

Ireland: The Pursuit of Sovereignty and the Impact of Partition, 1912 -1946 | Sample Answer

During the period 1922-1939, how successful were Irish governments in responding to the economic challenges they faced? (2013)

Cumann na nGael was the political party in charge of the new Free State from the years 1922-1932. Led by W.T Cosgrave and his rather conservative approach to economic policies saw a large focus on agriculture rather than industry in order to revive the weak economy devastated by years of conflict prior. When the government failed to deal with the economic difficulties that followed the Great Depression, Fianna Fail took power in February 1932. Compared to CnG they took a more radical approach to economic challenges, and they did succeed when developing Irish industry but created severe hardship on the country through the Economic War. In this essay, I will be analysing both CnG and FF solutions to the economic challenges they faced.

CnG inherited a weak economy burdened with Civil War and British War debts. They now had to rely on their own resources to revive the economy after receiving independence in 1921. Much of their heavy industry was located in Belfast, but they lost this with the partition so they had to fall back on agriculture as the main source of employment and trade. Other economic problems facing the new state was the large parts of the country devastated by both the War of Independence and the Civil War that needed to be rebuilt. Irish people were continuing to emigrate and leaving older parents reliant on the state for financial support and infrastructure was in great need of upgrading to attract investment in industry. Most of the cabinet members were inexperienced when it came to economics, yet their first decision was to introduce free trade between Ireland and Britain.

Agriculture was the most important industry for the country, it made up 75% of Ireland's exports. So CnG main aim was to improve Ireland's reputation abroad which had suffered a serious blow after selling poor quality produce during WW1. Patrick Hogan (minister for agriculture) believed that if he could improve the standard of Irish farm produce he could improve demand and farmers' incomes. In 1923 he introduced the Land Act, which saw 20,000 tenant farmers turn their rent for their land into payments to the land commission. In 1924 a series of acts were passed to regulate the production of eggs and butter and ensured their cleanliness. In 1927 the Agricultural Credit Corporation was set up which provided cheap loans to farmers so they could modernise and expand their farms. The policies adopted by CnG successfully improved the agriculture industry and made Ireland more competitive abroad.

With agriculture given state priority, industry came second, yet CnG did take an impressive and successful step when they decided to build a hydroelectric power station in Ardnacrusha on the River Shannon. Foreign skills, technology, and assistance was provided by a German electrical firm. The scheme provided 4,000 Irishmen with regular jobs for a period of 4 years. Public money was invested in the scheme which helped to set up the ESB in 1927, whose purpose was to supervise the distribution of electricity on a national level. The Shannon Scheme was launched in 1929 and was an immediate success. It changed the shape of rural Ireland and increased the total electricity output from 35 million kilowatts to 132 million kilowatts by 1932.

However, CnG seriously failed when it came to dealing with the major economic and social issue of poverty in Ireland. Housing for the poor was often inadequate; many people were still living in overcrowded conditions. Irish mortality rates were higher than those of Britain. Emigration continued faster than ever with up to 100,000 leaving Ireland up until 1927. While the government did make minor changes, it was not enough to combat the issue. In 1924 they cut the old age pension by 10% in an attempt to balance the budget. The government provided £500,000 to try to tackle the almost famine conditions in the west of Ireland caused by a plight (over 75% living in Connemara had no potatoes or employment). With Hogan trying to deny how

bad the situation was, only with the arrival of a good summer in 1925 prevented widespread starvation in the west of Ireland.

After the Great Depression, public support for free trade switched to protectionism to which FF was promising to do in their 1932 election campaign. Once in power De Valera hired Sean Lemass to look after industry. Unlike CnG, FF concentrated on the development of Irish industries. Lemass established new semi-state bodies such as Aer Lingus, Bord na Mona, Irish Sugar Company and Irish life insurance. The Industrial Credit Corporation was set up in 1933 which provided low-interest loans to businesses. Cement factories were also set up in Drogheda and Limerick. Lemass was a pragmatist and realised the need for foreign investment so he introduced the Control of Manufactures Act (1932 and 1934). This allowed British firms to set up Irish subsidiaries e.g. Cadburys in Dublin. Due to Lemass's policies, industrial output increases by 44% and 56,000 jobs were created. However, economic problems remained, self-sufficiency had not been achieved and Lemass's decision to allow monopolies in some sectors only resulted in expensive and inefficient goods.

While De Valera largely focused on his foreign policies, one, in particular, had a major economic effect, the Economic War. In 1932, De Valera announced that they would no longer be paying land annuities to Britain. Britain responded by placing a 20% tax on Irish cattle imports. De Valera responded with similar penalties. This was the beginning of the Economic war that lasted for six years. It had devastating effects on the Irish economy, farmers' incomes decreased, emigration and unemployment increased and profit earned from agricultural exports decreased by €23 million. While the hardship of this war can be seen as an unsuccessful policy of FF, it should not be ignored that through the Anglo Irish Agreement in 1938 that ended it, De Valera secured the three treaty ports which allowed us to remain neutral during the war and allowed us to make a once-off payment of £10 million to end land annuities.

Overall, throughout CnG's years in office, they managed to stabilise the Irish economy, but their policies were too conservative. They were not creative enough to stimulate widespread employment. However, it should be noted that they were successful with the Shannon Scheme and improving the quality of Ireland's agriculture produce. FF took a very different approach which benefited Ireland's industry. De Valera decision to appoint Sean Lemass as Minister for Industry and Commerce proved hugely successful but as a result, advancing Ireland's agriculture was forsaken. In fact, in 1935 the value of agriculture output was 40% below its value in 1929.