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Finn Patrick
Bourke

Foreign Capital and Economic Development

An analysis of the Irish growth model and its associated crisis tendencies

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Abstract

The Irish political economy is notable for the sustained and central role of foreign investment in driving economic growth, notably via the commercial activities of multinational corporations, and more recently financial services. Beginning in the 1950s, the Irish state began to move away from its protectionist policies of import-substituting industrialization, and transitioned towards a liberalized, export-led industrialization model of economic growth in order to achieve its developmental catch-up. This has resulted in the continued influx of foreign capital becoming a key pillar in the state's strategy to establish Ireland as a competitive, attractive location in the global economy. Yet, despite the clear material advancement and higher overall societal well-being that has ultimately been achieved since the emergence of this broad framework, debates have persisted regarding the extent to which the Irish growth model provides the foundation for sustainable and equitable economic development. In light of this, this paper, taking the Celtic Tiger period and subsequent recovery period as a case study, explores the reasons behind the successful stabilization and reproduction of the Irish growth model. Drawing on regulationist and neo-Gramscian perspectives, and utilizing historical-materialist policy analysis and critical discourse analysis approaches, it investigates both the durability of Irish economic growth driven by foreign investment, and the resilience of neoliberalism in steering both policymaking and public discourse in the Irish state. This study demonstrates that despite the severity of the Irish economic crisis between the late-2000s and early-2010s, Irish neoliberal orthodoxy – understood as neoliberal hegemony – ultimately endured. In explaining this, it points to economic path dependency; the strategies of the political elites and the media; the broader international context; and the lack of viable opposition as key factors in the ultimate stabilization and reproduction of Ireland's neoliberal, foreign-led model of capitalist development.

List of Abbreviations:

CDA	Critical Discourse Analysis
CIT	Communication and Information Technology
CT	Corporate Tax
EC	European Commission
ECB	European Central Bank
EEC	European Economic Community
ELI	Export-Led Industrialization
EMU	Economic and Monetary Union
EU	European Union
FDI	Foreign Direct Investment
FF	Fianna Fáil
FG	Fine Gael
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
HMPA	Historical-Materialist Policy Analysis
IDA	Industrial Development Authority/Agency
IFSC	International Financial Services Centre
IMF	International Monetary Fund
INM	Independent News and Media
IPE	International Political Economy
ISI	Import-Substituting Industrialization
MNC	Multinational Corporation
NAMA	National Asset Management Agency

OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
REIT	Real Estate Investment Trust
TU	Trade Union
VoC	Varieties of Capitalism

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1. Introduction

The Irish political economy is notable for the sustained and central role of foreign investment in driving economic growth, notably via the commercial activities of multinational corporations (henceforth MNCs), and more recently financial services. Beginning in the 1950s, the Irish state began to move away from its protectionist policies of import-substituting industrialization (ISI), and transitioned towards a liberalized, export-led industrialization (ELI) model of economic growth in order to achieve its developmental catch-up (O'Hearn 1990, *passim*). This has resulted in the continued influx of foreign capital becoming a key pillar in the state's strategy to establish Ireland as a competitive, attractive location in the global economy. Yet, despite the clear material advancement and higher overall societal well-being that has ultimately been achieved since the emergence of this broad framework, debates have persisted regarding the extent to which the Irish growth model provides the foundation for sustainable and equitable economic development.[1] Most recently, these debates have centered around the global drive towards greater cooperation in the area of corporate taxation, and specifically how the Irish officials have attempted to walk the tightrope between retaining their economic ethos without alienating international partners. Furthermore, there appear to be signs of political transformation taking place in the domestic sphere (Müller and Regan 2021), with an ever-larger group of citizens seeming to question whether prevailing politico-economic approaches are truly crafted with their fundamental interests in mind. In addition, with inequality still a defining feature of the contemporary global political economy, the manner in which states should formulate economic policies to sustainably promote greater societal well-being remains a salient issue, both in Ireland and further afield. Hence, given this increasing politicization of Ireland's economic fundamentals, the dynamics that have defined both its success and perseverance, even in the face of crisis, are of both practical and academic relevance.

In considering said dynamics, the Celtic Tiger period – generally accepted to categorize the events between the mid-1990s to the late-2000s (Kirby, Gibbons and Cronin 2002, pp. 17-18; Boullet 2015, pp. 18-19; Whelan 2013, p. 2) – together with the subsequent recovery period, stands out as an opportune case for a forensic examination of: how the Irish growth model

[1] It is beyond the scope of this paper to engage with the question of whether economic growth, given its deleterious ecological consequences, now represents an anachronistic state objective. While this is recognized as a matter of utmost importance for policymaking going forward, this paper's focus lies with the issues of social distribution and practical sustainability in economic development strategies.

operates; how it is confronted with its fault lines; and yet is ultimately stabilized and reproduced through responses in the economic and socio-political spheres. This period of rapid economic growth was characterized by a wave of foreign investment in the Irish economy. As a result, the Irish state saw large increases in gross domestic product (GDP) relative to levels in the early-1990s (World Bank 2022). The Irish government has consistently emphasized the contribution of foreign capital to Irish economic advancement; and, strikingly, even as the Celtic Tiger came to an end, and Ireland experienced one of the sharpest economic downturns of the global financial crisis (Holborow 2015, p. 35), the longstanding cross-party support for the established growth model (and its policy-related underpinnings) was broadly maintained (Seelkopf 2014, p. 27; Ní Chasaide 2021, p. 53; Hardiman and Metinsoy 2019, p. 1609). In light of this, it is clear that the role of foreign capital is widely conceived of as vital to taking the economy forward.

Ireland has long been one of the most open and globalized countries in the world (MacFeely 2017, p. 55); and influential state officials have retained a steadfast adherence to liberal (more specifically, *neo*liberal) economic governance (Fraser, Murphy and Kelly 2013, p. 46). In recent decades, the country has been able to attract enterprises and actors from a number of high-tech, high-value-added sectors, such as communication and information technology (CIT), pharmaceuticals, and, increasingly, financial services (Kneafsey and Regan 2020, p. 6; White 2005, p. 388). However, pursuing such a model of capitalist growth comes with certain contradictions: contradictions which, if not confronted, may leave the state faced with a socio-economic crisis. A growth model centered around attracting foreign capital investment to boost economic growth must ensure that such inflows do not taper off. Moreover, establishing the conditions to minimize the risk of such downswings necessitates investment being directed towards the areas which specifically attract internationally oriented industries, naturally at the expense of other enterprises and workers. This has long-term implications for how social and economic relations evolve over time and, as this paper argues in relation to the Irish case, can aggravate the underlying contradictions and crisis-tendencies of a given model of capitalist development, be it through the effects on indigenous capital, the class-based distribution of gains, or a narrowed range of perceived policy responses when faced with a crisis. In analyzing the Celtic Tiger period, one finds that these contradictions are at the heart of the Irish crisis.

Yet, as previously noted, despite the severity of the Celtic Tiger's demise, and the far-reaching impact that this had on the Irish population (Springler and Wöhl 2020, p. 162), a neoliberal regime concentrated on the internationally oriented fractions of capital nevertheless emerged from its ashes (Regan and Brazys 2018). Put differently, despite its tendencies towards crisis

coming to the fore, the Irish growth model was stabilized and, in the end, reproduced. During the recovery period, prominent state elites, with support from specific actors in Irish civil society, adopted a number of strategies and policies that consolidated the neoliberal status quo, arguably intensifying it even further. Any attempts to challenge the established state of affairs proved unable to bring about an alternative model of social relations, as popular consensus proved sufficient for this broad nexus of actors to retain their central roles in the Irish political economy. Thus, in Ireland, just as it did on a global level, neoliberal ideological orthodoxy endured through the crisis (Gamble 2014, p. 5: cited in McDonagh 2016, p. 85). Given the scale of the crisis in the late-2000s, along with the various challenges addressed above, this research puzzle merits further investigation.

The central focus of this paper is to theorize how this growth model's reproduction was achieved, despite its contradictory character. To carry out this analysis, this work draws on the theoretical underpinnings of regulationist and neo-Gramscian perspectives, both of which are operationalized on the basis of their conceptions of how politico-economic regimes contend with the crisis tendencies of the capitalist mode of production. Hence, this paper seeks to answer the following research question: why was the Irish growth model successfully stabilized and reproduced in the post-Celtic Tiger period, despite its inherent contradictions? Additionally, in considering how these theoretical perspectives can be related to this research topic, it also considers how the stabilization and reproduction of the Irish growth model can be understood from regulationist and neo-Gramscian perspectives. The methodology developed for this research comprises a combination of qualitative methods, in the form of a case study utilizing historical-materialist policy analysis (HMPA) and critical discourse analysis (CDA) approaches. The core statement of this paper is as follows: the Irish growth model remained reproducible due to the state's ability to structurally adapt it post-crisis, without resorting to transforming it fundamentally. Further, political elites sought to reinforce, and benefited from, the extent to which the Irish population was ultimately embedded, both materially and ideologically, in a neoliberalized mode of living which, although increasingly contested, created obstacles to the emergence of an alternative strategy of economic development. The phenomenon whereby state leadership succeeds in maintaining the consensus required to preserve this status quo, even after its conflictual nature is made apparent, lends itself well to the notion of *hegemony*. In this vein, this paper argues that, in the Irish case, this condition of hegemony, specifically *neoliberal* hegemony, is evident, and contributed to the successful stabilization and reproduction of the Irish growth model in the post-Celtic Tiger period.

This paper is structured as follows. After outlining this paper's analytical framework, an analysis of the Irish growth model is carried out, which is divided into five parts. Firstly, it establishes the historical background of the origins of the Irish growth model, after which the analysis turns to the dynamics of the Celtic Tiger period – a period during which the defining features of the Irish growth model were highly prominent – and considers the impact of neoliberal ideology on how this period unfolded. It subsequently examines the unfolding of the economic downturn that followed the collapse of the Irish property bubble, and theorizes that both the crisis management and ensuing recovery were shaped by the interests of national and international elites in maintaining neoliberal hegemony. In order to do so, the case study firstly scrutinizes how the prevailing neoliberal politico-economic practices were both reinforced and legitimized as the recovery unfolded. It then investigates the strategies through which state leadership oversaw the stabilization and reproduction of a model of capitalist growth centered on foreign investment inflows. Following this, it details how the absence of a viable oppositional bloc contributed to this system of social relations remaining politically and electorally sustainable. Finally, after a brief discussion of the findings of the case study, the paper concludes by summarizing and reflecting on the outcomes and implications of this research.

2. Theoretical Framework

In examining the Irish historical process of economic development, two conceptions of the Irish state, namely those of the developmental state and the competition state, are marked as noteworthy for discussion in the context of this research. Indeed, the debate on the strengths and weaknesses of these state characterizations stands out in the literature on Irish political economy. In what follows, the logics underpinning these conceptions of the Irish political economy are examined. Ó Riain (2004, p. 20) defines the developmental state as one that achieves the required institutional arrangements, relationship to society, and adaptation to the encompassing national and international structures to promote collective development and mitigate the hierarchical and unequal nature of the international economy. Following this logic, a state would need to promote higher levels of development in both the economic and societal spheres in order to constitute a successful developmental state. With regards to the Irish case, Ó Riain specifically identifies Ireland as a developmental network state, in which 'network centrality is critical to this new state – isolation from the local or the global renders it

ineffective' (Ó Riain, p. 4), and in so doing, addresses the manner in which the Irish state is immersed in the processes of globalization.

Kirby and Murphy (2007, pp. 6-7), the former having introduced the concept of the competition state to the Irish politico-economic discourse,[2] describe the competition state as one whereby state officials take on an active role in forming policy in order to make the state (e.g. Ireland) competitive at a global level, without this necessarily entailing a wider-reaching effect on economic development alongside this trend towards growth. Ultimately, where these contrasting approaches fundamentally differ is how the dimension of social welfare and cohesion in Ireland is understood. While the growth strategy of a developmental state should, theoretically speaking, offer social gains as well as economic gains, the pressures concomitant with globalization that are imposed on the competition state result in the objective of economic growth taking precedence over social distribution (*ibid*. p. 7). In highlighting how inequality and relative poverty worsened over the Celtic Tiger period (*ibid*. p. 15), together with the difficulties of indigenous capital compared with multinational capital (Kirby and Murphy 2011, pp. 32-33), the authors make a strong case for an Irish state modeled primarily on competitiveness and capital accumulation, as opposed to enhanced socio-economic welfare and structural sustainability.[3] With this in mind, it is indeed questionable whether the economic growth achieved contributed to broader economic development in practice.

Breznitz (2012, p. 108) contends that the Irish state cannot be understood as a competition state because its core institutions were established prior to Ireland's marked material advancement from the late-1980s onwards. Yet, Breznitz does not make clear why the competition state concept should only be applied to retreating capitalist states that had already achieved high levels of economic development before the epochal shift from Keynesianism to neoliberalism.[4] As this case study shows, the Irish case is defined by the state's unique, path-dependent circumstances, and its high levels of economic growth resulted from its ability to establish a competitive environment for foreign capital, which ultimately came at the expense of investment in public services. Moreover, Breznitz's industry-focused argumentation in favor of the developmental state logic leaves the welfare dimension of economic development undertheorized, an aspect which, in the case of Ireland, is central to determining which

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[2] See Kirby (2002; 2005).

[3] Importantly, while the authors identify the competition state as the key defining logic in the Irish case, they acknowledge that elements of both developmental- and competition-state logics may coexist within a state model, in both a complementary and/or an oppositional manner (Kirby and Murphy 2011).

[4] In defining neoliberalism, Harvey (2005, p. 2) points to the promotion of free markets, liberalized trade, pro-enterprise institutional arrangements, and state intervention characterized by the securing of market interests.

conception of state more accurately captures the Irish state. Ultimately, the fiscal constraint vis-à-vis social spending in the Celtic Tiger period conflicts fundamentally with the transformative logic underpinning the developmental state (Kirby and Murphy 2011, p. 27). Therefore, this paper argues that Kirby and Murphy's (2007, pp. 6-7) assessment of Ireland's predominantly growth-focused economic development, understood through the analytical lens of the competition state, remains credible. Hence, this paper conceptualizes the Irish growth model as one defined by these central aims of economic growth and international competitiveness.

However, this paper argues that this conception of the Irish state can be further refined. Kirby (2008, p. 40) extends the competition state concept by incorporating insights from the Varieties of Capitalism (VoC) approach to analyze the Irish politico-economic system: he categorizes it as a specific form of liberal market economy, in which state actors play an interventionist role in order to maintain a competitive market economy.[5] Yet, while this conceptualization of Ireland as a liberal economic regime may be effective for forming an initial understanding of the state model, it is limited by certain blinds spots where more extensive research is required. As Bieling (2014a) notes, the VoC approach's understanding of the interactions between different models of development is under-theorized, while its conceptualization of the international level, where foreign capital is highly influential, is limited by its focus on the national sphere. Given the globalized and Europeanized nature of the Irish economy, and the degree to which international actors influence the processes therein, it is argued here that this case requires a more comprehensive analytical framework.

Hence, this paper adopts a regulationist perspective, which pays closer attention to the societal dimension of capitalist structures, in order to synthesize the competition state into a more systematic framework.[6] Not only does this approach go further in addressing the inherently contradictory and crisis-prone character of capitalist models of economic growth, but it also goes further than purely competition-state accounts in examining the role of actors in determining and struggling over policy outcomes (Kirby and Murphy 2011, p. 29). Admittedly, regulation theory has also been criticized for its under-theorizing of the international level: however, in maintaining cognizance of regulation theory's origins, and taking advantage of its complementarity with the neo-Gramscian tradition (as laid out in the following chapter of this

[5] Kirby (2008, p. 40) emphasizes this market-focused intervention in order to distinguish his reading of the Irish capitalist system from coordinated market economies that place a greater emphasis on social distribution (e.g. welfare provisions).

[6] Moreover, the regulation approach goes further in teasing out the societal and historical dimensions of different capitalist systems than the VoC approach (Bieling 2014a, p. 36).

paper), this potential shortcoming can be addressed. Palan (2006) demonstrates that a competition state can indeed be further refined in regulationist terms. To do so, the pro-enterprise policies enacted by the competition state should be understood in terms of how these policies fit into the state's overarching strategy of capital accumulation. The author contextualizes his core statement by contending that the collapse of the Fordist growth regime prompted state officials to adopt more business-friendly policies, with the aim of improving economic growth prospects and making gains from the increasing internationalization of markets (*ibid*. p. 257). In this regard, national models of the Fordist state were progressively replaced by national models of the competition state, each of which varies from one another on account of their specific characteristics, but nonetheless fall under this broad trend (*ibid*. p. 259). Regulationist analysis of the competition-oriented state, taking into account case specificities, can thus be applied to the Irish experience, since multinational capital and finance capital have long represented means by which successive governments have attempted to foster economic growth and establish a competitive economic system.

Based on an extensive literature search, it is evident that the scope exists to integrate new perspectives into the academic debates surrounding Irish political economy. Breathnach (2010) discusses Irish policymaking in the context of the post-Fordist period, drawing on the work of Bob Jessop and Joachim Becker in the process, though she does not go further by operationalizing regulationist concepts. Moreover, other authors (e.g. Bieling 2014b; Becker and Jäger 2010) highlight Ireland's increasingly financialized economy vis-à-vis its dramatic collapse,[7] but they do so in the context of EU-level analyses, meaning that the opportunity exists to provide more comprehensive regulationist analysis at the national level. Equally, Ireland appears undertheorized among authors of the neo-Gramscian tradition. This is somewhat surprising, given the degree to which the Irish state is embedded in the global economy, and remains a hub for business actors who are often analyzed in terms of hegemonic status (see, for example, Scherrer 2011). As such, the possibility exists for new insights by drawing on the theoretical pillars of neo-Gramscian IPE as well. It is through this theoretical perspective that this paper carries out a critical assessment of the Irish experience of capitalist development: one which highlights the historical, social, and institutional specificities (i.e. path dependency) which have determined the emergence of the Irish model. Building upon these theoretical foundations, the analysis places a greater emphasis than in previous studies on both

[7] Financialization, in the context of this research, refers to the growing size and influence of the finance industry in domestic and international capitalist economies, at the expense of productive capital (Krippner 2005, p. 174; Epstein 2005, p. 3).

the historically enduring contradictions of the Irish model of development, and on why its stabilization and reproduction occurred in spite of these contradictions. As a result, it provides new insights into debates on the Irish pattern of crisis-prone capital accumulation, along with the structural, agential, and ideological factors that have thus far characterized it.

In order to examine the crisis-prone, contradictory and vulnerable nature of Irish capitalist development, this research operationalizes the following regulationist concepts: the *regime of accumulation*; the *mode of regulation* (consisting of the *wage relation*; the *enterprise form*; the *money relation*; the *state form*; and the *international regime*); and the overarching *model of development* that supports the sustained expansion of capitalist production.[8] It also draws on the regulationist typology of crises (see Vercueil 2016), while its understanding of the accumulation process in Ireland is informed by the idea of specific *axes of accumulation* being in place (Becker *et al.* 2010, p. 227), i.e. *productive processes* or the *financialization* of assets; *intensive* accumulation via labor's consumption or *extensive* accumulation through wage competitiveness, and the prioritization of domestic markets (*introversion*) or export markets (*extroversion*). In its infancy, regulationist scholars focused their analysis on the Fordist period and its subsequent collapse (see Palan 2006). Over time, however, regulation theory has also engaged with the workings of capitalist economies in the post-Fordist period. For instance, regulationist scholars have taken note of the increasing significance of foreign direct investment (FDI) and foreign portfolio investment (FPI) from the 1970s onward (Lapavitsas 2013, p. 796; Becker *et al.* 2010, pp. 237, 240).[9] Given the importance of multinational commerce and financial activities vis-à-vis Irish capitalist development, it is argued here that Ireland represents a viable case for mobilizing the regulationist perspective. This research henceforth conceptualizes the Irish growth model of this case study as a model of development: one which seeks out foreign capital in order to promote sustained capitalist expansion in the Irish state. This model of development entails a globalized, financialized regime of accumulation, whose basis for capitalist production and consumption is defined by the accumulation strategies of the internationally oriented fractions of capital (or, as Scherrer (2001, p. 583) terms them, 'corporate internationalists'). Furthermore, as reflected in the case

[8] The space limits of this paper preclude an extensive overview of regulation theory. For such comprehensive treatments, see Jessop (1997), Bieling (2014a), Becker *et al*. (2010), Palan (2006), Lipietz (1987) and Vercueil (2016).

[9] One can differentiate between FDI and FPI by using the international standards set by the Organisation for Economic Cooperation and Development (OECD) and International Monetary Fund (IMF), which state that foreign investment is classified as FDI when it accounts for more than 10% of shares or voting rights, and FPI if below this threshold (Humanicki *et al*. 2017, p. 118). As such, FDI entails more *direct* involvement and control from foreign investors.

study, the accumulation regime of this model of development is supported by a neoliberal mode of regulation, which maintains the social and institutional configurations that promote the activities of foreign capital in the Irish state.

Turning now to neo-Gramscian IPE, this research draws on the following concepts: *hegemony*, *integral society* (i.e. the alliance of political and civil society), *organic intellectuals*, *common sense*, the *historic bloc* and *transnational historic bloc*, and *passive revolution*.[10] Neo-Gramscian insights are valuable here, as the tradition shares the regulationist perspective's ingrained historicism, and its recognition of the social relations and conflicts that define capitalist economic systems (Bieling 2014a, p. 38). In the context of this work in particular, this supports regulationist analysis of the contradictory nature of capitalist relations and the manner in which their moments of crisis are tackled. Moreover, complementing regulation theory with neo-Gramscian IPE ensures that analysis of the economic and institutional processes driving capitalist accumulation is also attentive to the role of actors and ideology in contesting and securing specific social configurations, i.e. *régulation* (Gramsci 1971, pp. 372-373; Becker *et al.* 2010, p. 226). Neo-Gramscian approaches can also enhance regulationist analysis by virtue of their treatment of the international dimension which, although recognized for its cruciality in early works of regulationist scholarship, is underdeveloped vis-à-vis other concepts advanced in the approach (Palan 2006, p. 249).[11] Indeed, while it is necessary to capture the variegated and historically specific features of states' developmental experiences, it remains important – particularly in the context of this research – to simultaneously highlight the overarching, globalized neoliberal order in which states such as Ireland are embedded, and through which their political economies are consequently shaped and reinforced. In doing so, it can be made clearer how influential actors in the USA and EU, in extending the neoliberal hegemonic project to the international level (via a transnational historic bloc), shape national capitalist models elsewhere.

Hegemony is operationalized here in the sense of neoliberal hegemony in the Irish state (see Phelan 2007),[12] which itself is a national case that is placed into the broader context of neoliberal hegemonization at the international level towards the end of the 20th century (Cox

[10] On neo-Gramscian IPE, see Gramsci (1971), Scherrer (2001; 2011), Cox (1981; 1983), Bieling (2006; 2014a) and McDonough and Nardone (2006).

[11] At the same time, regulation theory can support sharper analysis from the neo-Gramscian perspective, e.g. through its robust framework for analyzing macroeconomic conditions and transnational processes in the state, and its emphasis on the national specificities of states embedded in the wider structure of global capitalism (Bieling 2014a, p. 39).

[12] Hegemony is defined here as a form of leadership whereby a nexus of oversees a process of dominance and legitimization, maintaining this leadership via the generation of consent and, where necessary, through the use of coercion (Cox 1981, p. 137; Gramsci 1971, pp. 60-61; Scherrer 2001, p. 575).

1983 p. 175; Scherrer 2011, p. 220; Jessop 1997, p. 319). This paper's conceptualization of neoliberal hegemony is also informed by Scherrer's (2011, p. 220) concept of *double hegemony*: the exertion of hegemony by (primarily US) foreign capital, together with US state officials, on a global scale. This step is motivated by the significance of US capital (specifically multinational and finance capital) in Irish economic growth efforts, though the EU and international institutions are also recognized as important international players in this regard. As a means of assessing neoliberal hegemony in empirical terms (see Scherrer 2011, p. 224), this paper builds upon the insights of secondary literature by looking towards post-crisis voting behavior and poll response data, both of which reflect, at least indicatively, the degree of consensus (or lack thereof) among the Irish public. Altogether, the process of hegemonic reproduction offers the promise of better explaining the process of *régulation* and the prevention of social reorganization to the detriment of the hegemonic social class.

The *historic bloc* at the national level is conceived of as the specific alliance between Irish political and civil society, an alliance which has a shared interest in a continued strategy of capitalist economic growth via state engagement with the internationally oriented fractions of capital. Through this conceptualization, this paper avoids a reductionist interpretation of the Irish capitalist system as one defined by state officials dependent on and beholden to the interests of foreign capital (cf. Shaxson 2011), and instead follows Phelan (2007, p. 30) in highlighting how state elites support market actors and indeed *co*-produce hegemony. Both groups of actors fundamentally desire stable capitalist relations. While state elites, in this particular context, institutionalize the interests of foreign capital in pursuit of their particular vision of national economic development, foreign capital, in turn, looks towards state elites to provide the conditions of regulation, skill formation and taxation that enable their enterprises to limit sunk costs and remain competitive on a global level (Bohle and Regan 2021, p. 81). In making the historic bloc more concrete, this paper formulates this complex of actors as a nexus of Ireland's dominant political parties, most notably the broadly center-right Fianna Fáil (FF) and Fine Gael (FG), government agencies, the Irish mainstream media, lobby groups, domestic finance capital, and professionals in legal, accounting and tax services. These actors, to varying degrees, are found to act in the interests of continued neoliberal orthodoxy in the period examined.

This national historic bloc is then tied to the *transnational historic bloc*, which is composed of actors whose strategies broadly align in a manner that supports the continued projection of neoliberal hegemony across the international system. Political elites – particularly those of the EU, US, and international institutions – and corporate internationalists (specifically agents of

export-oriented multinational capital and foreign finance capital) are identified as especially important for this case study. Further, the role of *intellectuals*, specifically *bourgeois* intellectuals, is investigated in order to shed light on how actors in Irish integral society sought to normalize and promote the ideas, practices, and structures that serve to universalize the interests of the hegemonic social class (see Cox 1983. p. 168). Important for this research is how these actors went about legitimizing the role of foreign capital in the Irish economy, specifically the centralization of commercial activities around multinational capital, and the transformation of Irish property into a financial asset. The extent of popular consent in society to these processes is conceptualized using Gramsci's *common sense*, with the aim of assessing the success of Irish integral society in naturalizing its ideology, and thereby inspiring widely shared views surrounding the logics underpinning the Irish model of development (Gramsci 1971, p. 323; Fairclough 2010, p. 62).[13] Lastly, *passive revolution* is operationalized as a means of theorizing the emergence and legitimization of the Irish model of development, with close attention paid to the specific circumstances of this historic bloc formation.

3. Methodology

The methodology developed for this research draws on a combination of qualitative methods.[14] Since the core aim of this paper is to determine the conditions whereby the Irish model of development has remained reproducible (even when faced with crisis), it adopts a single-case research design to analyze the stabilization and reproduction of Ireland's model of development. The case selection is justified here on the grounds that Ireland's highly internationalized politico-economic system makes it a viable case for analyzing the impact of foreign capital on national economic development. Indeed, within the EU, Ireland stands out for its large share of FDI from US multinationals in high-tech sectors (Bohle and Regan 2021). In order to narrow the scope of this paper in line with its dimensional limits, the Celtic Tiger business cycle and the subsequent recovery period is taken as a case study to illustrate the various aspects characteristic of Ireland's neoliberal, foreign-led development strategy. Although agreement on the precise years is lacking in the literature, the Celtic Tiger period can

[13] In contrast with more critical thinking with respect to the hegemonic order: what Gramsci refers to as 'good sense' (Gramsci 1971, pp. 323, 326).

[14] This research design was developed in the context of the COVID-19 pandemic, which necessitated a methodology that could be undertaken remotely. Online expert interviews were initially envisaged for this research, but ultimately could not be carried out due to difficulties encountered when attempting to establish contact with potential interviewees.

generally be regarded as having lasted from 1994 to 2008 (Boullet 2015, p. 19; Clarke 2012, p. 8),[15] and by 2016, one finds both evidence of a completed economic recovery (Regan 2021, pp. 158-159), and a continuation of the long-established framework of capital accumulation (albeit with some degree of refinement).

From the outset, it is recognized here that this paper's concentrated focus on the Irish experience places limits on its explanatory power regarding other cases: while this work touches on the overarching processes taking place across the global economy, the findings of this case study cannot simply be applied elsewhere without disregarding the unique path dependency that defines Ireland's neoliberal capitalist development. Nonetheless, within the limits of this research, opting for a single-case research design enables a depth of analysis that may not be actionable with a broader focus. Moreover, in utilizing the theoretical framework laid out previously, this research is designed to strike the necessary balance between national and international foci, so that it can provide insights for similar investigations into the role of foreign capital in national economic development strategies. The timeframe of 1994-2016 is chosen because, in this period, one can find the key features required to illustrate the issues of crisis vulnerability and unsustainability that characterize the Irish model of development, and how this is mediated by a nexus of actors who are invested in its continued reproduction. Firstly, it features phases of economic growth driven by multinational capital and fractions of finance capital which, although highly impactful, could not be sustained perpetually (Bohle and Regan 2021). Secondly, this latter phase of growth, described here as one of marked financialized accumulation, culminated in a profound crisis, whose impact can be examined so as to highlight the crisis-prone nature of the Irish model of development. Further, Ireland's recovery from the crisis ultimately resulted in the enduring paradigm of neoliberal social relations being reconstituted, even in the face of greater societal contestation and a loss of ethical legitimacy. The period thus serves as a viable case for examining a model of development grounded in neoliberal hegemony.

The case study is carried out using two methodological approaches. Firstly, Irish policymaking in this case study is analyzed by drawing on the foundations of HMPA. This method of critical policy analysis is justified here, since HMPA's central assumptions are built upon the historical-materialist, (neo-)Marxian positions that also characterize regulation theory and neo-

[15] The preconditions for the boom can arguably be traced back roughly to 1987, however (O'Callaghan *et al.* 2015, p. 5). These foundations are explored in the historical background section of the empirical chapter.

Gramscian IPE.[16] HMPA entails close analysis of the policymaking process in terms of how it is shaped by the material structures and competing interests that account for the emergence of the policies in question (Brand *et al*. 2021, p. 2). Specifically, this approach can tease out the role of Irish policies in the enduring neoliberal paradigm by investigating how policymakers either undermined or contributed to the stabilization and reproduction of the Irish model of development in the period examined. Moreover, it seeks to evaluate the extent to which the core policies of the Irish foreign-led economic strategy detailed in this case study are themselves hegemonic. To do so, it analyzes the three main elements advanced by Brand *et al*. (2021, p. 9): context, actors, and process.

Regarding *context*, this research highlights the historical materiality of Irish policymaking, i.e. how it became socially embedded through past developments. The circumstances of specific policies are thus assessed with the overarching politico-economic structure in mind. Moreover, it contextualizes Irish policymaking in terms of its contribution to the crisis-prone character of Irish neoliberal capitalism, and how state officials have adapted it in an attempt to achieve *régulation* of the established model of capitalist relations. Turning to *actors*, this work identifies the nexus of actors (i.e. the hegemonic class) that influences Irish policy formation; the manifold aims and resources at play; how specific actors' interests are favored in the policies enacted; and the degree of social contestation that defines the Irish policymaking in the specified timeframe. Notwithstanding the inherent difficulties of teasing out business-state nexuses that often operate away from public view (Bohle and Regan 2021), where possible, this work concretizes the agential aspects of Irish policy formation. Lastly, on *process*, this research examines the key actions and events surrounding the policymaking that contributed to the stabilization and reproduction of the Irish model of development. Once again, the findings are placed in a historical context to better explain *how* and *why* the dominant class was successful in reproducing social relations shaped by (deepening) neoliberal ideology.

To ensure that the analysis is not overly broad, this work's HMPA is carried out with a particular focus on the role of the Irish tax regime in supporting the Irish regime of accumulation. The tax regime stands out as a valuable analytical lens for a variety of reasons. Firstly, while Ireland's EU accession has rightly been noted as pivotal to the state's developmental trajectory (Regan and Brazys 2018), the fact remains that the Irish state's ability to compete within (and also beyond) the EU market has greatly, if not primarily, depended on

[16] These assumptions are, namely: the structuring principles of the capitalist mode of production; the contradictory, crisis-prone character of capitalist societies; the key role of the state as a social relation; and the fundamental importance of (re)producing hegemony (Brand *et al*. 2021, pp. 5-7).

strategies of competitive taxation, e.g. low statutory CT rates and a variety of tax incentives (Boullet 2015; Stewart 2018; O'Hearn 2003). In this sense, the Irish tax regime represents the state's historically most central competitive advantage in overseeing foreign-led economic development. Secondly, although the state's competitive labor market has historically been influential, this arguably diminished in the years following the EU's eastern enlargement; and new opportunities for profit maximization in other regions such as East Asia, which have, in certain instances, disincentivized FDI in the Irish economy (Bohle and Regan 2021, p. 95; Boullet 2015, p. 23; see case study). Moreover, low-tax strategies played a part in both attracting multinational capital into the Irish economy, and encouraging financialized consumption in the housing market (Stewart 2013; Connor, Flavin and O'Kelly 2017), both important developments with respect to this study. This analysis draws primarily on secondary data, in the form of academic articles, media articles, government documents, and NGO/think-tank reports.

This HMPA approach is supplemented with an examination of political and societal discourses. To do so, an approach of CDA drawing on Gramscian insights is adopted, so as to further complement this paper's theoretical framework. In taking this approach, this research goes beyond assessing the material conditions of hegemony, and also demonstrates the significance of discourse and ideology in reproducing historically constituted power relations. Thus, neoliberal hegemony, as discussed in this work, entails both material *and* discursive formation. In his *Prison Notebooks*, Gramsci (1971, p. 59) stresses that effective leadership should rest on more than just material forces. Rather, the use of language as an expression of ideology plays an important part in the dominant class' efforts to establish (neoliberal) hegemony (Massey 2013, p. 4: cited in Holborow 2015, p. 2). Language, by virtue of its 'ideological content' (Gramsci 1971, p. 450), thus functions as another important dimension of power in hegemony, in that the discursive practices of political and civil society can promote the efforts of the dominant class to achieve and maintain wider legitimacy. Put differently, language that normalizes a 'specific conception of the world' has the potential to reinforce the hegemonic common sense promoted by the dominant class (*ibid*. p. 323). Taking account of this, this work will examine the hegemonic articulation of neoliberal ideology by Irish integral society.

To analyze the political-society dimension, the language of ruling elites is examined in terms of its discursive strategy, taking into account the context in which these materials and statements were released. These sources include: government publications following the crisis, party manifestos, and public comments from members of political society. The focus, in examining this political discourse, is to assess the extent to which neoliberal ideology is

implicitly embedded in these materials' contents. The disguised nature of ideology is, as Fairclough (2010, p. 67) notes, a means by which it can be made, in Gramscian terms, common sense, and thereby help to secure the dominant class' hegemony. McDonagh (2016, p. 86), in noting the variegated character of neoliberalism across national spaces, highlights how Irish neoliberalism, although significant in shaping Irish policymaking, has remained largely implicit. It is therefore worthwhile to examine how exactly political society has sought to promote this neoliberal order of discourse through its argumentation and rhetoric. Together with this analysis of political discourses, the constitutive role of civil society in discourse (re)production is examined, with a particular focus on the influence of the Irish mainstream media. The media, in its role as a core social institution, has the capacity to play a mediating role in society that favors the dominant class (Phelan 2007, pp. 30, 32). Therefore, within the mediatized political economy, media organizations, through their coverage of events, and by legitimizing political society's framing of issues, can serve as crucial actors in the process of consent generation required for hegemonic reproduction (van Dijk 1993, pp. 255-256). The media, this research argues, serves as a key institution in civil society for maintaining the dominant class' hegemonic status in the Irish state, specifically by embedding and reproducing neoliberal ideology. Neoliberal ideology has long been the dominant ideology across Irish media (Graham and O'Rourke 2019, p. 11), reflecting its dominance across the world order. In this regard, Marron (2021) highlights how the concentration of Irish corporate media among highly influential business actors, i.e. members of the dominant class, has had the effect of impeding more critical reportage of social processes. Furthermore, research elsewhere (e.g. McDonagh 2016; Mercille 2014a; 2014b) documents how corporate news media reported on the failure of the Irish model of development, and the government response that followed, in a characteristically uncritical manner.

To flesh out this media dimension, this research examines the discourse production of two Irish newspapers, *The Irish Times* and *Irish Independent*, and the national broadcaster, *RTÉ*. Specifically, content analysis is carried out, with the intention of drawing on the conception of neoliberalism outlined in this paper (see Harvey 2005; Phelan 2007) – one defined more so by state securement of market interests than the peripheralization of state instruments – in order to interpret and engage with what is identified as salient language and framing. The analysis is limited to these resources for space and practical reasons, though secondary sources are referred to in order to place the analysis into a broader context. The selection of these newspapers is justified on the basis of their established influence on public opinion (O'Regan 2007: cited in Kenny and Scriver 2012, p. 8), which gives them the platform to shape Ireland's

public discourse surrounding economic and socio-political issues. *The Irish Times*, although long run by a charitable trust, is nonetheless subject to the pressures of production, distribution, and profit maximization inherent in corporate mass media (McDonagh 2016, p. 93). The *Irish Independent*, meanwhile, is owned by international media conglomerate Independent News and Media (INM), some of whose board members have been highlighted for their ties to the Irish banking sector (McDonagh 2016, p. 93). INM has long dominated Irish print media, and also has influence in third-level education through ownership of colleges specializing in marketing and journalism (Marron 2021, p. 6). *RTÉ*, meanwhile, is a state-owned broadcaster with a government-appointed board, some of whose members had ties to property capital during the unfolding of the housing bubble (Mercille 2014a, p. 289). It is in the context of these observations that these outlets' efforts to discursively sustain and reproduce neoliberal hegemony must be understood. In taking this approach, this work shows how both political and civil society acted to prevent discursive shifts, namely by construing the crisis in a manner unwilling to criticize the contradictory practices of Irish capitalism on a fundamental level.

This research follows a retroductive logic of enquiry. This is a natural consequence of this paper's focus on determining the causal mechanism behind the reproduction of Irish capitalist relations from regulationist and neo-Gramscian perspectives. After drawing on primary and secondary sources to carry out research, it applies regulationist and neo-Gramscian insights to the case study in order to make sense of the inferences drawn previously. In this regard, it seeks to identify the mechanisms whereby the stabilization and reproduction of the Irish model of development, despite its underlying contradictions and proneness to crisis, was made possible following the crisis (see Brand *et al.* 2021, pp. 8-9; Blaikie and Priest 2019, p. 22). Upon refining the assessment of the case in question, in line with the findings produced by this methodological approach, this research ultimately points to the material and ideational factors rooted in Irish integral society as the explanations for the successful stabilization and reproduction of the prevailing politico-economic paradigm.

4. Case Study: Foreign Capital and the Irish Political Economy, 1994-2016

4.1. Historical Background

Upon achieving its independence from the United Kingdom in 1922, the Irish Free State faced the challenge of industrializing the country.[17] Having largely functioned as an agricultural hub for exportation to Britain (Breathnach 2010, p. 1185), and with the industrial northeast ultimately remaining in the union as Northern Ireland, a new industrial strategy was necessary for what was an economically underdeveloped postcolonial state overwhelmingly dependent on agricultural production (O'Hearn 1990, pp. 9-10). Having inherited a civil service largely intact from the British colonial era, Irish bureaucratic elites were profoundly influenced by an ideological preference for economic liberalism and fiscal conservatism, e.g. low rates of taxation, in the interests of farming elites and middle-class professionals (Kirby 2008, pp. 1-2). The two most prominent political parties to ultimately emerge in this new state were Fianna Fáil and Fine Gael, which developed a hegemonic status in Irish politics. Importantly, the Irish political spectrum was heavily influenced by these parties' conflicting stances during the civil war that followed the signing of the Anglo-Irish treaty in 1921 (Phelan 2007, p. 45); and both parties have, in practice, had broadly similar political and economic outlooks (Regan 2021, p. 156).[18] Due to political society's central focus on the question of Irish nationalism, Ireland's political system evolved in such a way that political ideology and class interests were less of a determinant of political and electoral preferences (Kirby 2008, p. 32); and this consequently influenced how policy issues (e.g. tax policy) came to be (de)politicized. Moreover, the elites of these two dominant parties came to have a notable degree of political freedom in how they shaped Irish economic policy, e.g. prioritizing foreign capital.

When Fianna Fáil entered government in 1932, its leaders sought to pivot towards a protectionist strategy for economic development, and consequently adopted an ISI framework (Breznitz 2012, p. 94). Unlike the previous conservative government (composed of social forces that would later form Fine Gael), Fianna Fáil's support base was derived from the subordinate classes (Kirby 2008, p. 2). This ISI framework, notwithstanding some initial successes (*ibid*. p. 3), was hampered by a multitude of factors. National elites, particularly in

[17] The Irish Free State dominion became a republic in 1949. For the sake of clarity, the state is simply referred to as Ireland or the Irish state throughout.

[18] In making a distinction between these two center-right parties, Fianna Fáil is characterized by a gradual shift from catch-all party politics to increasingly prioritizing the interests of enterprise; while Fine Gael has more consistently represented the middle class, the domestic bourgeoisie and business elites (Kirby 2008, p. 32).

the banking sector, sought to maintain parity with the pound sterling, which prevented expansionary policymaking and hampered economic growth prospects (McCabe 2011, pp. 192-193). Moreover, the British government actively attempted to undermine Irish developmental efforts, leading to a costly trade war during the 1930s, and the economic impact of the second world war had further deleterious consequences for Ireland's indigenous export regime (O'Hearn 1990, p. 11). What is more, the domestic bourgeoisie tended to invest profits abroad, and opposition from the highly influential and prudent Department of Finance, particularly in the areas of spending, limited the policy space of government officials (O'Hearn 1990, p. 10).

The continued struggles of the ISI framework ultimately prompted another change in economic development policy, with political society gradually turning once again to the principles of economic liberalism. In response to banking capital and the finance department's reluctance to support indigenous-led industrial expansion, and the latter's unwillingness to widen the tax net to farmers and ranchers, state officials turned to investment from foreign capital (McCabe 2011, pp. 90-91). In 1949, the state established the Industrial Development Authority (IDA),[19] which was tasked with developing links to foreign capital, particularly in the USA, where its delegates could benefit from US-Irish historical ties. In part linked to the distinctly non-ideological character of Irish politics and the state's heavily centralized government vis-à-vis executive powers (Kirby 2008, pp. 37-38; Breathnach 2010, p. 1187),[20] civil servants in the IDA had considerable latitude from policymakers in steering Irish industrial policy. Throughout the process, the IDA worked closely with US-based consultancy firms (Barry 2019, pp. 96-97), in order to formulate policies that would incentivize their investment in Ireland. Long-term policymaking related to FDI consequently came to be informed by these interactions with US business society.

In October 1955, Ireland gained entry into the *United States Investment Guarantee Programme*, which boosted its access to US FDI (McCabe 2011, p. 91). Simultaneously, as the USA moved forward with the *Marshall Plan*, conditionalities were placed on the financial aid sent to Ireland, namely the removal of protectionist barriers, and the introduction of free-market policies (O'Hearn 1990, p. 20 *et seq.*).[21] IDA proposals for investment grants and export-profits

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[19] Later renamed the Industrial Development Agency/IDA Ireland. Henceforth, simply referred to as IDA.

[20] As Breathnach (2010, p. 1186) notes, Ireland's dominant political parties' local-level foci (alongside political society more broadly) at the time opened up the opportunity for bureaucratic elites to consolidate Ireland's highly centralized state form, wherein they remained highly influential in shaping the state's configurations.

[21] Alongside US officials, the Organisation for European Economic Cooperation (OEEC; later reformed into the OECD) was greatly involved in the process of Ireland's economic liberalization (O'Hearn 1990, p. 22). Although perhaps less pivotal, the European dimension is indeed significant here.

tax reliefs were implemented, and actors in favor of foreign capital pushed for these corporate internationalists to play a key role in the state's economic developmental process (O'Hearn 1990, p. 18).[22] From 1956 onwards, export-oriented corporations were able to carry out operations in Ireland tax-free, an arrangement which remained in place until 1980 (Bohle and Regan 2021, pp. 93-94). Yet the gradual discontinuation of Marshall aid,[23] combined with the struggles of indigenous capital and the failures of monetarist policymaking advanced by the finance ministry, resulted in economic recession for much of the 1950s (O'Hearn 1990, p. 26). This period of economic turbulence was marked by high unemployment and mass emigration (Kirby 2008, p. 4). In this context, the path towards economic liberalization was further laid. Fianna Fáil leader and then prime minister, Seán Lemass, tasked civil servant Ken Whitaker with formulating a new economic strategy (Breznitz 2012, p. 94). Whitaker, a pro-enterprise fiscal conservative, subsequently sought to definitively shift the Irish state away from ISI protectionism (O'Hearn 1990, pp. 25-26). In 1958, the liberalization of the Irish economy was enshrined in his *Economic Policy* publication, which proposed a strategy of capital deepening through export-oriented free trade driven by foreign capital (Breznitz 2012, p. 95). In 1959, the Irish state established the first ever export processing zone in Shannon, which gave foreign manufactures duty-free status on their Irish sales (Palan 1998, p. 638), a further incentive to enterprises already eligible for export reliefs.

This shift towards foreign investment occurred against the backdrop of similar developments in Europe and the USA (McCabe 2011, p. 92), and Irish economic policymaking would continue to be formulated in line with the interests of foreign capital. Indigenous capital lacked the necessary popular support to disrupt this process, due to its struggles in the post-war period; and it was, moreover, stifled by the banking capital's reluctance to devalue the Irish pound and provide credit (*ibid*. p. 126). This, combined with its perceived legacy as a 'rent-seeking market-distorting force' among state elites (Breznitz 2012, p. 91), undermined its influence over time. Furthermore, it faced the structural constraints of an international system increasingly categorized by transnationalization, with many indigenous enterprises folding amid the influx of cheap foreign imports (O'Hearn 2000, pp. 72-73). By the late-60s, MNCs' domestic inputs had been almost entirely replaced with imports, with multinational capital henceforth having little by way of links to the uncompetitive and underdeveloped domestic

[22] For a concise historical overview of Ireland's key tax policies, see Shaxson (2015).

[23] Rather than promote indigenous export-led industry, these sums were mostly spent on land reclamation that benefited Ireland's highly influential agricultural elites (McCabe 2011, pp. 90, 134).

economy (McCabe 2011, p. 89). In essence, these various processes, among other factors,[24] laid the foundation for Ireland's foreign-led model of development.

Here, it is argued that this cooperation between outward-looking domestic actors and internationally oriented US capital can be understood as a process of transnational historic bloc formation: an alliance of social forces projecting its hegemony in Ireland, and steadfastly supportive of the accumulation strategies of foreign capital. The success of this transnational historic bloc can be understood as an important means of legitimizing the historic bloc emerging at the national level, namely the alliance composed of this industrial policy's supporters within Fianna Fáil and the state bureaucratic structures. This legitimization of this regime of leadership is reflected in the emergence of support in civil society for political society's endeavors to use foreign investment as a driver of Ireland's industrialization, as foreign capital proved more effective than indigenous capital in reducing unemployment (Breznitz 2012, pp. 95-96). Furthermore, in drawing on Cox (1983, pp. 169-170), this transitional process can be understood as a case of passive revolution driven not from above and within, but primarily by external forces, at a time when US elites set out to transmit liberal ideology beyond national boundaries through their direct influence on Irish economic policymaking.[25] This shift was underpinned by the double hegemony of US state and capital that emerged in the post-war international system, which acted as a driving force to open up the Irish economy. Importantly, however, this shift towards liberalization also came to be supported by Irish political elites, as demonstrated by initiatives at the domestic level to achieve 'industrialization by invitation' (Barry and O'Mahony 2017: quoted in Graham and O'Rourke 2019, p. 2).

The foundations for the Irish liberal hegemonic structure are thus, from a Coxian perspective (Cox 1983, p. 171), rooted in the outward expansion of a hegemonic project advanced by the dominant class in the USA, namely: to liberalize the global economy. As the capitalist superpower of the post-war world order, the prevailing interstate power relations were advantageous to US business-state elites, and enabled these actors to shape the long-term social relations of production in states such as Ireland. Indeed, the significance of US capital would only grow as the IDA, with support from successive Irish governments, became an ever-more autonomous state agency, and expanded its links to corporate internationalists. Simultaneously,

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[24] For more extensive historical analyses of the Irish political economy than is possible here, see Kirby (2008); O'Hearn (1990); Breznitz (2012); Kitchin *et al.* (2012) and Breathnach (2010).

[25] While perhaps less influential, it is important to acknowledge in this regard European policymakers (specifically those active in the OEEC).

Irish political society, particularly FF politicians, developed close links to multinational capital (Kirby 2008, p. 6), along with actors in the building, banking, accounting, and legal/insurance industries, who gained increasing political and economic influence by virtue of servicing multinational capital and thereby supporting state officials' developmental objectives (McCabe 2011, p. 89). In this regard, the receptivity of Irish political and economic elites towards liberal reforms made this a relatively harmonious shift towards economic liberalization.

Altogether, though not an inevitable process, this myriad of developments in postcolonial Ireland ultimately produced conditions favorable to the hegemonization of liberal economic doctrine (Kitchin *et al*. 2012, p. 1306). As state officials proceeded with ELI policies, the Irish state began to insert itself further into the international system via membership of key organizations, joining the IMF and the World Bank in 1957 (Department of Finance, 2021, p. 5), while also working with the OECD to further improve its economic growth prospects (Barry 2006, p. 3). On the latter specifically, this culminated in the introduction of expansive reforms of public education in the late-1960s that prioritized the needs of export-oriented industry (O'Hearn 2000, p. 83). Secondary-level education was made free to all students, while post-secondary education was, as encouraged by the IDA, geared towards the technical skills required to support the state's industrialization efforts (Barry 2006, pp. 24-25).[26] In the long term, these processes proved fundamental in determining the dimensions of the Irish mode of regulation.

At this juncture, it is worthwhile to consider how Ireland fits into the broader context of the Fordist period. While the Irish regime is not an example of a typical Fordist regime of accumulation in its own right – made unfeasible by its deficient technological capacity and general absence of organized labor – its development of a platform for low-skill, branch-plant manufacturing is indirectly linked with the predominant Fordist model in industrialized states. Specifically, the policies brought about in the post-war period shifted the balance of power more in favor of labor, thereby incentivizing extensive accumulation regimes of US capital – regimes at the center of global capitalism – to seek out alternative geographies in order to maximize profits.[27] Ireland indeed represents an early case of state officials offering a low-cost jurisdiction to foreign capital (Palan 1998, p. 638). Considering this free-market, tax-friendly framework came about more than twenty years before neoliberalism became the dominant

[26] Indeed, throughout Ireland's recent economic history, many of the Irish state interventions one could potentially call developmentalist strategies (e.g. education, taxation, industry, national infrastructure) were primarily designed to ensure that firms – particularly MNCs – would be competitive (Kirby and Murphy 2011, p. 32).

[27] This also holds true for capital based in Britain, Germany, and the Netherlands (McCabe 2011, p. 95).

economic ideology in the 1980s, Ireland, with its already globalized accumulation regime and pro-market mode of regulation, thus stands as one of the earliest examples of a *proto*-neoliberal state. Although the foundations for Ireland's ELI strategy were laid in the late-1950s, the impact of these strategies on Irish economic growth potential was limited until Ireland's accession to the European Economic Community (EEC) in 1973, which, in the eyes of the transnational managerial class, expanded Ireland's export market platform significantly. Furthermore, it marked the point at which Ireland became increasingly integrated, both economically and politically, into the European space, which expanded the nexus of actors pursuing their accumulation strategies via the Irish sphere. Over the 1960s and 1970s, economic growth averaged 4% (McDonagh 2016, p. 87), albeit from a very low base resulting from Ireland's postcolonial circumstances and economic peripherality.

Yet, the Irish state was nevertheless greatly affected by the global economic crises of the 1970s, as export prospects were undermined by the shock to the world market caused by decreased global demand. This coincided with the restructuring by foreign capital, in pursuit of greater stability, of their global operations, leading to MNC disinvestment, rising unemployment (up to 20%) and emigration over the following decade (O'Hearn 2000, p. 73), and a period of crisis for Ireland's FDI-led model of development. While initially an exogenous crisis, the Irish model's high degree of extroversion made it highly sensitive to shifts in international capital flows: consequently, this external shock resulted in a crisis of the accumulation regime. Successive governments' attempts to curb unemployment through borrowing and deficit spending, and subsequently deflationary policies, proved ineffective due to the severity of the international recession and underdeveloped indigenous capital (Kirby 2008, p. 6; Ó Riain 2018, p. 36). Income inequality, meanwhile, continued to worsen (Kirby 2008, p. 12). Overall, Ireland's foreign-led model of development, up to this point, generally proved ineffective in encouraging economic development within the confines of the Irish state. State officials, however, persisted with the established paradigm.[28]

In the 1980s, in response to this economic malaise, Irish state officials, primarily through the IDA, formulated forward-looking strategies to target MNCs in emerging high-tech industries and persuade their executives to set up productive facilities in Ireland. Backed via a shared consensus among political parties and state agencies, national elites focused on attracting FDI from the US computer manufacturing and pharmaceuticals industries, and the last vestiges of

[28] Notwithstanding political society's long-held commitment to a foreign-led development strategy, Ireland's EEC membership acted as a structural constraint by limiting the Irish government's policy space (O'Hearn 2000, p. 83).

Irish ISI fizzled out (Bohle and Regan 2021, p. 93). From the early-80s, multinational investors were offered a 10% effective CT rate for establishing their European manufacturing operations in Ireland, a rate which would subsequently also apply to financial services (Kirby 2008, pp. 13, 17; Breznitz 2012, p. 109).[29] This culminated in the arrival/expansion of the subsidiaries of Apple, Dell, and most significantly Intel, thereby reinvigorating the state's efforts to develop high-skill CIT manufacturing industries (Kirby 2008, p. 13; O'Hearn 2003, p. 38).[30] The manufacturing sector was pinpointed as a means of addressing the lack of job creation associated with FDI-driven economic growth (Breznitz 2012, p. 98). At the same time, although indigenous capital (most notably the software industry) had some level of institutional support, MNCs remained the primary recipients of these incentives, and various proposals for regime overhaul more in favor of domestic industry proved unsuccessful (*ibid*. pp. 100-101). Ultimately, the period leading up to the Celtic Tiger followed the pattern of economic dualization established over previous decades: the prioritization of foreign capital's interests, and a reluctance of national elites to broadly support indigenous enterprises.

Alongside this focus on multinational industry, the IDA began to offer tax incentives to firms in the services sector (*ibid*. pp. 98-99). The Irish government, meanwhile, in cooperation with actors from the accounting industry, put the pieces in place to target financial services, which culminated in the establishment of the International Financial Services Centre (IFSC) in 1987. The emergence of the IFSC reflected the efforts of state officials to establish Ireland as an offshore financial center that would appeal to foreign finance capital. In so doing, state officials sought to create jobs in the international financial services industry, in conjunction with regenerating the derelict Dublin docklands (Kirby 2008, p. 17). The IFSC proved highly beneficial to finance capital, accounting and legal professionals, along with property owners and the construction industry (McCabe 2011, p. 127). Murphy (1998, p. 160), in explaining the rise of the IFSC in Dublin, highlights the preparedness of the Irish government to adopt 'flexible regulatory practices', in conjunction with low CT rates, in order to further broaden Ireland's export base beyond computer software and pharmaceuticals. Within the IFSC, the Clearing House Group was established, a forum which gave representatives of legal and financial firms privileged access to the prime minister and other state officials to lobby over

[29] Irish officials agreed to remove the 0% CT rate for exporters upon EEC accession, due to European concerns over state aid; however, the provision remained available to firms until 1980, from which point those firms (but not new firms) could avail of the tax exemption until 1990 (Bohle and Regan 2021, p. 94).

[30] In his study, Stewart (1989) finds evidence suggesting that MNCs were motivated to invest in Ireland so as to enable profit shifting via Irish tax incentives.

budgetary and regulatory policies (TI Ireland 2014, p. 16).[31] As McCabe (2011, p. 143) notes, regulation was comprehensively minimized in the name of economic competitiveness. Indeed, this took place against the backdrop of Central Bank officials' own attempts to develop the Irish financial services industry, resulting in a 'principles based' supervisory approach designed to appeal to international investors (Whelan 2013, p. 12). This development of lax financial oversight reflects the deepening of the state's neoliberal mode of regulation in line with the interests of finance capital, which ultimately proved pivotal in facilitating and encouraging the shift towards financialized consumption in the latter phase of the Celtic Tiger. Also important to the inception of the Celtic Tiger accumulation regime was the initiation of the Social Partnership agreements in 1987. Social Partnership marked a key evolution in the role of the state as a direct overseer of bargaining, and these agreements were fundamental to shaping the wage relation in the Celtic Tiger period. Wage-effort bargaining in Ireland is marked by a history of voluntarism and flexible labor markets (Regan 2021, p. 158). In contrast to the arguably pro-labor wage bargaining that characterized the Fordist period, which served as the regulatory mechanism by which supply and demand could be equalized (Palan 2006, p. 259), this tripartite arrangement between government representatives, employer groups and trade unions (TUs) served to produce settlements on economic and social policy that were especially pro-capital.[32] Amid the profound economic transformation taking place, TU leaders sought access to government, and accepted the objective of wage restraint to avoid a similar experience of labor exclusion to that brought about under the Thatcher government in Britain (Regan 2021, p. 148). Through this corporatist framework, state elites sought to ensure that the interests of indigenous capital and workers did not undermine or destabilize political society's FDI-centered industrial policy ahead of the establishment of the European Single Market (Bohle and Regan 2021, p. 94).

In this regard, Kirby (2008, pp. 15, 24) suggests that Social Partnership served as a means by which political society could reduce bureaucratic restrictions on capital and enforce neoliberal governance on labor: this process entailed centralized wage bargaining, labor flexibilization, and social contributions crafted in favor of employers, all of which were designed to make the Irish labor market more internationally competitive in attracting foreign projects, and to keep

[31] The forum is composed of the prime minister, senior civil servants, representatives of large transnational financial and legal firms, major banking officials, the revenue commissioners, and IDA agents (TI Ireland 2014, p. 35).

[32] Additionally, the community and voluntary sector came to gain access to ministers and civil servants in this forum (Kirby 2008, p. 36).

the state's growth trajectory on a stable path (see also O'Hearn 2003, p. 42).[33] Crucially, while Social Partnership focused specifically on indigenous capital and the public sector, non-unionized MNCs stood to gain from the lower wages and labor-market flexibility for which the agreements were intended (O'Hearn 2000, p. 87). To compensate for this wage moderation, labor received income tax reductions, thus freeing up disposable income for wage-earners, while consolidating state officials' low-spend attitudes towards social expenditure. In this sense, it is thus reflective of the dominant class' efforts to support the foreign-led regime of accumulation, by reinforcing a capital-friendly wage relation of relatively low labor costs vis-à-vis other Western European states. Moreover, the integration of TUs into the state's technocratic processes limited the scope for counter-hegemonic challenges to the neoliberal framework. It is important here to consider the long-term implications of FDI and finance centrality for wage-earners of different professional backgrounds. Specifically, a model of development centered around foreign capital, *ceteris paribus*, benefits a narrow group of wage-earners, and encourages the polarization of the labor force. Managers and technically skilled workers, i.e. those equipped to capture the gains of transnationalized capitalism, are the likely beneficiaries of such a regime, while lower-skilled workers and indigenous capital face risks of increased precarity and lower competitiveness, respectively (Bohle and Regan 2021, p. 85). The Irish experience, as this study shows, is one such case of this.

These processes coalesced with a multitude of other factors, namely: a US economic boom in the 1990s that led to further market expansion; EEC support funds; the mending of state finances through fiscal consolidation in the late-1980s; the results of education reform bearing fruit; the devaluations of the historically overvalued Irish pound;[34] and the European drive towards market expansion culminating in the single market, among others (Barry 2006, pp. 28-29).[35] Taken together, these processes laid the foundation for rapid economic growth in the early-1990s. Crucially, all these processes took place in the broader international context of states transitioning from Fordist Keynesianism to post-Fordist neoliberalism, resulting in waves of privatization, deregulation and liberalization across the international system (Breathnach 2010, p. 1182; Marron 2021, p. 6). In what follows, the Celtic Tiger's FDI- and finance-led phases of capitalist development are examined.

[33] The fiscal restraint characteristic of Social Partnership was largely facilitated by Ireland's access to EU structural funds, which were used to upgrade FDI-boosting infrastructure (e.g. roads) and to prop up public spending (O'Callaghan *et al*. 2015, p. 4).

[34] These devaluations took place in 1986 and 1992, and had the effect of boosting Irish exports (Bohle and Regan 2021, p. 94).

[35] At this point, the EEC was succeeded by the European Union (EU).

4.2. First Phase – FDI and Export-Led Growth

First mentioned in a Morgan Stanley report in 1994 (O'Hearn 2000, p. 67), the Celtic Tiger emerged as a hegemonic metaphor that encapsulated Ireland's successful economic performance beginning in the early-1990s.[36] Politicians and intellectuals across the international system heralded Ireland's neoliberal economic transformation, in particular its policies of deregulation and low CT rates (Kitchin *et al*. 2012, pp. 1302-1303). Across the international system, foreign capital pushed for economic liberalization, to which successive Irish governments were particularly receptive (O'Hearn 2003, p. 48). Under a new FG-led coalition that had entered government in 1992, the Irish model retained the same social and institutional configurations previously overseen by Fianna Fáil and the neoliberal Progressive Democrats (Bohle and Regan 2021, p. 95).[37] This is well demonstrated by the state's response to EU (specifically Franco-German) assertions that Ireland's tax incentives for MNCs constituted state aid within the single market. Instead of overseeing a shift towards a more progressive tax system through placing a higher tax burden on multinational capital, the FG-led government responded by initiating the gradual introduction of a new standard statutory CT rate of 12.5%, to which all Irish-registered companies would be subject:[38] this entailed a significant drop from the previous standard rates of 32% and 40% in 1998 and 1994, respectively (Sharman 2006, p. 30; Commission on Taxation 2009, p. 219).[39] As a result, the Irish tax regime remained firmly in line with the interests of foreign capital during the Celtic Tiger period.

What is striking about the Celtic Tiger model of development is how the Irish state benefited from the increased transnationalization of capital accumulation. While investment from Britain and mainland Europe declined in the 1990s, this was more than offset by enormous increases in FDI from high-tech MNCs headquartered in the USA (Ó Riain 2018, p. 37; O'Hearn 2000, p. 73). Financial firms also increasingly set up operations in Ireland (specifically the IFSC), in response to a dismantling of capital controls (Ó Riain 2018, p. 37; Bakker 1996, p. 221).

[36] Gramsci (1971, pp. 450-452) notes that through metaphor, language demonstrates a historically rooted meaning and ideological content. In this instance, the Celtic Tiger symbolizes the Irish state finally realizing its economic catch-up, yet the Tiger element (generally associated with successful state intervention in East/Southeast Asia) is transformed to represent success in FDI attraction and economic openness.

[37] The Progressive Democrats was composed of former FF and FG politicians, and spent much of its history in FF-led governments until its collapse in 2009 (Regan 2021, p. 153).

[38] Fine Gael's support for policies benefiting US enterprises can be partly explained by a longstanding US influence on senior FG politicians (Murphy 2006, p. 156: cited in Kirby 2008, p. 38).

[39] Additionally, a 25% tax on passive income (e.g. interest and dividends) was introduced (Ní Chasaide 2021, p. 44).

Although much of multinational capital's economic participation revolved around transfer pricing,[40] which distorts measurements of material output derived from economic activity, these entrepôt activities were nonetheless accompanied by job creation and enterprise spending on research and development (Ó Riain 2018, p. 36).[41] As this study makes clear, while a favorable tax rate alone may not suffice to attract foreign investment, it can play a decisive role when other corporate expectations are met. In this regard, Tanzi (1996, pp. 8-9) highlights that tax incentives and a low effective CT rate did indeed play such a role in convincing US multinational executives to make Ireland their favored low-tax jurisdiction. It is thus clear that Irish tax policymaking was key to securing FDI inflows in the early years of this phase of accumulation. This strategy of attracting FDI as a means of inserting the state into the international system resulted in rapid economic growth and debt reduction from 1994 onwards (O'Hearn 2000, p. 73).

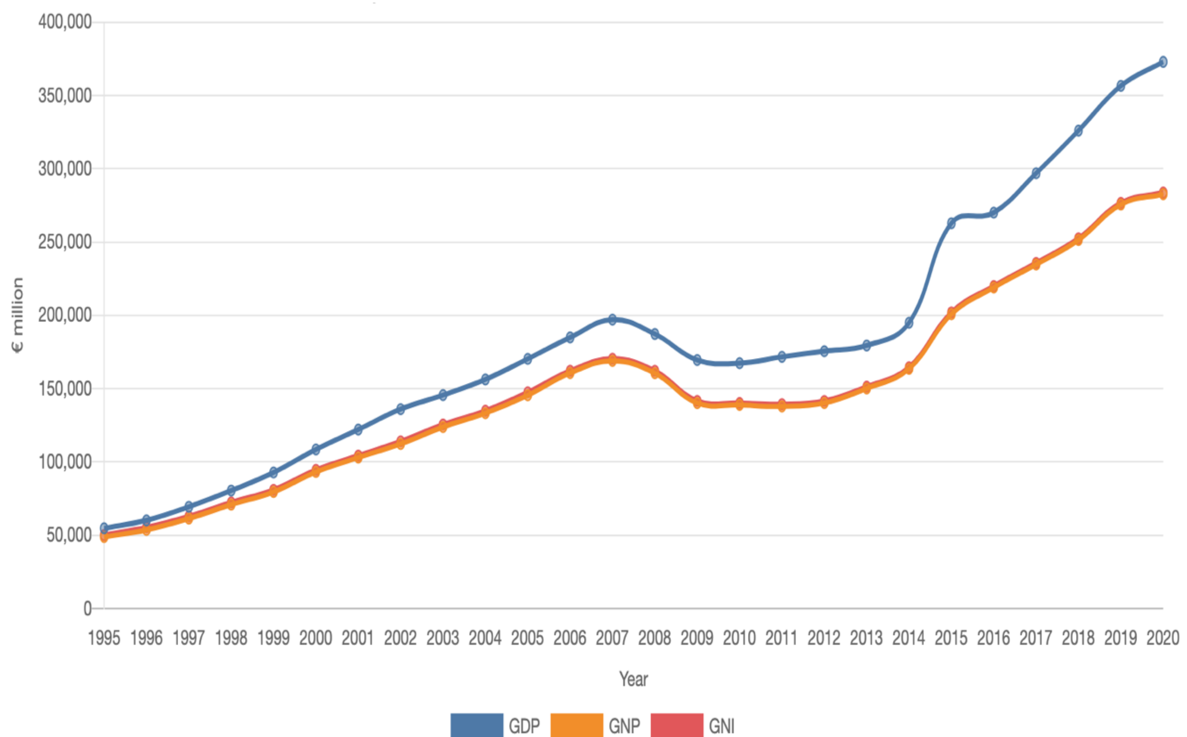

Figure 1: GDP, GNP and GNI at Constant Prices (€ millions), 1995-2020 (Central Statistics Office 2021).[42]

[40] See Figure 1 for a visual representation of the long-term distortionary effects that foreign transfers have had on Irish GDP.

[41] However, as O'Hearn (2000, p. 77) notes, multinational capital's investment in the 1990s was a third lower than it was in the early-1980s, despite MNCs' historically high output.

[42] As highlighted in this work, the discrepancy between GDP and GNP/GNI is the result of transactions involving foreign profits (e.g. transfer pricing and repatriations) found in MNCs' financials. In contrast with GDP – the

On top of generous state subsidies and low taxes, high-tech MNCs could take advantage of Ireland's pro-capital wage relation, i.e. a well-educated yet relatively low-cost labor force (Bohle and Regan 2021, p. 94). Alongside these national processes, the FDI-led regime was greatly facilitated by the Irish political economy's further Europeanization in the 1990s. The Irish state's neoliberal governance of the 1990s was made possible by EU structural funds, which were allocated towards investment that would make the Irish labor market more productive and competitive, e.g. worker training (Ó Riain 2018, p. 37). Moreover, this funding ensured that the infrastructural improvements required to encourage capital investment could be financed even as the Irish state maintained a general low-tax, low-spend approach to fiscal policy (O'Hearn 2000, p. 73). Multinational capital was thus well placed to take advantage of the single market – the result of the European capitalist class' efforts to promote European integration along neoliberal lines.[43] Consequently, economic activity revolved primarily around MNCs using their Irish domiciles to access the single market and EU labor force (Bohle and Regan 2021, pp. 84, 97). Irish access to the single market thus proved a defining feature of its place in the international regime, while EU institutions acted as an additional means of institutionalizing and reinforcing neoliberal doctrine in the Irish state.

As alluded to previously, the Celtic Tiger political economy was marked by state elites' efforts to boost Ireland's international competitiveness through neoliberal underpinnings (Kirby 2008, p. 39). The Irish state benefited greatly from the desire of multinational forces to minimize transaction costs and build flexible inter-firm networks, resulting in foreign investors agglomerating their production facilities in Ireland (O'Hearn 2000, p. 74). Consequently, by the late-1990s, foreign-sourced investment in fixed capital reached 80-85%, a marked increase from roughly 60% in 1988 (*ibid*. p. 73). By virtue of their ability to provide a competitive export platform for enterprises targeting the single market, Irish officials were able to further build on their links to multinational capital and offer foreign investors favorable conditions for capital accumulation. Corporate actors became increasingly prominent within the Irish political economy via these interactions with state officials (Kirby 2008, p. 37). The Irish political economy's pro-enterprise configurations firmly aligned with the ideological tenets advanced by international forces such as the European Commission (EC), IMF, and the OECD, along

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annual measurement of the value of what is produced in the country– the Central Statistics Office (2021) defines GNP as: GDP + factor income received from abroad - factor income paid to abroad; and defines GNI as: GNP + subsidies received from abroad - subsidies paid to abroad. As Figure 1 demonstrates, the long-term difference between Irish GNP and GNI is negligible, to the extent that the latter is rendered virtually invisible.

[43] Illustrating this, the EU capital liberalization directive, legislated in 1988, was argued for by elite officials through promoting the legitimacy of the free-market paradigm (Ó Riain 2012, p. 531). For further discussion of EU competitiveness discourse, see Bradanini 2009).

with mainstream analysts in the media (O'Hearn 2000, pp. 67, 88; 2003, p. 36). While economic growth between 1987 and 1993 had been modest, both growth and employment metrics improved markedly from 1994 onwards (Kirby 2008, p. 12; see Figure 2).[44] Importantly, however, much of these economic and export gains accrued to multinational capital, as demonstrated by consistently high levels of profit repatriation (O'Hearn 2003, p. 46).

Year	GDP[a]	GNP[a]	Labour force *(thousands)*	Employment rate among 15–64 year olds *(per cent)*	Unemployment rate *(per cent)*
1993	5.8	6.3	1,386	51.7	15.6
1994	9.5	8.0	1,423	53.0	14.3
1995	7.7	7.2	1,452	54.4	12.3
1996	10.7	9.0	1,498	55.4	11.7
1997	8.9	8.1	1,560	57.5	9.9
1998	8.5	7.7	1,645	60.6	7.5
1999	10.7	8.5	1,713	63.3	5.6
2000	9.2	9.5	1,767	65.2	4.3
2001	6.2	3.9	1,810	65.8	3.8
2002	6.1	2.7	1,845	65.6	4.3
2003	4.4	5.1	1,882	65.1	4.6
2004	4.3	3.9	1,920	65.5	4.4
2005	5.5	5.4	2,015	67.1	4.2
2006	5.7	6.5	2,108	68.1	4.3

[a] At constant prices. **Source:** CSO 2006a.

Figure 2: Irish economic and employment growth, 1993-2006 (Central Statistics Office 2006: cited in Kirby 2008, p. 13).

Overall, the rapid economic growth of this FDI-led phase of the Celtic Tiger period was associated with improvements in standards of living (Bohle and Regan 2021, p. 95). However, the gains derived from this model of development were firmly biased towards national and foreign elites. Notwithstanding attempts by Irish media intellectuals to link employment growth to foreign investment, much of the employment growth was actually rooted in low-wage services and flexibilized work in both services and industry, along with increased female participation in the labor market (O'Hearn 2000, pp. 79-81). Moreover, the efforts of state elites to establish a competitive wage relation left private-sector workers increasingly non-unionized and not covered by collective bargaining, while the TU movement was greatly weakened due to Social Partnership limiting union representatives to the public sector (Regan 2021, p. 149). Gains for labor were slow, and hampered by a declining wage share as profits began to account for a greater proportion of national income during the 1990s, while wages and salaries became more unequal in favor of those at the top of the distribution, at a time when Irish wage

[44] Overall, annual economic growth between 1987 and 2007 averaged 6.3% (Whelan 2013, p. 3).

inequality was already the most extreme in the EU (O'Hearn 2000, p. 78). Illustrating this, while popular and public consumption grew slowly, luxury consumption reached record levels (*ibid*. pp. 78, 88). In conjunction with general wage moderation, wage-earners had to contend with limited social security, which lowered employer costs of hiring workers, but left employees depending solely on wages (Ó Riain 2018, p. 38). This coincided with state elites – intent on prioritizing international competitiveness and economic growth – keeping government spending on basic programs (e.g. housing, healthcare, education, infrastructure, etc.) at consistently low levels (O'Hearn 2003, p. 49; Springler and Wöhl 2020, p. 161). Instead, the revenue surpluses of the mid-late 1990s were used to introduce regressive tax breaks in favor of high-income earners (O'Hearn 2003, pp. 35, 50).[45]

In this context, the welfare state was largely geared towards encouraging labor market participation as opposed to tackling poverty and inequality: consequently, public goods were increasingly privatized and left reliant on market forces (Kirby and Murphy 2011, p. 28). Though the rise in employment resulted in more wage-earners being covered by social insurance, Irish social spending, as a percentage of both GDP and GNP, declined markedly over the 1990s (Kirby 2008, p. 15). Given this under-investment in public services, workers faced additional out-of-pocket costs, which limited the material effect of the state transfers in place to address high market income inequality. The deficits in welfare provision to the subordinate classes were compounded by the orientation of state tax policymaking towards favoring corporate and moneyed actors, as laid out above. In order to minimize the tax obligations of wealthy individuals and multinational capital (the latter of which consequently did not contribute significantly to state revenue increases), the state raised revenue through consumption taxes and personal income taxes on its expanded workforce, leaving Ireland as one of the most unequal countries in the EU (O'Hearn 2003, p. 49). Such was the predominance of neoliberal ideology in the Irish state that, even in instances when political society had the leeway to oversee greater social distribution, state elites persisted with these tax and spending policies beyond the point where they could even be considered necessary to encourage FDI, thereby deepening Irish neoliberalization (*ibid*. p. 52). Because Irish budget surpluses were ultimately rooted in a low-tax, low-spend policy framework, the state remained welded to fiscal conservatism even as social problems and class inequalities intensified (O'Hearn 2000, p. 88). What these dynamics of pro-growth fiscal restraint and highly selective state intervention make

[45] As O'Hearn (2003, p. 49) notes, Ireland's tax take across the 1990s – the lowest in the EU – declined as a share of national income, even as state revenue increased significantly.

clear is that, even in the years prior to the introduction of the EU's Stability and Growth Pact,[46] Irish state elites were steadfastly committed to the tenets of neoliberal ideology.

Alongside the pro-capital wage relation laid out above, the enterprise form continued to remain highly dualized to the benefit of multinational capital, i.e. the economic actors better equipped to boost the state's international competitiveness. At the beginning of the Celtic Tiger period, under an FF-Labour Party coalition government, indigenous capital had initially appeared to have an opportunity to carry out operations on a more equal footing with foreign capital. This shift, attributed at the time to the Labour Party (Breznitz 2012, p. 103), resulted in the establishment of Enterprise Ireland, which took over the IDA's remit of promoting indigenous capital. Indigenous sectors, however, ultimately exhibited below-average productivity growth by international standards (O'Hearn 2003, p. 45). As was the case prior to the take-off of the Celtic Tiger, indigenous enterprises received low levels of state support compared with foreign capital (Breznitz 2012, p. 88), and Irish exports and economic growth were largely driven by the activities of a small number of US pharmaceutical and CIT multinationals (O'Hearn 2000, p. 75). Alternative funding streams, meanwhile, were limited by a general reluctance of banking capital to provide credit for productive private investment (Ó Riain 2018, p. 38).

Moreover, aside from the software industry – an outlier which itself was the result of a confluence of serendipitous processes relating to re-immigration and local initiatives – linkages between foreign and indigenous capital were very much limited (O'Hearn 2000, pp. 84-85). While Irish enterprises sourced much of their capital from the USA, the agglomeration of US tech enterprises closely clustered around Ireland remained largely disconnected from the indigenous economy (Kirby 2008, p. 40). State officials, steadfastly committed to maintaining a neoliberal mode of regulation attractive to multinational capital (e.g. via lax regulation and market-oriented state intervention) did little to encourage MNCs to link locally (O'Hearn 2003, p. 43), resulting in limited spillovers. Domestic exporters thus were, and continued to be, smaller, and much less diversified and profitable compared with their foreign counterparts (Lawless, Siedschlag and Studnicka 2017, p. 9). Ultimately, Ireland's already weak indigenous software industry was rocked by the eventual dot.com crash, which resulted in the majority of these enterprises phasing out operations or being bought out by foreign multinationals (Breznitz 2012, p. 104). While the IDA remained focused on encouraging MNCs to establish a presence in Ireland, indigenous tech enterprises ultimately continued to struggle following

[46] Upon its enforcement, the Stability and Growth Pact set a budget-deficit limit of 3% of GDP for EU member states (Fraser, Murphy and Kelly 2013, p. 47).

the economic slowdown they experienced in the early-2000s (Breznitz 2012, p. 88). These various dynamics demonstrate that this phase of the Celtic Tiger period was defined by a prioritization of international competitiveness and capital accumulation, in a relational arrangement that advantaged foreign capital and national elites above indigenous capital and the subordinate classes.

4.3. Second Phase – Finance-Led Growth and the Irish Property Bubble

This phase of FDI-led economic growth contributed to a general rise in living costs in the late-90s, most notably through rapidly rising house prices, which rose out of step with average industrial earnings (Kirby 2008, p. 8). This resulted in increasing popular demand for greater access to housing and public services, together with higher wages (Bohle and Regan 2021, p. 95; Boullet 2015, p. 22; O'Hearn 2000, p. 88). Backlash against the austere fiscal policy of the FG-led government, which was partly motivated by the euro convergence criteria, resulted in the re-election of Fianna Fáil and the Progressive Democrats in 1997.[47] In order to maintain popular consent, and thereby ensure the political sustainability of the Irish accumulation regime, this new government made material concessions to wider society in the form of lower income taxes and higher public spending (Kirby 2008, p. 8). Yet, in practice, the policies enacted by the FF-led government were greatly influenced by proposals for further economic liberalization advanced by the Progressive Democrats (Ó Riain 2012, p. 506). In this regard, state officials were responsive to the interests of banking and property capital (*ibid.*),[48] with much of the increase in spending ultimately geared towards supporting these actors' property ventures, as opposed to improving social cohesion and underfunded public services over the long term (Sullivan and Kennedy 2010, p. 14; Kirby 2008, p. 23; Kirby and Murphy 2011, p. 34).[49]

The role of the state continued to evolve along these lines in the early-2000s, as FF officials continued to opt for *ad hoc* regressive tax policies to stabilize social relations, albeit in a manner that still favored (upper-)middle-class households. Top earners, for instance, saw their income

[47] The Progressive Democrats, a profoundly pro-market political party, proved highly influential in advancing neoliberal ideology upon entering into coalition with Fianna Fáil in 1997 (Kirby 2008, pp. 31, 34). Following the 2002 election, it became a co-junior coalition partner with the Green Party.

[48] This close alliance of Fianna Fáil politicians, property capital, and banking capital can be traced back to the 1960s (Kirby 2008, p. 33; Bohle and Regan 2021, p. 95).

[49] Alongside housing affordability issues and worsening inequality, the neoliberal policies of the Celtic Tiger regime saw a rise in relative poverty and homelessness (O'Hearn 2000, p. 79; Kirby 2008, p. 8).

tax rate drop from 48% in 1998 to 41% in 2002 (Ó Riain 2018, p. 42): income tax's overall contribution to the total tax take fell from 37% in 1997 to 27% in 2007, as the state came to instead rely on property-related capital taxes (Regan 2021, p. 152). When public sector wages were increased in the early-2000s amid housing affordability issues and civil politics, this was partly informed by state elites' desire to increase households' capacity to take out larger mortgages (*ibid*., p. 151).[50] This proved successful: with more than a quarter of the labor force seeing a rise in disposable income during the early-mid 2000s, a significant amount of these gains was funneled into property, leading to prices rising sharply from 2003 onwards as the property market entered a bubble (Johnston and Regan 2017, p. 24).

The Celtic Tiger's cost competitiveness thus proved to be unsustainable with respect to the continuation of FDI-led growth through the 2000s. This loss of cost competitiveness led to many MNCs relocating their labor-intensive manufacturing activities to lower-cost states in Asia and Central Europe,[51] mirroring the restructuring of operations that negatively impacted the Irish state in the 1970s. The result was that new FDI became increasingly biased towards wage-earners engaged in the higher-skill, higher-value-added activities of MNCs' global supply chains, e.g. software development (Bohle and Regan 2021, p. 95). This, together with the bursting of the dot.com bubble and the US recession in the early-2000s, resulted in a slowdown of economic growth and a partial exhaustion of capital investment by US tech enterprises, along with record job losses in the multinational CIT industry (O'Hearn 2003, p. 39). Although levels of FDI remained high relative to other EU and OECD countries (Walsh 2010, p. 35; Howden 2014, p. 432), these proved insufficient to promote further economic growth at the rate found in the first phase of the Celtic Tiger period. From 2001 to 2006, export growth averaged 4.9%, significantly lower than the 17.6% average achieved between 1995 and 2000 during the peak years of FDI-driven accumulation (Kirby 2008, p. 16). Due to Ireland's relatively small economic size and high exposure to shifts in international capital flows, the impact of declining FDI was felt across the national economy. However, because Ireland was able to maintain positive growth rates (see Figure 2), despite these external events and the build-up of domestic imbalances, this point of transition is not theorized as a crisis here, but instead understood as a stage in Irish capitalist development that necessitated a reassessment of state policies by political society.

[50] The largest wage increases accrued to those with already-high earnings, thereby maximizing the size of the mortgages banking capital could offer (Johnston and Regan 2017, p. 24).
[51] Alongside lower costs, the latter region saw increased FDI in response to the eastern enlargement of the EU.

Instead of this economic slowdown marking an inflection point in Irish economic development, with a turn towards targeting more sustainable investment or boosting indigenous industry, economic growth post-2001 came to be driven and sustained by demand and investment in the property market, i.e. FPI (Kitchin *et al*. 2012, p. 1315).[52] This can be explained by the preference of political society for market-oriented governance, alongside its close ties to property and banking capital (as highlighted previously). This transition thus marked a shift in the axes of accumulation: from an extroverted, FDI-driven regime centered around competitive wages and productive processes, to a somewhat more introverted regime based around financialized consumption in the Irish property market. Foreign capital again played a crucial role, as Irish banks funded mortgage lending and property construction by issuing bonds to access credit on international markets, in particular the European interbank money market (Bohle and Regan 2021, p. 96). This took place in a global context in which finance capital began to exert greater influence across the international system (Byrne 2019; Nesvetailova 2010). In the 2000s, European banks and investment funds began to follow their US counterparts in further integrating themselves into international financial markets. Amid a proliferation of national housing bubbles across the EU and international system (Mercille 2014a, p. 286), the Irish property market proved a highly attractive investment opportunity for foreign finance capital. As such, Irish bank bonds were pinpointed as valuable investments as part of their strategies of innovating securitized financial instruments (Ó Riain 2012, p. 529). This phase of demand-led, debt-fueled growth was thus similarly fueled by foreign capital (in this case, foreign finance capital). State elites' response to the culmination of the Irish model's contradictions thus remained within the dominant paradigm.

Importantly, in the context of the drive towards liberalization that expanded the EU market, Ireland had joined the European economic and monetary union (EMU), the eurozone, in 1999. Although Ireland's public debt stood at 66.3%, above the 60% threshold, German officials accepted the perceived excessive debt levels of Ireland (and other would-be EMU members) in order to secure the economic benefit of a lower-valued common currency (vis-à-vis the German mark) for its export regime (Roufos 2018, p. 176; Cesaratto 2010, p. 12). The consequent implementation of low interest rates across the eurozone brought about by the European Central Bank (ECB) was primarily intended to boost domestic demand, credit expansion, and housing markets in Germany and France (Sullivan and Kennedy 2010, p. 12).

[52] Importantly, while FDI declined, IDA agents continued to work closely with corporate internationalists, having shifted their focus from manufacturing to emerging high-wage, high-tech services (Bohle and Regan 2021, p. 96).

Yet this arrangement also proved vital in shaping the Irish money relation, as it promoted the further integration of the Irish banking sector into the global economy via the EU and international financial systems. Although the euro theoretically benefits a peripheral EU member such as Ireland by virtue of reducing exchange rate risk, enabling access to an interbank lending market, and potentially stabilizing credit ratings, eurozone membership also entails a loss of sovereign monetary policy, and a potentially out-of-step common interest rate set by the ECB. In practice, the eurozone, and the nature of credit therein, proved instrumental in catalyzing a significant expansion of lending among members.[53] As the property bubble would reveal, these low interest rates ultimately proved unsuitable for Ireland's economic circumstances (Howden 2014, p. 431). Crucially, however, the eurozone lacked built-in institutional mechanisms to account for the specificities of diverse national economies, creating imbalances as the larger eurozone economies encouraged the compensatory financialization of less productive eurozone economies (see Priewe 2018).

Ireland's long-term interest rate fell year-on-year, resulting in a sharp increase in private borrowing on the international markets at a time when mortgage financing became increasingly lucrative for banking capital (Clifton, Díaz-Fuentes and Gómez 2018, pp. 16-17). Banking capital, which had heretofore remained generally reluctant to perform the role of creditor in the Irish economy (Breznitz 2012, p. 99), subsequently played a central role in driving this financialized accumulation regime (Ó Riain 2018, p. 39). During the 1990s, regulatory restrictions in the banking system had been removed in order to promote foreign investment (Sullivan and Kennedy 2010, p. 16). Buoyed by a wave of financial deregulation, and the growing attractiveness of real estate compared with rates on bank deposits and government bonds, the property and mortgage markets continued to expand (Clifton, Díaz-Fuentes and Gómez 2018, p. 18). As a result, property investment from the eurozone and elsewhere compensated for the decline in exports, and accelerated a property boom that had already begun as early as 1997 (Marron 2021, p. 15).

The financialization of Irish housing had begun initially with a wave of liberalization and deregulation from the mid-1980s onwards (Byrne and Norris 2019, p. 2), combined with a pronounced shift away from state-led programs for social/public housing (and other welfare provisions) to market alternatives facilitated by state subsidies and tax reliefs (Kirby 2008, pp.

[53] In the 1990s, prior to the establishment of the eurozone, exchange-rate realignments were overseen at the European level to ensure monetary stability (Howden 2014, p. 431).

8, 39).[54] Thus, there already existed the necessary preconditions for a property boom prior to the wave of financial liberalization and deregulation throughout the EU and the international system during the 1990s (Kiersey 2018). Between 1998 and 2007, Irish bank lending went from 60% of national income to 270% (Regan 2021, p. 151), with property lending rising from less than 45% to over 60% of total credit between December 2002 and December 2008 (Clarke 2012, p. 12). The rise in speculative property lending resulted in productive capital being increasingly crowded out, while the investment climate was made less attractive by ever-rising costs (especially land and commercial property prices) linked to the high demand for cheap credit (Whelan 2013, p. 28; Ó Riain 2018, p. 39). While credit allocation to the property sector increased from 7% to 28% of total lending between 2000 and 2007, previously prominent productive sectors (e.g. high-tech) received less than 2.5% (O'Callaghan *et al*. 2015, p. 6), which greatly undermined Irish industrial development in the 2000s. Compounding the banking sector's bias towards property lending, state resources were largely directed towards the IDA's FDI initiatives, leaving indigenous enterprises dependent on finding investors in the private sector (Breznitz 2012, p. 105). In 2008, as much as 88% of Irish merchandise exports were produced by MNCs (McCabe 2011, p. 88). Overall, the enterprise form continued to be highly dualized in favor of multinational capital during this finance-led phase of growth.

These accumulation strategies that drove the property boom were facilitated by a lax regulatory environment.[55] The mode of regulation, therefore, remained firmly in line with neoliberal norms and policies. In the absence of a banking union to accompany the EMU, financial regulation and supervision remained primarily national competencies. Finance capital, particularly the banking sector, benefited from its historically close relationship to state officials (Chari and Bernhagen 2011, p. 478), which gave these actors the ability to lobby for financial deregulation. In practice, government and Irish Central Bank officials did little to regulate the banking sector (Springler and Wöhl 2020, p. 162; Kelly 2010, pp. 21-22). Consequently, banking capital was able to shift drastically from the model of strict credit policies and deposit-based lending that had previously prevailed (Kelly 2010). Those employed in the office of the Financial Regulator, who were often socially acquainted with bank directors, opted for hands-off supervision of the banking sector, while there existed a professional overlap between commercial banks and the Irish Central Bank (Clarke 2012, p. 33).

[54] The origins of this trend, however, can be traced further back to the accumulation strategies of banking and property capital during the 1960s and 1970s (McCabe 2011, pp. 98, 194).

[55] This arrangement notably persisted even as the crisis began to unfold in 2008 (Chari and Bernhagen 2011, p. 478).

Beyond banking capital, the speculative, unregulated nature of the Irish property market was rooted in the competitiveness goals of the Irish state, which increasingly relied on property investments backed up by foreign bondholders to sustain economic growth. As alluded to above, this process of financialization was further underpinned by fiscal policies designed to encourage the activities of finance capital in the property sector. Born out of a desire to promote market activity and expansion, the FF-led government did not introduce an alternative measure to the sovereign interest rate for curbing inflationary pressures, e.g. counter-cyclical tax policies (Avellaneda and Hardiman 2010, p. 9). Legislative measures such as a residential property tax, which could have been implemented via the national budget to curb house-price inflation and provide a stable source of government revenue, were never implemented (Springler and Wöhl 2020, p. 163). Instead, the tax regime was used to encourage property capital to undertake large-scale development, even as expansion was already taking place.

Having previously removed tax breaks amid stagnating property prices during the economic slowdown in 2001, political society responded to lobbying from property capital by reintroducing these incentives, which led to prices soaring once again (Whelan 2013, p. 28). Tax relief measures, ostensibly designed to repopulate rural Ireland (Springler and Wöhl 2020, p. 160),[56] ultimately fueled overaccumulation in the Irish housing market, as property investors, encouraged by state policy as opposed to underlying demand, used housing construction to engage in tax avoidance through fraudulent underpayments (McCabe 2011, p. 52).[57] The income tax reductions introduced by the FF-led government were made possible by the sheer volume of developments and sales taking place, which generated high levels of property-related tax receipts through stamp duties on property purchases, capital gains tax, VAT (e.g. on construction materials), and development levies (Kitchin *et al.* 2012, p. 1314).[58] As a result, the contribution of the property market to state tax revenue rose from 5% in 1998 to 17% in 2006 (*ibid.*). The capital gains tax, reduced from 40% to 20% in the 1998 Budget to free up capital investment (in accordance with the neoliberal market logic), prompted bank lending to rise from 20% to 466% over the following decade, much of which went into the property market (Ó Riain 2018, p. 40).

[56] As O'Callaghan *et al*. (2015, p. 6) note, the benefits of FDI (e.g. employment) were highly concentrated in urban locations (especially Dublin and Cork), resulting in the relative economic stagnation of rural Ireland.

[57] For more detail on the under-researched dynamics of the construction industry (e.g. its backward linkage, deregulation, etc.) – not discussed here due to space limits – see McDonald and Sheridan (2009).

[58] While construction-sector activity began to accelerate in the mid-80s in response to state tax incentive schemes (O'Callaghan *et al*. 2015, p. 5), it was not until the Celtic Tiger period that expansion began to take place in earnest.

Moreover, the tax regime came to rely on the construction sector for income tax receipts, as it overtook industry in driving job creation. Many of these workers came from the EU's new Eastern European member states, immigration which itself increased demand for housing (Whelan 2013, pp. 6-7). In addition, many young males opted to finish their education early in response to the sector's high wages (Kelly 2010, p. 5): as such, the national finances came to depend greatly on the tax payments of these low-skill wage-earners. By 2007, 13.3% of all employment was in construction, more than in any other OECD member (Whelan 2013, p. 7), and the sector was contributing 21% of national income, with 15% coming from housing construction alone (Kelly 2010, p. 11). Furthermore, rising demand for this construction-related labor drove up wages out of proportion with productivity growth across all sectors, which was another factor that contributed to the Irish wage relation becoming less internationally competitive (*ibid*. p. 14).

Having previously been driven by rising income levels, low unemployment, and a growing population linked to natural increase and immigration (Sullivan and Kennedy 2010, p. 9), investment in the booming residential and commercial property markets became increasingly speculative. Financial stocks consequently grew sharply over the 2000s compared with other indexes (Ó Riain 2012, p. 520). The liberalization of mortgage markets fueled the construction boom and enabled high levels of indebtedness among homeowners, including low-income households (Springler and Wöhl 2020, p. 160). In a context of high demand, and buoyed by easy access to cheap credit, lending standards sharply deteriorated, as banks massively increased their loan sizes by raising mortgage terms and lowering loan-to-value ratios (Kelly 2010, p. 13). Additionally, developers mostly received loans without needing to post collateral (*ibid*. p. 22), due to banking capital's long-term confidence in their other ventures. This reflected the widely shared belief among political and economic elites that the free market would lead to the efficient allocation of resources (Ó Riain 2018, p. 39). As a result of these processes, property prices rose substantially. Illustrating this, between 1997 and 2008, mortgage lending and developer lending values rose by a factor of seven and eleven, respectively (Kelly 2010, p. 10). At the bubble's peak in 2006, loan approvals totaled €31.4bn, compared with €4.4bn in 1997 (Sullivan and Kennedy 2010, p. 9). In 2006, 93,419 housing units were built, representing roughly 12% of the total housing stock added between 1991 and 2006 (O'Callaghan and McGuirk 2021, p. 816).[59] That same year, the average price of new and second-hand houses hit record levels, reaching €322,634 and €377,850, respectively (McCabe

[59] In 1991, there were roughly 1.2m Irish homes: by 2008, the figure stood at roughly 1.9m (Whelan 2013, p. 6).

2011, p. 55), while commercial prices also peaked (Kelly 2010, p. 11). Meanwhile, due to an eroded tax base and the aforementioned decline in exports, spending came to outpace GDP during this finance-led phase (reaching a disparity of 30% in 2007) as the government moved to increased social expenditure to prop up long-underfunded public services (O'Leary 2010, p. 4; Kirby 2008, p. 18).[60]

By ensuring that banking capital was lightly regulated, and that developers had access to tax incentives, state elites could benefit from both property-related revenue payments and developers' political donations (Chari and Bernhagen 2011, pp. 483-484).[61] Moreover, new commercial developments were a means by which local politicians could secure constituents' support (Kitchin *et al*. 2012, pp. 1313-1314). Irish political society, together with reputed financial experts and the mainstream media, made a point of emphasizing the benefits of Ireland's light-touch regulation (and also its low corporate taxation) for sustaining the Celtic Tiger regime (McCabe 2011, p. 148). Banking and property capital, meanwhile, consistently asserted the strength of the property market, and generally disregarded the risks by emphasizing supposedly strong economic fundamentals and the self-correcting nature of markets (Ó Riain 2012, pp. 516-518). Internationally, the IMF, OECD, rating agencies and lobby groups – fellow proponents of market-oriented regulation – gave overly optimistic assessments of the Irish banking system, assessments which failed to problematize the lack of regulation and risk management therein (Kitchin *et al*. 2012, p. 1316). Rating agencies proved especially influential. By giving Irish banks high credit ratings on their debt instruments throughout the bubble, despite indications of their overexposure to the property market, these agencies facilitated massive levels of investment from foreign finance capital (Ó Riain 2012, pp. 525-528). Illustrating this, Irish banking capital's net foreign liabilities rose from roughly 20% in 2003 to over 70% in 2008 (Lane 2011, p. 8), leaving the sector highly vulnerable to a reversal in financial flows. In addition, ECB officials, responsible for setting the eurozone's common interest rate, failed both to monitor and to respond to the overexpansion of credit in Ireland and elsewhere in the eurozone periphery (Whelan 2013).

In order to secure popular consensus with respect to the established accumulation regime, the dominant class moved to universalize its neoliberal norms. Throughout this phase, both homeowners and investors were actively encouraged to engage in financialized consumption,

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[60] The FG-led coalition, having assumed power in mid-1997, adopted a 4% limit to the growth of net current expenditure relative to nominal GDP, which the FF-led government abandoned in the 2001 budget. After 2001, current spending outpaced GDP on an annual basis (O'Leary, 2010, p. 4).

[61] Indeed, Irish property developers served as Fianna Fáil's primary donor base (Kiersey 2018, p. 119).

i.e. 'get onto the property ladder at all costs' (Kitchin *et al*. 2012, p. 1316), both through policy and discourse that reflected neoliberal hegemony in the Irish state. Irish state elites, in some cases while holding key EU positions (Phelan 2007, p. 45), also played a role in championing and legitimizing Irish neoliberalism at a European level. As highlighted above, warnings of unsustainability were both ignored by key members of political society, and undermined by reputed economic, finance and property experts who, in their capacity as organic intellectuals, gave legitimacy to the prevailing dynamics (McCabe 2011, pp. 50, 53; Mercille 2014a, p. 294). Intellectuals in the Irish media industry also played a central role in sustaining this phase of financialized accumulation. Mercille (2014a, p. 292 *et seq*.) finds that newspaper and television coverage of the housing bubble was rare before 2008,[62] by which point the crisis had become virtually impossible to ignore. In the instances when concerns over a housing bubble (and its potential collapse) were raised, Irish media intellectuals largely dismissed these warnings and thereby enabled the bubble to continue (*ibid*.). In reality, corporate media directly profited from the deregulation and financialization rampant in the Celtic Tiger period. Taking *The Irish Times* as an example: because it profited from property-related advertising revenue (Marron 2021, p. 7), the institution had commercial interests in legitimizing this everyday financialization of property as common sense.[63]

Political and media elites employed a variety of discursive strategies in order to maintain popular consent, and thereby secure their interests in the Irish model of development. These ranged from: solidaristic and modernistic language to promote prevailing economic policy; references to pre-Celtic Tiger economic struggles to legitimize the current status quo of low taxation and investment-led growth; engagement with critical discourses that subsumed them into an implicitly neoliberal hegemonic logic; the de-ideologizing of the state's CT regime so as to establish it as common sense; and the framing of alternative (i.e. non-neoliberal) discourse as threatening to the livelihoods of ordinary citizens (Phelan 2007, p. 36 *et seq*.). However, the neoliberal hegemony of the Celtic Tiger period did not rest entirely on consent. In some cases, public intellectuals (specifically journalists) came under pressure from business-state elites regarding coverage of the housing boom, in the form of threats of denying media access, pulling advertising, or even litigation (Mercille 2014a, pp. 290-291). Within the finance industry, meanwhile, analysts were often pressured to echo the positive assessments of the majority lest they face professional or reputational backlash (*ibid.* p. 287). In this sense, alongside popular

[62] In such cases, most reports and analyses were either dismissive or unfoundedly optimistic of a soft landing.

[63] Moreover, *The Irish Times* (along with the owner of *Irish Independent*, INM) had purchased property websites as late as 2006 (Mercille 2014a, p. 289).

consent, coercion by corporate and state actors underlay the neoliberal hegemony that underpinned this phase of financialized accumulation.

Reflecting the common-sense status of neoliberal governance and norms, housing increasingly came to be seen as an investment across Irish society (Sullivan and Kennedy 2010, p. 10). Throughout the Celtic Tiger period, notwithstanding instances of increased social tensions, a significant portion of the population broadly supported the state's neoliberal management of the housing sector (O'Callaghan *et al*. 2015), even as this method of promoting homeownership brought about an increasing financialization of everyday life through reliance on high levels of debt (Kirby and Murphy 2011, p. 34). Together with the hegemonization of neoliberal ideology, this can partly be explained by the state's historically rooted tradition of homeownership (Kirby 2008, p. 8; Springler and Wöhl 2020, p. 160; O'Callaghan and McGuirk 2021, p. 823); and the fact that homeowners and aspiring buyers stood to benefit from the property boom via asset-value appreciation and access to mortgage finance, respectively. In this regard, social relations, alongside the institutional and ideational dimensions of the state, were such that the dominant class was able to maintain its neoliberal hegemony in the apparent absence of an emerging crisis. Crucially, however, the irrational exuberance and imprudent practices undergirding these configurations prevented the dominant class from effectively organizing its interests in such a way as to prevent such a crisis.

Indeed, this phase of financialized accumulation ultimately resulted in a build-up of crisis tendencies. Irish banks, together with foreign entrants (e.g. Royal Bank of Scotland, Danske Bank, Rabobank, etc.), had begun to compete with each other for market share (Sullivan and Kennedy 2010, p. 17), resulting in the aforementioned imprudent lending practices and overreliance on development lending across the banking sector (Ó Riain 2018, p. 41; Kelly 2010, p. 21). Moreover, the combination of property-related transactions and construction-sector employment amounted to a highly pro-cyclical tax revenue base, one which could not be relied upon in the event of a shock to the property market, as demonstrated by the shortfall with which the government was confronted as the crisis unfolded. During the 2007 election, all parties organized their campaigns based around the expectations of continued economic growth over the coming years, with some parties even proposing the introduction of further property-related tax incentives (Whelan 2013, p. 8). Yet the accumulation regime began to waver in 2007, as units started to go unsold, and banks' share prices began to slide as foreign investors (amid the US sub-prime mortgage crisis) sensed the possibility of future negative equity (*ibid*. p. 3; Kitchin *et al*. 2012, p. 1310). By 2007, Irish houses were at least 30% overvalued (Ó Riain 2012, p. 508), with prices four times higher than 1996 levels (Whelan

2013, p. 6). Homeownership levels steadily declined during the 2000s because would-be buyers were forced into the rental sector (Hearne 2017, p. 73; O'Callaghan and McGuirk 2021, p. 816).[64] As buyers became reluctant to borrow the amounts required for properties whose values increasingly appeared unlikely to continue appreciating, prices began to fall drastically in 2007, while unemployment rose sharply (Clifton, Díaz-Fuentes and Gómez 2018, p. 18). Two-thirds of the newly unemployed came from construction, causing a massive loss in income tax receipts and a large increase in social welfare payments to this group of low-skilled laborers (Whelan 2013, p. 9). Moreover, in response to the worsening crisis in the banking sector, certain MNCs such as Dell ceased their Irish operations in 2008, exacerbating job losses (Marron 2021, p. 15). The vulnerabilities and crisis tendencies of finance-led accumulation thus came to the fore.

The crisis intensified in May 2008, due to the unfolding of the global credit crunch compounding the struggles of overleveraged Irish banks (Kelly 2010, p. 15). The build-up of liquidity and solvency issues among Irish-based conduits, long subject to little-to-no regulation in the IFSC, only added to the financial contagion in Europe and further afield (Stewart 2008; Stewart and Doyle 2017). Amid the widespread panic, foreign bondholders quickly exited the Irish property market and left the banking system greatly exposed.[65] While the contradictions rooted in the financialized domestic sphere had already left the Irish state faced with a deep crisis (Whelan 2013, p. 8; Kitchin *et al*. 2012, p. 1310), the wider struggles across the international financial system exacerbated the crisis facing state officials. As a result of the unfolding downturn, Irish banks came to depend on further interbank borrowing, as well as ECB borrowing (Kelly 2010, p. 17).

4.4. Ireland's Neoliberal Crisis, and Neoliberal Recovery

4.4.1. Neoliberal Deepening

The economic downturn represented an unprecedented crisis of Irish neoliberalism (Fraser, Murphy and Kelly 2013, p. 39). Ireland's neoliberal social and institutional configurations ultimately failed to support the state's regime of financialized accumulation in a sustainable

[64] Indeed, reflecting the extent of everyday financialization, alongside the mortgage industry emerged a buy-to-let market backed by a state rent supplement scheme, with a large number of households becoming 'amateur' landlords to profit off soaring prices and a strong rental market (Kitchin, Hearne and O'Callaghan, 2015, p. 4).

[65] As Ó Riain (2012, p. 523) notes, French, German, British and US banks had dramatically increased their lending activities in the Irish banking sector and the IFSC during the 2000s.

manner, thereby curtailing further capitalist expansion and sending the Irish economy into a major crisis. Moreover, a money relation centered around the investment strategies of foreign finance capital left the Irish economy vulnerable to the external shock (namely the global credit crunch) that compounded domestic difficulties. Given Ireland's small economic size and small banking sector, it had been vital that developers, in an environment of property-price inflation, could continue to sell properties and repay their bank loans in order to prevent an economic crisis. In practice, however, overaccumulation resulted in a build-up of toxic debt, which brought the banks' share values to the brink of collapse (Breathnach 2010, pp. 1196-1197). Furthermore, state elites' low-tax approach to maximizing competitiveness left the government poorly equipped to absorb the losses created by falling levels of profit and investment in the property market. As the international financial system continued to falter, exemplified by the collapse of Lehman Brothers in the USA, interbank liquidity increasingly dried up. On September 29th, 2008, the Irish stock market was badly hit (Kiersey 2018, p. 118): and Irish banks, particularly Anglo-Irish Bank, were at risk of massive losses. The institutional pillars of the Irish political economy were consequently threatened with the potential collapse of the banking system. In response, key political elites, following closed-door deliberations, and amid added pressure from ECB officials fearing eurozone contagion, proposed to the Irish parliament a two-year guarantee on the major banks' liabilities (loans and interbank/customer deposits), which was subsequently passed (*ibid*. p. 119).[66]

Rather than provide a limited-time guarantee, during which the banking sector's liquidity could be assessed, the bill that was passed put no such restriction on the state's ability to insulate banking capital. Moreover, the guarantee also covered specialist property development lenders, Anglo-Irish Bank and Irish National Building Society, despite their flawed corporate governance, comparatively small depositor bases, and high levels of toxic debt (Kelly 2010, p. 15; Kitchin *et al*. 2012, p. 1318).[67] The guarantee, which ultimately entailed €440bn in recapitalization, was entered into in the hope that the Irish economy would be looked upon more confidently by investors in the interbank markets (McCabe 2011, p. 170); and it was ostensibly motivated by a belief among state elites that the situation was a temporary issue of illiquidity in the banking sector, rather than insolvency (Whelan 2013, p. 13). The guarantee,

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[66] These banks were Ireland's large retail banks (Allied Irish Banks, and Bank of Ireland), smaller mortgage lenders (Irish Life, and Permanent and Educational Building Society) and specialist property development lenders (Anglo-Irish Bank, and Irish National Building Society) (Kelly 2010, p. 15).

[67] Notwithstanding close ties to political society, the management of Anglo-Irish Bank, by virtue of its specialization in overseas property lending, was thus of greater importance to foreign bondholders than the Irish state (Kiersey 2018, p. 119).

titled the Financial Stability Act, received EC approval (Regan 2021, p. 152), and was financed through foreign funding and the national pension reserve (Kitchin *et al*. 2012, p. 1318). Through this measure, the debts of developers, banking capital, and foreign bondholders were internalized by the state, and passed onto Irish taxpayers. In this regard, the immediate response was clearly defined by the interests of the national and transnational historic blocs.

Following the Financial Stability Act, the government began the process of nationalizing the banking sector, and delivered three separate austerity budgets in October 2008, April 2009, and December 2009.[68] These budgets, together with public-sector pay cuts, scaled back billions in spending on public services (Marron 2021, p. 15 *et seq*.). While state officials avoided making cuts to unemployment benefits (and social protection in general), spending was sharply scaled back in the areas of capital expenditure and payments relating to social reproduction (Regan and Brazys 2018, p. 233). Compounding the impact of reduced social spending, the crisis-era budgets levied the subordinate classes with increased tax rates (e.g. a VAT increase from 21% to 23%) and a range of new taxes (Mercille 2014b, p. 285; Fraser, Murphy and Kelly 2013, pp. 47-48). Following this, the 2011 Budget replaced the health and income levy on earnings with a regressive Universal Social Charge of 7%, which especially strained lower-income workers (Fraser, Murphy and Kelly 2013, p. 47). However, Irish tax revenue nonetheless decreased by 20% between 2008 and 2010 (from €40.7bn to €31.7bn), with sharp drops in all the primary forms of tax receipts (Regan and Brazys 2018, p. 234). Amid the collapse of the activities driving Irish capitalist growth, and a shock to aggregate demand, Irish GDP and GNP contracted by 7.1% and 11.9% respectively in the year following the downturn (McCabe 2011, pp. 179, 182). Having reached another inflection point at which the Irish model of development could be reassessed, political society instead approached the crisis as an opportunity for neoliberal deepening by prioritizing the interest of property and finance capital, and imposing an austerity on the subordinate classes that enabled further retrenchment of the welfare state (Kitchin *et al*. 2012, p. 1303).

Throughout the crisis and recovery period, Irish integral society echoed European (most prominently German) political discourses by framing the crisis as one rooted in failed fiscal policy and a loss of competitiveness (Regan 2021, p. 160). State elites' neoliberal approach to fiscal consolidation found reliable support in the mainstream media.[69] As such, political and

[68] By virtue of Irish membership of the eurozone, state officials could not respond to the crisis with currency devaluation.

[69] Of the 431 articles he examined, Mercille (2014b, p. 291) finds a 55% positive view on fiscal consolidation (83% when excluding neutral pieces).

economic elites benefited from their privileged access to media intellectuals that were willing to relay the neoliberal narrative (McDonagh 2016, p. 97). Taking the *Irish Independent* (2008) as an example, the neoliberal narrative of low taxes stimulating the economy and thereby boosting economic development was advanced, ignoring both the regressive implications of the tax regime, and the fact that this tax revenue base proved vulnerable and ultimately unsustainable. The solution, from this point of view, lay with abolishing or reforming 'some bad old taxes', and facilitating this through cutbacks to the public sector, reflecting the neoliberal aversion to big government (*ibid*.). The Irish government was urged to address 'the waste and inefficiencies that are the curse of our public sector', and pursue privatization to help Ireland 'reclaim its competitive edge' (*Irish Independent* 2009). Spending cuts were therefore encouraged, while a shift towards more progressive taxation was flagged as harmful to economic prospects, and a means of appeasing the hostile TUs responsible for the 'ideological shackles of Social Partnership' (*ibid*.). Throughout the crisis, a significant portion of *The Irish Times* and *Irish Independent* coverage targeted the public sector in this fashion, with charges of overpaying and overstaffing that conflicted with empirical evidence pointing to the contrary (Marron 2021, pp. 53-54). Through this active targeting of the public sector (i.e. TUs and Social Partnership), Irish integral society sought to ensure that the public debate did not shift towards the tax regime.

Conversely, aside from a critical minority, the systemic contradictions of mismanaged, property-oriented government spending were not challenged (Mercille 2014b). Rather, the majority of elite media professionals generally sought to withdraw authority from critical actors and support the dominant class' ideological and policy stances, i.e. austerity as the only option (Marron 2021, p. 68; Clifton, Díaz-Fuentes and Gómez 2018, p. 23). Illustrating this, *The Irish Times* and *Irish Independent* actively sought to delegitimize anti-austerity positions: such views were generally included in coverage only as a perfunctory gesture to create the illusion of objectivity (Marron 2021, p. 55). Meanwhile, the actual causes of the crisis, and suggestions of alternative crisis-management strategies, were actively peripheralized by corporate media actors (*ibid*. p. 85). For instance, the unfinished developments – the result of property capital's overspeculation – were engaged with by media actors through market-oriented coverage, which avoided addressing the failures of Irish neoliberal financialization (O'Callaghan *et al*. 2015, p. 11). Amidst the worsening recession, calls for more comprehensive reform, such as the Keynesian-esque restructuring proposed by the Think Tank for Action and Social Change, were roundly derided, and political elites (with general media backing) persisted with neoliberal policy measures (McCabe 2011, pp. 188-189). The downturn was instead widely understood

as an isolated case of the mismanagement of an otherwise coherent economic system: one caused by individuals' excesses and requiring corrective measures, rather than the culmination of the systemic crisis tendencies of the Irish neoliberal model of development (Kitchin *et al*. 2012, p. 1319). Altogether, state elites had strong backing from the media in their efforts to reproduce neoliberal hegemony and oversee the continuation of the state's enduring model of capitalist relations. The Irish experience of crisis management – one which prioritized a return to economic growth and international competitiveness over social cohesion and structural reform – was mirrored across the EU and the international system: a survival of neoliberal orthodoxy, and a reluctance among the key social forces to explore new economic principles (Kirby and Murphy 2011, p. 36; Nesvetailova 2010, p. 176; Clifton, Díaz-Fuentes and Gómez 2018, p. 19).

In 2009, Social Partnership collapsed and, even though the imprudence of business-state elites had produced the crisis, much of the backlash nonetheless continued to be directed at the social partners (Regan 2021). The labor movement had already been greatly blunted and depoliticized over the 2000s due to political society's fixation on economic competitiveness, fiscal conservatism, and market imperatives (Kirby 2008, pp. 35-36, 40; Kirby and Murphy 2011, p. 30). This in turn demobilized TUs, and left them poorly equipped to effectively mobilize and contest the state's austere policies via public demonstration. Consequently, TUs' scope for action was largely limited to tempering the public-sector wage cuts and job losses proposed by the Department of Finance.[70] As a result of the compromises in the *Public Services Agreement 2010-2014* (which followed two public sector strikes),[71] those in the public sector who had previously worked within the state apparatus via Social Partnership could not protest against the recovery program without facing job or pay uncertainty, thereby preventing organized labor from mobilizing or engaging in public protest (Marron 2021, pp. 18, 155 *et seq*.; Kiersey 2014, p. 3). This shows that, complementing the efforts of Irish integral society to discursively produce popular consent, state officials used coercion in order to legitimize their strategy of fiscal adjustment. The agreement had been subject to considerable debate among the TUs with respect to the declining incomes and cutbacks to services that it would entail; yet, the media coverage of the agreement assisted in creating the perception of a general TU consent to the measures (Marron 2021, p. 72). With organized labor sidelined, the agreement achieved a

[70] Unilateral wage cuts remained in both the public and private unionized sectors until TUs successfully reversed this in the recovery period (Regan 2021, p. 162).

[71] The agreement saw political society renege on further pay cuts and compulsory job losses in the public sector during the agreement, in exchange for TUs accepting wage stagnation and ceasing to resist state reforms (Marron 2021, p. 19).

roughly €1.5bn reduction in public sector pay between 2010 and 2012, and cut 17,300 jobs by February 2013 (Fraser, Murphy and Kelly 2013, p. 45). Private-sector bargaining, meanwhile, saw a pronounced shift from centralized to enterprise-level negotiations (Regan 2021, p. 158). Mirroring the struggles in the public sector, labor in the private sector subsequently faced fervent efforts from employers to cut wages and dismiss workers over the recovery period (Fraser, Murphy and Kelly 2013, p. 45).

The state response to the crisis thus broadly aligned with the interests of the national and transnational historic blocs. This is further demonstrated by the management of the continued financial upheaval in late 2009. Following on from the bank guarantee and recapitalization program, the government established the National Asset Management Agency (NAMA), a 'bad bank' tasked with overseeing the resale of the Irish banks' non-performing property loans at a maximum rate of return (O'Callaghan and McGuirk 2021, p. 819).[72] Rather than insist that investors accept a haircut on their toxic property assets, or bring about state ownership of the assets through nationalization, government officials mobilized public funds to pay the banks €7bn above market value in order to recapitalize the banking sector, despite the need for social spending in the midst of the worsening economic crisis (Kirby and Murphy 2011, p. 35).[73] In this context, funding for social welfare, healthcare, education, and capital investment was curtailed (Fraser, Murphy and Kelly 2013, p. 47). Between 2008 and 2014, government spending dropped by almost 15%, and remained 12% below 2008 levels at the tail end of recovery in 2016 (Regan and Brazys 2018, p. 232). Ultimately, through this privileging of financial actors over the subordinate classes, banking capital was able to deleverage itself, and bondholders were protected.

Having ensured that the Irish state, via NAMA, came into ownership of much of the country's housing stock through its recapitalization of the banking system, and having begun the process of nationalizing the ailing banks (see following paragraphs), Irish political elites had the opportunity to oversee a recovery less along neoliberal and more along social-democratic lines, whereby the inequities produced during the Celtic Tiger period could be ameliorated. Yet, through NAMA, state elites, broadly speaking, opted for an approach of neoliberal interventionism via a market-based solution: participation in the property market geared

[72] As Kitchin *et al*. (2012, p. 1319) note, the state employed professionals from the banking and developer industries, resulting in cases where actors were paid handsomely to oversee transfers from their former employers, who were in fact complicit in the housing bubble.

[73] In contextualizing this, Kirby and Murphy (2011, pp. 35-36) note that Department of Finance officials, key exponents of neoliberal ideology within the state apparatus, maintained a significant though covert focus on further reigning in the welfare state.

towards enabling future capital accumulation. More broadly, the state's treatment of these assets, i.e. auctioning off discounted loans (covered by state recapitalization) with the view to seeing them sold at higher prices in the long term, marked a critical point at which property was again reinforced as a financialized, profit-oriented asset for generating wealth (Byrne 2015, p. 8). Moreover, in adding to the already high levels of socialized debt – NAMA's portfolio of distressed loans totaled €74bn (Kitchin *et al*. 2012, p. 1318), the gains of which would accrue to the financial actors purchasing these distressed assets – Irish class inequalities were exacerbated in favor of finance capital. As part of this deleveraging arrangement, Irish banks received government-backed bonds that enabled them to borrow from the ECB and bring liquidity into the domestic banking system (Kitchin *et al*. 2012, p. 1318).

The worsening recession and eurozone-wide financial contagion led to the further proliferation of non-performing developer and mortgage loans in the Irish banking sector (and thus falling shares), adding to the burden of the guarantee overseen by the Irish state. Amid severe social hardship, net emigration increased in 2010 (for the first time since 1995), as people began leaving the country on a large-scale (Boullet 2015, p. 21). Throughout this process, ECB and German officials refused to provide assurances to bondholders that the ECB would step in as a lender of last resort (Regan 2021, p. 155; Dullien and Guérot 2012, p. 2). The bank guarantee failed to address the threat of insolvency facing the structurally unsound Irish banking system, which, due to over-speculation and consequent non-performing loans, had ultimately carried out short-term foreign borrowing far beyond its capacity to repay investors. By January 2009, Anglo-Irish Bank had been nationalized, while in the period that followed, the rest of the banks were either nationalized or, in the case of Bank of Ireland, the state acquired a large stake (Mercille 2014b, p. 284).[74] Foreign lenders, increasingly wary of a possible sovereign default, were not reassured by the bank guarantee, and thus avoided investing in Irish bank bonds. This prompted ratings agencies to downgrade the banks' ratings; and led to further capital flight from the Irish banking system (Whelan 2013, p. 14). Having been priced out of sovereign debt refinancing in the international bond markets in 2010, and facing pressure from ECB officials, the Irish state entered into the Troika bailout program in order to secure continued financial support: state officials agreed to an €85bn bailout over a three-year period on the condition of further neoliberal restructuring (Clifton, Díaz-Fuentes and Gómez 2018, pp. 6-7).[75]

[74] Anglo-Irish Bank was subsequently converted into an asset management company and liquidated in 2014, leading to its large portfolio of distressed property assets being released onto the market (Byrne 2015, p. 8).
[75] This sum was made up of €45bn from the EU, €22.5bn from the IMF, and €17.5bn from the Irish national pension reserve.

ECB officials, focused on maintaining investor confidence in EU financial markets and preserving the euro, consequently pushed the Irish state to protect foreign bondholders and continue transforming a private financial crisis into a public debt crisis (Hall 2016, p. 57; O'Callaghan *et al*. 2015, p. 10). However, notwithstanding the urging of EU elites, their Irish counterparts shared the primary goal of restoring economic growth and competitiveness in both Ireland and the EU (Kirby and Murphy 2011, p. 35). While questions regarding the extent of fiscal reform advanced by the Troika prompted political debate, there remained a general willingness in Irish political society to carry out neoliberal austerity, with the bailout serving as the 'Trojan Horse' by which to implement new neoliberal measures (O'Callaghan *et al*. 2015, p. 10). Through the support of the EC, Irish state elites had institutional support through which their management of the bailout could achieve a sense of legitimacy (McDonagh 2016, pp. 96-97). At the same time, Irish and international elites refused to publicly acknowledge the failure of Irish and EU institutions to prevent the crisis (O'Callaghan *et al*. 2015, p. 10).

As a result of these shared politico-economic ideals, i.e. limited state intervention and prioritizing market interests, Irish and Troika officials ultimately oversaw the continuation of the former's austerity policies with generally shared interests (Clifton, Díaz-Fuentes and Gómez 2018, p. 19).[76] In this regard, the stabilization and reproduction of Irish capitalist relations were pursued through securing the interests of bank shareholders and bondholders, and by preventing further financial contagion (Kiersey 2018, p. 122); meaning that the brunt of the cost continued to lay with the subordinate classes. Irish state elites legitimized the austerity-based recovery strategy through a discursive politics that universalized the culpability for the crisis. The prevailing discourse asserted that society had, as stated by the finance minister Brian Lenihan at the time of the bailout in 2010, collectively 'all partied' (*ibid*. p. 114). This narrative framed the financial crisis as one caused not by the accumulation strategies of a transnational capitalist class, but by a society that had become increasingly imprudent. Media intellectuals echoed this notion, which resonated with much of the Irish citizenry (Chari and Bernhagen 2011, p. 484). Furthermore, O'Callaghan and McGuirk (2021, p. 823) highlight the extent to which the Irish state's neoliberal, pro-market recovery plan was carried out through normalizing and legitimizing these policy interventions as a necessary response to the crisis.

[76] Specifically Troika-driven reforms were in the financial sector (e.g. introducing market-oriented regulation and new institutions) and legal realm (e.g. demand for derestriction of bank repossession rules) (Clifton, Díaz-Fuentes and Gómez 2018, p. 22).

Even as state elites were faced with an onerous bailout program that demanded fiscal consolidation to prop up the public finances, political society remained welded to the policy of competitive corporate taxation. Even though Irish representatives had the opportunity to secure a less severe Troika bailout by raising the CT rate – an offer motivated by the EC's long-term objective of EU tax harmonization – this was refused lest it undermine Ireland's foreign-led economic development paradigm (Regan and Brazys 2018, p. 235). Indeed, throughout this period of economic turmoil, the Irish state's decades-long strategy of using competitive corporate taxation to attract MNCs was held up as the foundation of the state's economic success.[77] Statements from the Commission on Taxation's 2009 report are illustrative of this belief:

> 'It is ***generally agreed*** that corporation tax policy, in particular the introduction of the 12.5% standard rate of corporation tax from 2003 onwards, has been a ***key factor*** in Ireland's economic success. A low, ***stable*** corporation tax rate is very important in ***supporting economic activity*** in the long term' (Commission on Taxation 2009, p. 9. Author's emphasis).

In this instance, the discourse employed by the commission evokes the neoliberal common sense (i.e. 'generally agreed') hitherto promoted by political society. Elsewhere, it is stated by the Commission that the 12.5% CT rate constitutes 'an important signal that ***enterprise is important and to be encouraged***' (*ibid*. p. 10. Author's emphasis); and it is described as follows: '[…] a ***strong brand*** for Ireland's domestic economic activity and inward investment and, as a rate, is ***appropriately low***' (*ibid*. p. 78. Author's emphasis). Through drawing on notions of stability and supporting economic activity, the debate here is centered around the importance of competitiveness. What is more, the report focuses on the prospects of productive, dynamic, and profitable enterprises, together with positive employment consequences, while neglecting the potentially negative implications for public investment and indigenous capital, and omitting past cases of FDI slowdown and multinational disinvestment (*ibid*.). In this regard, the commission's support for government policy in maintaining the 12.5% CT rate, as expressed in this report, rested on a strategic production of discourse that emphasized economic gains and omitted the negative socio-economic consequences of the Irish tax regime.

The government's *National Recovery* Plan, published in 2010, also shows this discursive strategy in action. Though the document acknowledges the need to meet public demands, it

[77] Such is the party-wide acceptance of the role of multinationals that the business-state interactions underpinning Ireland's foreign-led regime of accumulation have, through successive governments, seldom been contested during elections (Bohle and Regan 2021, p. 97).

makes clear that the tax system must not 'unduly impede economic development', but instead must promote maximal economic growth (Government of Ireland 2010, p. 89). In justifying the maintenance of low levels of corporate taxation, the plan points to this as a 'cornerstone of our industrial policy since the 1950s', and describes the 12.5% CT rate as central to Ireland's international 'brand' (Government of Ireland 2010, p. 100). In this regard, export-led growth via FDI, to a large extent achieved through the tax regime, is earmarked as crucial to the 'next phase of Ireland's economic development' (*ibid*. p. 41). This stance on corporate taxation, and taxation more generally, reflects the government's overarching focus on competitiveness, calling this 'the key to a return to economic growth and a resumption of sustainable employment creation' (*ibid*. p. 29). Similarly, the message from mainstream media was one calling for a return to the FDI-driven economic growth of the 1990s. Pointing to an 'acceptance of increased competition and openness' in Irish society, together with the need to 'facilitate overseas investment', intellectuals universalized the competitiveness discourse surrounding low taxation, and legitimized the 'necessary adjustments' in the public sector that would facilitate this return to foreign-led economic growth (Newman 2008). In sum, political society, with media backing, actively defended the tax regime's place in the Irish model of development, reflecting their support of continued neoliberal governance, even though this would exacerbate the fiscal burden on subordinate classes already struggling with tax increases and a shrinking welfare state (Allen and O'Boyle 2013, p. 35).[78]

The FF-led government suffered a massive electoral backlash from a general public which, since the onset of the crisis, had been angered by politicians' close ties to the business actors central to the crisis, and their failure to ensure that these activities were properly regulated (Breathnach 2010, p. 1197). On the back of its crisis-induced reputational damage, Fianna Fáil suffered widespread losses, while the Green Party lost all six of its seats in parliament. Yet, despite the severity of the crisis brought about by neoliberal policies, the new coalition of Fine Gael and the Labour Party ultimately carried out a crisis management in line with the neoliberal ideology of the previous government. In its 2011 election manifesto, Fine Gael emphasized the importance of investor confidence, economic growth, low taxation, public-service cuts, and job creation (Fine Gael 2011, pp. 4-5). On housing, the FG manifesto is firm on the need for NAMA to release its property assets into the private sector, while it highlights the potential ability of new investment vehicles (e.g. Real Estate Investment Trusts (REITs)) to 'create a

[78] Additionally, state officials opted not to introduce a wealth tax (Allen and O'Boyle 2013, p. 35), despite the fact that this measure could have boosted the public finances and curbed future speculative investment in housing.

new, liquid investment market in commercial property for Irish pension funds and small investors' (Fine Gael 2011, p. 20). Conversely, the manifesto is vague on the matter of social housing, simply stating that NAMA must study the implications of allocating vacant houses towards social provision (*ibid*. p. 60). Therefore, through its election manifesto, Fine Gael clearly laid the foundation for further financialization of housing.

Additionally, in describing Ireland's 12.5% CT rate as 'an anchor of Irish industrial policy', the manifesto suggests that any change to the established regime would inevitably result in capital flight, and a loss of FDI, innovation and jobs to lower-cost, non-EU jurisdictions (*ibid*. p. 65).[79] This articulation omits the importance of the single market to MNCs' accumulation strategies, alongside the issue of enormous sunk costs for MNCs that such capital flight would entail. Nor does it touch on the inequitable distribution of gains characteristic of Ireland's foreign-led accumulation regime, as highlighted in this research. Fine Gael's policy discourse was thus carefully crafted so as to present a paradigm that legitimized a continued neoliberal approach to governance; criticism of the FF-led government instead revolved around calling into question the conduct and credibility of these actors in more behavioral terms. Overall, in advancing market-based solutions, and state retrenchment under the auspices of 'Smaller, Better, Less Expensive Government' (*ibid*. p. 72), Fine Gael put forward a model for governing Irish social relations that broadly aligned with the approach of the previous FF-led governments.

The Labour Party, meanwhile, was the social force best placed to present an alternative to continued neoliberal hegemony in the Irish state, or at the very least to limit the extent of its reproduction. The Labour Party voted against the bank guarantee (McCabe 2011, p. 171), and was highly critical of the austerity overseen by the previous government. In this regard, the Labour Party campaigned on an anti-austerity platform (Kiersey 2018, p. 116). The party's manifesto clearly expressed the need for 'transformative change' (Labour Party 2011, p. 3). Yet, the transformative change conceptualized therein refers to the period of export-led growth during the Celtic Tiger period (*ibid*. p. 19), and does not tackle how this phase of capital accumulation undermined social cohesion and weakened labor vis-à-vis capital (see Kirby 2008; O'Hearn 2003). While critical of Fine Gael and Fianna Fáil's visions of austerity, and explicit about the need for investment in public services (Labour Party 2011, pp. 13-14), the manifesto's contents fail to firmly break from the neoliberal paradigm advanced by previous

[79] Ahead of entering government in 2011, the FG party leader, Enda Kenny, reemphasized the party's preparedness to continue cutting social spending and to maintain Ireland's 12.5% CT rate (McCabe 2011, p. 189).

governments. For instance, although critical of the institution of NAMA, the Labour Party's expressed vision of housing does not constitute a transformative approach that would initiate de-financialization. Rather than advocate for state-led housing provision, the manifesto asserts that increasing the housing stock is contingent on establishing the market conditions required to encourage funding from the private sector (Labour Party 2011, p. 70).

Moreover, although the manifesto states Labour's openness to reforms that would limit the scale of tax breaks granted to multinational capital, so too does it state the party's continued support of the 12.5% CT rate that it introduced alongside Fine Gael in the 1990s, emphasizing the importance of the Irish state's attractiveness as a 'location for inward investment' (*ibid*. p. 15). Similarly, the manifesto points to the importance of export-led growth and competitiveness (i.e. wage restraint) in bringing about economic recovery (*ibid*. pp. 16-17). As Fine Gael's junior coalition partner, The Labour Party proved either unable or reluctant to limit the scope of neoliberal restructuring subsequently undertaken by the FG-led government, which mirrored the period of far-reaching austerity overseen by its predecessor. Any hopes for the labor movement to minimize the impact of austerity were consequently dashed. Indeed, it was under the supervision of the Labour Party that the welfare system became increasingly oriented around stigmatizing unemployment, and pressuring workers to accept poor working conditions which were expected to boost Irish competitiveness (Fraser, Murphy and Kelly 2013, p. 46).

The FG-led government was defined by its focus on debt reduction and further neoliberalization of Irish social relations. Despite Fine Gael and Labour's far-reaching criticism of the FF-led government, the FG-led government proceeded with the same strategy of neoliberal austerity (Kiersey 2018, p. 116). While government representatives successfully negotiated a lower interest rate, and reinstated the minimum wage which the Troika had initially cut, Troika conditions were nonetheless fully met, despite both parties previously campaigning to renegotiate the bailout (Regan 2021, p. 156). Altogether, both governments' recovery strategies revolved around state elites' longstanding, core neoliberal objective of (re)achieving market competitiveness. Together with their supporters in civil society, political elites continued to advance the view that fiscal austerity was necessary in order to bring about the conditions necessary for economic recovery. The austerity by which this was pursued was consistently legitimized discursively through implicitly neoliberal ideology, emphasizing the need for public debt reduction and regaining access to the bond markets (O'Callaghan *et al*. 2015, pp. 10-11). The FG-led government presided over the continued support of banking capital: by 2012, €64bn had been mobilized to aid the banking system since the onset of the crisis (*ibid*. p. 8). As the crisis worsened, borrowers began to default on their mortgages. At

14.7%, the Irish state had the highest percentage of credit-constrained households among EU states in 2013 (Springler and Wöhl 2020, p. 162). Yet, while political society intervened swiftly to protect private debtholders, it showed no such urgency when it came to supporting individuals and families struggling with personal debts, in particular mortgage arrears (Fraser, Murphy and Kelly 2013, p. 44). Altogether, the process of austerity entailed €30bn in fiscal consolidation, equating to 20% of Irish GDP (Hearne 2017, p. 62).

The Department of Finance's Tax Strategy Group (2012, p. 10), through its *Economic Framework for Budget 2013*, championed the FG-led government's approach, declaring that fiscal consolidation had improved 'Ireland's credibility and standing in the markets'. Further elucidating the neoliberal leanings of the Department of Finance, it is stated in the document that government spending is best served by being directed towards growth-enhancing spending as opposed to welfare-enhancing spending (*ibid*. p. 11). This is despite the fact that unemployment had peaked at 15.1% in 2012, more than triple the initial rate in 2007 (4.6%), and that the economic growth achieved by successive Irish governments post-1994 was effectively canceled out over the crisis period (Boullet 2015, pp. 20-21). Representatives of labor remained shut out by political society as it oversaw continued austerity and its strategy of economic recovery: these processes, in line with Troika officials' preference, were instead carried out and legitimized through parliament (Regan 2021, p. 149). Due to a lack of viable parliamentary opposition, the government was able to pass harsh austerity measures in a straightforward fashion, using the Troika mandate as a means of controlling the public discourse and deflecting responsibility for the severe, intractable measures (Regan 2021, p. 157; O'Callaghan *et al*. 2015, p. 10).[80] At the same time, the FG-led government remained opposed to EU calls for the Irish state to raise the CT rate or support a financial transaction tax (Hardiman and Metinsoy 2019), the latter of which the Labour Party had supported as a means of raising revenue during its election campaign (Labour Party 2011, p. 86).[81]

Strikingly, although the recovery strategies of both crisis governments had brought about severe societal hardship, there remained a lack of far-reaching social contestation through sustained public resistance as seen in other eurozone crisis countries, e.g. Greece and Spain (Clifton, Díaz-Fuentes and Gómez 2018, p. 23).[82] In accounting for this, it has been proposed

[80] This is despite the fact that the FF-led government had immediately opted for fiscal consolidation of their own accord, roughly two years before the conditionalities of the Troika bailout became a factor (Mercille and Murphy 2015, p. 2).

[81] The latter was opposed by the IFSC Clearing House Group, which utilized its privileged access to decision-makers in political society in order to secure government support (TI Ireland 2014, p. 35).

[82] Contestation only took place, as Gramsci (1971, p. 327) formulates it, 'occasionally and in flashes'.

that many in Irish society, on the back of the economic gains accrued during the Celtic Tiger period (albeit unevenly), and having long been locked into (neo)liberal governance due to Ireland's particular path dependency, did not believe that an alternative model of social relations could be realized (Allen and O'Boyle 2013: cited in Kiersey 2014, p. 3). Such passive consent, this paper argues, is reflective of the successful hegemonization of neoliberal discourse by Irish integral society over time. In this regard, the enduring nature of neoliberal common sense arguably laid the foundation for the FG-led government to persist with growth- and competition-oriented policies, and to lock in the prevailing model of development even further. In this sense, political society had a certain degree of scope to set the parameters of the recovery, parameters that may have proven socially and politically disastrous in a different state context.

4.4.2. Intensified Financialization

As part of its strategy to stabilize and reproduce the Irish state's neoliberal, foreign-led model of development, the FG-led government continued to oversee further financialization of Irish property and the reinvigoration of the state's FDI platform. Beginning with the former: while a number of foreign banks (e.g. the British banks Halifax/Bank of Scotland and Northern Rock) ceased their Irish operations following the crisis (Fraser, Murphy and Kelly 2013, p. 43), this did not translate into widespread disinvestment by foreign finance capital over the long term. Although the mortgage market had collapsed, the financial crisis ultimately presented the opportunity for finance capital to take advantage of a national financial system awash with poorly performing, undervalued property assets.[83] In a bid to spur investment, the 2012 Budget provided investors with a tax exemption on capital gains should they buy commercial property before the end of 2013, and retain it for at least seven years (Fraser, Murphy and Kelly 2013, p. 44). In 2012, in this context of officials' attempts to reinflate the property market, NAMA began to target foreign investors by expediting the sale of its loan portfolios at significant discounts (O'Callaghan *et al*. 2015, p. 11).[84] Foreign investment funds subsequently began purchasing distressed assets from NAMA and the banking sector (Byrne 2015, p. 8), the former of which provided loans for up to 70% of the value of its commercial property assets in order to incentivize investment (Fraser, Murphy and Kelly 2013, p. 43). NAMA's own personnel

[83] While household investors also came to participate in this investment strategy (O'Callaghan and McGuirk 2021, p. 820), the focus here lies on the practices of foreign finance capital.
[84] Among the most active foreign funds in the post-crisis property market were Kennedy-Wilson, Starwood Capital, Blackstone, Lone Star Capital and CarVal Investment Fund (O'Callaghan *et al*. 2015, pp. 11-12).

were highly involved in attracting various types of foreign investors into Ireland, particularly into the state's highly concentrated capital, Dublin (O'Callaghan and McGuirk 2021, p. 820). As a result, a large volume of the state's non-performing mortgage and developer loans came into the ownership of foreign finance capital (Byrne 2019). However, NAMA's commercial asset sales to foreign funds came at the expense of available land for urban residential development (Aubry and Dauphin 2017), adding to the rising shortage of affordable housing during the recovery period. The Irish case ultimately followed the global trend of increasingly financialized housing, in the form of a growing private build-to-rent market, unaffordable homes, and a de-emphasis on social provision (O'Callaghan and McGuirk 2021).

Beyond NAMA, the further financialization of property was enshrined into legislation by state officials. Through the 2013 Finance Bill, state officials reformed legislation to enable the establishment of REITs by both foreign and domestic investors in the Irish state, and introduced CT breaks on REIT rental profits in order to entice foreign capital to enter the Irish property market and buy up unsold residential and commercial property (Hearne 2017). The establishment of REITs had previously been proposed in the media as a source of stability (i.e. rising prices) and a means of promoting investor confidence, with assertions that they would be 'very helpful to the property and investment industry' (*The Irish Times* 2011). More broadly, Irish media intellectuals continued to encourage the Irish population to see property as an investment (Marron 2021), even after the media industry had collectively helped to sustain the property bubble that precipitated the country's sharp economic downturn. Subsequently, REITs demonstrated a strong influence over the private rental sector, as these financial instruments enabled finance capital to further invest in Irish property. This was among a number of reforms legislated to the benefit of investors in the crisis period; and real estate investors and foreign fund representatives continued to lobby for advantageous tax and regulatory changes, which removed disincentives that may have otherwise limited their investment in Irish debts (Byrne 2015, p. 11). Fund managers benefited from direct access to state officials via frequent meetings with Irish political elites, including Department of Finance personnel and the prime minister (*ibid*.). So as to maximize returns, much of the post-crash property investment was purposefully geared towards multinational workers living in Ireland's urban high-tech clusters (i.e. Dublin, Galway, Cork, etc.), who, by virtue of their higher wages, bid up house prices and rents, which compounded the growing housing affordability crisis (Fraser, Murphy and Kelly 2013, pp. 46-47; Regan and Brazys 2018, p. 230).

In examining the discursive dimension of this market-based crisis management, the rhetoric adopted by then Minister of Finance Michael Noonan proves enlightening. Speaking on July

17th, 2013, with the state-owned broadcaster, *RTÉ*, Noonan sought to establish finance capital's use of REITs as a common-sense practice by normalizing the presence of these companies in the Irish state. Earlier in the year, Noonan had overseen the reforms to the tax regime in the 2013 Finance Bill, which enabled the establishment of REITs in the Irish state. In his remarks on REITs to *RTÉ*, Noonan noted that:

> '[…] being used as property investment vehicles in 35 different countries. All the **modern countries** are using them, and the United States, in particular, uses them for attracting a **safe haven** for pension investments. And there's a huge overhang in the market in Ireland, as you know – since the Celtic Tiger crash – and I thought it would **stimulate the property market** and provide another vehicle for investors who wanted to invest in Irish property' (*RTÉ* 2013, 1:47-2:14. Author's emphasis).

The finance minister's explanation makes clear that, even after the crisis brought about by Ireland's financialized phase of economic growth, there remained the intention in political society to treat property as an investment – a means of capital accumulation. Moreover, expanding foreign investment in Irish property is explicitly referenced as a central aim of the Irish government in this statement. In conflating REITs with the notion of a 'modern country', Noonan's language represents an attempt to legitimize this continuing financialization of everyday life, and the role of foreign investors therein: the implication here is that these companies should be embedded in countries such as Ireland, or else the Irish state is underachieving, i.e. unmodernized and underdeveloped. Further, through referring to the collapse of the property sector in the Celtic Tiger period, this new form of financialization is explicitly framed as a viable component of Ireland's recovery strategy. These remarks were not challenged by *RTÉ*'s reporters: reporters who, as staff members in Ireland's largest public service broadcaster (i.e. public intellectuals), had the capacity in this instance to profoundly influence Irish civil society. Rather, the coverage lent credence to this language of market reinvigoration, and these commercial real estate transactions were ultimately framed as a viable means of boosting state GDP (see *RTÉ* 2013).

In effect, state elites once again tied Irish property to the accumulation strategies of foreign finance capital. While the growth of the rental sector was apparent at the peak of the property boom, as homeownership became increasingly unaffordable, this process intensified in the recovery period (Byrne 2019, p. 14).[85] By 2016, nearly one in five dwellers (18.8%) was renting

[85] As Byrne (2019, p. 8) notes, Ireland's minimally regulated (by Western European standards) rental sector proved attractive for investors.

privately, compared with 8.1% in 1991 and 11% in 2006 (Byrne 2019, p. 14). Simultaneously, massive cutbacks to and further marketization of social housing (via state-subsidized renting) post-2008 left most home-seekers without this more affordable alternative (O'Callaghan and McGuirk 2021, p. 820),[86] and compounded the effects of previous waves of social-housing residualization resultant from Irish neoliberal policymaking.[87] Although Irish state officials had the opportunity to negotiate with EU officials over more flexibility vis-à-vis state investment in social housing (as provided for in EU fiscal rules), political society ultimately persisted with defaulting to market forces (Hearne 2017, p. 89).

In conjunction with the response of political society, the Irish Central Bank – since 2010 merged with Ireland's other regulatory authorities (Chari and Bernhagen 2011, p. 487) – responded by introducing macro-prudential regulation for mortgage lending in 2015 which, although blunted by construction- and property-industry lobbying, nonetheless entailed considerable restrictions on credit expansion (O'Callaghan and McGuirk 2021, pp. 819, 824).[88] These restrictions, designed to prevent the malinvestment and property-price inflation rampant during the Celtic Tiger era, had the effect of locking potential first-time buyers into the private rental market, where low levels of construction activity and investor speculation in development land continued to push rents to ever-higher levels (*ibid*. p. 820; Byrne 2015, p. 10). At the same time, banking capital, by virtue of increasing property values, was now able to boost its balance sheets and begin restoring the profitability of a vastly diminished banking sector post-crisis. In this regard, the post-crisis banking sector reflected a system that continued to disadvantage the subordinate classes. The money relation in the recovery period was thus marked by the contrasting fortunes of finance capital and aspiring homeowners. The former (e.g. foreign funds), incentivized to invest by exceptionally low eurozone interest rates (see ECB, 2022), benefited from an environment of rising prices, while many in the latter group – excluding high earners and those with access to large inheritances or financial support from family – faced difficulties accessing mortgage credit.

Compared with GDP, employment, and wages, house prices rose at a much more rapid pace (Byrne 2019, p. 15), and surpassed the EU average in mid-2013 (Springler and Wöhl 2020, p. 160). In general, government policy reinforced the dynamic rooted in the past tradition of

[86] Between 2008 and 2013, local authorities saw their state funding for social housing construction reduced by 90% (Hearne *et al*. 2018, p. 157).

[87] The rent supplement ultimately served to support the demand and price dynamics of the growing rental sector (Byrne 2019, p. 15).

[88] Alongside a loan-to-income ratio cap at 3.5 times gross income, the Central Bank introduced an 80% loan-to-value ratio cap for current homeowners, and a 90% cap for first-time buyers (Byrne 2019, p. 14).

homeownership and years of housing financialization, whereby Irish homeowners, in effect an asset class, found their personal wealth and general financial wellbeing substantially tied to the value trajectories of their properties in the market cycle (Springler and Wöhl 2020, p. 161; Horan, Lydon and McIndoe-Calder 2020, pp. 5, 12), with those shut out of the housing market (the *non*-asset class) conversely locked into a more precarious mode of living. Overall, the crisis period saw the continuation and intensification of a financialized, market-oriented, investor-led model of housing (albeit with a different constellation of social forces), which exacerbated social inequalities and accelerated the growing segmentation of Irish society into those with and without long-term prospects of homeownership.

4.4.3. The Reinvigoration of the State's FDI Platform

Alongside this strategy of property market reinflation through intensified financialization, the FG-led government carried on the previous government's project of re-establishing the conditions for an FDI-driven regime of accumulation. Although property investment displaced FDI as the driver of the accumulation regime in the latter phase of the Celtic Tiger period, multinational capital had remained active in the Irish sphere. Taking advantage of the globalization of financial services, multinational capital, often through brass-plate companies in the IFSC, had continued to avail of tax-avoidance opportunities throughout the 2000s (McCabe 2011, p. 149). As a result of this continued desire on the part of multinational capital to maximize net profits, Ireland saw a large influx of greenfield investment projects (Commission on Taxation 2009, p. 220). This low-tax strategy continued to receive unwavering support from business-state elites, who pinpointed the 12.5% CT rate as the key factor in enabling the Irish state to successfully compete for FDI (Kirby 2008, p. 13). Further, Ireland's low-tax strategy had continued to receive support across the international system, with backing from the IMF and the OECD (Regan 2012, p. 474). Having previously proven unable to sustain the wage competitiveness required for further FDI centered on low-skill manufacturing, state officials set out to promote a new wave of FDI from high-tech, IP-based MNCs (Bohle and Regan 2021, p. 96).

Taking advantage of the links to emerging internet enterprises (e.g. Google, Facebook, etc.) nurtured by IDA agents throughout the 2000s, the Irish economic and employment recovery was mainly driven by high-tech, high-value multinational service exporters (*ibid*. p. 98). In line with the IDA's goals of developing the digital economy, much of this post-2008 FDI came from the CIT industry (Regan and Brazys 2018, p. 227). From 2009 to 2014, as austerity was

taking place, the IDA simultaneously encouraged Twitter, Amazon, LinkedIn, Airbnb, and many other MNCs, to invest in Ireland (Brazys and Regan 2017, p. 419). Alongside expanding their European markets and drawing on the EU labor force, these enterprises were motivated by the opportunity to avail of Ireland's generous CT regime. In this regard, political society was able to draw on a network of legal and accounting professionals to craft policies supportive of the accumulation and tax-reducing strategies of multinational capital (e.g. Drucker 2013). Through national political elites, the IDA, Department of Finance officials, lobbyists, and service-providing firms, multinational capital could rely on a wide range of supporters in Irish integral society. Illustrating this, the American Chamber of Commerce, a US lobby group with 'significant influence over Irish public policy' (Regan 2014, p. 27), pushed for changes to the withholding tax on royalty payments (Tax Strategy Group 2010, p. 1), which was ultimately removed in 2010.[89]

In addition, state officials maintained outlays on tax exemptions for high earners during the crisis period, thus enabling these individuals to pay less than the 40% top rate. This was ostensibly linked to the state's strategy for an FDI-driven recovery, since lower taxes on high incomes – often earned by those in executive positions in MNCs – could potentially encourage further investment by foreign capital in the Irish state. The 2012 Finance Bill featured 21 legislative changes proposed by the IFSC Clearing House Group, including tax breaks for foreign executives with Irish-based enterprises (McGee 2012). Notably, in response to the influence of multinational accounting firms and the American Chamber of Commerce, among other lobby groups, a special assignee relief program included in the 2012 Finance Bill granted a 30% income tax exemption for salaries between €75,000-€500,000 over a five-year period, which was evidently designed to encourage professionally mobile workers and multinational executives to invest in and relocate to Ireland (Fraser, Murphy and Kelly 2013, p. 46).[90] Similarly, in 2013, another wide range of tax and legal reforms advantageous to MNCs and investment funds was introduced, in some instances on the back of industry-group lobbying (O'Brien 2013). Introduced while the subordinate classes were faced with the continued burden of ameliorating the public debt, these concessions to economic elites represented a veritable inter-class transfer of wealth. Once again, state officials found media support for their policies. Given the platform of *The Irish Times*, Feargal O'Rourke, head of taxation at

[89] Previously, multinational enterprises would set up a subsidiary in the Netherlands to hold inter-subsidiary royalty payments, thereby avoiding the Irish withholding tax via the waiver on such cross-EU payments as laid out in the EU Interest and Royalties Directive (for further elaboration, see Ní Chasaide 2021, p. 48 *et seq*.).

[90] While reform measures were introduced in the wake of public criticism, the IFSC Clearing House Group continued to limit public disclosure of minutes of its meetings (TI Ireland 2014, p. 36).

PricewaterhouseCoopers and closely linked to Irish political society (Drucker 2013),[91] commended the low-tax approach laid out in the 2012 Budget, proclaiming that the various pro-business, pro-growth fiscal policies would be 'well received by many' (O'Rourke 2011).[92] Amid increasing concerns from EU, OECD, and US officials over fair competition, the Irish state changed its tax code in 2014, in order to remove loopholes that had enabled MNCs' Irish subsidiaries to register in Ireland without formal tax residency (and thereby engage in profit shifting), albeit with a lengthy restructuring period until 2020 (Ní Chasaide 2021, p. 49).[93] The state's updated tax regime offered new fiscal incentives to MNCs, which henceforth had to be tax residents (Boullet 2015, p. 24). Prior to this, state officials in both crisis governments had benefited greatly from the presence of legal, accounting and tax experts in the Irish state, based primarily in the IFSC. These actors assisted state officials in adapting the Irish tax regime in a forward-looking fashion, ahead of potential discursive shifts in the international system. The Department of Finance, drawing on these actors' expertise, legislated the Capital Allowance of Intangible Assets in 2009 (Bohle and Regan 2021, p. 97), which provided IP-based MNCs with a means of reducing their taxable corporate income. In the 2016 Budget, following the establishment of the new state tax code, the Department of Finance of the FG-led government subsequently introduced the Knowledge Development Box – a relief whereby enterprises could halve their taxable income derived from R&D-related activities, and ultimately achieve a 6.25% effective CT rate (*ibid*.; Revenue 2021). While these tax reliefs limited the extent to which the state could tax the income generated by this intangible capital, the sheer volume of IP onshoring that took place resulted in a significant long-term boost to the Irish exchequer (Tax Strategy Group 2021, p. 5; see Figure 3), and contributed significantly to the stabilization and reproduction of Ireland's foreign-led model of capitalist development (Bohle and Regan 2021, p. 97). As a result of these processes, the axes of accumulation shifted once again, as accumulation became increasingly extroverted and centered around multinational exports. Moreover, by targeting these high-skill, high-value-added activities that produce price-insensitive exports, state officials were able to reinvigorate Ireland's FDI platform, despite the fact that the country could no longer offer competitive wages vis-à-vis other regions (Boullet 2015, p. 25).

[91] O'Rourke is publicly recognized for having innovated tax loopholes exploited by US corporate internationalists, e.g. the *Double Irish* tax scheme (Drucker 2013).
[92] O'Rourke also highlighted the 'welcome exemption' on capital gains tax for property purchases (O'Rourke 2011).
[93] To achieve this, MNCs needed to have a second subsidiary overseeing some level of real economic activity in Ireland. The non-resident subsidiary was generally located in a low/no-tax jurisdiction to minimize multinationals' CT obligations.

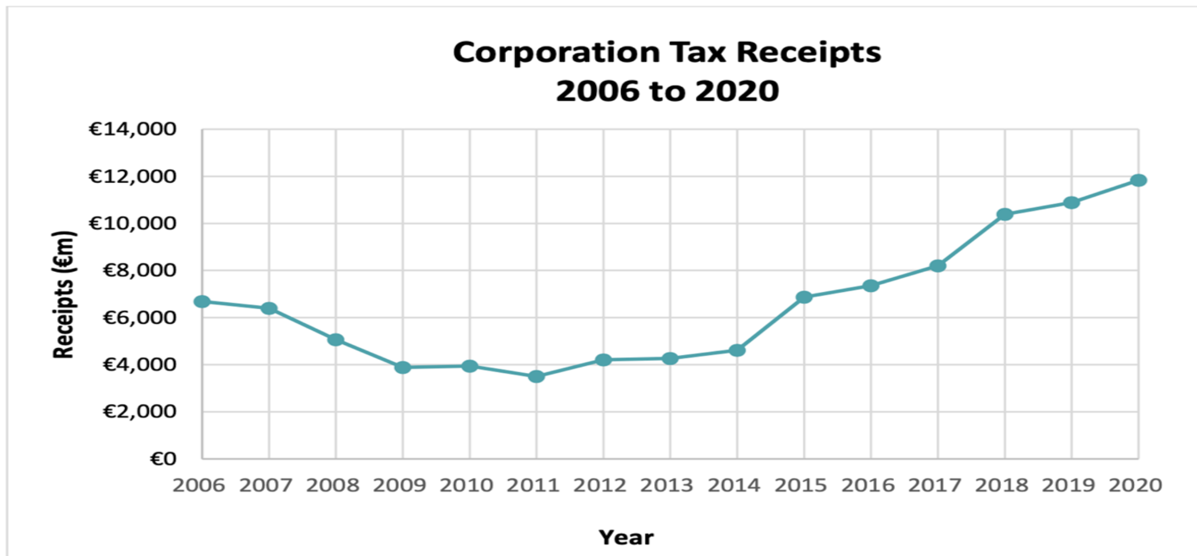

Figure 3: Irish Corporation Tax Receipts 2006 to 2020, in €m (Revenue Commissioners: cited in Tax Strategy Group 2021, p. 5).

This put Irish political elites in a rather unique position, whereby neither domestic labor consumption nor a low-wage platform were required in order for an FDI-driven strategy of economic development to succeed. The Irish state, due to decades of FDI-oriented policymaking, had the foundations in place to pursue an FDI-driven recovery that was unfeasible for the other crisis states in the eurozone (i.e. Greece, Spain, Portugal, and Italy) – states whose economies were largely centered around their own domestic markets (Brazys and Regan 2017, p. 420). As Ireland began to recover, the state was touted abroad as the poster child of successful austerity: a model for Greece, Italy, Spain and Portugal to follow (Kitchin *et al*. 2012, p. 1304), without drawing a connection to this crucial particularity. In reality, the Irish state's status as a key node in the global value chains of highly profitable MNCs, primarily reliant on *global* demand, directly enabled Irish ruling elites to utilize the economic crisis as an opportunity, under the auspices of the urgent need for austerity, to carry out the neoliberal restructuring laid out above (Holborow 2015, p. 35). The continued austerity overseen by political society is thus better understood as an effort, through competition-centered cuts and shrinking the welfare state, to initiate neoliberal deepening and reproduce the dynamics of foreign-led accumulation from the Celtic Tiger period. As a result, state elites could shape the Irish political economy in their interests, while also appeasing EU officials intent on securing the future of the eurozone (Brazys and Regan 2017, p. 419). Thus, while Irish, Troika and OECD officials would later project the 'success story' narrative of Ireland's recovery as having been achieved through fiscal adjustment (*ibid*. p. 412), the reality is that it was FDI inflows post-2008 that ensured the Irish economic recovery could be achieved, despite the fact that

austerity had exacerbated the problems of a weakened indigenous base and suppressed domestic demand.

This recovery was markedly uneven, and reinforced the winners-and-losers dynamics characteristic of the Irish political economy, which disadvantage indigenous enterprises and much of the workforce (O'Clery 2015, p. 37). Illustrating this, the employment and wage gains of this FDI-driven recovery accrued largely to the well-paid, internationally mobile professionals in the multinational sectors, e.g. sales and advertising related to CIT (Regan and Brazys 2018, pp. 229-230), along with the firms providing services to foreign capital, e.g. tax-, accounting-, and legal-service providers in the IFSC.[94] Conversely, the fortunes of low-skill, low/medium-wage workers were not furthered, but undermined by state efforts to reproduce the pre-crisis social and institutional configurations of the Celtic Tiger period. The increase in Irish economic indicators, in large part driven by asset onshoring and profit repatriations to foreign owners (Zucman 2014, p. 109), did not translate into the general uplift of the Irish population, which was still rocked by the legacies of the Celtic Tiger period. While CIT and finance workers saw their wages increase during the crisis (Brazys and Regan 2017, p. 419), the rest of the labor market was badly hit.

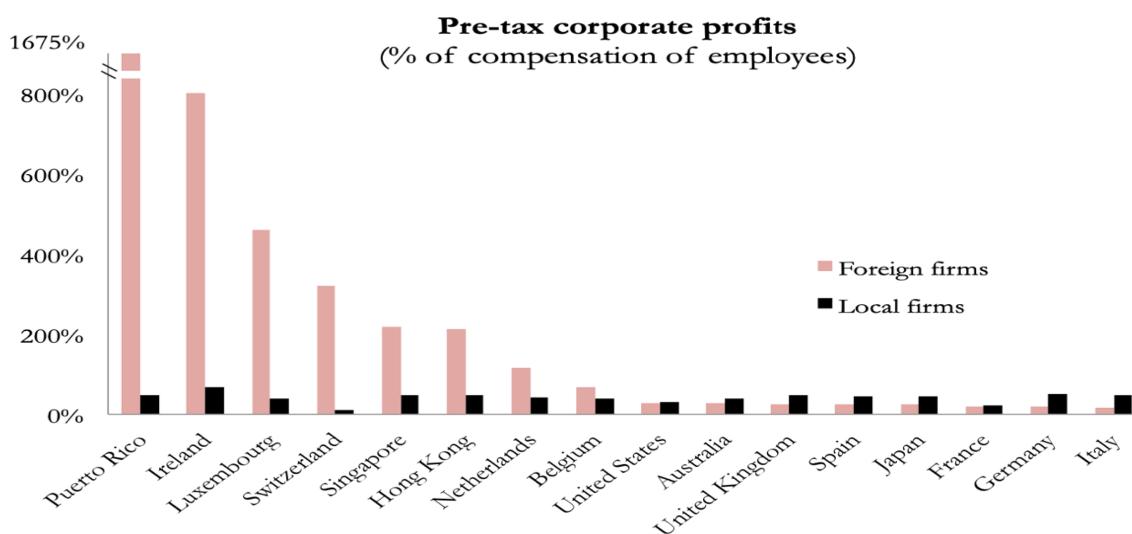

Figure 4: Pre-tax corporate profits (% of compensation of employees) in 2015 (Tørsløv, Wier and Zucman 2019, p. 41).

[94] This is not to say, however, that the finance and CIT sectors did not have workers who faced the challenges of Ireland's flexible labor market, e.g. flexibilized labor and worker precarity (Wickham and Bobek 2016, p. 69).

As previously alluded to, indigenous enterprises – long concentrated in traditional manufacturing and agri-foods (Barry 2019, p. 108; O'Clery 2015, p. 37) – were the hardest hit by the crisis and subsequent fiscal adjustment, due to their reliance on a relatively small domestic market since stifled by neoliberal austerity (Regan 2014, p. 31). A large number of enterprises were forced to either cease their operations, or resort to dismissing workers in order to avoid the former scenario (*ibid*.). In this context, there remained a stark disparity between the fortunes of foreign and indigenous enterprises (Tørsløv, Wier and Zucman 2019, p. 41; see Figure 4). The Troika austerity prescriptions, underpinned by a neoliberal logic of restoring competitiveness, exacerbated this bifurcation during the recovery period, and directly weakened the domestic base (see Jordan, Maccarrone and Erne 2021). However, the further entrenchment of the Irish state's dualized enterprise form was also the result of political society's desire to achieve further neoliberalization. While the bailout package was often pointed to as the reason behind the scale of restructuring, in practice, the degree of privatization of prominent indigenous enterprises (many of which were sold to foreign multinationals) significantly exceeded the requirements laid out by the Troika (Sweeney 2015). Neoliberal deepening was not pragmatically, but actively pursued by Irish national elites, and to this end, the FG-led government remained firmly committed to sustaining the state's foreign-led model of development, even as this endeavor harmed the prospects of Irish enterprises and workers.

4.4.4. The Absence of a Counter-Hegemonic Alternative

By 2012, the Irish economy had begun showing signs of recovery, with unemployment (though remaining high) gradually dropping, and per-capita GNP and state tax revenue increasing (Boullet 2015, p. 21). In part linked to ECB financial assistance measures intended to ensure the survival of the eurozone, Ireland exited the bailout program at the end of 2013, and regained access to international bond markets (Whelan 2013, p. 26; Regan 2021, p. 158), albeit on the back of a costly socialization of private debt. In 2014, the budget deficit measured less than 4% of GDP (Boullet 2015, p. 21). However, the upshot of this period of neoliberal restructuring was rising levels of inequality, poverty, and social deprivation (Fraser, Murphy and Kelly 2013, p. 48), which were, to some extent, masked by the FDI-driven economic recovery. As national elites oversaw the stabilization and reproduction of neoliberal capitalist relations, the crisis period saw a growing public distrust of Irish public and private institutions (TI Ireland 2014, pp. 21-22). Moreover, despite the seeds of the FDI-driven recovery bearing fruit (albeit unevenly), the FG-led government persisted with fiscal consolidation post-bailout, most

notably by attempting to introduce an arbitrary water charge that provoked massive public backlash (Regan 2021, p. 159).[95] In 2016, having presided over a period of neoliberal deepening that proved highly damaging to Irish social cohesion, the FG-led government faced widespread electoral backlash to its neoliberal policies (*ibid.*). Discredited due to its association with austerity policies at odds with its 2011 electoral platform, the Labour Party was worst affected, returning only 7 seats in its worst ever electoral result (Kiersey 2018, p. 131). The party, having failed to prevent further neoliberalization and, more broadly, to address the social inequities resulting from the Celtic Tiger period, thereby lost its ethical legitimacy in the eyes of the electorate. Though Fine Gael also experienced massive electoral losses in 2016, it remained the most popular political party, and was ultimately able to stay in power through a minority government backed by independents and Fianna Fáil, the latter in a historic arrangement of confidence and supply (Regan 2021, p. 159). Consequently, the dominant class was able to persist with its strategy of refining the Irish model of development through neoliberal governance.

To better explain this stabilization and reproduction of neoliberal capitalist relations, it is necessary to highlight the obstacles to a counter-hegemonic alternative that prevailed during the recovered period. This paper's analysis of the crisis management has thus far shown that the dominant class stabilized and adapted the state's foreign-led regime of accumulation through further neoliberalization of the mode of regulation, without truly grappling with the underlying contradictions and crisis tendencies of this model of development. The social and institutional configurations established in the crisis period reproduced the patterns of capitalist production that advantaged multinational and finance capital, while the general population was forced to bear the fiscal burden of a crisis created by the professional and ethical failures of political and economic elites. However, notwithstanding the efforts of Irish integral society, the manner in which *régulation* came to pass undermined the hegemony of the dominant class. Poll responses from the period 2006-2016 show an observable decline in support among respondents for all the parties that had served in government since the fall of the Celtic Tiger, namely Fianna Fáil, Fine Gael, the Green Party and the Labour Party (*The Irish Times/*Ipsos MRBI 2016; see Figure 5).[96] This suggests that there existed an opportunity to contest the status quo, and challenge the political and electoral sustainability of the prevailing model of Irish capitalist relations. In light of this, the failure of a counter-hegemonic social force to emerge

[95] While in opposition, the Labour Party had opposed the introduction of water charges mandated by the Troika (Regan 2021, p. 159).

[96] This excludes the Progressive Democrats, which disbanded in 2009 as the crisis continued to worsen.

and confront the contradictions of Irish neoliberalism represents a puzzle for this research to address.[97]

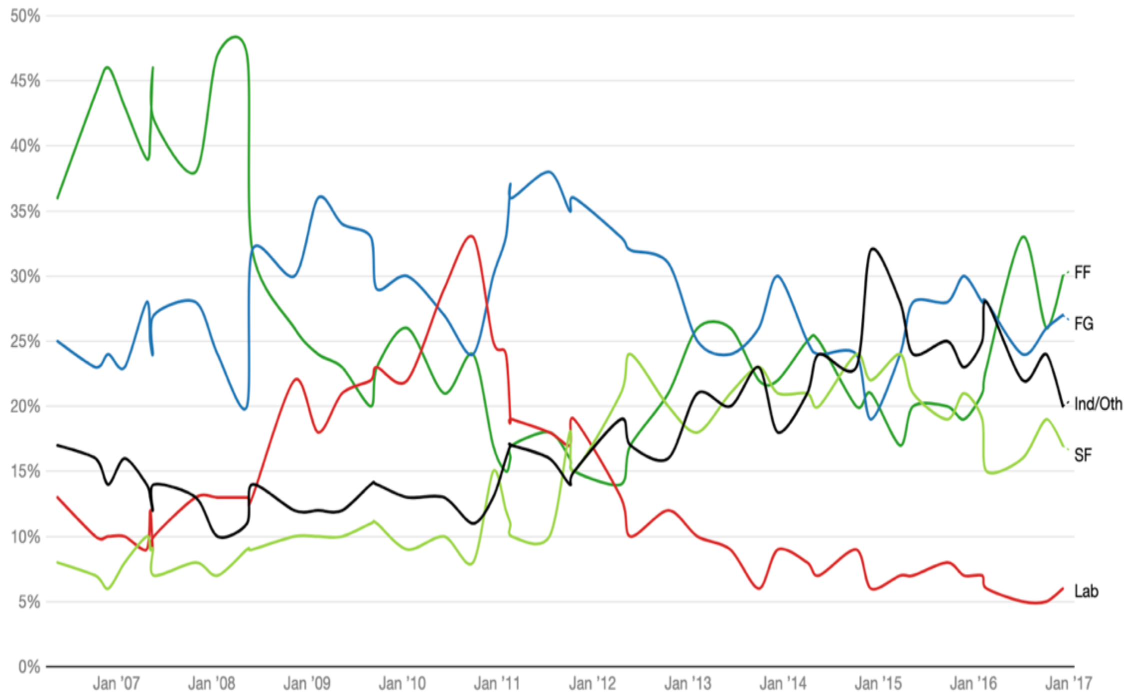

Figure 5: Party support (excluding undecided), May 2006 - December 2016 (The Irish Times/Ipsos MRBI).[98]

As highlighted in the historical background section on the Irish model of development, Ireland's particular set of postcolonial circumstances, marked by clear economic underdevelopment, left the country without the preconditions for the welfare state and Keynesian policies that emerged elsewhere from the 1930s onwards. Rather, the historical development and path dependency of the Irish state over the 20th century ultimately had the effect of locking in (neo)liberal orthodoxy. In practice, the Irish political landscape evolved in such a way that successive Irish governments were shaped significantly by the broadly center-right politics of Fianna Fáil and Fine Gael, leaving more critical social forces firmly on the fringes. With the most obvious candidate to challenge the prevailing neoliberal common sense,

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[97] As Gramsci (1971, p. 333) notes, the dominant ideology can, in certain contexts, be confronted with its contradictions.
[98] FF – Fianna Fáil; FG – Fine Gael; Ind/Oth – Independent/Other; SF – Sinn Féin; Lab – Labour.

namely the Labour Party, having formed a crisis government with Fine Gael and participated in the process of neoliberal austerity, a successful counter-hegemonic movement to bring about a new developmental paradigm thus required the emergence of an alternative social force. Broadly speaking, the Irish state is marked by a dearth of social movement infrastructure and precedent (Kiersey 2014, pp. 2-3; Hearne *et al*. 2018, p. 164). Prior to 2014, the public response to neoliberal governance and austerity had remained generally passive and restrained, and attempts to challenge the prevailing model of Irish capitalist relations were undermined by state coercion. Illustrating this, Occupy Dame Street, a peaceful protest against the recovery measures being carried out, was ultimately cleared from their camp through police force after four months of protesting (*RTÉ* 2012), while local community organizations that sought to engage in social contestation saw their state funding cut in response (Hearne *et al*. 2018, pp. 159-160). Moreover, as highlighted in this work, alternative visions for the Irish political economy struggled to gain traction in political society or the media, while a weakened TU movement was ill-equipped to optimally mobilize support for the formation of a new historic bloc. In addition, prospects for counter-hegemony were further undermined by the loss of potential public support to mass emigration, while the economic impact of the crisis also placed material constraints on potential agents of social contestation (Kiersey 2018, p. 129).[99]

In this context, the various instances of anti-austerity social resistance did not culminate in a wider movement against the neoliberal status quo (*ibid*. pp. 128-129). Specific advocacy movements such as Right2Water Ireland, which campaigned against the government's attempts to impose the Troika's policy of water privatization, had success in inspiring new social movements against austerity, but did not evolve into a broader social force by which to contest the workings of the Irish state.[100] At the electoral level, political supporters of the Right2Change campaign,[101] an offshoot of Right2Water, achieved notable electoral successes in 2016, but these actors did not constitute a collective social force capable of disrupting the continuation of Irish neoliberal governance. Additionally, representatives of Sinn Féin, an all-island political party centered around Irish republicanism and leftist policies, were unprepared to rule out participating in government with Ireland's traditionally dominant parties, and anti-austerity forces were alienated by the cutbacks Sinn Féin ultimately agreed to in Northern

[99] On material constraints, Scherrer (2011, p. 239) notes highlights how crises weaken counter forces, to the extent that their ability to meaningfully challenge the delegitimized hegemonic class is likely to be hindered significantly.

[100] This success came despite state and media attempts to delegitimize the protest movement (see Mercille 2014b).

[101] The Right2Change campaign was supported by Sinn Féin, People Before Profit Alliance, and a number of Independents.

Ireland (Kiersey 2018, p. 132).[102] What this makes clear is that a divisive political terrain prevented the emergence of an oppositional bloc that could effectively promote a post-neoliberal 'good sense' in civil society, and thereby mobilize a counter-hegemonic alternative to Ireland's long-established neoliberal orthodoxy. Thus, although the crisis created an opportunity to put forward strategies for transformation of the Irish model of development, the Irish left, already lacking in structural power, was too fragmented to do so. As a result, despite the hegemony of the dominant class facing unprecedented social contestation, its neoliberal vision for Irish capitalist development survived the recovery period.

4.5. Discussion

The following inferences can be drawn from this case study with respect to the Irish state's enduring neoliberal, foreign-led model of development. Firstly, in the aftermath of the state's major crisis, the dominant class adapted the pillars of the mode of regulation so as to further embed the Irish state into the accumulation strategies of foreign capital. Through property market reinflation significantly supported by foreign investors, and an export-led recovery driven by a new wave of US FDI, Ireland was able to return to a state of economic growth and international competitiveness, thereby fulfilling the objectives of national and international elites, along with those of their supporters in civil society, e.g. media intellectuals. Rather than respond to the crisis by confronting the fault lines of neoliberal capitalist development, Irish and international elites moved to further lock in the neoliberal configurations that had hitherto prevailed in the Irish state. The result was not transformation but ossification, whereby state officials defaulted to the historically constituted practice of crafting competition-oriented tax policies and legislative reforms to the benefit of multinational capital and finance capital. This led to the consolidation of a regime whose economic and distributive benefits accrue primarily to foreign capital and the domestic actors that service their strategies of accumulation.

Secondly, the preconfigured dominance of neoliberal ideology across the Irish socio-political landscape and the wider international system, combined with the Irish state's rather stunted political spectrum, proved fundamental to the stabilization and reproduction of the Irish model of development, since this undermined the prospects of a counter-hegemonic alternative emerging and mobilizing societal support for a post-neoliberal model of development.

[102] Notably, Sinn Féin, through a left populist strategy critical of Ireland's growing inequality and inadequate social distribution, was the most successful party in the 2020 election (Müller and Regan 2021), and has demonstrated increasing potential to put forward a counter-hegemonic platform. However, this shift lies outside the timeframe of this research.

Although Irish neoliberal hegemony suffered a loss of public consent in the post-Celtic Tiger period, as demonstrated by public backlash against the crisis governments and an increasing reliance of the state on coercion, critical social forces lacked the political and institutional expression required in order to put forward an alternative regime of leadership. In this context, the dominant class proved able to sustain a social paradigm of neoliberal capitalist relations, despite a pronounced loss of its ethical legitimacy in the eyes of the subordinate classes. In sum, the dominant class succeeded in overseeing a process of adaptation without fundamental transformation and, in a dynamic context of deeply embedded neoliberalism, ultimately maintained the level of hegemony required in order to retain state leadership.

5. Conclusion

This paper has explored the question as to why the Irish growth model, i.e. the state's model of development, was successfully stabilized and reproduced in the post-Celtic Tiger period, despite its inherent contradictions coming to the fore in the form of a severe economic crisis. This research drew on the theoretical tenets of the regulationist and neo-Gramscian schools of thought, neither of which was found to have been employed to research the Irish case in a systematic and comprehensive manner. In taking this theoretical approach, the paper sought to contribute another critical perspective to the field of Irish political economy. It combined this theoretical framework with a methodological approach of HMPA, supplemented by CDA through which it traced how both policy and discourse intertwined to ensure the resilience of Irish neoliberalism beyond the crisis. Having highlighted the historical events through which the Irish state's neoliberal, foreign-led model of development came to be constituted, the case study detailed the FDI-led and finance-led phases of economic growth that characterized the Celtic Tiger period. It was shown that the Irish foreign-led model of development – underpinned by configurations that favored the interests of national and international elites – was shaped by state officials' fixation on competitiveness and continued economic growth, and was legitimized through Irish integral society's hegemonization of neoliberal ideology. The FDI-led economic growth of the 1990s proved unsustainable amid a loss of international competitiveness and increasing social tensions, leading to a shift towards financialized accumulation centered around the Irish property market. Pro-cyclical Irish tax policies, and the failure of domestic and international forces to curb the crisis tendencies of debt-driven accumulation, culminated in the Irish state facing a major crisis.

This crisis, compounded by the financial contagion rampant across the eurozone and the wider international system, confronted state elites with the fault lines of the Irish state's economic paradigm. The crisis of Irish neoliberal capitalism represented an opportunity for the dominant class to reevaluate the social and economic viability of the Irish model of development; and thereby spark a long-term shift towards a new model based around more stable and sustainable relations of economic activity, a more prosperous indigenous base, and a more equitable strategy for social distribution. Yet, through the crisis-management strategies overseen by Irish and Troika officials, with the general backing of Irish public intellectuals in the mainstream media, the prevailing neoliberal, foreign-led model of development was ultimately stabilized and reproduced, and indeed further amplified. Irish economic development was thereby further tied to the accumulation strategies of foreign capital post-crisis, with ruling elites' developmental efforts continuing to revolve around prioritizing economic growth and international competitiveness over social distribution and long-term sustainability. In conjunction with fiscal consolidation and further neoliberalization of the Irish political economy, Irish policymakers responded to the property crash through reforms which targeted foreign capital and intensified the dynamics of financialization in the Irish sphere, and sought to promote economic recovery through another wave of US FDI. These processes followed the historical pattern of state policymakers defaulting to capital-friendly tax policies, as opposed to contemplating and undertaking transformative change.

The manner in which the crisis governments responded to the contradictions and crisis tendencies built up over the Celtic Tiger period had pronounced societal and distributive consequences. The severity of neoliberal austerity, alongside the inequitable nature of the recovery, brought about a pronounced loss of passive consent, which manifested itself in unprecedented (albeit relatively limited) social contestation. Although their policies contributed to the dominant class' loss of ethical legitimacy vis-à-vis the general public, as reflected in subsequent electoral struggles and an increasing reliance of the state on coercion, the lack of a counter-hegemonic alternative, together with the extent to which past policy choices had reinforced societal embeddedness in the neoliberal paradigm, enabled the dominant class to retain their position of leadership. The neoliberal hegemony undergirding Irish capitalist relations, although increasingly contested and ultimately weakened in the crisis period, thus remained in place as the Irish state completed its economic recovery in 2016. This paper therefore reasons that the ossification of Irish integral society and international forces around neoliberal policies, combined with the absence of a viable oppositional bloc, enabled

the stabilization and reproduction of the Irish model of development in the post-Celtic Tiger period.

This research has shown that, from regulationist and neo-Gramscian perspectives, the stabilization and reproduction of the Irish model of development can be understood as the result of the continued outworking of neoliberalization, a process driven by both national and international elites. It has highlighted how the case of Irish capitalist development is characterized by both national specificities and the state's embeddedness in the overarching international order wherein neoliberal orthodoxy prevails. Moreover, it has elucidated how the Irish model of development is marked by the historically enduring contradictions and crisis tendencies of its foreign-led accumulation regime and neoliberal mode of regulation, and that the model of development's stabilization and reproduction was dependent upon policies that, in fact, risk exacerbating the crisis-prone nature of Irish capitalist relations. This paper thus argues that, notwithstanding the inevitable scope for further theorization, the regulationist and neo-Gramscian schools of thought can enable valuable insights into the Irish political economy. More broadly, it aims to demonstrate that there remains ample opportunity to further research the question of how states such as Ireland have stabilized and reproduced the conditions required to sustain neoliberal, foreign-led models of capitalist development, and whether they can continue to do so.

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