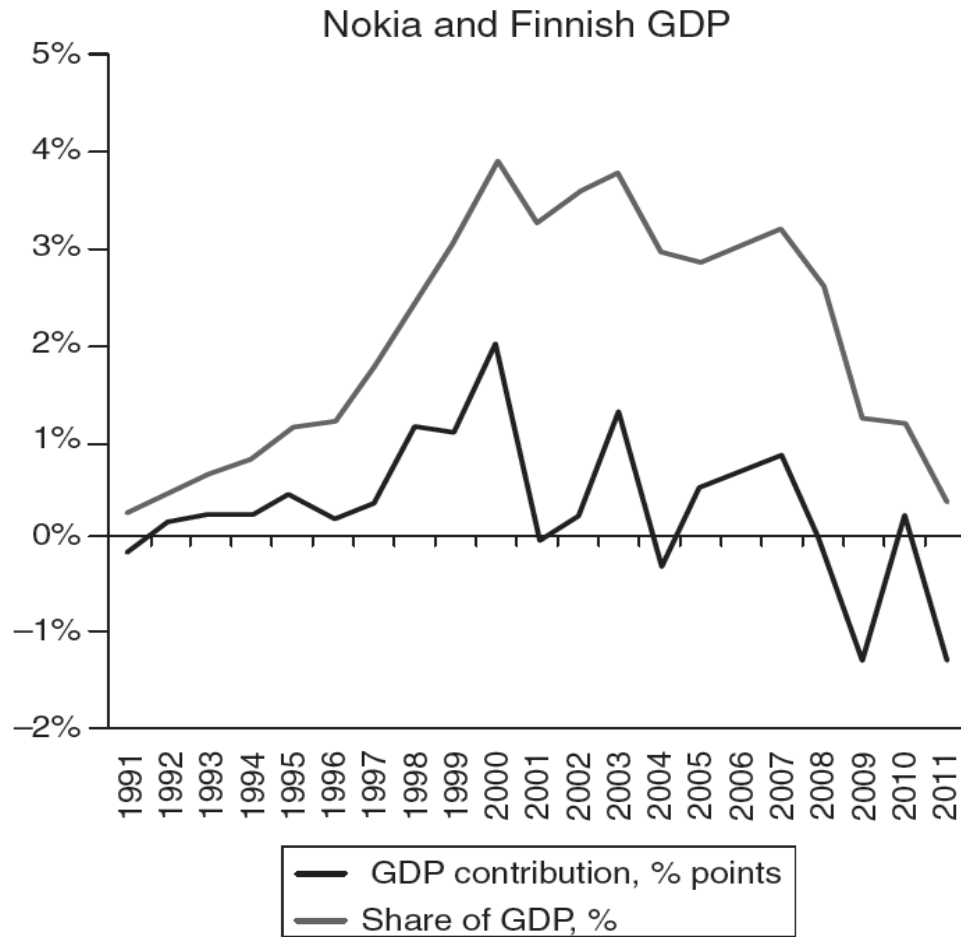
“People who have visions should go see a doctor.”





Helsinki, Finland

Contribution of Nokia to Finnish Economy



Source: Jyrki Ali-Yrkkö (Ed) *Nokia and Finland in a Sea of Change*, updated, The Research Institute of the Finnish Economy

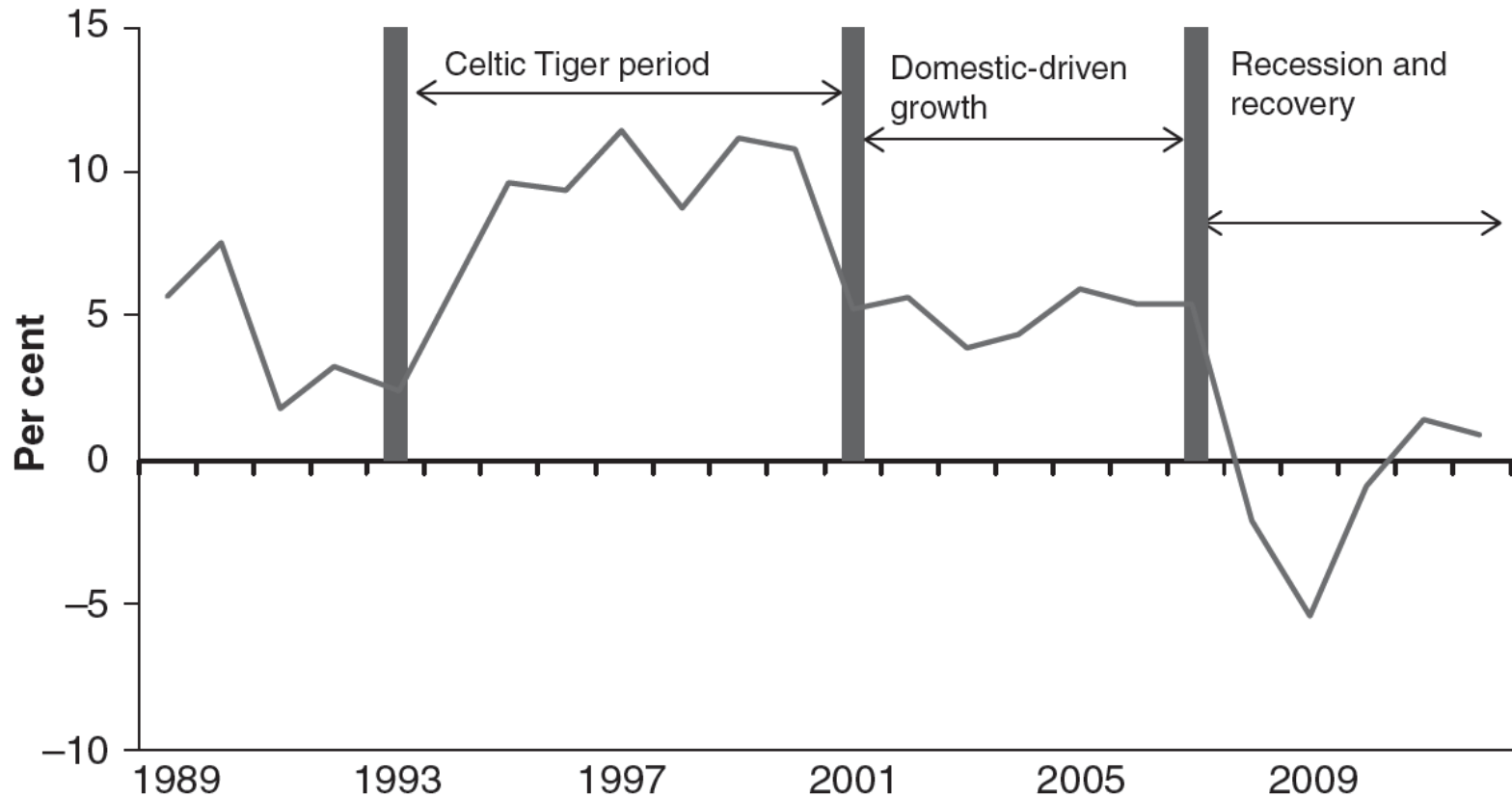


Amsterdam, the Netherlands



Copenhagen, Denmark

Irish economic growth 1989-2009



Source: Fitzgerald & Kearney (2013:5) ESRI

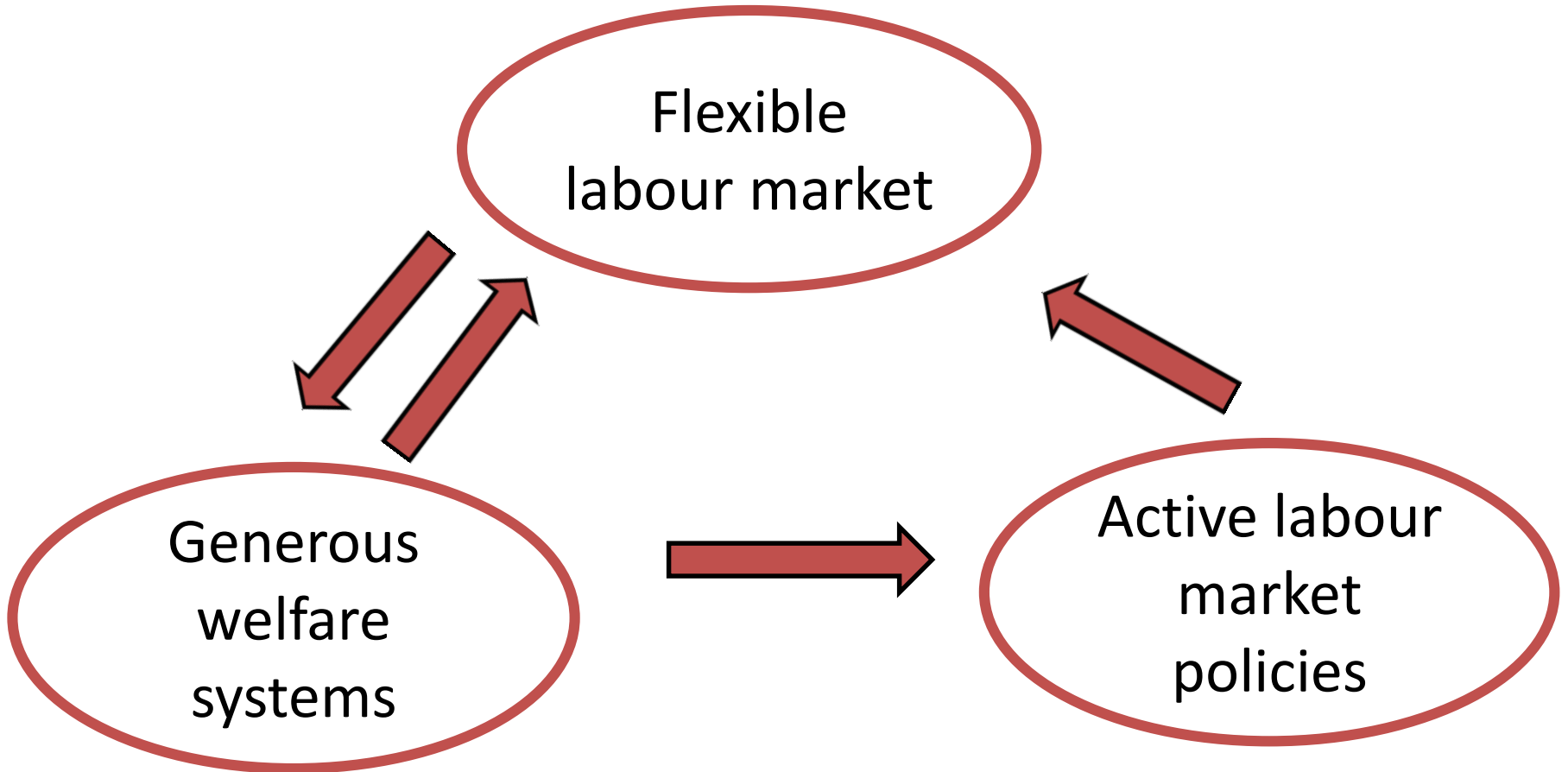


Karl Polanyi

Polanyi's theses

- Land, labour and money are not commodities;
- The economy should always be embedded in society and not the other way around;
- People will always demand protection by the State from market forces oppressing them – the “double movement”.

Flexicurity model

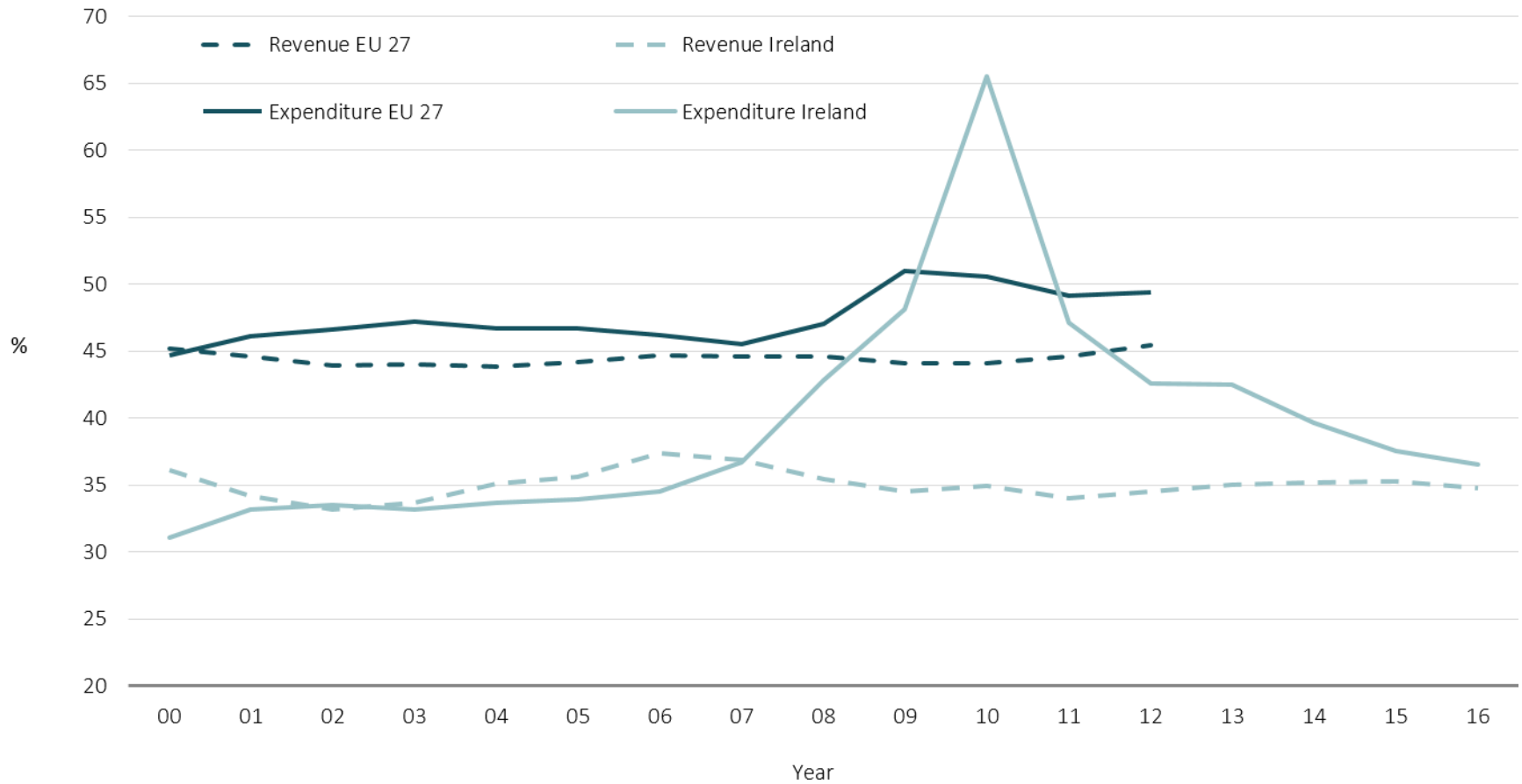


Source: Derived from Madsen (2006: 331)

BASELINE 1987-1994	REASON FOR JOINING EMU	EVOLUTION OF DEVELOPMENT MODEL
NETHERLANDS		
<ul style="list-style-type: none"> • High unemployment • High welfare dependency • Structural flaws • Welfare reform over relations with unions • Wassenaar Agreement 	<ul style="list-style-type: none"> • Economic reasons • Logical extension of close links to German economy and 1970s peg to DM 	<ul style="list-style-type: none"> • Preparation for EMU • Improving sustainability of welfare regime • Unemployment problem solved via part-time work • Welfare/pensions reform • More limited role in welfare admin for labour market actors • Social pacts first default option in crisis
FINLAND		
<ul style="list-style-type: none"> • Late industrialiser • Loss of Soviet market • Banking/financial crisis compounded by liberalisation of capital markets 	<ul style="list-style-type: none"> • Geo-political imperative to be at the heart of Europe • Sub-optimal experience of monetary policy as conducted by Bank of Finland 	<ul style="list-style-type: none"> • Complete restructuring of economy and re-orientation towards West • Big focus on ICT-Nokia • Reversal of Cold-War policies e.g. neutrality • Return of centralised corporatist bargaining

BASELINE 1987-1994	REASON FOR JOINING EMU	EVOLUTION OF DEVELOPMENT MODEL
DENMARK		
<ul style="list-style-type: none"> • High unemployment (1970s oil crises) • Compounded by peg to DM • Ameliorated through coordination of economy 	<ul style="list-style-type: none"> • Not a member but tracks Euro 	<ul style="list-style-type: none"> • Employment generated via public investment and strong labour market activation (flexicurity) • Public sector reform to support export strategy • Strong focus on globalisation challenge • Exports influenced by innovation for domestic needs (e.g. Green Energy)
IRELAND		
<ul style="list-style-type: none"> • Gradual recovery from mid-1980s crisis <i>but</i> • High unemployment and GDP/capita of only 60% EU av • Social Partnership 	<ul style="list-style-type: none"> • Independence from UK • Earlier experience of currency volatility • Expected benefit from low interest rates • Strong coalition in favour 	<ul style="list-style-type: none"> • Sustainable economic expansion and job growth • Post 2001 construction boom fuelled by financialisation, low interest rates, tax incentives • Pro-cyclical budgetary policies • Crisis and unwinding of Social Partnership

General government revenue and expenditure: Ireland and EU 27





Thank you

Q & A