

The 1ST Programme for Economic Expansion|

A1 Sample answer

What was the impact of the First Programme for Economic Expansion?

The 1st Programme for Economic Expansion, introduced by the Lemass led Fianna Fáil government of 1959-66, had a profound impact on the Irish economy of the times, and this brought with it societal side effects. The document was first published under the title 'Economic Development' in 1957, under the authorship of the secretary for the department of finance, T.K Whitaker. The programme was highly significant in both economical and sociological terms, because it helped reinvigorate the faltering Irish economy and change the country's mindset from inward to outward-looking.

The major defining feature of the programme was a desire for change. This was, no doubt aided by the youth and dynamism behind the project. Ken Whitaker was only 39 when he was appointed secretary of the dept. of finance (the youngest ever holder of the post) by the Minister Gerald Sweetman. Lemass, though himself a founding member of Fianna Fáil, showed a great willingness to change, which was reflected in his appointment of young, energetic ministers such Donogh O'Malley (Education), Patrick Hillary and his own son-in-law Charles Haughey (Justice). For many years, successive governments had adopted a laissez-faire attitude towards the economy, unwilling to get involved. Whitaker realised government investment and involvement was required to remedy the situation so he advocated Keynesian polices.

The biggest economic change was the switch from protectionist policies (i.e. Placing taxes on imports to protect domestic producers) to free market policies. Lemass himself, as Minister for commerce and trade had actively promoted protectionist policies, but he saw that they had become obsolete. These De Valera era policies sheltered inefficient and uncompetitive companies. To move away from these policies, Lemass signed the GATT (General Agreement on Taxes and Tariffs) deal in 1960, officially moving Ireland into the free market. Through his Minister for foreign Affairs, Frank Aiken, he also joined the European Free Trade Association. Many people were unhappy at the time with this 'brave new world' attitude, in particular traditional farmers who ran their farms as a 'way of life' instead of as efficient businesses. But Lemass' foresight would pave the way for future prosperity.

Another plank of the new Economic Programme was foreign investment. The IDA (Industrial development authority), which had been set up in the 1950s, were tasked with attracting multinational companies to Ireland. They marketed Ireland as a centre of excellence abroad. The government encouraged foreign companies to invest here by offering sizeable tax concessions (including a famously low corporation tax) and grants to the tune of £220 million. This reflected a serious change in economic outlook; a switch from reactionary spending to investment spending. Furthermore, Lemass removed the 1932 'Control of Manufacturers Act', which required that any companies based here be at least partly Irish-owned. All these measures helped attract multinationals, boost the economy and grow employment here.

But the First Programme for Economic Expansion also aimed to grow Irish businesses; at least ones that showed a willingness to adapt and compete on the open market. For example, the government made available funds to modernise Irish farms and support local businesses. They placed a particular emphasis on export orientated companies. The result of this was that by

the end of the economic programme the volume of Irish exports had grown by 35% and the value of Irish exports had risen by 8%. To promote Irish exports to Britain (Ireland's largest trading partner) in 1965, Lemass signed the Anglo-Irish Free Trade Area Agreement with P.M Harold McMillan, abolishing all tariffs between the two countries. The lasting impact of all this was to make Ireland an outward looking economy.

In economic terms the programme was extremely successful. The government had aimed to grow the economy by 2% but they actually achieved a growth of 4%. Also the joint problems of raging unemployment and emigration were alleviated. From 1956-61, 212,000 emigrated, but in the next five year period only 80,000 emigrated and the unemployment rate dropped hugely. For the first time since the establishment of the Free State there was a real sense of optimism in the air.

However, the impacts of the First Programme FOR Economic Expansion were not purely economical. Obviously, the government had more money available to them which allowed them to increase public expenditure. This resulted in a number of costly, though worthwhile initiatives such as the reorganisation of the health boards, the establishment of RTCs (Regional Technical Colleges), the setting up of RTE, the introduction of Child benefit for ALL children in 1963 and the introduction of free second level education in 1969.

One possible negative effect of the Programme was the culture of materialism that emerged in the late 1960s. This is always a side effect of a consumer boom. Many people felt that this eroded the traditional community spirit and principles of scarce comforts that were the foundations of Irish society. However, others felt that this new culture reflected Ireland's position a globalised world.

The first Programme for Economic Expansion had many long lasting effects on the economy and society of Ireland. It changed the principles of Irish economics, pulled the country from its backward hiddy0hole and forcibly launched the country into the twentieth century. This reflected Lemass' own view that 'we cannot opt out of the future'.