MAKING ROOM IN THE CELTIC TIGER FOR TRADITIONAL SOCIAL VALUES AND PERSONAL VIRTUES

by

Edward J. O'Boyle, Ph.D.
Mayo Research Institute

This paper was published in the *American Review of Political Economy*,
Volume 5, Number 2, December 2007.
For more information about the *Review,* go to
http://www.arpejournal.com/ARPEvolume5number2/OBoyle.pdf

Questions and comments should be directed to:
Edward J. O'Boyle, Ph.D.
Mayo Research Institute
1217 Dean Chapel Road, West Monroe, Louisiana 71291 USA
Tel: 318/396-5779 E-mail: edoboyle@earthlink.net

Abstract

The Irish have long held family and community values in addition to equality and individual freedom. These three social values are fundamental to economic systems organized around principles of competition, cooperation, and intervention. Absent one of these values, an economic system is like a two legged stool, toppling over under its own weight. Personal values also play an important role in establishing trust in the marketplace and the long-term viability of any economy. However, change can play havoc with both values and virtues and the decline and loss of influence of the Catholic Church over the past 40 years raise crucial questions about the future viability of the Celtic Tiger. Eight axioms are identified that may help the Irish hold fast to these values and virtues in an increasingly globalized and secularized world.

Social values in economic affairs are like the tower footings of a suspension or cable-stayed bridge: out of sight but critical to the stability of the entire structure. Indeed, the bridge could collapse if those footings are improperly designed or constructed, or are subsequently damaged by an earthquake or vessel. Similarly, economic affairs could collapse into chaos if the values upon which they rest are eroded gradually or are replaced suddenly. See what has happened, for example, in the former Soviet Union over the past 15 years as individual freedom has collided with collective security. Take note of what has happened to farming in the United States where the values attached by society to the family farm have eroded in favor of other values rooted in the perceived greater economic efficiencies of the corporate farm. Even though the economic dysfunction besetting Russia today is the far more critical, painful, and visible of the two, both countries are alike in that both are struggling with a sea-change in social values which has profoundly shaken an entire spectrum of social institutions including the ones by which economic affairs are organized.[1]

A social value is a conviction, principle, or ideal that is held widely across society. Among the Irish, for instance, family or community is a dominant social value. So too are the social values of equality and individual freedom. In what follows we will demonstrate why these three social values are fundamental to an economic system that is organized around the principles of competition, cooperation, and intervention.

A personal virtue is a good habit or regular tendency such as obedience, patriotism, fidelity, and integrity that governs one's personal behavior in the workplace and the

marketplace. Obedience, for instance, disposes a subordinate to follow a supervisor's instructions. Patriotism inclines a consumer to purchase what is produced in-country. Fidelity leads a worker to make an even greater effort in the workplace when his/her employer faces a critical deadline or a financial crisis. Integrity tends a supplier to hold in confidence information gotten from customers who are competitors.

Change can be unsettling whether it originates in economic affairs or elsewhere. To illustrate, the change from the Irish pound to the euro can challenge a merchant's integrity by providing opportunities for ill-gotten gains at the expense of customers who are not fully-informed about the value of the new currency. A hostile takeover of a company may undermine a worker's fidelity to the acquiring company and thereby reduce its productivity, competitiveness and profitability. Historically, the Catholic Church in Ireland has been a teacher and exemplar of both social values and personal virtues. Its loss of influence over the last 40 years, due in part to its own internal struggles, removes important institutional support for the traditional values and virtues that define the Irish character and begs the question as to whether all that is good and admirable in the Irish can be preserved at a time when the global economy with all its change is becoming more pervasive in the national economic life.

Given the greater economic opportunities for women in general, one indicator of change in Ireland is the decline in the practice of single women dutifully remaining in the parents' home to care for them in their old age. This change, along with several other considerations including a growing population of elderly men and women who are living longer, is making care of the elderly in Ireland more costly and more problematical

(Murray, pp. 2, 4-5; O'Shea and Hughes, pp. 18, 210). Another is the continuing shrinkage of the commonage [common agriculture] in western Ireland in which the shift away from the social value of community toward individual freedom is justified on grounds that the natural resources held in common can be utilized more efficiently under a regime of division and privatization (cf. O'Loughlin). Simply put, greater efficiency is the justification for wider individual freedom at the expense of community.[2]

To understand and appreciate more fully the role of social values in economic affairs, it is necessary first to examine how an economy is organized. Economic affairs center around five main processes: production, distribution, exchange, consumption, and investment. These five processes, in turn, are unified into a single system by the three organizing principles of competition, co-operation, and intervention.[3] Competition and co-operation are alike in that both organize the five economic processes in an activating mode. In contrast, intervention operates in a limiting mode. To elaborate, a football match is activated by the competitive forces of the teams involved and by the co-operative energies of the individual members of each team. The match is limited by the intervention of the referees, notably when one player fouls another, in order to assure a safe and fair contest.

There are *two* activating principles because there are only two ways to decide how economic affairs are to be organized. Economic decisions can be made by individuals acting independently [the *many*], or by acting together [the *one*]. In market economies, group decision-making may be either private or public, with private groups generally preferred as against public groups because private groups make for greater decentralization of decision-making which facilitates wider participation by individuals in the decisions that

govern their lives.

Trade unions are an example of private-group decision-making. City councils are an example of public group decision-making. There are just *two* decision-making methods essentially by reason of the duality of human nature. Every human being is at once an individual being and a social being. Thus, by nature humans in the conduct of their everyday affairs may chose to act as *many* separate individuals, or to come together and act as *one*.[4] The choices they make in this regard determine the specific institutions constructed to carry out the five processes of production, distribution, exchange, consumption, and investment.

Market economies use both competition and co-operation to activate economic affairs, but not always to the same degree. In the United States, competition drives economic affairs more forcefully than does co-operation. In Japan, there is a greater balance between these two activating forces. A command economy, on the other hand, is more reliant on group intervention through public ownership and control of economic resources. A command economy depends on the single engine of co-operation to activate economic affairs, meaning that whenever that engine fails the economy is plunged into chaos just as with a single-engine aircraft when it loses power.[5] Continuing this analogy, just as a twin-engine aircraft flies faster, higher, and is capable of carrying a heavier payload on two operating engines, a market economy functions more effectively with the dual engines of competition and co-operation operating in tandem.

Each one of the three organizing principles rests on its own social value. Competition rests on the social value of individual freedom: persons whose individuality

has been suppressed are not free to compete. Co-operation is built on the social value of community or family: persons whose sociality is underdeveloped are less able to cooperate. Intervention is based on the social value of equality: persons whose equality has been denied are the more easily marginalized by others intervening as *one* in order to serve their own interests. Thus, in order to utilize competition to organize economic affairs there first must be widespread acceptance of the social value of individual freedom. And, indeed, we have seen the change toward individual freedom and competition take place most dramatically in Eastern and Central Europe since the late 1980s.

The Japanese and South Korean economies expanded very rapidly during the 1980s significantly because the value attached to family and community in their societies allows wider use of the activating principle of co-operation, although some in the West are critical of certain economic practices in Japan and Korea wherein cooperation has become collusion. The economic system of the Soviet Union, which had been based primarily on co-operation and community and on intervention and equality [given expression, for instance, in the institutions of collective farming and central planning], collapsed in the late 1980s when it became abundantly clear that the economies of the West, which relied more heavily on competition and individual freedom, were much better able to meet the needs and satisfy the wants of their populations.

Ireland for at least the past 30 years has been transforming toward a society in which individuals are enjoying new or expanded freedoms in the workplace, in politics, in the home, in education, in virtually every social and economic institution in the social order. A culture shaped and formed for centuries by the traditional values and doctrines of

the Catholic Church is reconstructing itself and becoming much more like the cultures of Western Europe and the United States where secular values predominate. An observant visitor sees the changes taking place quite readily: family planning clinics, a woman elected president of the Republic in 1997 to replace the woman who held the office since 1990, children begging on the streets of Dublin, scheduled flights into Shannon Airport from Minsk, 12- and 13-year olds openly and publicly expressing their sexuality to the great concern of some parents, Coke machines and McDonalds restaurants in the heart of the medieval city of Galway, young women playing hurling and Irish football in organized matches, cell phones and other technological advances associated with the Information Age, car alarms, new theatrical productions condemning the old ways.

Symbolic of this break with the past and the declining influence of the Church is the transformation of a Franciscan monastery in Galway to the business school of the National University of Ireland. In this transformation, the old chapel was changed into a lecture hall wherein the large stained glass window in the outer load-bearing wall behind the former altar area was left in place but covered over and hidden from view by a new inner nonload-bearing wall. In Becker's terminology, there is a close-to-the-surface anxiety among the Irish as decisions are being made that shift the center of balance toward the secular and away from the sacral along the axis of tension that connects the two (Becker, pp. 353-355).

Some of the new freedoms are reinforced by the emergence and formal recognition of new individual rights and protections for women, for gays and lesbians, for the handicapped, for persons in dysfunctional marriages, for non-smokers, among others. The wider berth for individual decision-making and action throughout Irish society stirs the

competitive energies, activating economic affairs and in no small measure accounts for the emergence of the Celtic Tiger. One channel for giving expression to these heightened competitive energies is small-business entrepreneurship that the government of Ireland itself recognizes as significant in the country's economic development and further integration into the economies of Western Europe.

EFFECTS OF AN ECONOMY DRIVEN BY EXPANDED INDIVIDUAL FREEDOM

Expanded individual freedom drives production by summoning up and applying greater competitive energies in the workplace and the marketplace. No doubt this has played a major role in the doubling of real gross domestic product in Ireland since the mid 1990s, the low single-digit annual increase in the Consumer Price Index since the mid 1980s, and historically low rates of unemployment in the early 2000s (CSO 2005a, p. 1). In 2002 GDP per capita in Ireland was estimated at $32,600, ranking it fourth in the world behind the United States, Norway, and Luxembourg (ESRI, p. 2). Productivity in Ireland has been rising steadily since 1993 and by 2001 was third in the 25-member EU behind Luxembourg and Belgium (CSO 2003, p. 31).

Information on internet access, passenger cars, and private dwellings is indicative as to how the Celtic Tiger has benefited the ordinary consumer. Between 1998 and 2003 the number of households with internet access climbed from 61,100 to 485,900. Private cars under current license rose from 891,000 in 1993 to 1,448,000 in 2002. Private dwelling unit completions increased from 19,301 in 1993 to 51,932 in 2002. The most recent information available indicates that 80 percent of all private households are owner-occupied. – one of the highest rates among the 15 old-member EU countries (CSO 2003, pp. 29, 54-55, 65) .

Along with the economic success that originates in greater individual freedom, there is observable in Ireland a new sense of self-confidence, especially among the young. This enhanced self-assuredness, in turn, evokes from individuals even more competitive energies which then are channeled into the marketplace and the workplace, generating even more economic success. A 2004 survey conducted for the European Commission in which more than 21,000 persons in Europe and the United States were interviewed by phone reported that 61 percent of the American respondents would like to be self-employed compared to 45 percent of the respondents in the old-member EU states. Respondents in Ireland and Portugal were most like Americans with 58 percent and 62 percent respectively stating a preference for self-employed status (EOS Gallup, p. 5).

Expectations are heightened too. That is, the success which the Irish have been experiencing over the past 30 years through their own bootstrapping efforts is fueling a sense that the economy will continue to grow and develop in the years ahead, especially as Ireland becomes more fully integrated into the economies of Western Europe. For the young in particular, heightened expectations mean that they can plan on having a higher standard of living than their parents. At the same time in the United States, in contrast, many of the young expect to have a lower standard of living than their parents. In both countries, these changes in expectations are major reversals of long-term trends.

The impact that the surging Irish economy has had on poverty depends very much on how one defines poverty. The "at risk of poverty rate" [ARP] that sets the poverty threshold at 60 percent of median income and includes pensions and social transfers in its measure of income defines and measures poverty in *relative* terms. On the other hand, the

"consistent poverty rate" [CP] that counts as poor only those persons with household income below 60 percent of median income who also are lacking in certain basic necessities such as one substantial meal each day, new rather than second-hand clothes, and heated quarters defines and measures poverty in *both relative and absolute* terms. ARP in 2000 stood at 20 percent, or slightly higher than in 1995. In those terms, the Celtic Tiger has had virtually no impact on poverty. In sharp contrast, CP stood at 6.2 percent in 2000 down from 8.2 percent in 1998; it dropped to 5.2 percent in 2001 (CSO 2003, pp. 38-39). In those terms, the Celtic Tiger has had an impact on poverty.

Consider the following anomaly. With ARP, even when a person's income is rising over time, that person is more likely to be counted as poor if his/her income is not keeping pace with rising income of others. With CP, that same person more likely is not counted as poor because his/her rising income makes the bare essentials more affordable. Since both ARP and CP are based on an income threshold of 60 percent of the national median, taken together the two indicate that while 13.8 percent of the Irish population in 2000 experienced deprivation another 6.2 percent were much more severely deprived.

The harsh reality of a highly competitive, highly individualistic economy is that successful new enterprises replace old established ones in a process that many years ago Schumpeter first called "creative destruction." Thus economic growth and development in a market economy such as Ireland's spells failure and less economic security for some at the very same time it brings success and more economic security to others. In 2002 - 2003, almost exactly 28,000 new companies were registered by the Irish government, of which about 90 percent were private corporations (DETE, p. 88). This activity brings to mind

Keynes reference to "a spontaneous urge to action rather than inaction" without which "business enterprise fades and dies" (Keynes, pp. 161-162). In 2003, more than 21,400 companies were dissolved and nearly 4,000 were in the course of liquidation (DETE, pp. 88, 90).

Though poor in quality, the available evidence on small business failures in Ireland suggests that slightly more than one in three small Irish companies fail in the first five years following startup (Fitzpatrick, §2.2). Companies going into receivership dropped from 474 to 387 between 2003 and 2004 for two reasons: improved economic conditions and a greater willingness to restructure rather than liquidate (Kehoe, p. 1)

Rapid economic growth and development frequently mean a severe strain on the infrastructure -- schools, highways, parking, water and sewage treatment, parks, and so on -- which does not expand sufficiently and in time to accommodate the emerging private-sector demand. Specifically, the growing economy in Ireland has led to an even greater increase in freight activity on Irish roads (CSO 2003, p. 67).[6] It is instructive to see the infrastructure as a modern commons -- resources open to use by everyone and subject to certain restraints such a speed limits to control abuse -- because a commons is a reminder that economic growth and development in a market economy depend on co-ordinated individual and group decision-making.

Further, the more intense, competitive economic environment means that in everyday marketplace and workplace interactions ordinary people will tend to see one another more as rivals and adversaries and less as neighbors and friends. This transformation is observable across the business cycle. In economic expansion, humans are

pitted against one another for a piece of an expanding economy and the new opportunities that flow from it. In contraction, they are pitted against one another to determine whose job or business will shoulder the burden of an economy in decline.

The price for driving economic affairs more aggressively on the basis of competition is a heightened sense of one's own worth and rights as an isolated individual and a diminished perception of one's role and duty as a part of a community. In other words, along the axis of tension connecting the individual at one end and the community at the other end there has been a shift in the center of balance toward the individual. This shift, in turn, is undermining the stability of the social and economic institutions built upon the social value of community, and is creating additional personal anxieties. Time will tell if the friendly and helpful Irish people who have been essential to the country's thriving hospitality business will become more like the hostile and distant people so often associated with highly developed economies.

SHARING THE BENEFITS OF ECONOMIC GROWTH AND DEVELOPMENT

Much has been learned already from the more than 200 years experience with market economies since the first industrial revolution. Presented below are eight general axioms that are likely to be helpful in guiding Ireland's economic growth and development so that the benefits of economic expansion are shared widely across the entire population rather than being monopolized by the few. We have avoided specific recommendations that are time- and place-sensitive in favor of axioms that are long-lasting. Additionally, we remind various parties in Ireland such as teachers, church men and women, and public officials of their special obligations under these axioms.

First, and most important of all, every human being must be seen as a precious human person whose elemental worth is an unchanging and unchangeable given that depends in no way on how much he/she contributes to economic affairs. This axiom, for sure, has a long history in the Irish culture enriched and reinforced by the religious faith of the Irish people, and explicitly and most recently evidenced in the public sentiments of the former [1990-1997] Irish president Mary Robinson who was the first head of state to visit and call world attention to the starving men, women, and children in Somalia and Rwanda. Using homicides as a crude measure of the respect that is shown for human life, the homicide rate in Luxembourg, which is the EU frontrunner in GDP per capita, was seven times higher than Ireland's which in turn is lowest of any EU country (CSO 2003, p. 58). Clearly, church men and women of Ireland have a special responsibility to reinforce the Christian message that all human life is precious, whatever a person's stage or station in life.

Second, and absolutely essential, economic affairs cannot be organized in the absence of gain-seeking. Danner explains the essential role of gain-seeking in a market economy.

> **Economists indeed identify three forms of gain, consumer surplus, economic rent and profit which relate to the three moments of [the economic] process, consumption, production and investing-enterprising. Most people are involved in the first two functions but many in all three. Hence, the economic process can be represented as a triangle; consumption, the end and purpose of the process, and production, the means to that end, being linked by investment-enterprise. The three functions, however, are so bonded in a dynamic tension that the three mutually act and react on each other, reciprocally causing and being caused. Further, every such individual process is inextricably enmeshed in a complex of economic action, reaction, and interaction. Throughout, this dynamic is driven by the three forms of economic gain. A word about each.**

> **Consumer surplus, the least known, is the most universal and necessary. It arises in every voluntary consumer purchase since the buyer presumably achieves a more desired state by obtaining the good and surrendering money. This is more obviously so in professional buying or when a clear-cut bargain has been gained. Economic rent, another strange term, applies to a common situation when, for example, a worker gets a better-paying job, though doing essentially the same work. A like situation would be the sale of a resource at a higher price than now received. Finally, profit, the most well-known of the three, drives the enterprise just as loss spells demise. *The conclusion is clear: gain-seeking in all three moments of the economic process, while not the end and purpose of the economy as such, is absolutely essential for keeping it going* (Danner, pp 52-53, emphasis added).**

Profit, in other words, is not an end itself, but a necessary condition for the survival of the firm. There is no private job creation without profit. It follows that profit-bashing is no solution to the problems of the persons and families left behind by Ireland's economic growth and development over the past 30 years. But the owners' right to any profits the company may earn is not absolute. Profits must be tempered by the demands imposed on the owners by the principles of distributive justice and equivalence in dealing with their workers, suppliers, and customers, and by the principle of contributive justice in dealing with others in the same industry and markets [explained below]. Further, maximizing profits must be subordinate to provisioning human material need if equality and human dignity are to be preserved. University teachers of economics have a special responsibility in this regard, as do teachers of the other business disciplines including management, marketing, and finance.

Third, there is more to justice than social justice which we define loosely as a concern for the well-being of those who do not share in the benefits of an expanding economy and which is represented in the familiar expression "preferential option for the

poor." First, economic justice governs the interaction between two parties in a marketplace or workplace exchange through the principle of equivalence that states that the two have an obligation to exchange things of equal value and to impose equal burdens on each other. Second, justice governs the relationship between superior and subordinate through the principle of distributive justice by imposing an obligation on the superior to distribute the benefits and the burdens of the group among its members in some equal or proportional fashion. Finally, economic justice governs the relationship of the individual to any group to which he/she belongs through the principle of contributive justice which states that insofar as the individual receives benefits from belonging to the group he/she has an obligation to maintain and support the group.

A market economy cannot operate successfully without the faithful practice of all three principles of justice. Serious failures mean a socio-economic system characterized by ripping-off, by discrimination and favoritism, or by a disintegration of community [inadequate attention, respectively, to the principles of equivalence, distributive justice, and contributive justice]. These consequences follow because the three social values of freedom, community, and equality that support the three organizing principles of competition, co-operation, and intervention, in turn, rest on the three principles of economic justice. To explain, there is no true economic freedom when economic exchange is fraught with ripping off. A community disintegrates when its members pay no heed to supporting it and maintaining it. Lastly, there is no authentic equality across the members of society when those with superior responsibilities use their power and influence to reserve the benefits of the group for a hand-picked few. The faithful practice of the three principles of economic

justice help assure that gain-seeking does not spin out of control. The three principles, in other words, limit economic gain to what is fundamentally fair for the parties involved and thereby facilitates exchange.

In this matter, teachers of social ethics have a clear duty. The difficulty is that questions relating to economic justice often arise in a business course such as accounting or economics in which the instructor simply is not prepared to address the issues knowledgeably. In such instances, university administrators have an obligation to re-design the curriculum, re-assign instructors, or to provide for the professional development of their faculty.

Fourth, and very much consistent with the first and the second axioms, the goal of any economic system, whether a market system or command system, is to meet the physical needs of the population and to satisfy their wants. Thus, a key measure of the performance of the economic system is information on the numbers and proportions of persons living in poverty. Ireland in effect has discovered that properly understood poverty is two-dimensional because a human being is two-dimensional: at once an individual being and a social being, a living, breathing fusion of individuality and sociality. By addressing the question How much income does a household have relative to all other households?, a relative indicator like ARP relates poverty to human sociality. By directly attention to the question What needs if unmet identify a person as absolutely deprived?, an absolute indicator like CP relates poverty to human individuality. Students of poverty in Ireland are well advised to continue to develop and refine these indicators so that policy makers are better informed not only with regard to extent of poverty in Ireland but the depth of

poverty as well.

Fifth, economic development means that existing firms grow, they merge or are acquired by other firms, or they fail. In that sense a successful enterprise is like a human cell: if it does not grow and divide, it dies. In order to grow, a firm must operate more efficiently [*grow*] in order to be able to price its product line competitively. Further, it must innovate [*divide*] so that its customers will not be lured away by competing firms that are better able to meet their needs and satisfy their wants. In this regard, responsibility is diffused across the entire private sector of the Irish economy, involving literally every owner, manager, and worker.

As with all work, both basic survival tasks -- operating more efficiently and innovating -- can be accomplished in two ways: by individuals working separately and therefore as *many*, or by individuals working together and therefore as *one*. Based on direct observation of more than 50 companies in the United States, we have concluded that working as *many* is better suited to the task of innovating, and that working as *one* is more effective in helping the company operate more efficiently. Quality circles, gain-sharing, and employee stock ownership plans, are three tested and proven methods for improving efficiency by encouraging and rewarding workers for group achievements. Cash bonuses, public recognition, and support for developing an idea into a marketable product have been employed successfully to evoke innovative ideas by rewarding individual accomplishments. Business school teachers of management and business consultants have a special duty to be thoroughly knowledgeable about the two tasks necessary for survival and the methods for accomplishing those tasks successfully.

Sixth, established firms and start-up enterprises have one thing in common. Both require financial support, and therefore both are dependent on financial institutions. Creative destruction, as pointed out previously, means that businesses fail because of the success of other firms. Too often, however, private businesses fail because of some *predictable* inadequacy within the firm itself such as under capitalization, poor or no marketing, deficiencies in management skills. In this regard, financial institutions have a special obligation to carefully review the business plans presented by their commercial customers to advise them when their plans indicate a heightened vulnerability to failure.[7]

Seventh, there are opportunities for private-group decision-making in addition to the ones enumerated above which apply at the *intra*-firm level. One general type operates at the *inter*-firm level and is referred to here as an "inter-firm partnership" that binds *two* autonomous business organizations by means of a formal agreement. One example is the partnership between producer and supplier in which the producer commits to purchasing from the supplier provided the supplier meets certain pre-determined standards such as on-time delivery and a specific defect rate. Such a partnership might include the producer providing technical and management assistance so that the supplier can meet the pre-determined performance standards.

The second general type of opportunity for private-group decision-making operates at the *supra*-firm level and may be referred to as a "supra-firm alliance." An alliance is a formal agreement that binds *more than two* autonomous business organizations in order to address certain common problems. One example is an alliance of firms and unions in the construction industry to address problems such as outdated work rules, jurisdictional

disputes, and shortages of skilled workers, before they lead to work stoppages. Another is an alliance of firms and their employees to assist one another in the event of an emergency such as a fire that if not contained to the site of origin could engulf nearby facilities.

Inter-firm partnerships and supra-firm alliances are *opportunities* for addressing problems that for one reason or another are partially or entirely outside the control of the individual firm operating alone. As with any group decision-making process the danger is that some of the affected parties will be excluded from the formal agreement in order to exploit them. The collusive price-fixing agreement that exploits consumers is a classic example of this type of private-group decision-making. It follows that the parties to any partnership or alliance have an obligation to concentrate their group deliberations on the solutions to their common problems, carefully avoiding all opportunities for exploiting the parties who are excluded.

Eighth, and last, the partial-reserve banking system of Ireland provides church men and women acting together, as *one*, unique opportunities to influence financial decisions of which they may not be aware. The private creation of credit, limited as it is by the amount of excess reserves, means that private commercial banks are particularly eager to increase the funds held on deposit by their account holders because an increase in those funds enlarges their excess reserves and improves their ability to create credit and thereby earn more in the form of interest payments. Churches, even ones with meager financial resources, hold their funds in the form of bank deposits. Acting alone, an individual church congregation has little or no influence whatever on the decisions made by the bank officials. But acting together and committing themselves to move their accounts *en masse*, they may

be able to persuade the bank to be much more attentive to the credit requirements of, say, a new enterprise that contingently has agreed to hire and train the poor in a particular town or an established business that similarly has agreed to remain in a particular location rather than relocate elsewhere. The duty of church men and women in this matter is to assure that their overtures are reasonable and feasible, dictated by the needs of those who are marginalized in economic affairs, and not by their own interest in wielding power, or by the special interests of the powerful who might seize this opportunity to enhance their own fortunes.

FINAL REMARKS

Individual decision-making has the advantage of tailoring the decision to the specific needs and wants of each individual. It has the disadvantage of a narrow span of control that leaves the individual acting alone powerless to deal with certain problems. Group decision-making has a wider span of control, allowing the group to address problems that are outside the control of the autonomous individual.

Wider span of control notwithstanding, *public* groups too often do not afford the individual any truly effective access to the decision-making process. *Private* groups occupy the middle ground giving them a wider span of control than individual decision-making at the same time affording the various individuals involved a greater voice in the decisions that affect them. By widening access to the decision-making process, private groups create opportunities to address the tension between the old ways and the new ways, and to work out agreement as to how the conflicts between the two are to be reconciled.

We have enumerated above a number of models for addressing problems in the

Irish economy at the intra-firm level, the inter-firm level, and the supra-firm level that for some otherwise excluded and powerless individuals widen access to control of economic decisions. Also, and most important, we have pointed to a way in which church men and women can influence financial decision-making *with the resources already available to them at literally no risk to the church's monies*.

Private-group decision-making provides opportunities for addressing such values-laden issues as the place of *justice* and *charity* in economic affairs, the role of *property* rights versus *personal* rights, the meaning of *having* more versus *being* more, the difference between *need* and *want* especially as regards the poor, the scope of social values and personal virtues in the workplace and the marketplace, and then implementing whatever agreements are forthcoming in a specific workplace, union, trade association, civic group, or neighborhood.

At times, private groups face decisions for which they are not adequately prepared, for which they do not have all of the relevant information. Under those circumstances, they may turn to such organizations as the Economic and Social Research Institute or the Conference of Religious of Ireland, or to such individuals as university professors or solicitors for assistance. Their special responsibility is to *help* the parties involved to function more effectively, to maintain control over the decisions that affect their well-being by means of collective action based on voluntary agreement. They serve this end by doing their professional homework diligently, and by stating as clearly and explicitly as possible any premises or presuppositions which lay beneath that homework. They have no business usurping the functions of a private group by methods of professional elitism or expertise

that have the effect if not the actual intent of cajoling or leading the group members to a pre-determined position. To do so is to cleverly substitute *their* will for the will of the members of the group.

One other model comes to mind that we have not called attention to previously and with which our remarks are brought to an end. Investment clubs provide especially attractive opportunities to address two major problems: (1) assuring that the benefits of the economic growth and development in Ireland are shared more widely thereby better providing for the retirement and care of the elderly, and (2) making sure that those who otherwise have no access to economic decision-making have a forum where their values, whether they reflect the old ways or the new ways, are respected and help determine which companies best serve those values and in which ones to invest their funds.

Given the personal risk involved in deciding where to invest, we can expect that the group would look outward for assistance in gathering hard-to-find information, thereby learning by doing and improving its collective ability to deal with difficult issues in the future. In the process, the members of the group are more likely to know in real and practical terms how to make room in the Celtic Tiger for traditional Irish values and virtues.

NOTES

1. Cf. O'Boyle (pp. 364-382) for more on these matters in the United States.

2. Between 1982 and 1989 a total of 23,412 hectares [58,530 acres] of commonage in the west of Ireland was divided and privatized. This land has increased in value due to increased intensification of sheep farming and afforestation (Kerry, no date). O'Loughlin reported in 1987 that in the west there was a total of 500,000 hectares [1,250,000 acres] of commonage, mostly in the form of mountains and hill commonage. At the same time, in County Mayo, 20 percent of the farmers had communal grazing rights (O'Loughlin).

3. Competition, as used herein, is a disposition on the part of the individual to undertake certain tasks individually for a specific individual economic return. Cooperation is a disposition on the part of the individual to undertake certain tasks collectively because the task can be done more efficiently acting collectively or because the task cannot be done at all through individual effort alone. Intervention by a private or public group entails the imposition of limits on competition and cooperation in order to address certain abuses of excessive competition, such as suicidal price wars, or excessive cooperation, such as collusive price fixing.

4. The equity-efficiency dichotomy is grounded in the *one-many* dichotomy in that it reduces to the question as to whether we should act as *many* independent individuals for reasons of allocative efficiency or as *one* interdependent group to help assure the material well-being of everyone in the community.

5. In this analogy, the organizing principle of intervention may be thought of as the control surfaces of the aircraft, such as the rudder and flaps, guiding it but not powering it in a given direction.

6. There have been major improvements to roads in Ireland over the past 30 years, funded importantly by monies made available by the European Union. Additionally, for several years in the 1990s the Irish government paid a tax refund of 1,000 pounds for anyone scrapping a car that was at least 10 years old in exchange for a new car (Seekamp, p. 35). These developments are reflected in a drop in motor vehicle fatalities in Ireland from 646 in 1981 to 383 in 1995 and to 295 in 2003 (CSO 1993, pp. 44, 104; CSO 1996, p. 107; CSO 2005b, p. 1).

7. This common-sense observation is necessary because too often financial institutions are pre-occupied with *protecting themselves from the failure* of their commercial loan customers by carefully securing loans in assets that can be liquidated in the event of failure rather than by *helping their commercial customers to be successful* in putting in place a business plan that avoids or minimizes the factors that are known to make for failure.

REFERENCES

Becker, Joseph M. (1992). *The Re-Formed Jesuits, Volume I: A History of Changes in Jesuit Formation During the Decade 1965-1975*, San Francisco: Ignatius Press.

CSO, Central Statistics Office (2005a). *Consumer Price Index*, 1971-2004 available at www.cso.ie/statisics/conpriceindex.htm, accessed on March 22, 2005.

CSO, Central Statistics Office (2005b). *Births, Deaths and Marriages*, 1998-2003 available at www.cso.ie/statisics/principalcausesofdeath.htm, accessed on March 23, 2005.

CSO, Central Statistics Office (2003). *Measuring Ireland's Progress: Volume 1, 2003 – IndicatorsReport*, Dublin: Stationery Office, December 2003.

CSO, Central Statistics Office (1993). *Report of Vital Statistics 1990*, Dublin.

CSO, Central Statistics Office (1996). *Vital Statistics: Fourth Quarter and Yearly Summary, 1995*, Dublin.

Danner, Peter L. (1996). "Gain-Seeking: The Economoral Nexus," in Edward J. O'Boyle (ed.) *Social Economics: Premises, Findings, and Policies*, London: Routledge.

DETE, Department of Enterprise, Trade and Employment (2004). *Companies Report 2003*, April 2004.

EOS Gallup Europe (2004). *Flash Eurobarometer 160: Entrepreneurship*, June 2004.

ESRI, The Economic and Social Research Institute (2005). *Irish Economy Overview* available at www.esri.it/content.cfm?t=Irish%20Economy&mid=4, accessed on March 22, 2005.

Fitzpatrick Associates (2001). *Small Business Failure in Ireland*, Report to the Department of Enterprise, Trade and Employment, June 2001.

Keary, Brian (no date). "Afforestation: Its Effects on Land and Labour in Peripheral Areas of Rural Ireland," unpublished manuscript in Tony Varley and Diarmuid O Cearbhaill (eds.) *Rural Challenges: Recent Dimensions of the Irish Development Experience*.

Kehoe, Ian (2005). "New Thinking Cuts Business Failures," published in *The Sunday Business Post* online, Sunday, January 16, 2005 and posted on the website of Farrell Grant Sparks, the business consulting firm that prepared the original data. available at www.fgs.ie/aboutus.asp?id=20&cid=797, accessed on March 28, 2005.

Keynes, John Maynard (1936). *The General Theory of Employment, Interest, and Money*, New York: Harcourt, Brace and Company.

Murray, Paul (2004). "This Is No Country for Old Men? Older People in the Republic of Ireland," June 2, 2004 available at www.crossborder.ie/pubs/Murray%20study%20day%20article%20(Rol).pdf, accessed on March 22, 2005.

O'Boyle, Edward J. (1997). "Productivity, Profitability, and Economic Insecurity," *International Journal of Social Economics*, Volume 24, Number 4.

O'Loughlin, Vincent (1987). *Commonage and Agricultural Development in West Mayo*, minor dissertation prepared for the National University of Ireland, University College, Galway.

O'Shea, Eamon, and Jenny Hughes (1994). *The Economics and Financing of Long-Term Care of the Elderly in Ireland, Report Number 35*, Dublin: National Council for the Elderly.

Seekamp, Gail (1997). "Scrap Merchants Warn That End Is In Sight," *The Sunday Evening Post*, Volume 9, Number 42, October 19, 1997.