

Employment Programs in Ireland 1987-1999: national, sub-national and supra-national governance in a globalized political economy



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This paper examines how sovereignty is being reconfigured in the Irish political-economy. The constitutive features of the “Celtic Tiger” are characterized as: (a) a strategically “competitive nationalism” focused on maximizing foreign direct investment; (b) a simultaneously internationalized and localized domestic governance regime centered on a European model of “competitive social partnership”; and (c) a “flexible developmental state” that enjoyed “embedded autonomy”. The conventional explanation of the Celtic Tiger focuses on the alliance between an insulated, technocratic state agency, the Industrial Development Authority, and multinational corporations. This paper examines the role of FÁS, the Irish Training and Employment Authority, the agency responsible for active labor market policy. It identifies a crucial coalition between FÁS, the European Commission and local/regional social entrepreneurs as the basis for an interventionist policy that has been critical to the success of the tiger economy. The parochial and highly responsive nature of Irish politics and the sovereignty-diffusing role of the EU can be seen to be the driving forces behind dramatic policy and institutional innovation.

Part I Reconfigured sovereignty: the Irish case

According to one authoritative measure Ireland is the most globalized country in the world (Foreign Policy, 2003)¹. Whither sovereignty in such a globalized political economy? How sovereignty is symbolized has always been an interesting question in Ireland. The pursuit of national sovereignty, symbolized by the Irish tricolour, shaped 20th century Irish politics. A Martian landing in the Irish Republic at the turn of the millennium would encounter three ubiquitous symbols as she wandered the country. The first is the crest of Manchester United Football club. The shirts on which these crests sit change every year, to better extort gullible Irish parents, but the crest remains the same. The second is the stylized red acronym FÁS (An Foras Áiseanna Saothair) symbol of the Irish Training and Employment Authority. This appears on myriad constructions, reconstructions, graveyards, IT centers, and public buildings, the legacy of countless community projects in the 1980's and 1990's that touched every corner of every parish in Ireland. Alongside the FÁS symbol is nearly always the image of the flag of the European Union and the legend "supported by a grant from the European Social Fund"².

Tom Ilgen in "Sovereignty Reconfigured: local and regional challenges to the nation-state in the global age" has set out the case for a rethinking of the concept of national sovereignty³. For Ilgen sovereignty isn't indivisible and we are in the midst of a significant reconfiguration of the locus of sovereignty. Some go so far as to say the nation-state is doomed. Kenichi Ohmae (1993)⁴ has argued that the "region-state" is replacing the nation state. Saskia Sassen (1994 and 1996)⁵ argues that global cities are the new central actors and sovereignty is being unbundled. Geographers such as Kevin Cox⁶, Michael Storper⁷ and Allen Scott⁸ see not simply deterritorialization, but the emergence of novel territorializations as well. Richard Falk (1990)⁹ argues that the state must willingly give way to a variety alternative ordering frameworks in order for its legitimate sphere of authority to be sustained. The state, sometimes in alliance with local actors, is playing a dynamic role in generating globalization from below (Falk, 1997 and 2000).

Ireland is widely held up as a model in the new global economy. It makes for an interesting case study about the ways in which sovereignty is being reconfigured: a state that proactively promotes globalization and mobilizes local actors to support and sustain the project. Within the Irish case, a focus on FÁS, the Training and Employment authority, is especially important. Unlike the more widely lauded IDA, the FÁS case elucidates the precise nature of the autonomy and embeddedness of state institutions in the context of global market integration and supra- and sub-national governance.

The Celtic Tiger

“One of the most remarkable economic transformations of recent years: from basket-case to ‘emerald tiger’ in ten years” (*Economist* May 17, 1997, 23)¹⁰. Irish GDP grew at 8% per annum 1990-2000, the fastest in the OECD. Per capita GDP growth was 40% in 1990-98, higher than any in Europe or any of the NIC’s¹¹. The laudatory tone of much of the literature on the Celtic Tiger is not surprising (MacSharry and White, 2000; Sweeney, 1999). Whilst there has been some debate over the reliability of some of the economic data¹² the employment data indicate the extent of what has been a very job rich boom. With minor cyclical variation the number of people in jobs in Ireland hovered at just over 1 million for the first 70 years of independence: half of all people born in Ireland 1922-72 emigrated¹³. Between 1991 and 2001 the number of jobs rose to 1.8 million¹⁴. Mass unemployment has been replaced by full employment, mass emigration by substantial immigration, and the 1970’s baby boom and Irish women have been rapidly integrated into this expanded labor market. Of the 1.8 million people in employment in 2001 well over half have participated in FÁS training and/or employment programs¹⁵. 70% of the job growth has been concentrated in five sectors: construction; sales; hospitality; transport and communication; and financial. With the exception of the financial and business services sector, these are all sectors that have drawn heavily on FÁS programs and trainees¹⁶.

Liberalization of the Irish economy started in 1958. It was a strategy that soon became fixed on

attracting foreign direct investment, and it was little amended in the following 30 years (O' Grada 1997)¹⁷. After a bizarre fiscal binge in 1980-1981 (during which there were three fractious general elections) the Irish economy fell into a deep recession in 1981-85 and, following a tepid recovery in 1985-6, another recession in 1987-8, the 1980's "jobs famine"¹⁸. This was an era of fiscal austerity, mass unemployment, and social trauma (the mid 1980's were marked by a widespread Marian apparitions in rural Ireland)¹⁹. The fruits of liberalization were a long time coming. However, despite economic crisis Irish politics did not generate the sort of neo-liberal economic and social agenda that occurred in Britain. Education and social spending targeted on youth were protected, despite the wider austerity²⁰. Whence the boom? According to a prominent OECD report in 1999 "there has been no 'silver bullet'....Rather the breaks in trend, first around 1987, when the deterioration ceased and performance improved, and then around 1994, when the boom began, are attributable to the confluence of a series of favorable changes in the environment and other exogenous factors" (OECD, 1999, 10).

Some of these factors were conjunctural. Demographically, a small elderly population (due to 1950's migration); the large cohort of the 1970's baby boom in the labor market and low birthrates (baby bust of the 1980's and 1990's) creates a low dependency ratio (reversing the pattern of the 80's). The low value of the punt after 1986 and then of the Euro to the dollar in 1999-2002 were also important, and the Single European Act of 1987 made Ireland attractive as a site for US Foreign Direct Investment.

Other factors were the result of deliberate policy choices:

1. Macroeconomic stabilization and political consensus: A macroeconomic stabilization regime that, since 1987, has included annual "social partnership" agreements between business and organized labor. Annual, centralized wage bargaining is coordinated with government social policy in a Scandinavian-style "corporatism"²¹. Monetary policy was restrictive, dictated by pegging the Irish punt to the deutschemark (and subsequently becoming part of the Euro zone).

2. The solicitation and use of EU structural funds not only for physical infrastructure but also investment to improving the skills of the workforce so as to improve competitiveness and productivity (Mac Sharry and White, 2000, 165-7). On a per capita basis Ireland has gained more from EU membership than any other country.

3. Expenditures on education and Active Labor Market Policy kept high in the 1980's. In 1990's over 80% of kids got a Leaving Certificate, compared to 10% in the 1960's. Education was spared the cuts that occurred in other fields in the 1980's (Fitzgerald, 1998, 35). Interestingly, so were vocational and training expenditures for the bottom half of the "ability range".

4. A tax regime aimed at attracting inward investment (taxes on capital were significantly lower than in other EU countries). These fiscal incentives were accompanied by an aggressive courting of US technology corporations such as Intel.

Irish rates of poverty, social exclusion and inequality remain fairly high in comparison with 17 other "first world" economies: 13th out of 18 on exclusion and 12th out of 18 on poverty as measured by the UNDP Human Poverty Index (UNDP, 2000) and 17th out of 18 on income inequality²². Despite this, Ireland is now widely hailed as a role model (Ohmae, 2000; Bradley, 2000; Fitzgerald 2000). Its partnership approach to social and economic policy has also been held up as a model for the EU (O'Donnell and Thomas, 1998), the OECD (Sabel, 1996), EU accession countries²³, and the third world (Sachs, 1997).

There is now a substantial literature on what created the celtic tiger. Neoclassical economists have focused on high levels of productivity and cost competitiveness (Krugman, 1997), the fiscal "shock therapy of 1987-89, and consistency in economic policy, particularly the consensus on a competitively valued currency and a conservative fiscal policy (Leddin and Walsh, 1997). FitzGerald (2000) focuses more on demographic factors and the rapid growth of a skilled labor supply. Marxist and dependency

theorists have tended to stress the role of US capital and the growth of inequality within Ireland (O’Hearn, 2000; Crotty, 1986; Allen, 2000).

However, both mainstream and Marxist economics have had difficulty accounting for the pace and size of the boom. “New growth theory” economists have focused on human capital, public capital/infrastructure, industrial policy and technology policy. Bradley argues: “individual small nations and regions have less power to influence their destinies than in previous periods of industrialization, other than focusing their economic policies on location factors, especially those which are relatively immobile between regions: the quality of labour, infrastructure and economic governance, and the efficient functioning of labour markets” (2000, 13-4). Bradley’s explanation centers on the way the Irish state developed clusters in IT, pharmaceuticals and other sectors and the role of EU funding in improving the physical infrastructure and education and training (Bradley 2000, 13). O’Donnell, a political economist also stresses the role of the EU, but more in a cultural context: The social and cultural change of recent years has transformed the individuals in Irish society in a way that has unleashed enterprise and demands new patterns of organization. It is for this reason that the changes in the public sphere – European integration and social partnership – can be seen as the beginning of the reinvention of Ireland” (2000a, 211).

Part II The Political-Economic Architecture of the Celtic Tiger

What then are the constitutive features of the celtic tiger? I will argue there are two:

1. A globalized political economy whereby Ireland was, in terms of the macroeconomy, reduced to being a region of Euroland, and in terms of the microeconomy to a region of the US economy. In this “globalized” political economy a flexible developmental state in which national, supra-national and sub-national level power structures became intermeshed emerged.

2. A model of “competitive social partnership”, with policy reflecting EU influence on the Irish public sphere both in terms of fiscal resources and subsidiarity and partnership principles.

1. The globalized political economy and the Felexible developmental state.

The agency that has garnered the lions share of the credit for the tiger is the Industrial Development Authority (IDA). Regarding foreign direct investment (FDI) the IDA has won great acclaim as the “hunter and gatherer” (O’Riain and O’Connell, 2000, 315) of FDI. The IDA has been compared to insulated bureaucracies in E. Asian cases (Kirby, 2002): it had “autonomy from the civil service, extensive resources and effective insulation from the political process” (p. 34). Padraic White, IDA managing director of the IDA 1981 to 1990 claims that the IDA as a policy maker, ministers often just following (MacSharry and White, 2000). White identifies the “competitive nationalism” (p. 239) of a special low-tax on export profits as one of two key elements to the IDA’s approach, the other being picking winning sectors: pharmaceutical and medical devices; electronics; software (the software+viagra economy, there is a joke in there somewhere). One consequence of this IDA strategy is, as Mary O’ Sullivan notes, “Ironically, as Ireland became more integrated with the European Union in macroeconomic terms, the microeconomic structure of her industrial economy has evolved to more closely resemble a region of the US. The country’s dependence on the US, especially in sectors that are notoriously volatile like electronics, means that Ireland is highly exposed to the risk of a significant diminution in recent US economic exuberance” (2000, 283). Dependence on US FDI and export markets signals Ireland’s “deepening integration into the US economy” (EUI, 2000, 28). Indigenous industry has always played 2nd fiddle to FDI. However, software has been the big breakthrough, though these firms are often bought out by US corporations.

This IDA-based account has become the conventional wisdom about the origin of the tiger. However, as Kirby notes “What is most revealing about White’s account is its narrow understanding of the dynamics of embedding industrial skills and capabilities in a national society as part of a wider developmental strategy” (2002, 35). The focus on the IDA has veered into hagiography. The IDA has

had an important impact on the first stage of the Tiger, but this explanation is very insufficient regarding the job rich growth of 1993-2001. The IDA was central to the globalization of the Irish economy, but it was only one of three elements – the others being competitive social partnership, and a flexible developmental state. In particular, the IDA has to be seen in the context of the flexible developmental state: it was a piece of a larger picture, and an equally significant piece, FAS, has been largely obscured in conventional accounts. In the subsequent sections I outline the role of social partnership and the organization of the state²⁴.

Philip Cerny has argued that economic globalization has led not to a decline of state intervention but rather to an increase in intervention and regulation in order to promote competitiveness and marketization (2000, 122). For Cerny this involves microeconomic intervention (deregulation and an active industrial policy) rather than macroeconomic intervention, responsiveness to international markets (competitiveness mattering more than national ownership or even degree of embeddedness in the economy), and a focus on enterprise, innovation and profits rather than social cohesion.

O’Riain presents a more nuanced version of this thesis in discussing the Irish case: the way in which the Irish state has sought to embed²⁵ global FDI in Ireland, connect local indigenous industry with the global market and mediate the adjustments through social partnership (2000, 183). O’Riain uses the term flexible developmental state (FDS) over Cerny’s competition state. “The FDS is defined precisely by its ability to create and animate post-Fordist networks of production and innovation and international networks of capital, and to link them together in ways that promote local and national development. The FDS can attempt to do this in two primary ways. It can connect to existing flows of capital by attracting foreign direct investment (FDI) and then building local networks of production (typically subsupply) and innovation (much more rarely) around this ‘imported’ industrial organization. It can also attempt to foster indigenous networks of innovation and then encourage them to internationalize” (2000, 165). For O’Riain this is much more than entrepot transnational corporation activity²⁶.

Successful fosterage of the indigenous Irish software industry is a good example. O’Riain credits the IDA with helping to generate the marketing, managerial, training and wider associational infrastructures that underpinned the growth of the Irish software industry (O’Riain and O’Connell 2000, 320-324). However, O’Riain pays particular attention to the enormous flexibility of state agencies, centers and programs. Great organizational experimentation and innovation was involved. O’Riain credits EU Structural Funds as facilitating the development of this networked assistance for indigenous industry. “Such are the opportunities within a ‘networked polity’ [cf Castells, 1996] for local and national and transnational actors for forging new coalitions that bypass existing national power structures – even, as in cases such as this, where the ultimate goal is national economic transformation” (O’Riain, 2000, 179). Furthermore, “An unintended consequence of the FDI model was ...the creation of a social group which would ultimately come to be the foundation of an alternative model of development. Ultimately it was this new class, combining entrepreneurs and technical professionals in a new class compromise which would emerge as that socio-political force at the heart of the Irish boom of the 1990’s” (O’Riain and O’Connell, 2000, 324). He also notes that this class is deeply connected to global networks but not to institutions of social partnership: an emergent contradiction.

Kirby (2002) suggests that rather than viewing globalization as either an unrelenting economic logic (Ohmae, 2000) or as something to be checked by state, it should be viewed in nuanced terms: a global structure is being formed by the growing deterritorialization of economic activity as production and finance increasingly acquire a global and transnational dimension. Meanwhile, power in this system is less centered in states and more diffused across multiple actors, including states and intergovernmental bodies (such as the EU), multinational corporations, transnational social movements and international regulatory agencies (such as the WTO)” (2002, 198).

2. Social Partnership and Competitive Corporatism

Walsh, Craig and McCafferty (1998, 15-16) define social partnership “as the search for consensus on economic and social objectives between sectoral interests - trade unions, business, farming organizations – and government. In recent times, the community and voluntary sector, representing a wide array of groups working with the poor and disadvantaged, have been included. Social partnership has strong cross party political support ... [it] has in effect been elevated to a shared political ideology, which infuses all aspects of public policy-making and with minimal dissent” (1998, 15-16). These agreements are not just about wage restraint but the full gamut of social and economic policy.

Charles Sabel, in an OECD report on local partnerships and social innovation in Ireland noted that the Irish attempt “to foster development and welfare through new forms of public and private local coordination... in a way that blurs familiar distinctions between public and private, national and local, and representative and participative democracy” (Sabel, 1996, 9). A national Economic and Social Forum report hailed Ireland’s social partnership approach as “one of the most significant developments in public policy in the European Union (NESF, 1997a, 9). Institutional development at a regional level has become particularly important. “County Enterprise Boards, the Urban Community Initiative and the Territorial Employment Pacts include representatives both of local authorities and of the social partners and have responsibility for aspects of social and economic development in designated regions (such as counties, cities or towns).” (Kirby, (2002, 41)²⁷. This is also true of the Irish government’s implementation of a major “subsidiarity” initiative, the creation of two Regional Assemblies (BMW and Southern and Eastern) made up of local government and social partner representatives to oversee (a) local infrastructure; (b) local enterprise; (c) rural development and (d) social inclusion policies. These assemblies are to manage significant portions of the National Development Plan and EU programs.

Laffan and O'Donnell see an "emerging Irish model of economic and social governance" since 1987: governance that is in large part international (1998, 165). O'Donnell identifies social partnership as the key to the decade of "negotiated economic and social governance" (2000a, 177). "Ireland's approach to market regulation, and the relationship between market, state and society, has been significantly reshaped by membership of the EU... A major change in Irish public administration and policy (2000a, 184). EU structural funds have introduced developmental thinking and ideas about subsidiarity.

O'Donnell is criticized by Kirby (2002) for not investigating empirically the way the EU has reshaped the relationship between market, state and society. This is something I do in the last part of this paper. Another criticism I would make is that O'Donnell's explanation is overly focused on technocratic elites: a change in the ethos of government. In a similar vein Jacobsen (1994) stresses the "high degree of deference...a high propensity by non-elites to defer to policy prescriptions" (95). O' Cinneide (1998) applies this to the community and voluntary sector, seeing cooptation and fruitless integration.

However, a strong strand of populism in Irish politics also works to counter the tendencies identified by O'Donnell. Kirby notes a tendency towards "using state resources for the short term satisfaction of different constituencies, a fluid and ill-defined policy orientation with a tendency to short term, pragmatic responses rather than long-term, strategic ones and the co-option of organizations of civil society" (2002, 179).

"It is ...at the local level that the partnership process is most extensive" (Kirby, 2002, 41). Walsh, Craig and McCafferty group into two categories – local service coordination and local socioeconomic development – programs to tackle unemployment and social exclusion that have in turn spawned partnership bodies. In the former they include the Third EU Poverty programme (1989-94), the Community Development Programme (CDP), the Local Employment Service (1995) and many others (Walsh et al 1998, 36-7). In the latter they include the Local Enterprise Programme (1993-99), the Programme of Integrated Development in Disadvantaged Areas (1995-99), the Urban Community Initiative (1996-99), and others, mostly funded by the EU (49-50). There are 65 local development

partnerships, 80 local service partnerships, over 100 community development partnerships and myriad local enterprise and employment partnerships and urban regeneration partnerships.

It is at the local level that the most important “buy-in” has occurred. Even though the macro-level distributional results of partnership have been heavily criticized, the local initiatives have attracted more sympathetic interest. Walsh, Craig and McCafferty surmise: “Local partnerships remain a form of local policy intervention about which we are still only learning. Their novel composition, rapid growth, penchant for self-promotion and lack of rigorous evaluation, have hindered objective analysis of the value of local partnerships as a policy response to unemployment and social exclusion” (1998, 231).

There are problems with local partnership bodies: “the status of local partnership bodies remains ambivalent due to their weak formal linkages with existing local government and their anomalous administrative status as quasi-public bodies. Since they are non-statutory bodies, they lack the power to enforce the implementation of an agreed local action plan and are therefore dependent on influencing the policies and budgets of local statutory agencies” (Kirby, 2002, 140). Local authorities sometimes resist the surrender of their already limited powers (Walsh et al 1998, 68). “In effect, reform of local administration is a project of central government which seeks to mobilize local initiative while retaining a large degree of central control” (Walsh et al, 1998, xv).

O’Donnell takes a different view seeing a model that balances “economic revitalization with social solidarity” (2000a, 202). O’Donnell sees the turnaround in the late 1980’s as being due to “an intense reflection on the experience of European integration and internationalization ... deeper European integration and internationalization, when properly understood and managed, came to be seen as a route to success” (1999, 8-9). For Kirby the Irish dilemma is that “industrial policy has required low levels of taxation on wealth and corporate profits in order to attract foreign investment, resulting in relatively low levels of social spending. In order to increase spending on infrastructure, human resources and other

investments to improve its economic attractiveness, it has depended on high levels of transfers from the EU” (2002, 141). For some this is crass hypocrisy: Ireland creates “a tax policy which attracts industry from other EU countries, adding to their unemployment, attacking their social market model by attacking its taxation base, from which we ironically expect to draw benefit by way of structural funds” (Wrynn, 1998, 28). Most of the focus on social partnership has been on the distributional outcomes of packages of wage agreements and social and economic policies (Kennedy and Collins, 1999). The more interesting dimension is the formation of regional and local partnerships, particularly those targeting social exclusion.

Social partnership has been identified as part of the “international governance” regime that Ireland has now acquired (Laffan and O’Donnell, 1998. See also O’Donnell 1999; 2000b). The framing documents for social partnership in Ireland have been four national partnership agreements that have formed the basis for four national development plans: the 1987 Programme for National Recovery (1987-89), the 1989 National Development Plan 1989-93, the 1994 National Development Plan (1994-1999) and the 2000 National Development Plan 2000-2006²⁸. These plans receive broad support from all political parties²⁹. This study of FAS is focused on the period of the second and third National Development Plans: 1989-99.

Part III FÁS and National, Sub-National and Supranational Governance of the Irish Labour Market

There is no shortage of politicians and institutions willing to claim credit for the Celtic Tiger. However, FÁS has been neglected by much of the literature. Mac Sharry and White (2000), the “inside story of Ireland’s boom economy”, only mention FÁS three times, all in passing. As the authors were Finance Minister and European Commissioner and Managing Director of the IDA respectively, the roles of fiscal stabilization, EU funding and IDA leadership are stressed. Social partnership is stressed by Mac Sharry and White, but largely in the context of national pay agreements: much less is said about

the way social partnership became institutionally entrenched through a wide range of programs. Given the scale of FÁS operations the omission is puzzling, although some FAS insiders cite the range of FÁS's responsibilities as a factor in blurring its profile and making it appear octopus like³⁰. The remarkable impact of these programs has been overlooked for two reasons. First, for "third way" cheerleaders of the "new economy", these programs do not fit with the hi-tech/higher-ed emphasis placed on the upper end of the labor market. Second, because the programs failed to end the "jobs famine" in the early 1990's political/academic advocates for the unemployed tended to deride these programs as social control band-aids. The role of FÁS in fueling the jobs boom of 1994-2002 is only in retrospect being acknowledged.

FÁS

FÁS³¹ was created in 1987 out of the previous training authority AnCo³², the Youth Employment Agency (which had introduced programs aimed at unemployed youth) and the National Manpower Service (which provided services to all jobseekers). FÁS was created to consolidate all labor market policy programs and services³³. It was introduced by Labour Minister (now Taoiseach) Ahern who set out its mission as:

Firstly...Government policy on boosting competitiveness in the wider economy calls for special intervention through training...Secondly the scale of the unemployment problem and particularly the high levels of long term and youth unemployment and emigration must be the immediate focus. The special employment measures devised in recent years reflect an unrelated set of initiatives. There are two priority categories who requires assistance: the early disadvantaged school leaver and the long-term unemployed. Thirdly, we need a radical rethink about making manpower schemes more effective at local level... the government has confirmed its commitment to a regional structure [that] will entail greater devolution of decisionmaking to the regions.³⁴

FÁS schemes were designed to combat youth unemployment and promote skill-development among non-college bound youth. These programs, which ranged from modernized apprenticeship schemes for trades such as carpentry, electrical and plumbing, to "make-work" direct employment projects sponsored by community organizations (the latter often "heritage" based projects, restoring sites of historical interest, creating hiking trails etc). This latter generated a legacy not unlike that of the WPA

and CCC in the New Deal era. FÁS programs employed a large number of youth who would otherwise have emigrated (emigration was substantial in the 1981-1994 period but much less than the dire macroeconomic circumstances would have suggested³⁵). About 100,000 people were on FÁS training and employment programs each year³⁶. In the period 1990-95 only Sweden spent a greater proportion of its GDP (3%) on active labor market policy than Ireland (2%). Nearly 5% of the workforce was on FAS direct employment schemes³⁷. Ireland was also unusual in the extent to which it expanded its direct employment schemes in the late 1980's and early 1990's. In most OECD countries such programs peaked in the late 1970's, Ireland and France being the exceptions (O'Connell and McGinnity, 1997, 18).

The EU Community Support Framework and the National Development Plans 1989-99³⁸

The European Social Fund had been around since 1960 and the European Regional Development Fund since 1973. However, these and other funds were small until Jacques Delors became President of the European Commission and unleashed the 1985 Single European Act and the 1992 Maastricht Treaty. Each of these episodes more than doubled the funds available, but also reformulated how programs were to be delivered (stressing "subsidiarity" and social partnership) and the way in which Structural/Cohesion funds were to be bundled, particularly "Objective 1" funds for regions where per capita GDP is less than 75% of the EU average - all of Ireland until the late 1990's. The new regime for cohesion funds was set out in the 1989 and 1994 Community Support Framework documents³⁹, aka "Delors 1" and "Delors 2". Delors himself hailed the first tranche as "a second Marshall Plan"⁴⁰. Delors 1 channeled IR£3.1 billion to Ireland, one third of it through FAS. This funding affected over 500,000 people on FAS programs⁴¹. Delors 2 channeled IR£4.6 billion into Ireland, through FAS affecting over 900,000 people⁴².

Under the 1989-93 Community Support Framework four key priorities were identified: Agriculture, fisheries, forestry, tourism and rural development; Industry and services; measures to offset the effects

of peripherality; human resources measures⁴³. The 1989 Irish National Development Plan was developed in tandem with the Community Support Framework. The development strategy involved efforts to “strengthen the overall productive capacity of the economy and identify and support the development of key sectors with the best long-term growth potential; improve competitiveness by investing in economic infrastructure, develop the skills and aptitudes of those in work and those seeking employment by both addressing the needs of the productive sectors of the economy and by integrating those who are marginalized and disadvantaged; harness the potential of local initiatives to contribute to economic development” (National Development Plan, 1989, 7).

The 1994 Community Support Framework focused on “the country's endemic labour market difficulties. Only 52% of Ireland's working-age population are in employment — this is the lowest figure in the EU, some 10% below the European average. At 32% the level of female participation in the labour market too is amongst the lowest in the EU. As a corollary, Ireland also has one of the highest unemployment rates. By mid-1993, unemployment had risen to over 18%” (ECSC-EC-EAEC, 1994, 1).

The 1994 National Development Plan set out measures “to address both the needs of the industry and services sectors as well as to ensure that the marginalized and disadvantaged are given the opportunity to obtain worthwhile work. It is also an objective of the training and education measures that they should support the productive sectors of the economy in an integrated way. It is estimated that the education and training in the CSF will impact on approximately 900 000 people in total over the period 1994-99” (National Development Plan, 1994, 17). It also adopted an explicit strategy of promoting local economic development by mobilizing an array of sub-national state and non-governmental organizations: “a local urban and rural development programme is a major new feature of the Plan. It is aimed at supporting local enterprise initiatives countrywide, together with a more targeted approach for disadvantaged areas and for the long-term unemployed. Support for urban renewal is also envisaged” (ECSC-EC-EAEC, 1994, 23-4).

FAS was now, octopus-like, engaged in a wide array of EU supported programs. The 1994 Community Support Framework and National Development Plan built on many of the innovations that had arisen in the operation of the 1989 plans, many of them under the auspices of FAS. They also indicated the extent to which European Commission influence had infiltrated Irish policy. Five such impacts can be identified:

- European Commission policy goals were being imposed on Ireland;
- engaging and empowering local actors and authorities to design projects;
- creating regional authorities to plan and communicate direct with the Commission;
- oversight and evaluation procedures;
- a redefined concept of social partnership.

(a) Regarding policy goals emanating from the European Commission rather than Ireland the best example concerns equal opportunity. Encouraging younger women into non-traditional occupations and encouraging older women to enter/reenter the labor market were not only not priorities for the Irish government, they were regarded as damaging to the overriding goal: to get long-term unemployed men back into work. But raising the 32% participation rate of women in the Irish labor market was an explicit goal of the 1994 European Social Fund regulations (ECSC-EC-EAEC, 1994, 56). The relatively high profile given to the labor market needs of travelers (Irish itinerants) similarly reflected EU preferences.

(b) The desire to promote local and regional initiative and break down the hitherto highly centralized decision-making process in the Irish state was also very prominent in the 1994 CSF. Regarding local urban and rural development “the expanded role of local development in this CSF as compared with the previous CSF reflects the need to mobilize the energies of individuals and communities throughout the country and a recognition of the potential for development which can be released by doing so” (ECSC-EC-EAEC, 1994,57). The 1994 National Development Plan “recognizes the importance of a local dimension to enterprise and employment creation and the importance of developing the capabilities of local communities to contribute to tackling unemployment and pursuing local development ... It

involves empowering communities to sponsor innovative projects for training, enterprise and local development as well as enabling them to focus mainstream programmes for the unemployed in a better way in their local areas” (National Development Plan, 1994, 25). This strategy was in keeping with the importance of the decentralized economy highlighted in a government White Paper on growth, competitiveness and employment, itself an outgrowth of the National Economic and Social Council report on Competitiveness, Growth and Employment (NESC 1993)⁴⁴.

(c) Not only was the ethos of subsidiarity being infiltrated into Irish policymaking, institutional reforms were being initiated to better administer and legitimize programs. Until 1989 all support from European Structural Funds had to be approved by the relevant European authority on a project-by-project basis. Under the new Community Support Frameworks approval was now on a program basis, with additional oversight safeguards introduced for this more decentralized system (ECSC-EC-EAEC, 1994, 74).

(d) Administrative practices were also impacted by the Community Support Frameworks. A rigorous monitoring system was implemented as a check against misuse of funds. Such misuse was a major issue in Italy and Greece. However, in Ireland the administration of program funds, which obviously have pork-barrel potential, was punctilious. This despite the wider disrepute that Irish politicians were falling into regarding corruption and crony capitalism⁴⁵.

(e) Lastly, the concept of “social partnership”, which had been largely a matter of national pay negotiations between national labor and business confederations, was broadened under the influence of the Community Support Framework. The partnership principle is the key to involving regions, not just national governments, in formulating and implementing structural policy. It necessitates collaboration between EC, national, regional and local bodies. So just as the Irish National Development plans are designed to dovetail with the CSF’s so regional and local authorities are encouraged to plan jointly with the European Commission, cultivating local/regional connections direct with Commission actors.

The net impact of these changes was that EU support shifted from a national to a regional basis, and

oversight from a project to a program basis. In the new regime local and regional actors, social partners and “competent authorities” such as FAS became newly empowered. (FAS and the new Regional Assemblies are competent authorities and can bid for EU funds for projects, national governments cannot)⁴⁶.

Competitive Social Partnership in Action

(a) FÁS, Finance and the Commission: autonomy and flexibility

The creation of FAS to replace AnCO (the predecessor training authority) had a direct impact on the coherence of active labour market policy. The amalgamation of the Youth Employment Agency into FAS eliminated the rivalry and overlap between the YEA and AnCO and yet the YEA lived on in FAS, as some of their key players got high level posts in the new organization, so their constituency was looked after. Also the amalgamation of the National Manpower Service brought a former civil service regime under a more pragmatic and “can do” dynamic environment, with, for example, excellent IT management systems⁴⁷. The Finance ministry and FAS had a joint interest in maximizing the Irish “take” from the EU. Within the Commission the Irish were viewed as the most solicitous and determined of grant seekers. At the same time they earned a reputation for being tremendously responsive to the Commission and very effective users of funds⁴⁸. FAS was regarded as a model by the European Union because it was able to demonstrate a direct link between European funding and valuable projects on the ground, where in many cases the EU funds were the catalyst for the activity happening⁴⁹.

At the same time FAS was able to be very entrepreneurial and responsive to political directives. As one principal actor recalled, “I remember going to a National Consultative Committee meeting, which monitored progress on the partnership programme, and being asked if we could increase the Social Employment Scheme (later, the Community Employment Scheme). To the horror of our parent civil service Department, I said that we could double it to over 30,000 participants (representing nearly 3

percent of the labour market). We were subsequently asked to double it. This would not have occurred in the normal liaison between FAS and its parent Department”⁵⁰. FAS enjoyed autonomy from the civil service, extensive resources and effective insulation from the critics.

In the case of Ireland (but not the UK), EU funds went directly to the agency (FAS) not via the Exchequer. Until 1994 FAS represented itself to the European Commission and this direct relationship was especially important⁵¹. Personal relationships between FAS officials and Commission officials mattered a great deal: Commission officials would effectively be allies of FAS officials in dealings with the Irish Finance ministry⁵². For FAS the availability of EU funds, which could cover 65% of the costs of training, was critical, especially in 1989-94⁵³. Matching support from the EU was the key factor in gaining support from the Finance Ministry for all training programs⁵⁴. When savings from the social welfare budget due to participation in a FAS scheme are calculated in FAS was always able to make the case to Finance that the net cost of exchequer support was only 10p in the punt⁵⁵. This net-cost calculus was important for Finance, which was particularly concerned to make savings from the social welfare budget. Finance always had a representative on the FAS Board and in a climate of fiscal austerity it was keen to make savings. This was an era in which very unpopular decisions were being made, most noticeably in connection with hospital closures. But in the area of health the net cost to Finance was always 100%, so FAS’s fight for funds was always a downhill one⁵⁶. Employment programs without a training component were not supported by EU funds, so the net cost calculus explanation does not account for the rapid growth of these programs, particularly Community Employment and Community Youth Training Program. These became the largest part of the FAS budget and they were the most beloved by community organizations (restoring every old graveyard in Ireland). As Exchequer funding represented 100% of the cost of these programs, domestic support was crucial.

One problem for FAS with EU funding was that it was entirely programmatic: it did not support staff or provide support for research and building up the organizational capacities and strategic resources of

FAS⁵⁷. Neither did it fund capital outlays on machinery and technology, thus the capacity of FAS's training centers to provide state-of-the-art training atrophied in the 1990's, just as its wider empire was reaching its apogee in terms of throughput and budget⁵⁸.

The direct contacts that FAS had with the Commission were crucial in giving FAS autonomy from government departments. FAS was nominally under the Department of Trade and Employment but in reality it was a separate fiefdom⁵⁹. The fact that FAS was not a regular bureau of government meant that senior civil servants played only a minor role in shaping policy. Political leadership (particularly the Minister for Trade and Employment - formerly the Minister for Labour) did matter⁶⁰. FAS was able to horsetrade with the Commission and its interactions were unmediated by any government department⁶¹. This horsetrading over budgets was done annually. An example of horsetrading included qualifying the training of nurses (formerly excluded as tertiary education) by designating those coming from rural families as "unemployed milkmaids" getting retraining⁶². FAS was always in a position to 'tease out' the Commission's thinking⁶³.

A significant change did occur with the second tranche of EU funds and the introduction of the second National Development plan in 1994. The plan introduced pluriannual budgeting (over a six year period). This indicative planning instrument weakened the autonomy of FAS vis a vis the Finance Ministry, however it also provided greater security for the FAS budget: any changes to the six year plan had to be approved by the Monitoring Committees which were controlled by FAS, the social partners and the Commission. The change therefore strengthened the overall control of Finance but it reduced Finance's budgetary flexibility⁶⁴. This ended the necessity of ongoing FAS-Commission negotiating. It had the effect of weakening FAS's autonomy as the National Development Plan was very much under the control of the Finance Ministry⁶⁵.

FAS has enjoyed a near universal reputation as an agency that gets things done⁶⁶. Even Mary Harney,

leader of the neo-liberal Progressive Democrats and Tánaiste, recently remarked “when we (the government) have a problem, or when we identify a new need, we always ask FAS to solve it and I must say that they have always done a fantastic job in handling new situations in a very expert and cautious way”⁶⁷. This technocratic prowess, together with an at times startling flexibility has won FAS respect from politicians, community groups, the European Commission, and the social partners, if not many academic researchers.

FÁS was able to combat efforts by the Finance Ministry to curb spending on “make-work” projects. Budgets and programs for the non-college bound, “low-tech”, working class youth were as protected as those “strategically” directed at higher education and “hi-tech” sectors. In the 1987-92 period why were FÁS programs supported as strongly as they were despite the wider fiscal austerity? Local pressure on TD’s and the fact that about 2/5 of FÁS’s funding came from the EU insulate FÁS from pressure from the Finance Ministry. Was FÁS merely a flexible instrument of government or did its own “house philosophy” shape policy? FAS clearly had a much stronger and more independent role prior to 1994, thereafter its delivery capacities were largely hitched to other’s directions.

FÁS as an institution was extraordinarily responsive to European Commission and Irish government policy preferences: it was regarded as a “model” agency in terms of carrying out commitments. FÁS’s autonomy and ability to be entrepreneurial as a policy actor was curbed after 1996-7 as a result of (i) greater control by Finance as a result of the pluriannual budgeting introduced in the second National Development Plan, (ii) the sudden turnaround in the labor market and (iii) the arrival of the Fianna Fail-Progressive Democrat government.

Irish state institutions are usually caught between the rock of powerful, centralized state (especially the Finance Ministry) and the hard place of a party system highly responsive to local political pressure. In the case of FÁS, European Social Fund money and the ability of Finance to calculate the net cost of

programs gave FÁS leverage with Finance that sustained support for FÁS programs even in times of extreme fiscal austerity. The breadth of local support for FÁS programs provided further political insulation that extended across party political boundaries. The regionalization of FÁS furthered its ability to nurture and mobilize alliances with local community groups.

(b) FAS, local activist networks and the politicians: political insulation

Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, stresses the extent to which he and the leadership of FAS were looking to European models rather than Anglo-American models for labor market policy⁶⁸. FAS officials visited Britain, Germany, France and Sweden, and the Swedish model was the one that was preferred. This is particularly interesting given the explicit copying of the US model – workfare plus employer-dominated “Private Industry Councils” – being undertaken in Britain in the late 1980’s⁶⁹. Lynch was also behind the move to regionalize FAS’s structure: staff at head office were reduced by half, with personnel reassigned to regional offices. Lynch argues that this was in part to break an overly civil service “head office culture”, and to make FAS more flexible and responsive to local needs and demands⁷⁰. It was for these organizational reasons that the regionalization occurred, not, initially, to engage greater social partner participation at a local level⁷¹. Regarding regionalization there was a happy coincidence that the EU began pressing subsidiarity in the late 1980’s at the same time as the Irish government was anxious to create jobs in depressed regions⁷².

Lynch was very keen to mobilize local activists (as opposed to the conventional social partners) for the purpose of developing community-based solutions in unemployment blackspots. FAS here played a proactive role in searching out, cultivating and training activists: often people who were very alienated from “the system”⁷³. FAS created courses and diplomas in community work for the purposes of cultivating such social entrepreneurs. This was particularly important in the most deprived areas where local civic activism was often absent: churches and unions were absent in the most dysfunctional urban

communities; professionals such as doctors and teachers did not live locally, community activism had to start from a tabula rasa⁷⁴.

FAS programs were heavily supported in the 1987-92 period primarily because they provided an acceptable positive alternative to high levels of unemployment. The training programs were acceptable because they gave a skill that would help the trainee, even if it was in the context of emigration. The temporary work programs not only did that – they gave temporary work, but also usually provided a service locally that was valued by the local community⁷⁵. Lynch gives the bulk of the credit for the strong support FAS received and the success of FAS programs to elected politicians⁷⁶. Politicians, including serving ministers, are highly responsive to constituents (the Irish STV electoral system punishes not just parties but individual politicians who lose touch with constituents). FAS officials would often discover in meeting with ministers that the ministers knew more about the functioning of programs on the ground than the officials did themselves⁷⁷. The partisan complexion of governments did not matter either. All politicians had FAS schemes in their constituencies. It was also the case that any coalitional permutation would contain a party or party faction that was populist and strongly pro-FAS: this applied to the populist wing of the Fianna Fail party (Bertie Ahern⁷⁸ being the best example, but this was also true of Charles Haughey⁷⁹) and to the Labour Party⁸⁰ and the Democratic Left. The one case where the partisan complexion of a government did have a major impact was when the center-left “rainbow” coalition in 1994 decided to expand the Community Employment program to counter high unemployment. Lastly, Irish politicians of all stripes proved highly adept at “milking” the EU at crucial points: the Single European Act, Maastricht and the Edinburgh summit (at this latter Taoiseach Reynolds managed to secure a IR£7billion “tip”⁸¹).

FAS defended and expanded its employment programs even when these came in for heavy criticism for failing to get people into jobs and for the deadweight and substitution effects (helping those who would have found jobs anyway and creating positions that displaced other workers). Part of the defense was

that massive social disruption was likely if nothing was done⁸². The other argument was that FAS had to help people up the skills ladder⁸³. Although FAS programs received mixed reviews by economists and academic researchers, FAS was in a politically strong position 1987-99. The leadership of FAS felt insulated from pressure by critics because, with over 3,500 community projects receiving FAS support at any time, there was a huge constituency of support. There were only three occasions when FAS leadership felt it necessary to mobilize this constituency to counter critics: once when a hostile newspaper article argued FAS spending was wasteful, twice when budget cuts were mooted. On all three occasions a modest mobilization of support generated overwhelming backing to see off the criticism⁸⁴.

There does appear to have been a cleavage within FAS between “traditionalists” focused on quality apprenticeship programs (and aligned with indigenous business interests) and “entrepreneurs” who were keen to immerse FAS in “social employment” to counter mass unemployment (and aligned more with community activists and politicians)⁸⁵. Traditionalists were concerned about insufficient capital investment in FAS’s own capabilities and excessive involvement, and over-reach, in providing social employment⁸⁶. FAS had to resist the efforts of Finance to further dilute the skills/apprenticeship focus of the organization by tailoring programs to remove “expensive” individuals from social welfare, and even to locate FAS officers into social welfare offices⁸⁷. All elements of FAS were hostile to any move toward a workfare regime, whether because this moved the mission away from training and skills or because it violated the European “social partners” model FAS was developing.

Periodic proposals to detach programs for the unemployed from “regular” training, and align the former with social welfare policy were successfully resisted (Allen, 1998). There was a widespread aversion to the direction that British active labor market policy was taking at the time in the form of the Employment Training program (1988-97). This aversion also preceded the change made in the 1997 Amsterdam Treaty which, for the first time, opened EU funds for use in countering “social exclusion”,

detaching such spending from narrow “placement” criteria. The resistance to these ideas, which had currency in the Finance ministry and through elements of the political system (such as the Progressive Democrats and the neo-liberal wings to the Fianna Fail and Fine Gael parties) resulted from an anti neo-liberal coalition consisting of FAS, the Social Affairs Directorate General of the European Commission and community groups (Allen, 1998, 43). This coalition has championed the principle of keeping social and economic goals connected and integrated. Among the most important community groups in this debate were the Irish National Organization of the Unemployed (INOUE) and the network of centers for the unemployed supported by the Irish Congress of Trade Unions (Allen, 1998, 285).

One feature of unemployed worker advocacy groups and other community organizations which proved important was their willingness to engage with parties and politicians across the political spectrum. Whereas in most of Europe such groups would focus on the Socialist or Labour party, in Ireland allies were sought in all parties. Hence certain Fianna Fail ministers (such as Michael Woods as Social Welfare minister) became allies, whilst their party colleagues (such as Charlie McCreevy) were enemies (Allen, 1998, 290). The most neo-liberal party, the Progressive Democrats, were among the most supportive of having INOUE and other “third strand” community organizations included as full “social partners”. Eventually, in 1996, Taoiseach Bruton (Fine Gael) brought about the “Partnership 2000” group through which 8 community and voluntary groups⁸⁸ were accorded equal status with the traditional social partners. Community-based organizations have, like FAS, discovered that the parochialism, cronyism and populism of Irish politics can be harnessed to support an inclusive partnership model of policymaking and a concern for community-based solutions.

“In a growing body of research, economists have compared groups of unemployed people who enter government training schemes with similar groups who do not. In almost every case, these studies have found that the schemes have failed to improve either the earnings or the employment prospects of their clients” (Economist April 6, 1996). OECD research tended to support this thesis. The largest and most

comprehensive study of Irish active labor market policy concluded that the results were unimpressive. Programs with the strongest linkage to the labor market, such as specific skills training, had the best outcomes in terms of placement. However, clients using such programs tended to be the least needy to start with. Clients who were most detached from the labor market – the long term unemployed, women returning to the labor market – were most in need of either general training (second-chance education) or direct employment. However, they needed to transition to programs that did have the more specific labor market linkage (O’Connell and McGinnity, 1997). Interestingly, however, just as the “expert” evidence about the ineffectiveness of these policies mounted, Irish active labor market policy expanded to its greatest extent.

The Community Employment Programme increased dramatically despite the lower financial support from the EU, because it was perceived locally and nationally as delivering value. It was never designed by FAS as having an objective of subsequent placement, and consequently, criticism about “low” placement rates were disregarded. A placement rate of some 25 per cent as an unexpected bonus. Such a placement rate on a training programme would have led to a restructuring or closure of the training programme. On CE, the objectives were local temporary employment resulting in a service to the local community which was valued. The fact that these objectives were achieved led in time to unemployed persons being able to spend up to 3 years on projects (originally it was 1 year) and the expansion of the Scheme⁸⁹. The difficulty came subsequently in reducing activity eg reducing the numbers on the Community Employment Programme presented huge difficulties, as local communities had become dependant on the initiative, even when the economic situation was such that the initiative was no longer needed, and indeed was distorting the labour market⁹⁰.

FAS helped spawn “social entrepreneurs” at a local level. Many community groups sprang up in order to sponsor youth programs and to meet local needs: local historical associations; restoration groups; community sports groups; parochial women’s groups etc. This community-based support in turn

affected the willingness of the national government to support FÁS. Irish politics is highly clientelistic and support from across all the political parties for local, community-sponsored “pork barrel” projects remained strong.

Local government officials and local politicians (county councilors) became highly “Europeanized” in their orientation: focused on EU funding but also seeking to emulate regional development strategies developed in other parts of the European Union.

Community groups able to develop a strong clientelistic network outside the framework of the existing political parties? Although political parties had traditionally been the mechanisms through which “pork barrel” spending and personalized exemptions from government regulations had been administered, the FÁS programs generated a cohort of community activists (from working class feminists in small towns to priests in rural parishes) that were able to effectively pressure local, national and European actors for assistance. The impact of “third strand” community-based organizations in the growth of FÁS programs 1992-96 and these new social partners helped to generate strong support for FÁS programs across all political parties.

Part IV Conclusions: National, Sub-national and Supra-national governance in a globalized political-economy: reconfigured sovereignty?

I have explained why Ireland invested so heavily in employment policy in this period: how the interaction of EU funding, a political system highly responsive to community-based demands and the social partnership model resulted in far larger support for programs than one might have expected. I have explained why FÁS exemplifies the “flexible developmental state”: combining embedded autonomy with an extraordinary level of programmatic fecundity and technocratic dexterity. I also explained how FÁS came to anchor social partnership and, in conjunction with EU structural funds, reshape state sovereignty. I examined conflict within state agencies over budget and non-strategic

spending (spending on projects that did not directly serve the interests of business); the emergence of “regional” interest in European regional funds; and the emergence of a politically influential network of community-based social entrepreneurs.

Held et al have argued that the “world order can no longer be conceived as purely state-centric or even primarily state governed, as authority has become increasingly diffused among public and private agencies at the local, national, regional and global levels. Nation-states are no longer the sole centers or the principal forms of governance or authority in the world” (1999, 9). This seems to describe the Irish case quite well. A state agency with powerful links to an array of supra-national and sub-national institutions and actors was able to develop a strategy that took advantage of the diffuse nature of sovereignty in a highly globalized political-economy. FÁS exemplifies the “flexible developmental state”: combining embedded autonomy with an extraordinary level of programmatic fecundity and technocratic dexterity. Two paradoxical features of this model arise: a state that yields control of policy to external global actors and yet is intensely activist (*globalization from below*); and a state that simultaneously takes on US-style neo-liberalism and EU social partnership (*competitive partnership*).

Support from the European Cohesion funds, though itself modest relative to the size of the unemployment problem, had two critically important **political** consequences in Ireland. Firstly, it gave the state training and education agency a remarkable degree of autonomy from the Finance ministry, the advocates of austerity and, later, from critics of spending as wasteful and redundant. Secondly, it galvanized a cohort of community activists who, though operating outside the framework of the political parties, were able to exploit the responsive, clientelistic nature of Irish local and national politics to secure the resources necessary to develop a remarkably sustained response to mass unemployment. As a result, FAS alumni are now nearly all employed in the tiger economy, happy consumers of overpriced Manchester United shirts⁹¹.

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Endnotes

¹ Foreign Policy magazine's Globalization Index ranked Ireland as the most globalized economy of 62 in its survey for both 2001 and 2002. The 2002 A.T. Kearney / Foreign Policy Magazine Globalization Index (Foreign Policy, Washington D.C 2003).

² Our Martian would have to venture north in order to encounter the Irish tricolour as one of the top three symbols (vying with the Union Jack, though both flags are outnumbered by the ubiquitous MUFC crest).

³ Ilgen defines sovereignty as "the authority and power both to make decisions in political and social contexts and to assure the implementation of those decisions" (p. 10). This discussion of the concept draws on Ilgen's.

⁴ Kenichi Ohmai (1993) The End of the Nation State: the Rise of Regional Economies (New York: Free Press)

⁵ Saskia Sassen (1994) and (1996)

⁶ Kevin Cox (ed) (1997)

⁷ Michael Storper (1997)

⁸ Allen Scott (1998)

⁹ In "Evasions of Sovereignty" in R.B.J. Walker and Saul H. Medlovitz (1990)

¹⁰ As late as the early 1990's authors could seriously write books called Is Ireland a Third World Country?, Caherty (1992) and Emigration and the Peripheralization of Ireland in the Global Economy, Mac Laughlin, Jim (1994b).

¹¹ UNDP, Human Development Report 2000.

¹² Transfer pricing by foreign owned companies to take advantage of low taxes on manufacturing profits is argued to have generated the "soufflé" effect (A. Murphy, 1994). GNP growth, which excluded transfer pricing distortion, reduces the figure by 1-2 % p.a. (EUI, 2000; McCoy et al 2000. The Irish government persuaded the EU to use the GNP figure in calculating eligibility for structural funds, and in 1999 partitioned the country to create a "Border, Midlands and West - BMW - region that would maintain Objective 1 status for structural funds until 2006: despite Ireland having the fourth highest per capita GDP!

¹³ Allen, 1998, 13.

¹⁴ Central Statistics Office (2001), and McCoy et al, 2000, 29-30.

¹⁵ Between 1987 and 2001 FÁS throughput on its training and employment schemes averaged about 100,000 per year (FÁS annual reports 1987-2001). MacSharry and White note that 500,000 participated in EU supported training 1989-93, though they characteristically omit to mention that all of this operated through FÁS (Mac Sharry and White, 2000, 156).

¹⁶ These figures are for the 1994-2000 period, Quarterly National Household Survey, November 2000. All of these sectors recorded growth of more than 30%.

¹⁷ The Telesis Report of 1982 that attention shifted to the international competitiveness of the whole industrial sector rather than just its export component. The indigenous sector of the economy only received strong emphasis with the 1992 Culliton Report.

¹⁸ Irish National Organisation of the Unemployed (1998). Latin American's referred to the 1980's as the "lost decade", a similar moniker is appropriate for Ireland.

¹⁹ Whelan, Christopher T. ; Hannan, Damian.; Creighton, Sean.. (1995)

²⁰ The stark difference between the policies pursued in Britain at this time (on which most of my work has been focused) and the Irish case is the initial source of my interest in Ireland.

²¹ Interestingly this is a system that has broken down in Scandinavia itself in the early 1999's.

²² World Development Report 1998/9 Table 5 p. 198.

²³ FAS officials are inundated with groups of visiting Estonians and Slovaks looking for the the Irish elixir.

²⁴ This discussion, somewhat paradoxically, relies mainly on the work of a political scientist - O'Donnell - to outline social partnership, and a sociologist - O'Riain - to outline the role of state organization.

²⁵ O'Riain's description of the Irish state relies on Peter Evans concept of 'embedded autonomy' (1995).

²⁶ Which may apply in the cases of Microsoft, Intel and Dell, but the connectivity with the rest of the economy is clearer with Ericsson and Digital.

²⁷ Peadar Kirby (2002).

²⁸ The first three relied on labor market programs to counter social exclusion, the 2000 has a broader strategy for "social inclusion".

²⁹ The partisan complexion of the governments initiating these plans matters little (the 1987 plan came out under a populist Fianna fail government facing fiscal austerity, the 1989 plan came out under a coalition

government between Fianna Fail and the nominally neo-liberal Progressive Democrats, the 1994 plan came out under a “rainbow” coalition government of Fine Gael, Labour and other nominally left-wing parties, the 2000 plan came out under another Fianna Fail and Progressive Democrat coalition).

³⁰ Interview with Pat O’Toole, FAS Head of European Union Affairs 1987-present, 1-15-02.

³¹ FÁS is the Industrial Training Authority. Parallel to it are CERT, Hotel and Catering Training Authority, and TEAGASC, the Agriculture Training Authority.

³² FÁS was created in the 1987 Labour Services Act. AnCo was viewed as being more focused on the traditional apprenticeship system and training programs. Employment schemes for the unemployed had grown under AnCo, but these were ad hoc add-ons. For FÁS these programs were to be much more important.

³³ FÁS Annual Report, 1980, 14).

³⁴ Focus (Newsletter of the Youth Employment Authority) #24, October 1987.

³⁵ Dillon, Brian. Ronayne, Tom.; O’Siochru, Sean. (1999)

³⁶ FÁS Annual Reports 1988-2001.

³⁷ OECD Employment Outlook, July 1995, Paris:OECD.

³⁸ Discussion about the role of EU funding often focuses on the fiscal impact, disregarding the policy and political purposes to which the funding is put. For Ireland the catalytic role of EU structural funds is important, even though the net fiscal infusion from the Common Agricultural Policy since 1973 dwarfed Cohesion funds. Similarly, other member countries, particularly Greece and Italy, appeared to benefit little from substantial infusions of Cohesion funding.

³⁹ ECSC-EC-EAEC (1994) Community support framework 1994-99 Objective 1: Development and structural adjustment of regions whose development is lagging behind. Luxembourg: Office for Official Publications of the European Communities.

⁴⁰ Economist, February 27, 1988, p. 41.

⁴¹ Mac Sharry and Whire (200, 156) and confirmed in interview with Pat O’Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.

⁴² Some 39% of ESF assistance will be invested in the second and third level education system as well as support for apprenticeship training that will benefit approximately 225 000 young people” (ECSC-EC-EAEC, 1994, 53). “Actions in favour of disadvantaged groups, particularly the long-term unemployed and persons excluded from the labour market will receive 24% of ESF support up to 1999, to train approximately 255 000 people” (ECSC-EC-EAEC, 1994, 55). “Industrial vocational training and management development require further systematic development on the basis of best international practice. Continuing skills training for the unemployed will receive 10% of ESF assistance to train approximately 70 000 people”. (ECSC-EC-EAEC, 1994, 56).

⁴³ ECSC-EC-EAEC, 1994, 17.

⁴⁴ The NESC is the principle institution for research and policy formulation by the national social partners.

⁴⁵ See Collins, Neil and Mary O’Shea (2000) and Kearney, Colm and Gary Murphy (2000).

⁴⁶ Interview with Kieran Moylan, Assistant Director of the Border, Midland and Western Regional Assembly, 1-11-02.

⁴⁷ Correspondence with Henry Murdoch, Assistant Director General of FAS 1987-99.

⁴⁸ Interview with Terry Stewart, senior official in the Social Affairs Directorate General of the European Commission 1985-91, 1-16-02.

⁴⁹ Correspondence with Henry Murdoch, Assistant Director General of FAS 1987-99.

⁵⁰ Correspondence with Henry Murdoch, Assistant Director General of FAS 1987-99.

⁵¹ Interview with Terry Stewart, senior official in the Social Affairs Directorate General of the European Commission 1985-91, 1-16-02. This is confirmed by Pat O’Toole, FAS Head of European Union Affairs 1987-present, interview 1-10-02.

⁵² Interview with Terry Stewart, senior official in the Social Affairs Directorate General of the European Commission 1985-91, 1-16-02. This is confirmed by Pat O’Toole, FAS Head of European Union Affairs 1987-present, interview 1-10-02.

⁵³ Over time, secondary and tertiary education, through the Department of Education, emerged as a competitor for these funds.

⁵⁴ Interview with Pat O’Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.

⁵⁵ Interview with Pat O’Toole, FAS Head of European Union Affairs 1987-present, 1-15-02.

⁵⁶ Interview with Pat O’Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.

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- ⁵⁷ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.
- ⁵⁸ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.
- ⁵⁹ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.
- ⁶⁰ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.
- ⁶¹ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-10-02.
- ⁶² Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-15-02.
- ⁶³ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-15-02.
- ⁶⁴ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-15-02.
- ⁶⁵ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-15-02.
- ⁶⁶ Support from local politicians and community organisations was crucial to overall approval for what FAS did. But that support would not have been there if FAS was not delivering the goods and satisfying the needs of local communities. Correspondence with Henry Murdoch, Assistant Director General of FAS 1987-99.
- ⁶⁷ Mary Harney, speech at the Community Initiative Awards, Ennis, October 2001.
- ⁶⁸ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁶⁹ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁷⁰ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁷¹ Interview with Pat O'Toole, FAS Head of European Union Affairs 1987-present, 1-15-02.
- ⁷² Interview with Terry Stewart, senior official in the Social Affairs Directorate General of the European Commission 1985-91, 1-16-02.
- ⁷³ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁷⁴ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁷⁵ Correspondence with Henry Murdoch, Assistant Director General of FAS 1987-99.
- ⁷⁶ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁷⁷ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁷⁸ Labor minister (1987-91) and finance minister (1991-94). Taoiseach 1997-2002. FAS Director General Lynch tells a story of walking the streets of London early one Sunday morning with Labour Minister Ahern in 1989 and the two of them encountering homeless Irishmen, 1950's emigrants who had fallen into alcoholism and poverty. They agreed that "never again" would a generation of Irish people have to leave Ireland skill-less.
- ⁷⁹ Taoiseach 1987-92.
- ⁸⁰ In government 1992-96.
- ⁸¹ Allegedly by playing Kohl, Major and Mitterrand off against one another.
- ⁸² The observation that FAS saved Ireland from social revolution was made by most of the senior official I interviewed.
- ⁸³ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁸⁴ Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02.
- ⁸⁵ This is a bone of contention between Brendan Leahy, FAS Director General 1988-91 and his successor John Lynch, Leahy being the traditionalist. Interview with Dr John Lynch, FAS Chairman 1988-91 and FAS Director General 1991-2000, 1-15-02, and Brendan Leahy, FAS Director General 1988-91, 1-15-02.
- ⁸⁶ Interview with Brendan Leahy, FAS Director General 1988-91, 1-15-02.
- ⁸⁷ Interview with Brendan Leahy, FAS Director General 1988-91, 1-15-02.
- ⁸⁸ Including INOU, ICTU Unemployed Centers, the St Vincent DePaul Society, the National Youth Council, the Conference of Religious in Ireland.
- ⁸⁹ Correspondence with Henry Murdoch, Assistant Director General of FAS 1987-99.
- ⁹⁰ Correspondence with Henry Murdoch, Assistant Director General of FAS 1987-99.
- ⁹¹ The author is a lifelong, and somewhat embittered, Aston Villa supporter.