

## **Economic Freedom of Ireland**

The history of Ireland is one wrought with violence. In the 1700's, after years of economic crises and starvation due to British suppression, the Irish attempted to revolt. The Irish Rebellion of 1798 was a failure and suppressed the Ireland as a country, and their right to self-govern, even farther. In 1800, the parliaments of both England and Ireland joined together to create the United Kingdom of England and Ireland. Contentment with this didn't last long, if at all, and soon Ireland was seeking for its self-government once more. The rise of the Irish Republican Army, who fought guerilla-style warfare against the British led to the passing of the Home Rule, which separated the island down the middle between those that would follow British lead, and those that wanted independence. Even when Britain gave in to the idea of Ireland as a self-governing nation, Northern Ireland still chose to be a part of the British Empire.

In 1949, southern Ireland was recognized officially as the Republic of Ireland, with Northern Ireland still today opting to stick with the Home Rule, leaving it as a part of Britain. This separation ruined both economic connections and trade between counties. Under the direction of the British, the north generally was more prosperous in terms of ship-building and exports, with the southern Republic relying heavily on agriculture. As the 20<sup>th</sup> century continued and other European economies grew, Ireland was stunted due to the restrictions both sides had on trade with the other. However, as the 21<sup>st</sup> century loomed, religious strife's were eased and strict lines erased. The advent of technology brought about a boom in the southern section of the isle, and the economy finally began to take off. The chaotic history probably contributed a large amount to the slowed growth of the Irish economy with stability being an essential component of a strong economy.

Ireland's economy turned around as stability finally came to the large isle. The upturn really began in 1957 when the country drew in multinational corporations, many from the United States, with corporate tax set at zero. This allowed for a boom in industries as well as foreign direct investments to flood the economy. Strong open-market policies led Ireland into a state of economic well-being throughout the 1990's. As seen in hard numbers, between 1993 and 2000 Ireland's GDP increased by 10% with industry accounting for 46% of the GDP and 80% exports. Beginning in 2000, property development took center stage in Ireland with the support of low-interest rates and generous lending practices. The high point of these decades earned Ireland the nickname, "The Celtic Tiger" because of the extremely strong economy that was built off of a small isle's open market. However, just as the United States and the Eurozone took a hit, so did Ireland? In 2008, the lucrative housing bubble burst. Similarly to the United States, the banks were hit first and then the downturn in prices then took over as a national problem. In 2010, Ireland's affairs were so bad it had to be bailed out by the EU.

Today, 2015, Ireland has made a strong recovery. The Economic Freedom is well above the global average, sitting at about 76.6, an increase of 0.4 from 2014. The quick recovery was aided by the ensuring of open markets and reduced costs in the private sector, with the exception of subsidized sectors such as wind and energy. Overall, the population of Ireland is content with their current standing as 9<sup>th</sup> on the 2015 list, but there are still improvements to be made. Effects of the crash earlier in the decade still loom, with national debt still above GDP. Additionally, like most places, there are lingering concerns about government corruption, although private rights are strongly protected by common law on the island.

The future of Ireland's economy looks promising, with the renewal of open markets and international trade. Ireland's top sector currently mirrors that of most first-world economies, with most of the wealth and job-opportunity within the IT sector, with the majority being within the subsection of service. However, industrial development, subsidized by the government, in the arena of Green Energy has created an entirely new sector of jobs, as well as global markets for expansion. Having a variety of markets, in addition to little government interference, should allow Ireland's economy to fully recover from the crash and continue to expand. From here on out, however, the lesson of 2008 will probably stick with them, creating more conservation spending and loaning policies. Additionally, as many countries in the European Union underwent extreme economic downturns at once, it is likely that their economic alliance will be stronger than it may have been previously.

The only potential problems that have arisen since the downturn in the economic state, is that both business freedom and freedom from corruption have both seen decreases. If these trends continue, it could cause harm to the economic environment, driving down competition and recovery by imposing too much of a government presence in the economy. The strong markets will hopefully, cancel out these negatives that Ireland presents, and within the next index report, note an upturn in both of these freedoms. Overall, the Economic Freedom Index of Ireland leads me to believe that they will continue to be a prosperous country ranking in the top of the European area in terms of economic stature and overall well-being.

<http://www.heritage.org/index/country/ireland>

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