

3.IRL The Pursuit of Sovereignty and the Impact of Partition | Sample answer

How well did Irish governments cope with the social and economic problems they faced, 1923-1945? (2016)

Cumann na nGaedheal were in charge from 1922-1932. They were led by William Cosgrave. They followed conservative policies and most of their focus was in the Agricultural sector. Fianna Fáil came to power in February of 1932. Compared to Cumann na nGaedheal, Fianna Fáil took a more radical approach to the economic and social problems they faced. They successfully developed industry in Ireland, but they created severe hardship with the Economic War.

Cumann na nGaedheal inherited a country in economic ruins. The Civil War (1922-1923) had almost bankrupted the new state. Most of Cumann na nGaedheal's cabinet members were inexperienced. With the partition of Ireland, the Irish Free State lost its only industrialised region, the northeast. This was a major blow to the Irish economy. The Irish people were continuing to emigrate, and they were leaving older parents behind who needed state support. Despite all this, Cumann na nGaedheal strove for low taxation and adopted a laissez-faire approach towards trade and tariffs.

Agriculture was badly hit by the post First World War fall in food prices, and by damage to creameries etc. in the civil war. It also had serious structural weaknesses: 60% of farms were under 30 acres, too small for economic development; 25% of farmers were over 60, too old to adopt new techniques. Patrick Hogan, the Minister for agriculture, tackled these problems in the way the British had. He completed land purchase with the 1923 Land Act. He let the Land Commission buy up under-used big farms and distribute the land to raise farm size. He set up the Agricultural Credit Corporation to give farmers cheap loans. He also got the Department of Agriculture to instruct on new techniques and set quality standards on eggs, butter, etc. to recover the British market lost after the First World War. Cumann na nGaedheal policy favoured big farmers at the expense of small holders. It was successful in recovering lost British markets by 1930.

Advised by civil servants like J.J. McElligott, the Minister for Finance Ernest Blythe did not intervene in industry (which provided 60% of GNP in the 1920s). The only exception was the state finance Shannon Scheme in 1923 and the establishment of the state-owned ESB to provide cheap power through a national grid in 1927. More than 4000 men were employed in the construction at Ardnacrusha. It was an immediate success. In 1932, it generated 132 million kilowatts of electricity. Electricity from the plant had reached almost every town in the country by 1939 and most rural areas by the 1950s. This improved living standards for the Irish population.

Social policy was far down Cumann na nGaedheal's list of priorities. They pursued a policy of reduced taxation and low public expenditure, which had an impact on social welfare. In 1924, Blythe reduced the old age pension from 10 shillings to 9 shillings per week. A far stricter means test was also introduced for unemployment assistance. Housing for the poor was inadequate: many were still living in overcrowded conditions. Irish mortality rates had risen dramatically and were higher than those in Britain. The government provided only £500,000 to try to tackle the almost famine like conditions in the west of Ireland in 1924. (These conditions were caused by blight – over 75% of those living in Connemara had neither potatoes nor employment.

Fianna Fáil came to government in 1932 and adopted a very nationalistic approach to economic policy. They favoured an active government involvement in the economy, a drive to develop industry, protectionism (an economic theory which favours the protection of domestic industry from foreign competition by placing high tariffs on imports), the breaking of economic links with Britain, and a drive for self-sufficiency.

Fianna Fáil's two aims of protection and dismantling the Treaty lead to an 'economic war' with Britain in 1932. Their first budget put tariffs on over 40 items, most coming from Britain. It also withheld £5 million in land annuities. The British retaliated with a tax on Irish cattle, to collect the equivalent of the £5 million. Fianna Fáil then imposed tariffs on additional 1000 items. This damaged trade between the two countries; Irish exports to Britain fell from £47 million in 1929 to £18 million by 1934. Unemployment increased and emigration rose. Taxes were raised, living standards dropped as wages fell, and basic foreign goods became more expensive.

By 1932, Irish agriculture was in need of stimulation. Fianna Fáil encouraged a return to tillage farming. They believed that this shift would require more manpower and thus increase employment. They placed restrictions on maize imports and offered a guaranteed price for Irish

wheat. This was done in the hope of Ireland becoming self-sufficient. Sugar beet producers were also offered higher prices to stimulate their market. All of these policies had little effect. By 1936, arable farming had increased by just 10%.

Fianna Fáil were more concerned about industry than agriculture. Seán Lemass dominated industrial policy as Minister for Industry and Commerce from 1932 to 1948. High tariffs and quotas were placed on industrial imports, which made them very expensive. Lemass introduced the Control of Manufacturers Acts. Under these acts of foreign companies setting up in Ireland had to have a certain number of Irish people on their board of directors. The government also established numerous semi-state bodies: Aer Lingus, Bord na Móna, Irish Life Assurance Company to name a few. These policies increased the number of industrial jobs by 50%. This was particularly impressive growth during a time of global economic downturn.

In contrast to Cumann na nGaedheal, Fianna Fáil pursued a policy of helping the less well off. They passed the Unemployment Assistance Act, 1933, and the National Health Insurance Act, 1933, which provided medical cards. There was an increase in old age pensions; widows and orphans also benefited through pensions and increased the allowances. Fianna Fáil launched a house building programme of affordable council houses in an effort to clear the slum areas. Between 1932 and 1938 this program built 132,000 houses. Employment in the construction industry rose as a result. The government also provided loans to tenants applying to buy their local authority houses.

By 1939, de Valera and Fianna Fáil had set Ireland on the way to establishing a protective economy. The 1930s witnessed great economic hardship, mainly due to the Economic War. Just as the country was emerging from the economic War, it's hard to brace itself for another challenge - World War II. Their effective social policies helped provide support for the less well off. The economic policies pursued by Cumann na nGaedheal relied heavily on continuity and caution. Cumann na nGaedheal's social policy did little to help the poor in society, but their establishment of the Shannon scheme and the ESB was certainly a success.