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TRADE POLICY OVER THE LAST HALF-
CENTURY**
A TALE TOLD WITHOUT RECOURSE TO HEROES

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ABSTRACT

AGRICULTURAL INTERESTS AND IRISH TRADE POLICY OVER THE LAST HALF-CENTURY *A TALE TOLD WITHOUT RECOURSE TO HEROES*

Irish accounts of the demise of protectionist thinking in the late 1950s and early 1960s emphasise the importance of the disastrous economic performance of the 1950s and the policy learning that it engendered. Other small peripheral European economies such as Finland and Portugal also abandoned protectionism at the same time however, despite much stronger economic performances over the decade. The present paper identifies the formation of EFTA as the common underlying factor, and traces how all the subsequent twists and turns in Irish trade policy can be understood as the playing out of dominant agricultural interests. Once Ireland joined the European Community, for example, it turned protectionist again. The analysis forces one to think more carefully about the role of leadership and ideas in economic policy-making.

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BIOGRAPHICAL INFORMATION

Frank Barry is Professor of International Business and Economic Development at Trinity College Dublin. He specialises in the areas of international trade and foreign direct investment. The present paper reflects a growing interest in the politics of policy reform, and is one of a series of at least five he is writing on the Ireland of the 1950s and early 1960s. Amongst his publications are an edited volume on *Understanding Ireland's Economic Growth* (Macmillan Press, 1999) and co-authored books on *Multinational Firms in the World Economy* (Princeton University Press, 2004) and *Implications of European Court of Justice Decisions on Ireland's Corporation Tax Regime* (Institute of International and European Affairs, 2007).

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INTRODUCTION

Writers like Tom Garvin lure their readers into the past with a trove of fascinating detail. Economists work differently, stripping away as much flesh as possible to unearth the skeletal structure of the underlying argument. They work to Occam's razor, the principle memorably expressed, after Einstein, as "a theory should be as simple as possible, though obviously *no simpler*". Parsimony of explanation is sought.

This paper argues that the (continuing) dominance of agricultural interests offers the most parsimonious explanation of all the twists and turns in Irish trade policy over the last half-century: the shift away from protectionism, the rejection of EFTA, the pursuit of enhanced Anglo-Irish trade integration, the decision to delay until 1963 the across-the-board tariff cuts for which Whitaker had argued forcefully four years previously, and to sign up to GATT only in 1967. Underlying all of these was the sustained pursuit of EEC membership. Once this had been achieved, it will be argued, Irish policy in an important sense can be seen to have turned protectionist again.

Garvin begins his recent book, *Preventing the Future*, by outlining a model of interest-group politics based on Olson (1965, 1982). As the historical account proceeds, however, he is led to conclude that the model is inadequate to the task at hand and must be supplemented by a "force of ideas" argument (Lieberman, 2002). Ó Gráda and O'Rourke (1996) come to a similar conclusion. They describe how "urban workers, small farmers and manufacturing interests benefited from De Valera's policy of protection (sweetened with the 'farmers' dole') and together formed a powerful alliance". When the inability of the strategy of import substitution to sustain growth and employment became clear in the 1950s, however, the resistance to a change in policy orientation was surprisingly weak. "This supports the interpretation", they conclude, "that policy-makers had simply been slow to learn that protection was mistaken".

Most analyses of the period, including that of Olson (1998) himself, have similarly focussed on this protectionist coalition. The present paper argues that this focus is misdirected. While Olson's work on the dynamics of group formation and the acquisition of power only becomes relevant to the organisation of agricultural interests from the mid-1960s, it does not mean that agricultural interests can be ignored prior to this. This point appears obvious, of course, as soon as it is stated. Numbers employed in agriculture dominated those in manufacturing, while urban-rural family

links and attachments remained strong [*the periphery-dominated centre*]. Given the size of the sector, it was “natural that the State should have among its key objectives the fostering of improved production conditions within agriculture, and obtaining the necessary access to markets for expanded agricultural output. It was also believed that increased production from the land would help to stabilise the agricultural population, as well as leading to jobs in downstream and supplying industries”. (Matthews, 1982, 241). It is less surprising in this light to note that more than half of the 24 chapters of Whitaker’s *Economic Development* (1958)—the document generally taken to signal the shift in thinking—are concerned with agriculture, forestry and fisheries, and issues relating directly to these sectors.¹

Agricultural interests were championed by one of the strongest government departments, while both of the major political parties vied for the support of the agricultural community. All in all, as Coogan (1987) has written, “it is nearly impossible to overstress the importance of agriculture... It is the backbone of the Irish economic and political system”.

A timeline of the events to be discussed in the paper is contained in Box 1

Box 1: Timeline of Events

1938	Anglo-Irish Trade Agreement ends the economic war (further amended in 1948, 1960)
1948	GATT established
1958	EEC established
1958	Economic Development and the First Programme published
1960	EFTA established
1961-63	Ireland’s first application for EEC entry
1963, 1964	Ireland makes unilateral tariff reductions of 10%
1965	Anglo-Irish Free Trade Area Agreement signed
May-Nov. 1967	Ireland’s second application to the EEC
December 1967	Irish accession to GATT
1970	Opening of negotiations on EEC membership
1973	Irish accession to the EEC

¹ Commenting on *Economic Development* and the *First Programme*, the Farmers’ Journal stated that “the entire work may be taken as the clearest and most satisfactory statement on agricultural policy that has so far come from official sources”, while the NFA welcomed the Programme as broadly in agreement with its own proposals (Rouse, 2000: 139-40).

All accounts of the change in policy orientation in the late 1950s—including the richly textured works of Brian Girvin (1989), Gary Murphy (2003) and Maurice FitzGerald (2000)—devote much attention to the contributions of Seán Lemass as Taoiseach and TK Whitaker as Secretary of the Department of Finance.² From this derives the iconoclastic sub-title of the present paper.

THE STRENGTH OF AGRICULTURAL INTERESTS

The initial framework proposed by Garvin (2004) draws on Mancur Olson's best-known works: *The Logic of Collective Action* (1965) and *The Rise and Decline of Nations* (1982). *Logic* notes that individuals have an incentive to free ride when they cannot be excluded from the benefits of a collective action, making it difficult for an interest group to coalesce. The free rider problem can be more easily overcome when the group is small and relatively homogenous, when organisational costs are low, when private rather than public goods are the target of lobbying activity, and when the potential payoff for success is large. Interest groups can be expected to be most successful when the costs of the policies lobbied for are dispersed across the entire population, as public resistance is weaker in this case. *Rise and Decline* goes on to study the process of ossification in stable societies. As the cost of organising declines with the passage of time under stable conditions, webs of interest groups emerge that will seek to block innovations that threaten their privileged positions.

Agricultural interest groups of this type began to amass power only in the mid-1960s. The National Farmer's Association—the predecessor of the IFA—had been formed in 1955 and its main rival, the ICMSA, five years earlier. It took the NFA's march on Dublin in 1966, however, for it to become a major umbrella organisation and to demonstrate, in Manning's (1979) words, "that farmer power had arrived, that there was a new style of farmer politics and that in future all governments would have to take into account ... the views of organised and militant agriculture". In the wake of this there emerged "a new emphasis on organisational efficiency, professional preparedness, publicity, public relations techniques and lobbying". Henceforth, farmers' interests would be represented by what was to become one of the most powerful of Olsonian interest groups in the country.

One need not necessarily accept from this, however, Manning's assertion that "prior to the 1960s, farmers had benefited little from their participation in traditional party politics". Even before they became organised as a highly effective pressure group, agricultural interests could not be ignored, both because of their voting power and their importance to the economy. The size of the group is important in both of these respects.

² They recognise as well of course the considerable influence that agricultural interests retained over policy (Girvin, 1989: 114 & 205; Murphy, 2003: 215). They—and FitzGerald (1968)—also devote attention to the shifting attitudes towards trade liberalisation of Irish manufacturers and employees. It is worth noting that most of the firms set up under protection were in fact doomed by liberalisation, and of those that limped into the 1980s few survived the downturn of that decade (Barry, 1996).

Table 1, which charts employment levels in agriculture, industry and services over the years, shows that numbers employed in agriculture exceeded those in industry up to the mid-1960s. (The heterogeneity of the services sector reduces its weight substantially and hence is generally consigned to the background). The strength of urban-rural attachments, whose importance is recognised even within the Olsonian interest-group literature (see e.g. Keeler, 1996) would have increased the weight of agricultural concerns among the electorate still further, as would the geographic dispersal of farmers, since under Ireland's STV electoral system every last constituency seat to be filled is a marginal one.

Table 1: Numbers employed in Agriculture, Industry and Services (thousands)

	Agriculture	Industry	Services
1926	653	162	406
1936	614	206	415
1946	568	225	432
1951	496	282	438
1961	370	255	410
1971	272	320	457
1981	196	363	587
1986	168	301	606
1998	137	447	977
2007	118	581	1443

Source: QNHS (June-Aug) for 1998 and 2007; the remainder from Kennedy, Giblin and McHugh (1988) *Economic Development in Ireland in the 20th Century*, Routledge

By the 1950s, furthermore, the old cleavage between tillage and pastoral interests that had been so important in the 1930s had diminished. The 1938 Anglo-Irish Trade Agreement had heralded the end of Fianna Fáil radicalism in the agricultural sphere and the party lost much of its early support base among small western-periphery farmers to Clann na Talmhan and ultimately, according to Gallagher (1985, 107), to Fine Gael.³ Over the 1950s, as Daly (2002, 278) notes:

the objective of increased exports co-existed with a policy of protection for sugar-beet, wheat, feeding barley and horticultural produce. The major share of agricultural exports consisted of cattle and beef and their cost of production was not increased by

³ "Clann na Talmhan's long-term significance ... may be that it was the vehicle by means of which a substantial section of small farming votes switched, over a long period, from Fianna Fáil to Fine Gael".

the protection given to wheat or sugar beet... Although Fianna Fáil continued to encourage tillage throughout the 1950s, this was increasingly seen as a means of producing better grass and increasing the productivity of livestock farming, not primarily as a means of achieving self-sufficiency.

This is expressed clearly in the *First Programme* of 1958. As Rouse (2000, 140-41) comments:

effectively, the entire policy rested on a dynamic grassland improvement drive, which through the greater use of fertilisers, backed by research, advice and education, would allow Irish farmlands stock more cattle for export... The open acknowledgement that the future prosperity of Irish farmers lay in cattle, and the avowed pursuit of a policy to prioritise the unfettered export of livestock and livestock products, marked a sea change in Irish politics.

This was accompanied and facilitated by a substantial decline in the numbers of small land holdings, as seen in Table 2. By the late 1950s then, it had become appropriate to view agricultural interests as comprising a single block over which the two main political parties would do battle.

Table 2: Land Holdings, 1940-1960

Number of holdings (thousands) by acreage								
	1- 5 acres	5-15	15-30	30-50	50-100	100-200	> 200	Total
1930	31	74.4	91.2	62.5	50	21.1	7.9	338
1940	27.4	67.5	90.8	62.6	50.1	21.1	7.3	326.7
1950	26.2	62.0	86.6	62.6	51.5	21.8	7.2	317.9
1960	23.3	47.5	73.3	62.1	54.2	22.9	7.1	290.3
Percentage Changes by decade								
1930-40	-11.6	-9.3	-0.4	0.2	0.2	0	-7.6	-3.4
1940-50	-4.4	-8.1	-4.6	0	2.8	3.3	-1.4	-2.7
1950-60	-11.1	-23.4	-15.4	-0.8	5.2	5.0	-1.4	-8.7

Source: Rouse (2000) Appendix 5

One might also expect the occupational and geographic backgrounds of parliamentarians, and more particularly government ministers, to impact on the extent to which they are influenced by particular interests. While the data show no pronounced differences in the occupational backgrounds of Fianna Fáil and Fine Gael parliamentarians (Gallagher, 1985, 135-137, and references therein), "Fianna Fáil

has a tradition of spreading its ministerial posts around the country so as to cover the country electorally .. and to ensure that the party retains its status as a general 'country' party" (Garvin, 1981, 169). Garvin goes on to note that "its ministers appear sometimes to be more concerned with looking after a region and acting as its spokesmen in Cabinet than with actually governing the country". This will further increase the weight of agriculture in their concerns.

Nor should it be forgotten that agricultural interests were enunciated by the powerful Department of Agriculture. Daly (2002, 342) notes that during his years as Taoiseach Lemass relied heavily on a committee of secretaries of four government departments, including Agriculture, "to formulate policy both on economic matters, such as EEC membership and foreign trade, and on other questions, including north-south relations". Though Daly (2002, chapter 7) records the often poor state of relations between the NFA and the Department over the extent to which the latter protected agricultural interests, Rouse (2000, xv) cautions that we must not ignore that "the lack of resources, inherent structural problems in Irish agriculture, a recidivist farming community, an inadequate political culture, an increasingly inhospitable international climate and myriad other problems placed agricultural policy in a hostile context".

EXTERNAL DEVELOPMENTS AND THE SHIFT TOWARDS TRADE LIBERALISATION

According to Daly (1992), the 1938 Anglo-Irish Trade Agreement, which ended the economic war with Britain, established a new equilibrium that balanced the forces of export-oriented agriculture and protected industry. What was it that shattered this equilibrium in the late 1950s and paved the way towards freer trade?

In suggesting that "policy-makers had simply been slow to learn that protection was mistaken", Ó Gráda and O'Rourke identify the crisis conditions of the 1950s as the factor that forced a reappraisal of policy. While a crisis might make the need for reform more apparent, however, it does not provide the circumstances most conducive to trade reform. Irwin (1993) concludes from his survey of the international historical evidence that it is "long periods of macroeconomic stability (that) provide an environment conducive to the adoption of liberal trade policies" while the OECD (2007) points out that a healthy budgetary situation is generally required for the implementation of structural reforms so that anti-reform groups can be "bought off".

If internal adversity were not sufficient to guarantee liberalisation, what other factors were also pushing in this direction? The obvious candidates are the formation of the two major European trading blocks: the six-country EEC and what would become in 1960 the seven-country European Free Trade Association, EFTA. That these external developments might on their own have caused such a reappraisal of policy, even had economic performance been stronger in the 1950s, is suggested by concurrent developments in two other small protectionist economies on the

outer periphery of Europe—Portugal and Finland.⁴ Both of these had performed quite strongly over the course of the 1950s (Ó Gráda, 2008).

Though Portugal under autocratic rule was resistant to the notion of European free trade, Salazar publicly recognised in 1957 that the creation of the Common Market disrupted the existing equilibrium and the country had no choice but to respond when its single most important European trading partner—the UK—led the EFTA initiative.⁵ Portugal subsequently became one of the founding members of EFTA, though it managed to negotiate the “underdevelopment concession” of an extra-long adjustment period.

Finland was also highly protectionist and its room for manoeuvre was constrained by the Soviet Union, with which it had signed a trade agreement that granted each other Most Favoured Nation (MFN) status in 1947. The formation of EFTA required a Finnish response as well however, as both of its major trading partners—Sweden and the UK—were founder members. Following negotiations to allow it to maintain its special relationship with the Soviet Union, it signed a free trade agreement with EFTA in 1961. For Ireland too, these external developments meant that standing still was not an option.

AGRICULTURAL INTERESTS AND THE (TEMPORARY) DEMISE OF PROTECTIONISM

The difficulties facing Irish agriculture in the post-independence era are starkly expressed by Matthews (2003). Urbanised Britain was the natural market for the cattle and dairy products typical of Ireland’s pastoral agriculture. When Britain abandoned free trade in 1931 and re-introduced protection for its farmers, however, Irish farmers were on the outside looking in, and would remain so for much of the twentieth century. The Coal-Cattle Pacts of 1934 and the Anglo-Irish Trade Agreement of 1938 re-established the Irish cattle trade, with the latter granting Ireland the same trading status as the Dominions achieved under the 1932 Ottawa agreements. The basic principle was that Ireland would provide a preferential market for British industrial goods and would in return be entitled to duty-free entry to the UK for most of its agricultural and industrial output. The agreement also extended British subsidies to Irish cattle fattened in Britain for at least three months. While it re-established the primacy of the cattle trade, it was less critical for protected industry.

A return to normal trading relations was made impossible by the outbreak of war however, and Britain’s energetic encouragement of its own agricultural sector in the

⁴ On the Portuguese and Finnish cases, see Andresen-Leitão (2001) and Paavonen (2001).

⁵ Recognition that the existing equilibrium had been disrupted is suggested by the phrasing of Andresen-Leitão’s (2001: 29) remark that “by November 1957, the Portuguese ruler himself recognised publicly that the creation of the Common Market broke the ‘balance’ of trade and that the economic independence of Portugal was ‘very limited’”.

1950s and its status as a low-price residual market for all major agricultural exporters worsened Irish trading conditions and opportunities.⁶

The establishment of EFTA in 1960 represented a further adverse shock for Irish agriculture. Though EFTA was oriented primarily towards reducing industrial trade restrictions, concessions were extended to a number of agricultural and food products, and further opportunities were available by bilateral agreements such as the removal of British duties on Danish bacon and butter in the early 1960s. Daly (2002, 460) quotes the permanent under-secretary at the UK Department of Agriculture to the effect that “EFTA considerations made it imperative that Britain should give special consideration to Denmark”, particularly as the collapse of negotiations on EEC entry meant that Danish exports to Germany would be severely restricted when the CAP came into operation.

By the early 1960s, then, Ireland’s preferential position in the UK market had been severely eroded. The issue of Irish membership of EFTA was debated in a series of civil service memos written between October 1959 and January 1960 and which largely pitched Whitaker at Finance against MacCarthy, the Secretary of the Department of Industry and Commerce.⁷

Ireland’s industrial preferences in the British market would be eroded by EFTA whether Ireland participated or not. EFTA membership would have exposed Irish industry to strong competition, which Whitaker strongly favoured. The discipline of tariff reduction, he argued, would increase efficiency and reduce costs, and hence enhance the prospects for increased exports not just to EFTA but to other countries as well. Membership would also draw further export-oriented FDI flows to Ireland. MacCarthy argued, to the contrary, that this increased industrial competition would be catastrophic.

The debate is ultimately resolved by a memo from the Department of Agriculture which suggests that EFTA membership would most likely require Britain to extend equivalent agricultural access to other member states and that Irish interests would therefore be best served by seeking a Free Trade Area arrangement with Britain alone. On December 16, 1959, Whitaker writes to Nagle, Secretary of the Department of Agriculture, to signify his acceptance of this thesis. Agricultural interests win the day.

Though the Common Agricultural Policy was established only in 1962, it was clear from the 1957 Treaties of Rome that the sector would be in receipt of strong community support. The Department of Agriculture and the National Farmers Association provided different analyses of the consequences of EEC accession without the UK (with the Department less optimistic because of the loss of preferences on the

⁶ The analysis of this period draws on Baillie and Sheehy (1971) and Matthews (1982).

⁷ These were drawn together and published by Whitaker in 2006 under the title *Protection or Free Trade—The Final Battle*. As he explains, the memos were intended especially for the eyes of Lemass, who had assumed the office of Taoiseach in June 1959. Barry (2008) provides an economic analysis of the memos’ contents.

UK market), but when Britain decided to apply for membership in 1961, Ireland rapidly submitted an application. As Lemass stated to the EEC Council of Ministers:

Because of the close inter-relationship of the economy of Ireland and that of the United Kingdom, and the vital interest of Ireland in agricultural trade, the Irish government would wish to have the discussions for the admission of Ireland to the Community completed at the same time as those for the United Kingdom.

As Murphy (2003, 215) notes

the decision to apply for full membership was inevitable as the loss of Britain's markets for Irish exports was threatened if the British entered and Ireland did not. An important secondary consideration, which had both political and economic considerations was.. the pressure from Irish farming organisations to join the EEC. Clearly the farmers' organisations wanted a situation where the traditional links between the United Kingdom and the Commonwealth would be weakened to the advantage of the Irish.

When de Gaulle vetoed the British application in 1963, Ireland set about the pursuit of an Anglo-Irish Free Trade Area in earnest. The stated logic behind this strategy was to facilitate ultimate EEC accession. As FitzGerald (2001) puts it, Dublin was prepared to take one step backwards—towards further dependence on the UK—in order to go two steps forward, towards Europe, and this interpretation is supported by numerous quotations from Lemass (see, e.g., M. FitzGerald, 2000, 292; Maher, 1986, 172).

Ireland needed to demonstrate its ability to compete on a level playing field as concerns had been raised by Commission officials who suggested that associate membership might be more appropriate for Ireland "as an underdeveloped economy".⁸ This was an unintended outcome of Ireland's having negotiated, along with Greece and Turkey, for special "underdevelopment" concessions in the earlier failed OEEC negotiations on a pan-European free trade area, and Maher (1986, 92) speculates that this is why Ireland had not been invited to participate in the secret negotiations to establish EFTA.

The unilateral tariff reductions of 1963 and 1964 were part of this same process. The official announcement of the first tariff cut stated that "in anticipation of our entry to the EEC, the Government has decided to make a unilateral reduction of 10 percent in protective duties on industrial products on 1st January next" (Murphy, 2003, 88). These were the across-the-board tariff cuts for which Whitaker had argued forcefully in 1959, when the final battle against protectionism has supposedly been won.

An Irish delegation to the Commission in 1965 emphasised that EEC membership remained a keystone of the Irish government's policy and the tariff reductions and the signing of AIFTA were both mentioned as providing a valuable means of pre-

⁸ Associate membership offered no guarantee that Ireland would be able to participate fully in EEC agricultural arrangements or be eligible for the various sources of financial assistance (M FitzGerald, 2000: 121).

paring the Irish economy for the conditions it would encounter within the Community (Maher, 1986, 200). Ireland made a similar case in response to a query from the External Relations Directorate in 1967 (Maher, 1986, 222) and AIFTA was mentioned prominently in Ireland's second application for membership in 1967, where it was used as a justification for equitable treatment (M FitzGerald, 2000, 2).

Within the farming community, it was the statement by the Minister of Agriculture, Charles Haughey, to the effect that the signing of the Anglo-Irish Free Trade Area agreement “was the first step towards accession to the EEC—and the CAP’ that drew greatest approval” (Rouse, 2000, 247).

Agricultural interests also dominated in Irish consideration of the consequences of accession to the GATT.⁹ GATT came into being in 1948 with 23 members. By 1960, when Ireland began to consider seriously GATT accession, the total had grown to 37 countries which together accounted for 80 percent of world trade. GATT was beginning to work at that time towards the reduction of non-tariff barriers on agricultural trade. The key drawback for Ireland in considering GATT was the requirement that signatories accord most-favoured-nation status to each other in the field of tariffs, except when preferences were accorded within a free-trade area or customs union.¹⁰

The difficulty this raised for Ireland was that the 1938 Anglo-Irish Agreement committed the country to grant British goods a preferential tariff rate in the event of existing rates being increased or new rates introduced. The only GATT-consistent ways for Ireland to continue to adhere to the 1938 agreement were (a) to join EFTA, (b) for Ireland and Britain to establish a free-trade area, or (c) for both countries to join the EEC. Thus Ireland suspended its discussions on GATT during its first application for EEC membership in the early 1960s, and ultimately signed up to GATT only in 1967 after the establishment of the Anglo-Irish Free Trade Area.

Today, of course, the strength of the agricultural vote in Ireland is far less significant than in these earlier periods, though farmers' interests are now represented by a powerful Olsonian interest group.¹¹ Collins (1993) and Adshead (1996) suggest that Irish agricultural policymaking within the European context displays the characteristics of a “closed policy community”, one which excludes other interests—particularly consumers—and yields a false appearance of national consensus. In-

⁹ This discussion of GATT is drawn primarily from Maher (1986).

¹⁰ Tariff preferences already in existence in 1947 (principally Commonwealth preferences) were excluded from the MFN requirement.

¹¹ While Olson hypothesised that a large number of potential collective-action participants would increase the free riding problem, a *positive* effect of numbers on influence is the more common empirical finding (Potters and Sloof, 1995). It is not quite clear how group size is to be measured in Olsonian accounts however. While farmers today comprise only around 5 per cent of the labour force (and 2 per cent of GDP, compared to the situation 50 years ago when they accounted for more than 35 per cent and 25 percent respectively; Ó Gráda, 2008), employment in agriculture, forestry and fishing nevertheless represent the 8th largest of 24 separate occupational groups identified in the Population Census (Table 12 of CSO Census 2006; Principal Socio-Economic Results).

deed Chubb (1992) quotes approvingly from *Magill* magazine that “Ministers for Agriculture have, since Ireland’s entry into the EEC, become Ministers for Farmers”. Irish agricultural interests, which the paper has identified as having driven the trade liberalisation of the period to 1973, became protectionist once EU membership was achieved.

Though trade economists have recognised that liberalisation can create a juggernaut effect by reshaping the political economy landscape, as the size and influence of import-competing sectors is reduced and those of exporters increased, this process has been stymied by the privileged position attained by Irish agricultural interests in the Irish-EU policymaking nexus.

External trade policy is now decided upon and implemented at the EU level, and EU countries operate by seeking to influence the position to be adopted by the EU at WTO negotiations. While Irish export-oriented manufacturing and services would gain from enhanced global liberalisation, protectionist agricultural interests have a far higher priority in the Irish position than their weight in the economy would suggest (Hinds and O’Donoghue, 2008).¹²

Finally, it must be asked, if agricultural interests have been so dominant over the last half century, how was Ireland able to turn towards industrial protectionism in the early 1930s? One factor was the virulent cleavage between small and large farmer interests that prevailed at the time, with *Fianna Fáil* associated with the former and hostile to the latter (Garvin, 1981, 166-171). O’Rourke (2003) notes, furthermore, that falling commodity prices in the 1920s had eroded belief in the benefits of free trade in many agricultural economies across the globe

and the 1930s was to see a massive swing towards import-substituting policies in the periphery, most famously in Latin America. Ireland would surely have followed suit, even in the absence of the Economic War. Its agricultural exports would have been harmed in any event by the Depression and ... it is not plausible to assume that Ireland would have continued to enjoy tariff-free access to British markets (even) had de Valera not come to power”. Daly (1992, 174) concurs, questioning whether the 1932 self-sufficiency experiment could even have been attempted “if difficult conditions had not created sufficient agricultural support for protection to remove the implicit farming veto over industrial tariffs that had existed throughout the twenties.

CONCLUDING COMMENTS

In discussing various interpretations of the role of Lemass, Horgan (1999, 352) cautions that “it would be tempting, but ultimately unrewarding” to adopt the Marxian view that he was no more than an instrument of the underlying economic dynamics of the society of that time. Conventional economic analysis, perhaps surprisingly, displays a shared tendency to downplay the importance of the “superstructure” of

¹² The huge losses that agricultural interests predicted from a potential WTO deal in the summer of 2008 (Matthews, 2008) are strangely reminiscent of Industry and Commerce’s assessment in 1959 of the likely industrial losses associated with EFTA membership (Whitaker, 2006: 24-33).

independent ideas and autonomous leaders. The Occam's Razor principle adopted here, it is suggested, forces us to think more precisely about the roles of leaders and ideas.

Recognition that ignorance can be rational, as Considine and Butler (2007) note, opens up a role for ideas. It is rational to remain uninformed if the costs of accumulating additional information are greater than the expected benefits. The interventions of those with an occupational interest in public affairs (e.g. Whitaker) can change this cost-benefit relationship. Good leadership also surely cannot be written out of the story to the extent done here. Irish negotiators faced immense challenges in all of the trade negotiations discussed. Success in negotiation is never guaranteed, and strategic errors are frequent when institutional capacity is weak.¹³

Whitaker (2006) has written of the late 1950s that "something had to be done or the achievement of national independence would prove to have been a futility". Good leadership is equally required today if we are to retain control of the fiscal instruments of our economic independence. Might a future historian be able to write of "Property Interests and the Loss of Irish Economic Independence"? The sub-title of the present paper would clearly apply here, and with a vengeance.

Another line of thought is prompted by Garret FitzGerald's (2000) dictum that "democratic national governments tend to be subject to such strong pressure from vested interests within their own territories that many of their decisions operate against the interests of society as a whole". The role of good (in the sense of "social welfare enhancing") political leadership is to assemble coalitions that can help surmount these obstacles, and to seek whatever "political cover" might be available to resist these forces. Lemass was undoubtedly such a coalition builder and the political cover that *Economic Development* provided is recognised in a much earlier account of FitzGerald's (1968, 26). "By publishing *Economic Development* shortly after the publication of the (First) Programme itself", he writes, "the government made it clear that the Programme was not, and was not claimed to be, a policy prepared by the government party, but was a national programme, prepared by the head of the civil service. This policy achieved the desired result, for the Programme was accepted ... as a national programme, transcending party politics".

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¹³ Many developing countries, for example, failed for this reason to exploit in their implementing legislation the beneficial flexibilities that they were allowed under World Trade Organisation rules (Musungu and Oh, 2006).

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Over half of GDP is accounted for by primary sectors, with agriculture continuing to play an important role. The oil and gas sector is the major driver of the economy, which in 2011 made up over 95 per cent of export earnings and about 85 per cent of government revenue. In this chapter we explore the evolution of the industrial sector in Nigeria over the last fifty years. Section 6.2 provides an overview of the policy framework for industrial development from the 1960s to the present day. Section 6.3 describes the structure of the manufacturing sector. Focus is placed on macroeconomic policy, trade policy, and the institutional and regulatory framework. Section 6.5 concludes with a discussion of emerging industrial policy issues.

6.2 Evolution of Industry: Historical Perspective. 91.

Frank Barry, *Agricultural Interests and Irish Trade Policy Over the Last Half-Century: A Tale Told Without Recourse to Heroes*. Irish accounts of the demise of protectionist thinking in the late 1950s and early 1960s emphasise the importance of the disastrous economic performance of the 1950s and the policy learning that it engendered. Other small peripheral European economies such as Finland and Portugal also abandoned protectionism at the same time however, despite much stronger economic performances over the decade. Similar developmental expectations have been presented as applying to Irish and immigrants alike. Ireland's economic history starts at the end of the Ice Age when the first humans arrived there. Agriculture then came around 4500 BC. Iron technology came with the Celts around 350 BC. From the 12th century to the 1970s, most Irish exports went to England. During this period, Ireland's main exports were foodstuffs. In the 20th century, Ireland's economy diversified and grew. It is now one of the richest countries in the world by GDP per capita.