



# The Nassau Institute

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## Letter to the Editor

# Can The Bahamas import the Irish Miracle?

**Ralph J Massey**  
**The Nassau Institute**

**I**rish prosperity has been described recently as a "Miracle" and countries who have not experienced such prosperity inevitably ask "Can we import the Irish miracle?"

Answering that question is not an easy task...but let's start with bit of history.

### **The Miracle**

In 1841 before the potato famine of 1845 the present Republic had a population of 6.5 million people; and between 1845 and 1926 the population shrunk to 3 million as a result of famine, emigration and the guerrilla war of independence (1919-1922).

And it declined further to a low of 2.8 million in 1961 because of –

- The negative impact of policies to reduce the British presence,
- Strongly socialist and pro-labor policies that shackled the private sector.
- An agricultural economy that exported primarily to Great Britain, and
- An educational system that supported those objectives. There were no free public high schools and tertiary education was two good but traditional universities.

The focus of educators, clerics, planners, and politicians for a generation after independence was "parochial, rural, neo-Gaelic (i.e. Gaelic speaking) and, above all, Catholic." Dismal job prospects within Ireland fueled emigration that more than offset the natural population growth.

### **The Irish Industrial Development Agency Mission Statement**

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We will win for Ireland, its people and its regions, the best in international innovation and investment so as to contribute to the continued transformation of Ireland to a world-leading society which is rich in creativity, learning and personal and social well-being.

We will work in partnerships with other organizations to enhance the best of Irish capabilities and talents and match them to the best of global investment.

We will carry out our mission with integrity, professional excellence and responsiveness to all with who we work or are in contact.

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Today Ireland, according to its Central Statistics Office, has the fastest growing population in Europe; and its immigration, the inward migration, is the highest ever recorded by that office. It is the second richest country in the EU and the fourth richest in the Organization for Economic Cooperation and Development. It is "the world leader in high tech business activity" and it is a "highly urbanized and increasingly well educated" society. In the late 1990s it was labeled the "Celtic Tiger" and now its sustained prosperity is called the "Irish Miracle."

That "Miracle" has been described and analyzed by the Irish participants, the United Nations, economists everywhere including the 2003 Tourism Taskforce Report submitted to Government.

And...the Miracle started with a cultural revolution in 1960 with the expansion and modernization of the educational system. Two new universities were built along with an array of technical colleges and a public high school system. "The idea of the pious patriot was to be augmented or even replaced by the idea of the useful contributor to the material welfare of the community...An earlier reactionary idealism was defeated by the simple ethical proposition that the nation had the duty to the individual of providing him with the intellectual tools and skills that would enable him to earn his (or her) living."

The Irish development model included membership in the European Union (the EU) and the aggressive attraction of Foreign Direct Investment (FDI) that would create a powerful export led outward looking economy. Today almost 1,000 companies have established operations in Ireland and they employ 135,000 people.

Besides 1960 there are two other critical dates in this story.

In January 1987 Ireland faced a financial crisis that threatened the viability of its development program. The long-dominant Labour Party coalition funded annual increases in government employment with unsustainable increases in Government debt. In the face of a likely EU-backed IMF intervention, a newly elected non-Labour coalition negotiated a four-year plan calling for massive cuts in spending and selective cuts in taxes. Those spending cuts included the IDA but were less drastic for education. The deficit fell, business confidence improved, investment continued and GDP grew producing a fiscal surplus. It was described as an "expansionary fiscal contraction" and almost over night the Celtic Pauper became the Celtic Tiger.

On October 3, 1989 Intel signed an agreement to locate its new European manufacturing operations in Ireland. The competition for this facility began seven months before; and the list of potential sites was reduced to Scotland, Wales, Austria and Ireland and eventually just Scotland and Ireland.

Intel questioned whether it could recruit experienced Irish engineers in the numbers required. "Within five weeks, over 300 Irish engineers, mainly in the US, had been identified and individually contacted; each of them had between three and seven years' experience in the production of volume semi-conductors. The formal report handed to Intel had the positive finding that over 80 percent of the experienced engineers would return to Ireland if given a good career opportunity with a quality company."

Intel chose Ireland even though it is reported that Margaret Thatcher intervened on Scotland's behalf.

## **Where should we begin?**

It is an impressive story but still Bahamians may dismiss it as an irrelevant model. And...Bahamians would not be alone in this. Eastern Europeans looking at Ireland for inspiration can identify unique opportunities that were available to the Irish but are not now available to them.

But...there is one point that Bahamians cannot avoid. The Irish Miracle started with education reform. In 2007 the President of Johns Hopkins University visited Ireland. On his return he wrote in a newspaper column ***Thinking Out Loud*** --

“It’s about education, education, education...Go to Ireland to see what a serious investment in education can mean to a country’s economy. Or, if you want to bask in the sun, you can observe firsthand the same phenomena in Singapore.”

Can the Bahamas import the Irish Miracle? Sadly...that question may be irrelevant at this moment. The relevant question is “Where should we begin?” Hopefully, the beginning will be ending functional illiteracy in the public school system. And...hopefully, the Department of Education will give due consideration to the work of the Coalition for Education Reform, both its analysis and proposals.

## **The Nassau Institute**

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### **Mission:**

The Nassau Institute is an independent, a-political, non-profit institute that promotes economic growth in a free market economy with limited government, in a society that embraces the rule of law and the right to private property.

### **Vision:**

To see The Bahamas become the first small, developed, sovereign country in the region, recognized as a model for the world.

**Web Site:** [www.nassauinstitute.org](http://www.nassauinstitute.org)